elumeo

Annual Report 2019

Worldwide live TV and web shop sales of the elumeo Group

GROUP FIGURES 2019

EUR thousand [unless indicated otherwise]	2019		2018		YoY in %
Revenue	44,088	65.3%	51,115	100.0%	-13.7%
Product revenue by regions [absolutely and in % of product revenue]					
Germany	38,474	87.4%	41,066	80.4%	-6.3%
Italy	5,544	12.6%	8,011	15.7%	-30.8%
Other countries	27	0.1%	1,994	3.9%	-98.6%
Product revenue by distribution channels					
[absolutely and in % of product revenue]					
TV revenue	25,635	58.2%	29,204	57.2%	-12.2%
eCommerce revenue	18,408	41.8%	19,926	39.0%	-7.6%
B2B revenue	2	0.0%	1,941	3.8%	-99.9%
[The following disclosures represent: absolute values and in % of revenue]					
Gross profit	20,633	46.8%	13,513	26.4%	52.7%
EBITDA	-298	-0.7%	-17,486	-34.2%	98.3%
Segment EBITDA Continuing Businesses	-2,131	-4.8%	-10,281	-20.1%	79.3%
Depreciation and amortisation	1,226	2.8%	940	1.8%	30.4%
EBIT	0	0.0%	-18,426	-36.0%	100.0%
Total comprehensive income	-2,601	-5.9%	-25,476	-49.8%	89.8%
Selling and administrative expenses	26,431	60.0%	31,438	61.5%	-15.9%
[absolutely and in % of balance sheet total]					
Total assets [1]	21,583	100.0%	28,827	100.0%	-25.1%
Total equity [1]	4,118	19.1%	6,677	23.2%	-38.3%
[absolutely and in % of balance sheet total]					
Working capital [1]	5,767	26.7%	11,444	39.7%	-49.6%
[absolutely and in % of balance sheet total]					
[1] Prior year disclsoure: 31 Dec 2017					
[The following disclosures represent:					
absolute values and in % of revenue]					
Net cash flow from operating activities	1,506	3.4%	-6,289	-12.3%	123.9%
Net cash flow from investing activities	-891	-2.0%	-453	-0.9%	-96.6%
Net cash flow from financing activities	-2,224	-5.0%	-3,317	-6.5%	33.0%
Items sold [pieces]	716,395		746,254		-4.0%
Number of active customers (rounded)	59,750		74,198		-19.5%
per active customer [pieces]	···· 12.0		······ 10.1		19.2%
Average sales price (ASP) [EUR]	62		68		-10.2%
Revenue per active customer [EUR]	738		689		7.1%
Gross profit per item sold [EUR]	29		18		59.1%
New customer breakdown (Germany only)					
[in % of new customers]					
TV only	23.3%		25.6%		-9.0%
Web only	60.3%		55.1%		9.5%
Others	16.4%		19.3%		-15.2%

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To our shareholders

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Letter from the Chairman of the Executive Board

Dear Shareholders,

Following the drastic changes in 2018, when the Executive Board of elumeo SE had to make the bitter decision to cease production in Chanthaburi, Thailand, at the end of 2018 after unsuccessful restructuring efforts, the elumeo Group clearly recovered in 2019. The radical changes during the transition phase led to conversion difficulties, although these were much less pronounced in 2019 than in 2018.

Thanks to a very positive development of our classic web shop business, a stabilising German TV business, and the discontinuation of the increasingly loss-making Italian business, we were able to significantly reduce the loss situation in 2019. Adjusted for special effects from the closures of the manufactory and the Italian subsidiary, we succeeded in achieving slightly positive earnings again in Q4 2019 within the scope of our segment reporting.

The elumeo group was also not spared the effects of the corona crisis. We have already had to contend with a number of shortfalls in product supplies from China since February 2020. Later, closed airports (e.g. in India) caused further supply gaps. In addition, international travel restrictions and quarantine measures meant that we often had to do without international guests, who are so important for the attractiveness of our programmes. Against the backdrop of these developments, we began to develop various scenarios for the further handling of the crisis as early as mid-February. We have been implementing these scenarios, adapted to the respective situation, since the beginning of March. In doing so, we follow three guidelines: **(1)** The protection of the health of our employees is of course our top priority. We are also endeavouring **(2)** to cushion the financial impact on elumeo, but also on **(3)** key suppliers, as far as possible. With this in mind, we moved all non-broadcasting-related activities to our home offices at the beginning of March. At the same time, we divided up all broadcast-relevant activities into teams that operate autonomously from one another in order to minimise the risk of infection among themselves. In addition, effective 1 April, we reduced live broadcasting time from 18 to 12 hours a day and introduced short-time working throughout the Group. As a result of this and other accompanying measures, we were able to significantly reduce operating costs on short notice.

As a result of the corona crisis and the measures we have taken, we have not yet been able to continue the successful development of the fourth quarter of 2019. Nevertheless, we believe that the Company is well equipped to weather the crisis and to continue its successful development thereafter. We would like to thank the employee of elumeo for standing by our Company in these difficult times and for taking the necessary measures together with us to ensure that elumeo is successfully guided through this crisis.

We will continue to undertake initiatives in the future that promote sales and strengthen the brand awareness of the elumeo Group in order to enable profitable growth. This includes being able to increasingly broadcast show programmes in several languages at the same time and expanding our activities in social media and mobile commerce.

We thank you for placing your trust in our Company and look forward to working with you on the path to a successful future.

In April 2020

Wolfgang Boyé

(Chairman of the Executive Board)

The Executive Board of elumeo SE

Wolfgang Boyé, Chairman of the Executive Board

Term of office from 21 July 2014 until the Annual General Meeting 2020
Wolfgang Boyé, born on 12 November 1969, is Chairman of the Executive Board of elumeo SE. The business man is co-founder of Juwelo Deutschland GmbH, Berlin, one of the current subsidiaries of elumeo SE. The Company was founded following a management buy-out from Scholz & Friends Group. At that time, he was a member of the Executive Board of Scholz & Friends AG (Berlin), and before that CFO of United Visions Entertainment AG (Berlin). At Scholz & Friends, Mr. Boyé was in charge of TV activities and at United Visions, in addition to his financial portfolio, he was responsible for the successful IPO of the company in the year 2000. From 1995 to 2000, Wolfgang Boyé was project manager at The Boston Consulting Group in Moscow, Russia, and acted as a consultant in Munich. Prior to that, he graduated in Business Administration from the University of St. Gallen, majoring in Financial Management and Accounting.

Dr. Frank Broer, Deputy Chairman of the Executive Board

Term of office from 12 December 2018 until the Annual General Meeting 2021
Dr. Frank Broer, born on 14 March 1971, is Deputy Chairman of the Executive Board. Dr. Broer is an independent consultant in Berlin. From 2016 to 2018, he was founder and Managing Director of Moneymap GmbH, a Fintech start-up. Previously, he was CFO of auxmoney, also a Fintech company, for 2 years (2014-2016). From 2010 to 2014, he was responsible for finance and strategy of the German business at Diaverum. From January 2005 to October 2010, Dr. Broer worked as a project manager at McKinsey&Company, a consulting firm specialising in banking, IT services and telecommunications. Previously, he was a tax consultant and attorney at the law firm CliffordChance in Frankfurt. Dr. Broer studied Law, Economics and Business Administration in Marburg, Hagen and Constance, where he also received his doctorate.

Gregor Faßbender-Menzel, Member of the Executive Board

Term of office from 12 December 2018 until the Annual General Meeting 2021
Gregor Faßbender-Menzel, born on 26 January 1968, is a member of the Executive Board. Since January 2018, the economics graduate with an MBA in sports management has been working in Cologne as a freelance communications consultant and owner of FASSBENDER SportsCom | Strategische Kommunikationsberatung für emotionale Sportmarken. Prior to this, Mr. Faßbender-Menzel was responsible for corporate communications at large companies, most recently AXA Konzern AG in Cologne from 2016 to 2017. From 2013 to 2016, he headed the external and internal communications department of Volkswagen Financial Services AG in Braunschweig. During his time as Director of Corporate Communications for the OnVista Group, Mr. Faßbender-Menzel managed corporate, product and service communications for OnVista AG and its three brands OnVista.de, OnVista Bank and OnVista Media Sales. This also included investor relations for the listed holding company. Mr. Faßbender-Menzel's time as a strategically acting communications manager was mainly on the agency side. As a shareholder, senior consultant and unit head at ergo Kommunikation (now Edelman), one of Germany's leading communications consultancies, he was responsible for eight years from 2000 onwards for well-known clients from the service, industry and public sectors. Mr. Faßbender-Menzel started his career in corporate communications in 1995 after his studies at Dresdner Bank AG. There he held various positions in the communications sector, including press spokesman at the Frankfurt headquarters, PR Manager in the group's direct banking project in Duisburg and head of communications at the Cologne branch.

Boris Kirn, Chief Operating Officer

Term of office from 13 February 2015 until the Annual General Meeting 2021
Boris Kirn, born on 13 October 1969, is one of the Managing Directors and an Executive Board member of elumeo SE and co-founder of Juwelo Deutschland GmbH, Berlin, the company founded in 2008. Mr. Kirn is in charge of developing processes and systems, in addition to overseeing the Company's operations. Previously Mr. Kirn was co-founder and one of the Managing Directors of bietbox GmbH (subsequently Gems TV Deutschland GmbH, both in Berlin) from 2005 to 2008. In addition, Mr. Kirn has been a Board member since 2000 and Managing Director since 2001 of the online and TV platform K1010 (known up until 2001 as K1010 AG, subsequently K1010 Entertainment GmbH and later K1010 Media GmbH, all based in Berlin). From 1994 to 2000, Mr. Kirn worked for Hewlett-Packard as a consultant in Business Process Optimisation and as a project manager for Knowledge Management in Mountain View, California/USA. Mr. Kirn studied European Business Administration from 1990 to 1994 at ESB Reutlingen/London, graduating with a double degree (BA (Hons) and Dipl.-Betriebswirt) before completing his MBA in 1997 at Cambridge University.

Capital market information

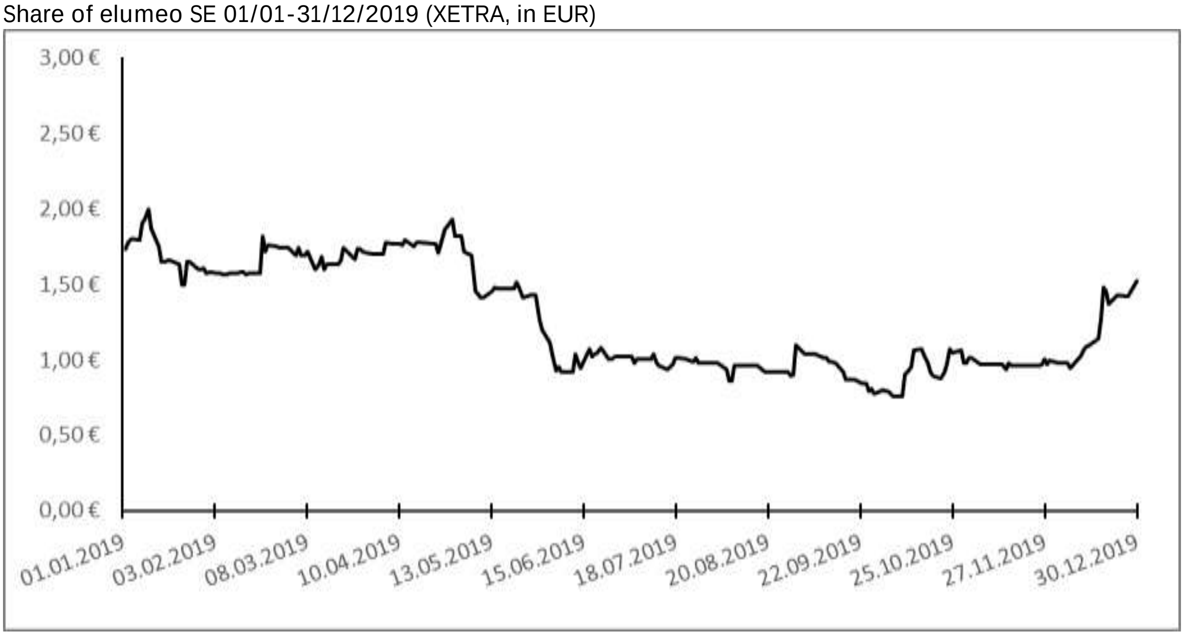
Basic data and key figures on the share of elumeo SE (Status: 31 December 2019)

WKN	A11Q05
ISIN	DE000A11Q059
Earnings per share in 2019	EUR -0.47
Number of shares outstanding	5,500,000
XETRA closing price on the reporting date	EUR 1.52
Market capitalisation	EUR 8.36 million

Share price development

The share of elumeo SE has been following a downward trend since the beginning of 2019. It reached its lowest point in 2019 on 4 December 2019 at a closing price of EUR 0.76. The price peaked at EUR 2.00 in 2019 on 10 January 2019.

Share of elumeo SE 01/01-31/12/2019 (XETRA, in EUR)



Shareholder structure (Status on 31 December 2019) *

	Shareholdings
1. Blackflint Ltd.	26.66%
2. Ottoman Strategy Holdings (Suisse) SA	26.23%
3. Universal Investment	9.55%
4. Sycomore Asset Management SA	5.09%
5. Executive Board members and Directors	10.68%
6. Free float	21.80%

- Based on the voting rights notifications available to the Company

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Preliminary remarks

The Consolidated Financial Statements of elumeo and its subsidiaries (together "elumeo" or the "elumeo Group") as of 31 December 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the European Union. Unless otherwise noted, all information in the Management Report is based on the accounting policies used for the Consolidated Financial Statements.

The information contained in the tables is in thousand euros, if no other unit is mentioned. All amounts referred to in thousands of euros in this Management Report have been commercially rounded. This also applies to the information derived therefrom, such as percentages. Rounding differences are therefore possible.

A. Principles of the Group

Development
The elumeo Group with elumeo SE as the parent Company was established in October 2014 through the contribution of Juwelo Deutschland GmbH, Berlin, Germany ("Juwelo Deutschland") and its subsidiaries, and Silverline Distribution Ltd., Hong Kong, People's Republic of China ("Silverline") and its subsidiary PWK Jewelry Company Limited, Chanthaburi, Thailand ("PWK").

Business model
The elumeo Group, headquartered in Berlin, is the leading European company in the electronic distribution of high-quality gemstone jewelry that is mainly produced in India and Thailand. elumeo's goal is to make high-quality gemstone jewelry an affordable luxury for everyone.

The Company's sales take place through direct sales. Through a variety of electronic distribution channels (such as TV, the Internet, Smart TV and a Smartphone app), the Company offers its customers primarily coloured gemstone jewelry at affordable prices.

Goods are procured in close cooperation via local partners in Bangkok and Jaipur via a total of around 28 suppliers. The products are manufactured by the respective partners in accordance with the purchasing management guidelines in Berlin. Quality control is carried out at the production site in accordance with the specified guidelines.

At the end of 2019, the elumeo Group's programmes could be watched in around 73 million households in Europe. In addition, the elumeo Group sells its products online through web shops in Germany, Italy, the United Kingdom, France, Spain, the Netherlands, Belgium and the USA and via apps for smartphones and smart TV. Web streams of the TV shows and an online bidding agent (affiliated with the TV show) have been integrated into the web shop and apps.

Legal form and structure
elumeo SE manages the elumeo Group as a management holding company. The operational business of elumeo Group is handled by the subsidiary Juwelo Deutschland GmbH and its subsidiaries Juwelo USA Inc. ("Juwelo USA").

Discontinued operations of the elumeo Group

In financial year 2018, it was decided to terminate the business activities with of the production company PWK Jewelry Company Limited, Bangkok, in Thailand ("PWK"). The production activities of the company were completely discontinued by the end of 2018.

Discontinued operations are not included in net income from continuing operations and are presented in a separate line as *net income after tax from discontinued operations* in the Consolidated Statement of Income.

Segment reporting

Segment reporting follows the internal reporting structures and internal control criteria. An important building block for future growth is the significantly stronger networking of the various sales channels, TV, web and mobile, in order to provide our customers with a comprehensive and contemporary shopping experience. Organisation-driven, cross-entity integration and difference in the respective functions of the value chain form the basis for the identification of the reportable segments. The business activities of the elumeo Group are allocated to the operational segments Sales division Germany and Other as well as the reconciliation segment Group Functions & Eliminations.

With regard to the internal management and external communication of current and future earnings development, the sustained profitability of the operating business of the elumeo Group is of particular importance. For this reason, earnings before interest, taxes, depreciation and amortisation (segment adjusted EBITDA) adjusted for non-operative special items serves as a key financial indicator for the presentation and management of operating earnings. In order to calculate segment EBITDA, EBITDA before special items is adjusted by one-off and / or non-operative (special) items by type and amount. The non-operating items are classified for each item in the Consolidated Statement of Income. The main factors influencing the segment EBITDA are the costs of underutilisation of the manufactory and the opportunity costs of distribution. In doing so, the effects of underutilisation (mainly labour costs) and, in particular, the effects of the lack of diversity were taken into account.

A significant negative development in Italy could not be prevented, which gained momentum in the course of 2019 and led to comprehensive restructuring measures in November 2019. Unfortunately, in the course of the necessary reduction in transmission times from 15 to 5 hours a day, it was not possible to reach an agreement on the resulting cost reduction. On 22. November 2019, the Executive Board of elumeo SE therefore decided to close the office in Rome and to serve the Italian market from Berlin in the future, as is the case with other European markets.

In view of the significance for the future development of the results and the associated effects on the earnings position of the Group, income and expenses of the Italian TV business operations are to be presented separately in order to be able to provide a picture of the earnings position of the Group that corresponds to the current circumstances.

As of 31 December 2019, the following segments were therefore reported:

Continuing operations

The *Continuing Operations* segment comprises the segments Sales division Germany and Other as well as the reconciliation division Group Functions & Eliminations.

For reasons of transparency, the earnings figures attributable to the closed sales office in Italy are still reported within Continuing Operations. The sales office does not represent an independent segment under IFRS, but has a material impact on the earnings situation in financial year 2019. The total expenses and income reported for the continuing operations correspond to the information required under IFRS for segment reporting.

In this segment, the gross profit margin rose again by 11.1% in financial year 2019, even though revenue fell by 13.7% overall. This development is mainly due to improved diversity in the product range and an increased number of premieres. Selling expenses have been significantly reduced. The Italian business included in this segment is shown separately here in addition to the segment reporting for a better assessment of the future earnings situation.

1 Jan - 31 Dec 2019 EUR thousand | % of revenue	*Sales division Germany & Others*		*Group functions & elimi-nations*		Con-tinuing operations (without branch Rom)		Local sales division Italy (branch closure)		**Con-tinuing operations**	
Revenue	*38,544*	*100.0%*	*0*	*n.a.*	38,544	100.0%	*5,544*	*100.0%*	44,088	100.0%
Cost of goods sold	*18,946*	*49.2%*	*-24*	*n.a.*	18,921	49.1%	*3,322*	*59.9%*	22,243	50.5%
Gross profit	***19,599***	***50.8%***	***24***	***n.a.***	**19,623**	**50.9%**	***2,223***	***40.1%***	**21,846**	**49.5%**
Selling expenses	*14,696*	*38.1%*	*0*	*n.a.*	14,696	38.1%	*3,409*	*61.5%*	18,105	41.1%
Administrative expenses	*3,923*	*10.2%*	*2,309*	*n.a.*	6,232	16.2%	*951*	*17.2%*	7,183	16.3%
Other operating income	*50*	*0.1%*	*33*	*n.a.*	84	0.2%	*3*	*0.1%*	87	0.2%
Other operating expenses	*0*	*0.0%*	*0*	*n.a.*	0	0.0%	*0*	*0.0%*	0	0.0%
Earnings before interest and taxes (EBIT)	***1,030***	***2.7%***	***-2,251***	***n.a.***	**-1,222**	**-3.2%**	***-2,134***	***-38.5%***	**-3,356**	**-7.6%**
Interest income	*0*	*0.0%*	*0*	*n.a.*	0	0.0%	*0*	*0.0%*	0	0.0%
Interest and similar expenses	*-123*	*-0.3%*	*-47*	*n.a.*	-171	-0.4%	*-37*	*-0.7%*	-208	-0.5%
Financial result	*-123*	*-0.3%*	*-47*	*n.a.*	-171	-0.4%	*-37*	*-0.7%*	-207	-0.5%
Earnings before income taxes (EBT)	***906***	***2.4%***	***-2,299***	***n.a.***	**-1,393**	**-3.6%**	***-2,171***	***-39.2%***	**-3,564**	**-8.1%**
Earnings for the period	***906***	***2.4%***	***-2,299***	***n.a.***	**-1,393**	**-3.6%**	***-2,171***	***-39.2%***	**-3,564**	**-8.1%**
Earnings of shareholders of elumeo SE	*906*	*2.4%*	*-2,299*	*n.a.*	-1,393	-3.6%	*-2,171*	*-39.2%*	*-3,564*	*-8.1%*
Earnings before interest and taxes (EBIT)	***1,030***	***2.7%***	***-2,251***	***n.a.***	**-1,222**	**-3.2%**	***-2,134***	***-38.5%***	**-3,356**	**-7.6%**
Depreciation and amortization on property, plant and equipment and intangible assets	*869*	*2.3%*	*14*	*n.a.*	882	2.3%	*343*	*6.2%*	1,226	2.8%
Segment EBITDA	***1,898***	***4.9%***	***-2,238***	***n.a.***	**-339**	**-0.9%**	***-1,791***	***-32.3%***	**-2,131**	**-4.8%**

In the area of continuing operations excluding the office in Rome, a total segment EBITDA of EUR -0.3 million (previous year EUR 7.4 million) was achieved in 2019. Thanks to a significant increase in margins and extensive cost-cutting measures, the Company managed to break even again in 2019 for those areas that will be continued in 2020. Thus, a positive segment EBITDA of EUR 0.3 million was achieved in the fourth quarter for the continuing operations excluding the office in Rome.

Discontinued operation Manufactory

The segment Discontinued Operation Manufactory contains the business activities of PWK, consolidation effects as well as the costs of underutilisation and opportunity costs of distribution allocated to the division, which are reported in the Consolidated Statement of Comprehensive Income in the continuing operations, because they were included in the invoice amounts for jewelry deliveries as part of the Group's internal cost allocation. In the opinion of the Executive Board, these costs will no longer be incurred in the future once the supply chain is changed from PWK's internal supply by third parties. For this reason, the internal management reporting was based on a corresponding allocation of these cost components for purposes of comparability.

Management and control

elumeo SE is a monistic European Company (Societas Europaea). The Executive Board is its governing body. It directs the Company's affairs, sets the general principles for its activities and monitors their implementation. The Executive Board also appoints the Managing Directors. They run the daily operations of the Company and represent the Company externally. As of 31 December 2019, the members of the Executive Board were Mr. Wolfgang Boyé, Dr. Frank Broer, Mr. Gregor Faßbender-Menzel and Mr. Boris Kirn. In addition to his function as Chairman of the Executive Board, Mr. Wolfgang Boyé is also Chairman of the Executive Board's Executive Committee. As of 31 December 2019, the Managing Directors with sole power of representation were Mr. Bernd Fischer, Mr. Boris Kirn, and Mr. Thomas Jarmuske.

Strategy and objectives of the Group

The goal of the elumeo Group is to transform high-quality jewelry into affordable luxury. With this mission, elumeo has, by its own estimation, succeeded in assembling one of the broadest product ranges in terms of the number of gem variations and the price range.

The elumeo Group works in a vertically integrated manner according to the direct-to-consumer principle (D2C). The entire value chain, from product development to the sale to the end customer, is managed by elumeo. This enables the Company to achieve considerable cost advantages and maximum added value. The jewelry developed in-house is produced by a network of specialised contract manufacturers. This contract manufacturing is managed together with strategic partners in Thailand and India. This ensures quality directly on site.

There are various collection-based brands that meet different criteria and thus enable the customer to make targeted purchases according to his needs. Cooperation with designers and specialist jewelry manufacturers also makes it possible to offer a wide range of entertaining products and services and continuously expand the elumeo Group's product range.

By focusing on electronic distribution channels, elumeo can exploit economies of scale in a fragmented market and thus achieve considerable cost advantages. The electronic distribution channels include classic television with its own private channels and live shows, smart TV, the Internet, mobile devices, mobile apps and personal shopping. The TV shows produced by its own TV studios in German, Italian, and partly in English provide the elumeo Group with significant advantages over pure online retailers in terms of reach and market penetration. The offers and content are adapted regionally and in terms of the languages.

To continue its growth, the elumeo Group aims, on the one hand, to achieve vertical expansion by adding new distribution channels or sales formats, and on the other hand, by expanding its business to other countries. Access via mobile devices, in particular, is to be improved.

Control system – Financial performance indicators

The elumeo Group's business is largely controlled centrally. Key financial performance indicators include sales and segment EBITDA. With respect to adjustments, in particular non-cash one-time costs as well as such costs or income that will most likely not be incurred again, are eliminated. Further explanations can be found in the segment reconciliation. Another principal key performance indicator is the gross margin, in which gross profit is adjusted for intra-Group earnings effects.

Control system – Non-financial performance indicators

Besides key financial performance indicators, other non-financial performance indicators are also used to manage the Company. Other indicators relate to our customers. New customer development is considered from the point of view of the source of the subscription (TV or online). A high share of so-called "online" customers is of importance to the Company's future development. Furthermore, the number of active customers as well as average sales and gross revenue per piece of jewelry sold are considered non-financial performance indicators.

Research and development

The elumeo Group does not conduct any research. Development activity is limited to working on the business software used, including web applications and user software such as mobile apps.

B. Economic Report

Macroeconomic conditions in 2019

The gross domestic product (GDP) grew by 3% worldwide and by 1.8% in Europe in 2019. Germany ranks among the top 10 countries with the largest gross domestic product worldwide. Until recently, forecasts for the next five years suggested that the situation would remain unchanged. However, the current developments in the euro zone cannot be predicted at the moment due to the Covid-19 crisis. The economy slowed down considerably in 2019. The price-adjusted gross domestic product of the German economy increased at a rate of only 0.6%. The German economy went through a phase of weakness after a long upswing. This was mainly due to the global downturn in industrial activity together with a decline in world trade. The worldwide increase in political uncertainty and international trade conflicts dampened foreign demand for capital goods.

France, the second-largest economy in the euro zone, achieved good growth rates of 0.3% and 0.4% respectively in the first three quarters of 2019 whereas the fourth quarter saw a decline in the growth rate by 0.1%. Italy, the third largest economy in the euro zone and one of the elumeo Group's most important foreign markets, achieved growth of 0.1% and 0.2% respectively in the first three quarters, similar to France, while the economy contracted by 0.3% in the fourth quarter.

In addition to these countries, the elumeo Group is also active in the UK, the Netherlands and Spain, all of which recorded comparable economic growth in 2019.

Overview: Quarterly changes in seasonally adjusted economic figures

Real GDP in % versus previous quarter	1Q19	2Q19	3Q19	4Q19
Euro region	0.0	0.3	0.4	0.4
Germany	0.5	-0.2	0.2	0.0
France	0.3	0.4	0.3	-0.1
Italy	0.2	0.1	0.1	-0.3
Spain	0.5	0.4	0.4	0.5
Netherlands	0.4	0.4	0.4	0.4
Belgium	0.0	0.3	0.4	0.4
Austria	0.5	0.1	0.2	0.2
Switzerland	0.4	0.4	0.4	0.3
UK	0.6	-0.1	0.5	0.0

Source: Eurostat

Industry-specific conditions

Online trade is expected to have grown by EUR 72.6 billion in 2019. According to statistics, this is a record increase of more than 11%. Online platforms such as Amazon, Otto and Zalando are becoming increasingly important, and the channel preferences of end consumers have also shifted significantly in recent years. Forecasts predict that the use of apps will grow significantly.

The main direct sales channels of the elumeo Group include TV home shopping channels, online shops and apps for smartphones. A study by the German Society for the Promotion of Consumer Electronics (gfu) shows that smart TVs are becoming increasingly popular. According to gfu, nearly half of German households now own an Internet-enabled TV set. (2018: 46% and 2017: 42%). The use of smart functions is also increasing. After 56% in 2017 and 61% in 2018, around 67% of those surveyed said they would use smart functions in 2019. At 80%, the figure for the younger generation of 16 to 39-year-olds is significantly higher than the figure for those over 60 (56%).

According to forecasts by CBRE, global mobile commerce revenues should account for 53.9% of all e-commerce revenues by 2021. Smartphones are also expected to account for the bulk of the overall growth in m-commerce. As CBRE explained, smartphone revenues accounted for 66% of all m-commerce revenues in 2017 (compared to tablets and co.). This figure is expected to rise to 82% by 2021.

According to Statista, online trade in Europe is developing positively on a continuous basis. The share of online purchases in the total population of the European Union amounted to 50% in 2018. Compared to the rest of Europe, the share of online buyers is highest in the United Kingdom at 77%. The average per capita expenditure per person when shopping over the Internet is also the highest in Europe in the United Kingdom. Per capita expenditure there amounted to EUR 921 in 2019. The Germans came in second place, spending an average of EUR 784 per capita per year on online purchases.

Online shopping is no longer limited to shopping on the PC. Shopping via mobile devices is also becoming increasingly popular in Europe. In Spain, 77% of online shoppers have made a purchase on their mobile phone or tablet in the last twelve months. This share was 58% in Germany.

C. Publication of the results for 2019

Principles and comparability of information

- With the exception of discontinuing business activities in Italy, there have been no significant changes in the fundamentals of the elumeo Group compared to the previous year.

Explanations of alternative performance indicators

The elumeo Group uses alternative performance measures ("APMs") in its regular and mandatory publications that are not covered in the applicable International Financial Reporting Standards (IFRSs). For further information on the definition, use and limitations of the usability of these alternative performance indicators, as well as the accounting methods and reconciliations used, please visit http ://www.elumeo.com/ir/publications/explanation-alternative-performance-measures.

Business development in 2019

Development of the Group

The financial year 2019 of the elumeo Group covers the period from 1 January to 31 December 2019 ("2019" or the "reporting period"). Financial year 2018 refers to the period from 1 January to 31 December 2018 ("2018," "py" or "prior year"). The previous year 2018 contains a technical adjustment that relates to the deconsolidation of the discontinued operations and the related transfer of the foreign currency translation reserve included in the Group's equity to the earnings of the discontinued operations for financial year 2018. See Notes, Section B. Principles of the Consolidated Financial Statements, Adjustments to Last Year's Figures.

Financial year 2019 was impacted by the further development of the new procurement structures after the Group's own manufactory had to be closed at the end of 2018. Due to the simultaneous purchase of large quantities of homogeneous gemstone stocks, the elumeo Group was unable to offer the usual variety of gemstone varieties to start with in 2018. Thanks to new procurement structures with local partners in Jaipur and Bangkok, the number of premieres in 2019 was significantly higher than in 2018. The entire value chain, from product development to direct sales to the end customer, is managed by elumeo.

By switching from our own production to cooperation with local partners in India and Thailand, elumeo is once again in a position to develop a significantly diversified product range. The broad range of different designs and price categories will be better defined by the brands and collections that were introduced and will enable customers to better understand the product diversity. The development of brands and collections will play a key role in future growth and in attracting new customers. A further building block for future growth is the much stronger integration of the various sales channels, TV, web and mobile, in order to enable customers to enjoy a comprehensive and contemporary shopping experience. The return to profitability will be supported by a comprehensive cost-cutting programme.

Earnings situation of the elumeo Group

EUR thousand | % of revenue	Note	1 Jan - 31 Dec 2019		1 Jan - 31 Dec 2018 restated*		YoY in %
Revenue	(1)	44,088	100.0%	51,115	100.0%	-13.7%
Cost of goods sold	(2)	23,455	53.2%	37,602	73.6%	-37.6%
Gross profit		**20,633**	**46.8%**	**13,513**	**26.4%**	**52.7%**
Selling expenses	(3)	18,137	41.1%	23,698	46.4%	-23.5%
Administrative expenses	(4)	8,294	18.8%	7,741	15.1%	7.2%
Other operating income	(5)	4,687	10.6%	95	0.2%	n.a.
Other operating expenses	(6)	1,236	2.8%	596	1.2%	107.5%
Earnings before interest and taxes (EBIT)		**-2,347**	**-5.3%**	**-18,426**	**-36.0%**	**87.3%**
Interest income		0	0.0%	4	0.0%	-98.9%
Interest and similar expenses		-238	-0.5%	-220	-0.4%	-8.2%
Financial result	(7)	-237	-0.5%	-216	-0.4%	-10.2%
Earnings before income taxes (EBT)		**-2,585**	**-5.9%**	**-18,642**	**-36.5%**	**86.1%**
Income tax	(10)	0	0.0%	-1,850	-3.6%	100.0%
Earnings for the period from continuing operations		**-2,585**	**-5.9%**	**-20,491**	**-40.1%**	**87.4%**
Earnings for the period from discontinued operations	(8),(9)	**0**	**0.0%**	**-3,436**	**-6.7%**	**100.0%**
Earnings for the period		**-2,585**	**-5.9%**	**-23,927**	**-46.8%**	**89.2%**
Earnings of shareholders of elumeo SE		*-2,585*	*-5.9%*	*-23,927*	*-46.8%*	*89.2%*
Earnings per share in EUR (basis and diluted) applied to:						
- **Earnings of shareholders total**	(12)	**-0.47**		**-4.35**		**89.2%**
- Earnings of shareholders from continuing operations	(12)	-0.47		-3.73		87.4%
- Earnings of shareholders from discontinued operations	(12)	0.00		-0.62		100.0%

The objectives for elumeo in 2019 were slight revenue growth, disproportionately high margin growth and an earnings corridor for segment EBITDA that ranged from a low negative single-digit million figure to break-even. Against the backdrop of the necessary improvement in earnings and the simultaneous securing of the Company's liquidity, management has given greater importance to increasing the margin than increasing sales.

The planned increase in the percentage margin and the associated disproportionate increase in gross profit could be implemented through continuous improvement of the product range control and consistent cost management in procurement. elumeo was unable to achieve the single-digit sales growth forecast for the Continuing Operations segment. On the one hand, the effects of the changeover in the procurement of goods took longer than planned. In the first half of the year in particular, elumeo was not able to increase the share of premieres constantly. The integration of the new suppliers and the inclusion of new guest formats took more time than originally anticipated. On the other hand, sales in Italy developed much more negatively than expected, especially in the second half of the year. The targeted reduction of the cost base, particularly in terms of range, costs for external service providers, such as payment service providers, or for SEO marketing also declined as planned.

The result for the segment Group Functions & Eliminations remained slightly below the previous year due to increased personnel costs.

Sales revenue dropped by -13.7%. At -30.8%, Italy developed significantly worse. In the second half of 2019, by contrast, we were able to report revenue growth of 4.0% for the German business division. For Continuing Operations, however, gross profit improved by 52.7% overall. The Company was also able to achieve the planned cost reductions. It was able to save a total of EUR 5.6 million in selling expenses. Administrative expenses, adjusted for depreciation and amortisation of impairment losses, which were burdened by the closure of the Italian business unit, also fell by EUR 0.6 million. This is primarily due to the first-time application of IFRS 16, according to which the previous expenses for rented premises (previous year: rental expenses for net cold rents of EUR 420 thousand) are now presented in the form of leasing payments as a financing transaction divided into a repayment portion (cash flow from financing activities) and a financing portion (interest and similar expenses).

Other operating income includes income from the reversal of provisions from the discontinued operation PWK, income from the deconsolidation of the UK subsidiaries and income from the derecognition of previously recognised lease liabilities in accordance with IFRS 16 in connection with the closure of the office in Rome.

Other operating expenses mainly include provisions for obligations arising from existing contracts and severance payments to employees in connection with the closure of the Italian subsidiary.

Overall, EBIT of EUR -2.3 million was generated in financial year 2019 (previous year: EUR -18.4 million). Earnings before interest, taxes, depreciation and amortisation adjusted for non-operating special items (segment EBITDA) of the continuing operations, rose to EUR -2.1 million in 2019 (2018: EUR -10.3 million). The discontinued site in Rome contributed the major share of the loss with negative segment EBITDA of EUR -1.8 million. The consolidated total result was EUR -2.6 million after EUR -25.5 million in 2018.

Due to the requirements for presenting discontinued operations in accordance with IFRS 5, the profit markups of PWK Jewelry Company Limited are assumed to be the cost of sales of continuing operations. As part of the segment reporting, we have largely neutralised the accounting effects and allocated expenses and income on the basis of our merchandise management data.

Sales channels

Sales from the TV business remained slightly below the previous year in 2019. A series of improvement measures led to a significant increase in performance in the classic web shop business. For example, providing video material on individual products increased sales per web customer to over EUR 240. Through SEA and SEO optimisations, the number of new customers increased by approx. 28% in the fourth quarter. Sales in the classic web shop segment increased by a total of approx. 18% due to the measures taken in 2019. The margin increased slightly disproportionately by approx. 35% (based on merchandise data).

The expenses for finished goods purchased in financial year 2018 from the discontinued operation PWK also include the profit mark-ups of the Group's own manufactory. The reason for the positive development of gross profit at Group level compared to the previous year was the overall significantly increased share of new products, which led to a greater diversity of the entire product range. Selling expenses decreased significantly, particularly as a result of reduced expenses for broadcasting range. Other cost reductions were achieved in marketing costs, costs of payment transactions and costs of the telephone platform, among other measures.

Asset position

ASSETS

EUR thousand | % of balance sheet total	Note	31 Dec 2019		31 Dec 2018		YoY in %
Non-current assets						
Intangible assets	(13)	480	2.2%	578	2.0%	-17.0%
Property, plant and equipment	(14)	4,483	20.8%	2,207	7.7%	103.1%
Other financial assets	(18)	177	0.8%	409	1.4%	-56.7%
Other non-financial assets	(19)	247	1.1%	0	0.0%	n.a.
Total non-current assets		**5,386**	**25.0%**	**3,193**	**11.1%**	**68.7%**
Current assets						
Inventories	(15)	13,392	62.0%	20,453	71.0%	-34.5%
Trade receivables	(16)	1,398	6.5%	1,416	4.9%	-1.2%
Receivables due from related parties	(17)	1	0.0%	12	0.0%	-91.4%
Other financial assets	(18)	198	0.9%	58	0.2%	240.8%
Other non-financial assets	(19)	328	1.5%	905	3.1%	-63.8%
Cash and cash equivalents	(20)	880	4.1%	2,608	9.0%	-66.3%
Total current assets		**16,197**	**75.0%**	**25,451**	**88.3%**	**-36.4%**
Assets held for sale	(8),(9)	0	0.0%	183	0.6%	-100.0%
Total assets		**21,583**	**100.0%**	**28,827**	**100.0%**	**-25.1%**

Total assets as of 31 December 2019 decreased compared to the same date of the previous year. On the assets side, property, plant and equipment changed as a result of the capitalisation of rental contracts in accordance with IFRS 16. Inventories were significantly reduced in order to maintain liquidity. Other current assets are lower compared to the previous year mainly due to lower input tax receivables. Cash and cash equivalents also fell significantly, among other reasons due to the repayment of financing liabilities in the amount of EUR 1.6 million.

EQUITY & LIABILITIES

EUR thousand | % of balance sheet total	Note	31 Dec 2019		31 Dec 2018 restated*		YoY in %
Equity						
Issued capital	(21)	5,500	25.5%	5,500	19.1%	0.0%
Capital reserve	(21),(22)	34,423	159.5%	34,380	119.3%	0.1%
Accumulated losses		-37,963	-175.9%	-35,379	-122.7%	-7.3%
Foreign currency translation reserve	(13)	2,159	10.0%	2,175	7.5%	-0.7%
Total equity		**4,118**	**19.1%**	**6,677**	**23.2%**	**-38.3%**
Attributable to shareholders of elumeo SE		*4,118*	*19.1%*	*6,677*	*23.2%*	*-38.3%*
Non-current liabilities						
Other financial liabilities	(24)	2,596	12.0%	0	0.0%	n.a.
Provisions	(25)	4,528	21.0%	7,455	25.9%	-39.3%
Other non-financial liabilities	(28)	25	0.1%	25	0.1%	0.0%
Total non-current labilities		**7,148**	**33.1%**	**7,480**	**25.9%**	**-4.4%**
Current liabilities						
Financial debt	(23)	447	2.1%	2,000	6.9%	-77.6%
Other financial liabilities	(24)	319	1.5%	260	0.9%	22.9%
Provisions	(25)	1,400	6.5%	868	3.0%	61.4%
Liabilities due to related parties	(26)	43	0.2%	57	0.2%	-25.2%
Trade payables		5,639	26.1%	8,950	31.0%	-37.0%
Advance payments received		248	1.1%	59	0.2%	323.0%
Tax liabilities	(27)	100	0.5%	100	0.3%	0.0%
Other non-financial liabilities	(28)	2,119	9.8%	1,366	4.7%	55.1%
Total current liabilities		**10,316**	**47.8%**	**13,660**	**47.4%**	**-24.5%**
Liabilities directly associated with assets held for sale	(8),(9)	0	0.0%	1,011	3.5%	-100.0%
Total equity & liabilities		**21,583**	**100.0%**	**28,827**	**100.0%**	**-25.1%**

On the liabilities side of the balance sheet, shareholder's equity decreased as of 31 December 2018 due to the negative result, which also includes the results from discontinued operations. Non-current financial liabilities of EUR 2.6 million relate to the leasing liabilities carried as liabilities under IFRS 16. Non-current provisions relate to the maximum risk from the liquidation of the now deconsolidated former Group-owned manufactory.

The current financial liabilities were fully paid by 31 March 2020. Trade payables decreased due to inventory optimisation and expanded commission business.

Financial position

EUR thousand	Note	1 Jan - 31 Dec 2019	1 Jan - 31 Dec 2018 restated*	YoY in %
Earnings before taxes (EBT) of continuing operations		**-2,585**	**-18,642**	**86.1%**
Earnings before taxes (EBT) of discontinued operations		0	-3,235	100.0%
Earnings before taxes (EBT)		**-2,585**	**-21,877**	**88.2%**
+/- Depreciation and amortization on non-current assets	(13),(14)	+2,049	+940	118.1%
+/- Increase/decrease in provisions	(25)	+608	+171	256.4%
+/- Increase/decrease in provisions for in terms of nature, amount and utilization uncertain obligations in connection with the discontiued operation PWK	(25)	-3,033	0	n.a.
+/- Equity-settled share-based remuneration	(22)	+43	+201	-78.7%
+/- Other non-cash expenses/income		-1,464	-35	n.a.
+/- Loss/gain on disposal of non-current assets	(14)	-9	-0	n.a.
- Non-cash current interest income		0	-0	100.0%
- Interest expenses paid related to prior accounting periods		0	+0	-100.0%
+ Non-cash current interest expenses		+31	0	n.a.
+ Proceeds from income tax		0	+1	-100.0%
- Income tax paid	(27)	-0	0	n.a.
-/+ Increase/decrease in inventories	(15)	+7,061	+4,446	58.8%
-/+ Increase/decrease in other assets		+571	+1,937	-70.5%
+/- Increase/decrease in other liabilities		-2,490	+4,694	-153.0%
= Net cash flow from operating activities of continuing operations	(29)	**+784**	**-6,289**	**112.5%**
= Net cash flow from operating activities from discontinued operations	(8),(9)	0	+5,583	-100.0%

Cash flow from operating activities was EUR 0.8 million in 2019, representing an outflow of funds. The loss from earnings before taxes of EUR -2.6 million was mainly compensated for by the reduction in inventories and an overall improvement in working capital. The other non-cash expenses mainly resulted from depreciation of fixed assets and share-based payments as well as the effects of the deconsolidation of the subsidiaries in the UK.

EUR thousand	Note	1 Jan - 31 Dec 2019	1 Jan - 31 Dec 2018	YoY in %
- Payments for investments in intangible assets	(13)	-8	-80	89.6%
- Payments for investments in property, plant and equipment	(14)	-170	-373	54.4%
and property, plant and equipment		+9	0	n.a.
- Payments for purchases of financial assets (deconsolidated subsidiaries)		-0	0	n.a.
= Net cash flow from investing activities of continuing operations	(29)	**-169**	**-453**	**62.7%**
= Net cash flow from investing activities from discontinued operations	(8),(9)	0	+3,886	-100.0%
- Payments for the redemption of financial debt	(23)	-1,554	-3,000	48.2%
- Payments (net) for redemption of other financial liabilities	(24)	-670	-317	-111.5%
= Net cash flow from financing activities of continuing operations	(29)	**-2,224**	**-3,317**	**-33.0%**
= Net cash flow from financing activities from discontinued operations	(8),(9)	0	+1,016	-100.0%
+/- Net increase/decrease in cash and cash equivalents		-1,609	+426	-478.1%
+/- Effects of foreign currency translation on cash and cash equivalents		+2	-17	111.9%
+/- Changes in cash and cash equivalents relassified as part of a disposal group		+0	-78	100.0%
+/- Changes in cash and cash equivalents from effects in connection with the discontinued operation PWK under IFRS 5		0	+767	-100.0%
+/- Changes in cash and cash equivalents due to changes in scope of consolidation in connection with the discontinued operation UK under IFRS 5		-121	0	n.a.
+ Cash and cash equivalents at beginning of period		+2,608	+1,511	72.6%
= Cash and cash equivalents at end of period		**+880**	**+2,608**	**-66.3%**

The elumeo Group invested around EUR 0.2 million (2018: EUR 0.5 million) in property, plant and equipment and intangible assets in 2019. This mainly relates to replacement investments. The effects of deconsolidation relate to the subsidiary companies in the UK.

The cash flow from financing activities in 2019 resulted from the repayment of financial liabilities. Under agreements with the financing bank, a further EUR 0.5 million was deferred until 31 March 2020. The remaining liability was repaid as agreed. As of 31 December 2019, the elumeo Group had cash and cash equivalents of EUR 0.9 million (31 December 2018: EUR 2.6 million). The elumeo Group was in a position to meet its financial obligations at all times.

D. Economic situation of elumeo SE

Preliminary remarks

elumeo SE is the parent Company of the elumeo Group. Due to the subsidiaries directly and indirectly held by it, its business development is fundamentally subject to the same risks and opportunities as the Group. These are presented in detail in the Risk and Opportunity Report. The expectations regarding the development of elumeo SE also essentially correspond to the Group's expectations described in the Forecast Report.

The following statements are based on the annual financial statements of elumeo SE, which have been prepared in accordance with the provisions of the German Commercial Code and the German Stock Corporation Act (Aktiengesetz). The annual financial statements and management report are published in the Federal Gazette and on the elumeo SE website.

Business activity

elumeo SE and its subsidiaries are electronic retailers of gemstone jewelry. In addition, elumeo SE, as the parent Company of the elumeo Group, carries out holding functions, manages Group-wide liquidity management and provides additional services to Group companies, especially in the area of IT and administration. The economic conditions for elumeo SE essentially correspond to those of the Group and are described in the Economic Report.

Earnings position

Sales revenues relate to intra-group profit mark-ups in connection with the provision of intra-group IT development services and personnel services for sales subsidiaries in the areas of Group administration and accounting. Other operating income increased slightly by EUR 0.04 million to EUR 1.9 million in 2019. This increase is mainly due to the provision of intercompany IT development services for sales companies of the elumeo Group. The services concern the maintenance and further development of the enterprise software used, which consists of company-internal web applications and user software such as mobile apps and smart TV apps. In addition, personnel services were provided in the areas of Group administration and accounting.

Personnel expenses increased slightly by EUR 0.2 million to EUR 1.2 million. In financial year 2019, the Company employed an average of around 13.0 full-time equivalent (FTE) employees (previous year: 12.5 FTE). Personnel expenses also include the remuneration of the Managing Directors (3.8 FTE, previous year: 3.3 FTE).

Other operating expenses totalling EUR 3,325 thousand (previous year: EUR 2,926 thousand) include remuneration for the personnel services of an affiliated company in connection with the provision of internal IT development, administration and sales services for the sales subsidiaries of the elumeo Group (EUR 1,544 thousand, previous year: EUR 1,539 thousand) as well as the remuneration for the non-executive members of the Executive Board, the accrued costs for the preparation and audit of the annual and Consolidated Financial Statements and for the Annual General Meeting for financial year 2019, as well as current legal, consulting and marketing costs, recruitment and provision of personnel, travel expenses and costs of the stock exchange listing.

In financial year 2019, expenses of an extraordinary amount of EUR 633 thousand (previous year: EUR 3,550 thousand) were incurred. These related to:

- Legal, consulting and court costs totalling EUR 322 thousand in connection with legal disputes and the discontinuation of PWK's production activities (other operating expenses),
- Expenses from non-deductible input taxes from the reporting years 2015 and 2016 of EUR 254 thousand (other operating expenses),
- Expenses from the individual value adjustment of receivables (from affiliated companies) of EUR 58 thousand (other operating expenses).

The earnings before taxes of elumeo SE improved from EUR -4,551 thousand in 2018 to EUR -1.801 thousand in 2019, mainly due to the permanent impairment of the investment in Silverline Distribution Limited. Taking into account the loss carried forward from the previous year, the balance sheet loss for 2019 amounts to EUR -15,181 thousand.

Asset and financial position

Loans to affiliated companies include interest-bearing financial receivables from the subsidiary Juwelo Deutschland GmbH from the loan of funds. The funds granted originate on the one hand from the proceeds received in the course of the IPO in financial year 2015 and on the other hand from a loan granted by a bank. The loans reported have remaining terms to maturity as of the balance sheet date until 31 March 2020 (EUR 447 thousand) and 31 December 2020 (EUR 26,572 thousand). The contracts include extension options that are likely to be exercised.

The equity of EUR 26.3 million is slightly lower than in the previous year. The equity ratio increased slightly to 95.3% (previous year 91.3%).

Liabilities decreased from EUR 2.0 million in 2018 to EUR 0.5 million in 2019 due to the repayment of loans.

The total assets of elumeo SE decreased accordingly from EUR 30.8 million in 2018 to EUR 27.6 million in 2019. Overall, the economic and financial development of elumeo SE is largely dependent on that of the elumeo Group. Reference is made to the corresponding information in the Group report.

E. Supplementary Report

On 30 January 2020, the World Health Organisation declared the spread of the new corona virus 'SARS-CoV-2' a "health emergency of international proportions." In March 2020, far-reaching restrictions were declared on public life in many countries around the world, which could have a significant impact on the situation and development of the global economy and the economy in Germany. The current legal regulations to contain the pandemic are leading to significant restrictions in public life and in some cases seriously interfering with companies' operations. The transport and supply chains that are important to the elumeo Group could be severely restricted.

Product supplies from China and India in particular were subject to significant restrictions in February and March. Since then, finished goods cannot be delivered by suppliers due to airport closures or lack of freight capacity. Various TV formats, but also guest appearances had to be cancelled as a result. The effects on the further course of business cannot be predicted with certainty at present.

Due to the direct sale of our products and the possibility of allowing some of our employees to work from home, we assume that the elumeo Group will be far less affected by the effects of the crisis than other industries. Overall, the elumeo Group has recorded a slight increase in new customers compared to previous months.

Nevertheless, at the time of preparation of this report, we classify this as an event of particular significance after the balance sheet date. We refer to the comments in the Risk Report and in the forecast in the Management Report.

As of 27 April 2020, the Executive Board of elumeo SE appointed Florian Spatz a Managing Director of elumeo SE. Mr. Thomas Jarmuske is changing positions to serve as Managing Director of Juwelo Deutschland GmbH

F. Risk and Opportunity Report

Risk Management System

elumeo SE is regularly exposed to various risks and opportunities. These can have both positive and negative effects on the Group's assets, financial and earnings situation. The risk management system applies to all areas of the elumeo Group. Strategic and operational events and actions, which have a significant impact on the existence and the economic situation of the Company, are considered risks. These also include external factors such as the competitive situation, the regulatory development in the area of broadcasting, television, e-commerce and mobile solutions that can compromise the achievement of corporate goals. The main risks and opportunities are listed below.

The goal is Group-wide standardisation of the risk and opportunity assessment. Opportunities should be used to increase earnings and to improve the financial situation. Risks are taken only to the extent that these have no foreseen particularly negative impact on the Company's development. All employees should review their actions in terms of preventing risks that endanger the Company's existence.

Internal Control System

In reference to Section 315 no. 4 German Commercial Code (HGB), an explanation of the structure of the internal control and risk management system is provided as part of the accounting process.

The internal control and risk management system has an appropriate structure and processes that are defined accordingly. It is set up so that timely, uniform and accurate accounting for all business processes and transactions is guaranteed. For consolidation of the companies included in the Consolidated Financial Statements, the internal control system ensures that legal standards, accounting regulations and internal instructions for accounting are followed. Changes therein are continuously analysed for their relevance and impact on the Consolidated Financial Statements and considered accordingly. The finance department of elumeo Group actively supports all business units and subsidiaries, both in developing common guidelines and instructions for accounting-related processes and in monitoring operational and strategic objectives. Besides the defined controls, automated and manual coordination processes, separation between executive and controlling functions and compliance with directives and operating instructions are an integral part of the internal control system.

The Group companies are responsible for compliance with the applicable guidelines and accounting processes as well as the proper and timely execution of preparation. In the accounting process, the subsidiary companies are supported by headquarters' personnel.

To ensure compliant Consolidated Financial Statements, the appropriate measures are implemented in the accounting process. In particular, these measures are aimed at identifying and assessing risks and limiting and controlling identified risks.

Basic methodology

Risks are assessed according to their probability of occurrence and the potential financial loss risk. The arithmetic mean of the sum of the probability of occurrence and loss potential is then given a relevance of the overall risk between 1 = very low and 4 = high.

With regard to the risk classification in the previous year, changes in the risk classification have resulted for the following risk categories, which regularly include an increase in the risk:

- Macroeconomic risks

Risk assessment – Classes of Probability of Occurrence

Class	Probability of Occurrence	
1	very low	(0%-25%)
2	low	(25%-50%)
3	medium	(50%-75%)
4	high	(75%-100%)

Risk assessment – Risk Classes

Class	Impact	
1	EUR 0.05 - EUR 0.1 million	not significant
2	>EUR 0.1 - EUR 0.5 million	low
3	>EUR 0.5 - EUR 1.0 million	medium
4	>EUR 1.0 million	significant

Risk Overview – Excerpt of major risks

		Probability of Occurrence	Level of Damage
1.	Economic and strategic risks		
1.1.	Macroeconomic risks	high	medium
1.2.	Competitive risks	medium	insignificant
1.3.	Growth risks	low	significant
2.	Operational Risks		
2.1.	Design (up-to-datedness of products)	low	medium
2.2.	Reputational risk (quality and ethics)	medium	medium
2.3.	Procurement risks	medium	medium
2.4.	Inventory risks	medium	medium
2.5.	Transmission mode	very low	medium
2.6.	Personnel risks	very low	medium
2.7.	IT and information risks	low	significant
2.8.	Returns	low	low
2.9.	General insurance protection and accident risks	very low	medium
2.10.	Takeover risks	very low	medium
3.	Financial and liquidity risks		
3.1.	Default risk	very low	low
3.2.	Liquidity risk	medium	significant
3.3.	Currency risks	low	medium
4.	Fiscal, regulatory and legal risks		
4.1.	Data protection	low	medium
4.2	Money laundering prevention	low	medium
4.3.	Tax risks	medium	significant

EBITDA is a key indicator for the elumeo Group. Therefore, risks are ranked as part of quantification at a materiality threshold of EUR 500 thousand. The damage potential is taken into account before safeguarding measures are taken.

It cannot be excluded that previously unidentified risks or those with little relevance to the overall risk have a negative impact on the financial position and results of operations in the future, despite all the measures taken.

Explanation of the main risks

1. Economic and Strategic Risks

1.1. Macroeconomic risks

The European Commission's most recent economic forecast for the euro zone predicts total GDP growth of 1.4% in 2019, 2020 and 2021. At the same time, however, there are warnings of increasing levels of indebtedness in certain areas of the financial markets. Should there be a reassessment of risk premiums, this could lead to a worsening of the situation on the money and capital markets. Downside macroeconomic risks also come from the fragile banking sectors of some countries (including Italy), which continue to be burdened by a relatively high share of bad loans.

In addition, there are macroeconomic risks to the European economy in the form of political developments that can lead to unstable governance, insecurity or economic disintegration. Current developments due to the outbreak of the pandemic, especially in Central Europe, e.g. Italy, France and Germany, create a situation that is unusual and extremely difficult to assess.

Other risks to the elumeo Group include the price development of the euro against other currencies, in particular the US dollar, the Thai baht and the Indian rupee. Strong fluctuations can have a significant impact on the margin.

In addition, significant changes occurred in late 2019 and early 2020. The reason for this is the global pandemic caused by the novel corona virus (SARS-CoV-2). The economic effects are currently not foreseeable. The existence of companies in the tourism, catering, trade fair and event sectors is particularly at risk. Extensive financial aid packages are being made available to bridge the threats posed by declining sales and underemployment. Whether and for how long these aid measures will help those involved in the economy remains unclear at present. It is also unclear at the time of writing this financial statement whether the elumeo Group will be able to benefit from these aid measures. For this reason, it is currently not possible to make serious forecasts about economic development in the euro zone.

We have therefore raised the probability of occurrence of macroeconomic risks to "high."

1.2. Competitive risks

The elumeo Group's ability to compete nationally and internationally is uncertain. There is no guarantee that the elumeo Group will be able to maintain its business model in its present form and achieve profitable growth.

The jewelry industry and the electronic retailing industry are highly competitive and the elumeo Group could be exposed to additional competition if existing or new competitors enter into similar business models by starting Internet-based or TV-based offering of fine jewelry. Consequently, there is a risk that the elumeo Group will not be able to respond appropriately to the changed competitive environment or be unable to compete against other jewelry manufacturers or retailers.

The management of elumeo Group monitors the current competitive situation regularly and defines countermeasures if necessary.

1.3. Growth risks

There is a risk that the elumeo Group will be unable to manage its further growth efficiently. This could slow down or even prevent its growth and have an adverse effect on the assets, financial position and earnings of the elumeo Group.

With the expansion of the product and service range and the adoption and application of technological progress, especially in terms of the changing user behaviour with respect to mobile phones and smart TVs, there is a risk that not enough attention will be given to responding to changing customer needs and changes in demand behaviour. The current corona crisis has shown that in the event of a pandemic, supply shortfalls and/or delays can occur as a result of restrictions in production and the supply chain. This could limit the growth of the elumeo Group and prevent it from achieving profitability.

The management of the elumeo Group uses various tools to monitor the acceptance of its product and service offerings and customer satisfaction and is therefore able to respond appropriately to changes in customer behaviour.

2. Operational Risks

2.1. Design (up-to-datedness of products)

A wide range of styles is necessary to ensure the long-term success of our business. Our central purchasing department in Berlin manages the selection of designs with the help of local experts in Thailand and India in order to meet the respective market preferences and current trends. Current trends are observed through market monitoring and new designs are developed or existing designs modified, if necessary.

2.2. Reputational risk (quality and ethics)

Our jewelry is made by local partners and producers with whom our buyers have many years of experience. Thorough quality checks after each work step ensure a high level of craftsmanship. Defective or faulty products have an effect on customer satisfaction and can adversely affect the repeat purchase rate.

The elumeo Group has implemented various measures to ensure that our suppliers provide us solely with products that have been produced and sold under fair and sustainable social, environmental and economic conditions. Should elumeo nevertheless be brought into connection with dubious terms or dubious sources, this could adversely affect our reputation and our brands. To this end, we have defined clear contractual agreements and seek through local presence to ensure compliance with high ethical standards of origin and production.

2.3. Procurement risks

The sustained viability of our supply chain depends to a high degree on our central purchasing team in Berlin and our cooperation with local experts. Delays with certain requested gemstones or mines that do not provide us with any more gemstones could have a negative impact on our sales. We counteract this by offering a high number of gemstone varieties and by working with a large number of manufacturers with flexible order volumes. Moreover, the elumeo Group is exposed to price fluctuations and the limited availability of raw materials and production materials (such as precious gemstones, precious metals, energy and components). An increase in prices or a lack of availability of such raw materials could have a negative effect on the assets, financial and earnings situation of the elumeo Group. Disruptions to the supply chain, e.g. due to closed airports or cancelled flights, can have a significant impact on the flow of goods and thus on planned sales.

2.4. Inventory risks

Due to the integration of the value chain, we have to adjust production volumes to sales expectations. This is done by means of daily detailed sales planning in conjunction with forecasts and projections about the expected consumption of our merchandise. At the same time, the inventory risk is mitigated by the high material component of precious metal and gemstones.

2.5. Transmission mode

At around 60%, the TV business still made a significant contribution to our overall performance in financial year 2019. Through corresponding contracts, we secure ourselves the necessary bandwidth in order to broadcast our TV programme. At the same time, we strive to establish alternative access channels to our customers via new distribution channels, such as mobile apps.

2.6. Personnel risks

The elumeo Group′s employees are the key driver for the future success of the Group. Being able to find qualified and motivated employees, in particular, for our future expansion, will be a key success factor. Recruitment in Germany as well as abroad will therefore be of key importance in order to ensure the quality and creativity of our products and services. Recruiting in Germany, in particular the search for international employees with appropriate language skills, e.g. for customer service as well as for broadcasting operations, will therefore be of great importance to ensuring the quality and creativity of our product and services.

2.7. IT and information risks

Essential components of our IT structure are managed by a separate team of developers. The consistent focus on the special needs of our Group ensures a high degree of efficiency. The scalability of the systems to suit future expansion, in particular, will play a significant role. Analysis of customer behaviour allows us to continuously optimise our range and adapt processes.

2.8. Returns

Increased product returns by customers that are significantly above the Company′s expectations could increase our costs and be detrimental to our business and results of operations. Warehouse logistics at the elumeo Group are set up so that quick processing is possible even when there is a high number returns. The Company also has appropriate liquidity reserves available in order to be able to issue refunds.

2.9. General insurance protection and accident risks

Our insurance coverage relating to risks such as operational and accident risks may not cover all risks and/or prove to be inadequate. The Company continuously checks whether insurance gaps exist and is in regular contact with its insurance companies.

2.10. Takeover risks

The elumeo Group is exposed to risks relating to the acquisition of companies, businesses, assets, partnerships, cooperations and joint ventures. Due diligence examinations are performed with such transactions, to reduce risks, for example.

3. Financial and Liquidity Risks

Due to the types of payment that are used (advance payment, credit cards, cash on delivery and purchases by placing orders with no risk), there are no relevant payment defaults. Interest rate risks can be expected to continue to be low due to the expected development in Germany.

3.1. Default risk

Default risk is the risk that customers or other parties fail to meet their contractual obligations and pay their bills. This may result from the payment history or the economic situation of the customer and other parties or due to fraud. Default risk arises primarily regarding receivables from customers and receivables from related parties.

The default risk for receivables from goods and services is low because the goods are normally delivered either against payment, credit card payment or cash on delivery. The default risk is accounted for by a rating based on experience and a valuation allowance account that takes the age structure into account. Bad debts are fully adjusted on an individual basis. With receivables from goods and services, there is no significant concentration of credit risk.

In addition, there is a default risk for cash to the effect that financial institutions cannot meet their obligations. This credit risk is limited in that investments are made at various banks with good credit.

The maximum exposure is the carrying value of these financial assets on each reporting date.

3.2. Liquidity risk

Liquidity risk is the risk that the elumeo Group will be unable to settle its financial liabilities at maturity. For this reason, the main aim of liquidity management is to ensure solvency at all times. Against the backdrop of significant liquidity outflows in financial year 2019 from non-extended loans totalling EUR 2.0 million and a complete reorganisation of the elumeo Group in the area of jewelry supply, liquidity development is monitored in particular in the following areas:

Termination of Thai business activities and related litigation

A significant liquidity risk is unplanned cash outflows from the cessation of the production activities in Thailand. The liquidation process in Thailand is accompanied by a series of legal disputes and managing this process is complex. Due to the legal form of the Thai company as a limited company and the specific collateral conditions of the lenders of the Thai company, the elumeo Group assumes that there will be no significant cash outflows for the liquidation in the next two financial years. It is assumed that, as part of the orderly liquidation, the assets of the Thai manufacturing company can be utilised to cover existing credit and supplier liabilities.

The Executive Board of elumeo estimates that the occurrence of a scenario in which payment entitlements fall due in this amount may only be probable after lengthy legal action and litigation. By contrast, all alternative scenarios for this scenario lead to either no or significantly lower liquidity burdens for the elumeo Group. Previous efforts by the Executive Board to bring about an orderly liquidation of the Thai subsidiary have been unsuccessful. A change in local management and a stronger involvement in discussions with loan and supplier creditors could not be achieved. Since the efforts of the Executive Board in this regard could not be successfully implemented, the Board considers it necessary to record the maximum risk. The Executive Board assumes that a corresponding risk must be taken into account due to the now no longer probable orderly liquidation of PWK and the associated difficulty in legally enforcing claims. Provisions of EUR 4.7 million were taken into account in the Consolidated Financial Statements for maximum possible payments. As explained above, however, the maximum risk refers to the unlikelihood of this risk having an impact on liquidity within a medium-term period.

In the course of further legal disputes which are already pending in courts or whose opening was announced to elumeo SE and which are indirectly connected with the liquidation of the Thai subsidiary, the Executive Board of elumeo also assumes that – with the exception of legal consulting fees – no liquidity outflows will occur in the next two financial years. The Executive Board of elumeo, together with various legal advisors, has scrutinised the legal and economic substance of the various claims asserted and has in all cases come to the conclusion that these claims are not substantive and the alleged grounds of entitlement are not legally tenable. Insofar as this assessment of the Executive Board should prove to be incorrect in the case of a judicial enforcement, liquidity outflows would only be expected after completion of the entire legal process in the far future.

Risks from the operational business

In the area of operational business development, the focus of liquidity control is on the monitoring of market developments, especially in the various sales channels and customer groups, as well as ongoing monitoring of the cost-cutting and quality improvement measures initiated at jewelry suppliers. In addition, the cost reduction programme is monitored.

The Executive Board of elumeo has applied sensitivity considerations, which include in particular negative deviations from plan in the area of business operations. According to the estimates of the Executive Board, there is currently no planning scenario that can be classified as probable, which leads to liquidity bottlenecks in the case of negative deviations in operating schedules, which cannot be compensated for by countermeasures. The reason for this assessment is that the elumeo Group was able to implement a complete changeover in the supply of jewelry. Due to the current corona crisis, it was possible to introduce countermeasures by reducing airtime, introducing short-time working and deferring tax payments and individual agreements with individual suppliers, which compensated for the weakness in sales resulting from the reduced supply of products. The management therefore sees no immediate danger, however, the further effects of the current crisis cannot be estimated overall. If profitability deteriorates in the medium to long term, further liquidity could be generated in the short term through aggressive sales measures.

Overall assessment

The risks described above from the liquidation of the Thai production company and the related legal disputes cannot be reduced beyond the measures taken by the Executive Board. In addition, further risks are also evident from the operating business model and the current corona crisis. Therefore, the liquidity risk must be classified as a threat to the Company's continued existence.

3.3. Currency risk

The elumeo Group is exposed to currency risks from the British pound (GBP), US dollar (USD), Thai baht (THB) and Indian rupee (INR). Hedging of these risks through derivative hedging instruments has not yet been considered necessary because of many individual transactions and because there were only minor net risks to the Company's existence from GBP, USD, THB and INR transactions. Delivery agreements are predominantly made on a euro basis. This means that there is only a low risk of short-term currency fluctuations. Nevertheless, there are margin risks due to currency devaluations in the sales territories. These arise due to the increased acquisition costs in the sales areas as a result of the currency situation.

4. Fiscal, Regulatory and Legal Risks

The elumeo Group's business is subject to regulatory requirements and risks and involves uncertainties regarding legal and regulatory conditions in the countries the elumeo Group operates in. The elumeo Group also remains exposed to tax risks.

Compliance with legal regulations, especially as a listed company, is of great importance to the elumeo Group. As a result of the events in connection with the closure of the Thai production company, there have been delays in the preparation of the Consolidated Financial Statements and Annual Financial Statements of elumeo SE for financial year 2018, which must be regarded as a breach of relevant capital market regulations. The Executive Board of elumeo SE has taken precautions to ensure that such breaches will not occur again in the future.

4.1. Data protection

Data protection is becoming increasingly important. As a result, issues of online business models arise because these involve the use of customer data. A data protection officer attends to this topic for the elumeo Group.

4.2. Money laundering prevention

The business processes in the elumeo Group are structured in such a way that the risk of money laundering is minimised. The money laundering officer of the elumeo Group constantly monitors any necessary measures. Changes in the Money Laundering Act and in the requirements for traders of goods are taken into account within the framework of internal training programmes.

4.3. Tax risks

The elumeo Group also remains exposed to tax risks. These result from so-called "transfer-pricing," value-added tax (VAT) requirements, an investment promotion privilege and income tax exemption in Thailand or complex restructurings in the Group in a short period of time. The majority of these tax risks are historical and monitored by the Executive Board through close cooperation with tax advisors and tax authorities. The tax audits already carried out or those that are due to be completed in the near future are assessed, with the involvement of tax advisors, such that no existing tax risks are likely to be realised. In particular, the complex issues posed by the liquidity risk in the orderly liquidation of the Thai production company may lead to divergent assessments of the tax conditions by the tax authorities and may result in material tax payments.

Furthermore, the tax burden on elumeo may increase due to changes in tax law or the application or interpretation of standards as a result of future tax audits by tax authorities.

Opportunities

Growth market online jewelry

According to studies, such as those by Statista or Grand View Research, the international jewelry market is expected to be in a continuous growth phase. By 2025, the total global jewelry market is expected to reach a value of over USD 480 billion. The trend towards online and mobile transactions will become increasingly important. McKinsey & Company already envisaged years ago that the global share of online trading in the jewelry market would double by 2020. In addition, McKinsey forecasts an increase in the sales share of brand jewelry. Here the elumeo Group has good opportunities to benefit from this development through its own brands.

Development of the eCommerce market

The trend toward eCommerce at the expense of retail stores seems unbroken overall. The elumeo Group believes that the eCommerce market – similar to many industry studies – will continue to grow by a double digit percentage annually and that the elumeo Group can benefit disproportionately from this development because of its leading European market position.

Within eCommerce growth, online sales via smartphones in particular are steadily increasing. In Germany, around 29% of the population will have already made a purchase via their mobile phone in 2018. According to an extrapolation, mCommerce sales worldwide amounted to around USD 1.4 trillion in 2017. By 2021, global mCommerce sales are expected to amount to USD 3.56 trillion. The elumeo Group sees itself in a very good starting position here with its steadily further developed app and optimised presentation of web shops for smartphones.

Staff and expertise potential

The Executive Board assumes that the key employees of the elumeo Group as a whole will remain loyal to the Company. Nevertheless, it expects that they can be adequately replaced in the medium term in the event of the loss of certain management personnel. Employee retention is further promoted by creating a positive work environment and offering occupational training opportunities and an incentive-based compensation system.

The expertise of highly qualified staff, which has partially been employed by the Group for quite a long time, allows for reliable and speedy implementation of Company strategies. The management also has extensive, longstanding and detailed market and industry knowledge.

G. Forecast Report

Macroeconomic and sector-related situation

While the prospects for the stationary retail market are looking rather bleak in the years to come, online sales are projected to continue to grow very dynamically in the years ahead, according to the current forecast by the market research company Forrester Research. By 2021, average annual growth of 12% is projected in the Western European countries relevant to the elumeo Group. Online sales are expected to grow most strongly in Italy and Spain. These forecasts do not take into account the current corona crisis, however.

According to a study conducted by TechSci Research, the international jewelry market can be expected to continue to grow; over the next five years, this market is expected to reach a value of USD 480.5 billion. There also appears to be above-average growth in the e-commerce sales channel in the jewelry sector. This forecast does not take into account the current corona crisis either.

Development of the Group (Segment Continuing Operation)

elumeo SE assumes that the corona crisis will have a significant impact on the development of the Group in 2020. The following developments have been observed so far: While product supplies from China initially came to a standstill, deliveries from India have also become difficult in the meantime. This has led to the initial immediate losses in sales for Juwelo's "just-in-time" supply chain. In order to take account of the worsened product supply, the daily live broadcasting time was shortened from 18 hours to 12 hours as a precautionary measure from 1 April 2020 and, in line with this, short-time working was introduced throughout the Group. This has led to corresponding cost savings since April. The reduction in airtime has been well received by our customers so far. Thanks to these measures, the elumeo Group considers itself well equipped to weather the crisis under the conditions known at the moment. Sales in the classic web shop developed very positively in the first quarter of 2020. Here we were able to record double-digit growth rates compared to the previous year. In the first quarter, sales revenues adjusted for the closure of the office in Rome increased slightly. However, the % margin suffered from the difficult product supply and a lower number of premieres.

Had it not been for the corona crisis and taking into account the closure of the office in Rome, we would have planned a consolidated increase in revenues and margins in the low single-digit percentage range for 2020, and a total segment EBITDA for continuing operations in positive territory of up to EUR 1.0 million. In view of the incalculable effects of the corona crisis, revenues in 2020 may also fall significantly, to as low as -8%. This would mean that no positive segment EBITDA would be achieved in 2020. A negative segment EBITDA in the mid-single-digit million range would be the consequence. In the updated planning, it is assumed that the measures adopted by the Federal Government will be maintained for the entire duration of the crisis, in particular short-time working and measures to conserve liquidity by deferring taxes and duties.

In order to ensure the Group's solvency at all times, reductions in inventories held by the elumeo group are also planned for 2020. With the appropriate options for reducing inventory levels, the elumeo Group can react flexibly and quickly to further economic developments. In this context, the Executive Board of the elumeo Group has created different scenarios – partly with and partly without taking into account possible Corona grants – and has sufficient liquidity in all scenarios in the 2020 and 2021 financial years in order to service maturing liabilities.

H. Remuneration Report

The following Remuneration Report is an integral part of the Management Report and explains in accordance with the statutory requirements, the principles of the remuneration system and the compensation components of the Executive Board of elumeo SE and its Managing Directors.

The Company has a one-tier governance structure with the Executive Board as the central management and control body. The functional division of responsibilities within the Executive Board takes place between the Managing Directors and the Non-Managing Directors.

Based on the resolution of the Extraordinary General Meeting held on 7 April 2015, no breakdown of the total remuneration is provided in accordance with Section 285 no. 9a German Commercial Code (Handelsgesetzbuch, "HGB") and Section 314 (1) no. 6a HGB for the individual Board members.

Principles of the remuneration system for the Executive Board and Managing Directors

The remuneration components of the Executive Board should be oriented in accordance with the legal requirements and the recommendations of the German Corporate Governance Code in terms of the normal level and structure of remuneration at comparable companies in Germany and abroad, but also the business situation and the future development of the Company. The remuneration should also take into account the tasks and performance of the Executive Board and the basic salary structure in the Company and be oriented towards an incentive effect in view of committed work and a sustained company development.

The total remuneration of the Managing Directors consists of a fixed basic annual salary, fringe benefits and long-term variable remuneration in the form of a stock option programme. In addition, a Managing Director receives performance-related one-off cash payments based on a one-year assessment. The fixed remuneration consists of a fixed agreed, performance-related basic annual salary that is paid in twelve equal monthly instalments. The fringe benefit entitlement to benefits in kind pertains to receiving and being able to use a company car and D&O insurance. The long-term variable remuneration component with incentive effect is intended to ensure alignment of the sustainable performance of the Managing Directors with the shareholders' interests in a positive development of the share price.

The total remuneration of non-executive members of the Executive Board is governed by Section 15 of the Articles of Incorporation and includes a fixed annual salary. The remuneration depends on the responsibilities and scope of activities of the respective non-executive members. As a result, the Chairman of the Executive Board receives a higher salary than the other non-executive members. The non-executive members of the Executive Board, who are Chairmen of a committee constituted by the Executive Board, but not at the same time the Chairman or Deputy Chairman of the Executive Board, shall receive an additional EUR 12,500.00 for each full financial year of committee presidency. The non-executive members of the Executive Board shall be reimbursed for any expenses they incur in connection with the performance of their duties as members of the Board, as well as any VAT that is to be paid on their remuneration. For non-executive members of the Executive Board who pay limited taxes with a gross agreement in accordance with Section 50a (1) EStG, the withholding taxes plus the solidarity surcharge will be paid by the Company.

With an intra-year entry into or departure from the Executive Board, a proportionate reduction of the annual remuneration is always calculated based on the specific duration of activity in full months.

In case of incapacity for work of the Managing Directors on account of illness and in the event of participation in a medical procedure of the social security funds, the Company will pay a subsidy from the 7th to the end of the 20th week, which corresponds to the difference between the monthly salary payments and the statutory gross social security contributions. If a Managing Director dies during the course of his or her activity, his or her surviving spouse and children, if they have not yet completed their 27th year of life and are still in vocational training, are entitled to the payment of the income-independent remuneration for the month in which he died and the next six months. There is no entitlement to severance payments.

Components of the remuneration system of the Executive Board and the Managing Directors

Non share-based remuneration (performance-based remuneration)

The Managing Directors and non-executive members of the Executive Board in office on 31 December 2019 received total fixed annual remuneration pursuant to Section 285 no. 9a German Commercial Code (Handelsgesetzbuch, "HGB") and Section 314 para. 1 no. 6 HGB of EUR 726 thousand (previous year: EUR 700 thousand) in financial year 2019, exclusively for their activities as organ members of the Company. In 2019, the non-executive members of the Executive Board who resigned during the year in 2019 received fixed annual remuneration of EUR 16 thousand (previous year: EUR 133 thousand) exclusively for their activities as members of executive bodies. The remuneration granted to non-executive Executive Board members was partly not accompanied by a payment in financial year 2019. The amounts in question were deferred until 31 December 2019.

Fringe benefits

According to their contracts, the Managing Directors are entitled to a company car, which may also be used for private trips. The operating and maintenance costs of the company car and accident insurance are borne by the Company. The intrinsic value of the private use will be taxed at the expense of the Managing Directors. In financial year 2019, individual Managing Directors received benefits in kind from the use of a company car in the amount of EUR 11 thousand (previous year: EUR 11 thousand). The Company also took out D&O insurance with a reasonable insurance sum and a deductible for the Managing Directors and the non-executive Managing Directors in the amount specified in Section 93 para. 2 AktG and bears these costs.

Share-based payment (remuneration with a long-term incentive effect)

In financial year 2019, a Managing Director was granted 40,000 option rights. The fair value at the grant date was EUR 40,000.00.

Other services

No other services were provided in financial year 2019.

Other notes

Every professional (secondary) activity of a Managing Director outside of the elumeo Group requires the prior written consent of the Executive Board. Furthermore, the service contract includes a non-compete obligation within the meaning of Section 88 AktG (German Stock Corporation Act).

For every member of the Executive Board, the costs of liability insurance (D&O insurance) are assumed under the provisions of the German Stock Corporation Act as an additional compensation component, which the Company arranges for the members of the Executive Board. Insurance is taken out with a reasonable sum insured and a deductible of 10% of the respective damages, but not more than 150% of the fixed annual remuneration.

Besides the service contracts of the Managing Directors, there are no other service or employment contracts with related companies or subsidiaries of the Company.

I. Declaration of Corporate Governance

The management of elumeo SE ("elumeo") as a listed, monistic German Societas Europeae (SE), is primarily guided by the SE Regulation (Council Regulation (EC) no. 2157/2001 from 8 October 2001 on the Statute of a European company, in its current amended version), the SE Implementation Act, the Companies Act to the extent that it is referred to, and the requirements of the German Corporate Governance Code in its current amended version.

Declaration pursuant to Art. 9 para. 1 lit. c) (ii) SE Regulation, Section 22 para. 6 SEAG in connection with Section 161 of the German Stock Corporation Act

elumeo considers responsible and transparent corporate governance to be the basis for long-term economic success. This also includes open, timely and consistent information and communication with our shareholders, business partners, employees and the public. Here, we are guided by the German Corporate Governance Code introduced in 2002 in its current version. The Executive Board and Managing Directors work together closely for the benefit of the entire Company to ensure efficient management and control of the Company geared toward sustained value creation through good corporate governance.

The Executive Board has issued the Declaration of Compliance with the German Corporate Governance Code required by Section 161 of the German Stock Corporation Act (AktG). The exact text of the Declaration of Conformity is available on elumeo SE's website (http://www.elumeo.com/investor-relations/corporate-governance-kodex)

You will find further details on how elumeo practices corporate governance in the current Corporate Governance Report, which is also part of this Declaration of Corporate Governance.

Relevant management practices

We consider sustainability, integrity and good corporate governance to be the key components of our ethical Company culture. They shape our behaviour towards customers, suppliers, employees, shareholders and society at large.

The actions of our governing body and our employees are determined by the values, principles and rules of responsible corporate management, our self-image and our strategy. Objectives are defined and communicated as part of the strategic determinations of the Executive Board. Here, when it comes to doing our work, we rely on the personal responsibility and initiative of our managers and employees, with whom we have agreed to clear management principles.

To ensure maximum transparency, we inform our shareholders, financial analysts, shareholders′ associations, the media and the interested public regularly and promptly about the situation of the Company and significant business changes. This reporting by our Company complies with the rules defined in the Code: elumeo informs its shareholders four times a year on how the business is developing, its financial position, results of operations and possible risks.

In accordance with the statutory requirements, the Company′s Managing Directors ensure to the best of their knowledge that the financial statements and the combined management report present a true and fair view of the situation in which the Company finds itself.

The work of the Executive Board and the Managing Directors and the composition and work of the Executive Board Committees

elumeo SE has a monistic Company management and control structure. The tier system is characterised according to Art. 43-45 of the SE Regulation in connection with Section 20ff. SEAG by the fact that a single organ, the Executive Board, is responsible for the leadership of an SE. elumeo exercises its statutory right to delegate the daily management to Managing Directors, whereby the Managing Directors were also members of the Executive Board for part of the financial year. The Annual General Meeting is yet another organ.

The Executive Board manages the Company, determines the principles of its business and monitors their implementation by the Managing Directors. It appoints and dismisses Managing Directors, determines the compensation system and sets the respective remuneration. The Executive Board was comprised of four members on 31 December 2019. The Executive Board members were elected at the Annual General Meeting. Please refer to the notes for details on the members of the Executive Board.

Board meetings are held at least every three months. To perform its duties, the Executive Board has established two Committees and regularly receives reports on their work. The principles of cooperation of the Executive Board and the duties of its Committees are further defined by its rules of procedure.

The Nomination Committee consists of three members. It proposes appropriate candidates for election to the Executive Board to the Executive Board at the Annual General Meeting.

The Audit Committee consists of three members, the majority of whom must be members of the Executive Board, who are not Managing Directors. The Chairman of the Audit Committee may not at the same time be the Managing Director of the Company or have been within the last two years or be Chairman of the Executive Board and must have expertise in the areas of accounting or auditing pursuant to Section 100 para. 5 of the German Stock Corporation Act (AktG) and internal control procedures. The Audit Committee is specifically responsible for accounting issues and monitoring the accounting process, the effectiveness of the internal control system, risk management and the risk management system, internal auditing, compliance and auditing. It provides the Executive Board with a founded recommendation on the selection of the auditor, which shall include at least two candidates in the cases of the call for tenders for the auditing mandate. The Audit Committee monitors the independence of the auditor and also deals with the issuing of the audit assignment to the auditor, the determination of the audit areas and the fee agreement.

The current composition of the Committees can be found in the notes.

The Managing Directors manage the affairs of the Company in accordance with the applicable laws, this Statute, the Rules of Procedure of the Executive Board and its bylaws. Two of these individuals represent the Company or one Managing Director and an authorised signatory. On 31 December 2019, three Managing Directors had been appointed to whom all powers of individual representation were granted.

The Managing Directors are to inform the Executive Board regularly, promptly and comprehensively on all Company issues concerning planning, the development of the business, the risk situation, risk management and compliance of the elumeo Group and of any special occurrences at the elumeo Group, in particular if business performance deviates from the established Company planning, also stating the reasons.

The Managing Directors must disclose any conflicts of interest to the Executive Board immediately and inform the other Managing Directors and Executive Board members thereof. All transactions between the Company and / or its affiliates on the one hand and a Managing Director and his related persons or personally related activities on the other hand must stand up to a third-party comparison (at arms' length). The assumption of a paid or unpaid outside activity, honorary posts and Board, Supervisory, Advisory or similar mandates requires the prior written consent of the Company's Executive Board, which can be revoked at any time. There was no conflict of interest with the Managing Directors of elumeo SE in financial year 2019.

The principles of cooperation between the Managing Directors of elumeo SE are governed by the rules of procedure for the Managing Directors.

Competence profile and diversity concept for the Executive Board

The competence profile and diversity concept for the Executive Board is as follows:

Social skills: Board members are expected to play a role as team players in overseeing the Managing Directors. This requires practical business experience, assertiveness and social skills. Members should bring along innovative thinking and / or know-how in promoting innovative processes. Alternatively, the strong ability to oversee the corporate strategy through excellent knowledge of the relevant market, products or other market participants is expected.

Expert know-how: Executive Board members are expected to have expertise in at least one of the following areas: jewelry, finance, eCommerce, television, marketing or distribution in any of the markets in which the elumeo Group operates or which is a strategic goal of the Group. The Chair of the Audit Committee should have expertise in the application of accounting principles and internal control procedures. He should be independent and not a former member of the Executive Board whose appointment has ended less than two years prior to his appointment as Chairman of the Audit Committee.

Diversity: The Executive Board should reflect the diversity of today's society. There can be no discrimination, for whatever reason. Different educational and professional backgrounds are seen as beneficial to realising the required diversity. Against this backdrop, an age limit of a maximum of 70 years is considered justified. However, skills and know-how are given priority by the Executive Board. Therefore, a candidate's application should not be rejected on the basis of strict consideration of each and every aspect, including gender, education, practical experience or any other aspect. The target percentage of female members of the Executive Board is set separately. Regarding the maximum length of membership, the Executive Board considers a limit of twenty years to be appropriate.

Number of independent Executive Board members: According to the laws, the Executive Board is not allowed to have more than fifteen members. The statutes of elumeo SE also limit the number to twelve members. By nature, the Managing Directors as the members of the Executive Board are not independent. The SE Act requires that the majority of the members of the Executive Board be non-executive members. As long as the Executive Board consists of four members, as is currently the case, there are three non-executive members. These three non-executive members of the Executive Board should always have a sufficient number of independent members, taking into account the shareholder structure of elumeo SE.

In view of the fact that the majority shareholders Blackflint Ltd. is represented by a non-executive member of the Executive Board, a total of two independent members of the three non-executive members of the Executive Board are considered appropriate. These two non-executive members of the Executive Board are Dr. Frank Broer and Gregor Faßbender-Menzel.

Stipulations on promoting the participation of women in management positions

As a result of the law on equal participation of women and men in management positions in the private and public sector issued in May 2015, elumeo SE is required to set targets for the share of women at the level of the Executive Board, the Managing Directors and the subsequent management level. In addition, it had to determine until when the respective proportion of women should be reached. The law stipulates that the implementation period can be up to five years.

elumeo SE is proud to employ a high share of women at all management levels on average. elumeo actively promotes the compatibility of family and work through, for example, part-time and half-day models, flexible working hours and home office days. elumeo SE itself has no management levels below the Managing Directors, given its small number of employees. The share of women was 0% at the level of the Executive Board, and 0% with respect to the Managing Directors on 31 December 2019. To remain prudent, the Executive Board decided to take the current ratio and thus the target of 0% for the Executive Board and 0% for the Managing Directors as the target for the number of women to be achieved by 30 June 2022. Nevertheless, the Company hopes to be able to fill any possible vacant positions with qualified women in the future.

Compliance Management System

In the elumeo Group, all employees are required to comply with applicable laws and Company-internal rules and principles (compliance). In order to promote rules of conduct, the Executive Board of elumeo has issued guidelines (Code of Conduct) applicable throughout the Group and distributed them to all employees of the elumeo Group. On the basis of the Code of Conduct, all employees commit themselves to comply with the applicable rules and to behave ethically correctly. Executives, in particular the managers of the respective Group companies, have a special responsibility to monitor adherence to the compliance rules and to assume an exemplary role. The Code of Conduct contains binding rules for all employees of the elumeo Group, is reviewed regularly and adjusted as necessary. Regular internal monitoring and random checks on the functionality of the system are another important building block. Within the framework of compliance risk management, potential risks are evaluated regularly. The Compliance Officer examines any compliance violations and reports directly to the Chairman of the Executive Board and the Audit Committee. This Officer is supported by the Compliance Committee, consisting of the Head of Corporate Finance and Risk Management, the Money Laundering Officer and the Data Protection Officer. Every employee is encouraged to report possible compliance violations to the Compliance Officer or his / her supervisor. The elumeo Group has set up an internal whistleblower hotline to enable anonymous reporting of serious breaches.

J. Sustainability Report / Non-Financial Group Statement

Our mission and our key stakeholders

Our mission is to make high-quality jewelry affordable for everyone.

We see it as a great opportunity that we can offer end customers high-quality jewelry at low prices via electronic sales channels. We are convinced that we offer particularly fair and family-friendly working conditions due to the many years of cooperation of our buyers with manufacturers and local partners at every stage of the value chain, thereby fulfilling our social responsibility as an employer. The topic of sustainability occupies us at all levels of the value chain.

As a publicly traded company, shareholders and our employees are naturally very interested in the sustainability of our economic activities. The third important stakeholder group is our customers, who follow our communication on sustainability issues with great interest.

Sustainability management

At elumeo, the strategic responsibility for sustainability is borne by the Executive Board, which is supported by the Group Legal Department. Because of the flat hierarchies, all employees can proactively propose measures on sustainability at all times.

Given the Company's relatively small size, limited scope of business, and relatively young history as a listed company, we decided to produce the sustainability report based on our own considerations but without applying a recognised standard.

We have identified the following three topics as the main topics for the management and thus the report on sustainability: employees, the supply chain and raw materials as well as integrity. By contrast, environmental concerns only play a subordinate role in view of the business model, so that no separate concept is pursued for this purpose.

Our employees

The elumeo Group could not be successful without dedicated and creative employees. Therefore, fair working conditions for all workers and the promotion of a safe working environment are particularly important. We have kept the familiar and open way of working from our start-up time and give our employees the greatest possible flexibility. An exchange of employees from different locations strengthens our integrative corporate culture and promotes cooperation as a team.

Inclusion and diversity are not just buzzwords for the elumeo Group. They are lived out. The majority of our employees are female (Group-wide 50.22%). The diversity of nationalities, religions, familial constellations or sexual orientations are not recorded, but are positively noticeable.

Supply chain and raw materials

A major sustainability risk in the area of gemstones and jewelry is the unethical extraction of processed raw materials, in particular through violations of human rights, such as child labour or the exploitation of labour. One of our advantages is that we manufacture our own jewelry, partly in close cooperation with local partners. Furthermore, our buyers have long relationships with the producers. This allows us to make sure of the working conditions under which our jewelry is manufactured by means of random visits and to ensure that our high internal standards are maintained. In addition, through close cooperation with our suppliers and corresponding contractual agreements, our purchasing department ensures that they work seriously and, in turn, purchase raw materials, especially gold and silver, as well as gemstones exclusively from conflict-free regions in compliance with current ethical standards. Moreover, we regularly monitor our contractual partners to ensure that they are not accused of breaching any nationally or internationally applicable sanctions. Our compliance management system ensures, among other things by means of a whistleblowing hotline, that any doubts about the integrity of suppliers are directly brought to the attention of the Compliance Officer of the elumeo Group and the head of the Audit Committee as well as the person responsible for environmental, social and governance issues on the part of the Executive Board.

Integrity

Ethical trading and integrity are of paramount importance to us. The elumeo Group not only meets the legal requirements but also applies the highest ethical standards. Our corporate culture is characterised by responsibility, respect and trust. Lawful conduct is the foundation of our daily work and ultimately of our success. Therefore, the Executive Board has adopted a Code of Conduct. It describes our ethics and compliance standards as a global Company and serves as a guide for our managers and employees. We expect all managers and employees of the elumeo Group worldwide to adhere strictly to ethical business conduct and to act in accordance with the principles of the Code of Conduct at all times. We do not tolerate unethical or unlawful behaviour.

The purpose of the Code of Conduct is to help everyone in the elumeo Group understand their personal responsibilities clearly. It applies to all members of the elumeo Group; from Executive Board members to managers and employees. The Code of Conduct establishes a minimum requirement. Insofar as statutory provisions, ordinances or regulations, be they local, national or international, take a more stringent position with regard to the content mentioned in the Code of Conduct, these must be observed and adhered to. In the event of a conflict between the Code of Conduct and a compulsory local regulation, the regulation takes precedence.

With regard to our integrity, the Code of Conduct also deals in particular with the topics of money laundering prevention, anti-corruption measures, competition and antitrust law, our relationships with business partners and suppliers and guidelines for social media. In order to ensure compliance within the elumeo Group, the Executive Board has established compliance guidelines and a compliance management system and established a compliance organisation. Part of this is also an internal system for the anonymous reporting of possible violations (whistleblowing). All managers and employees worldwide are encouraged to participate in our ongoing efforts to analyse our compliance risks and improve our compliance management system.

K. Takeover provisions in accordance with Sections 289 a and 315 a of the German Commercial Code (HGB)

As a listed Company whose shares with voting rights are traded on an organised market within the meaning of Section 2 (7) of the German Securities and Takeover Act (WpÜG), elumeo SE is obliged to disclose certain information referred to in Sections 289 a and 315 a of the German Commercial Code (HGB) in its Management Report or Group Management Report. This information is intended to help third parties interested in acquiring a listed company to get a better feeling for the company, its structure and potential obstacles to a takeover.

Composition of subscribed capital

The subscribed capital of elumeo SE was a total of EUR 5,500,000 on 31 December 2019 (31 December 2018: EUR 5,500,000) and was divided into 5,500,000 no-par shares with a theoretical share of EUR 1.00 per share in the subscribed capital. All shares are linked to the same rights and obligations. Each share carries one vote at the Company's General Meeting. The shares are fully entitled to dividends for financial years beginning on 1 January 2015.

Restrictions on voting rights or the transfer of shares

The Executive Board has no information on any restrictions on exercising voting rights or restrictions on the transferability of the shares, which go beyond the legal requirements.

Shareholdings in capital that exceed 10.0% of the voting rights

As of 31 December 2019, the following shareholders held direct or indirect shareholdings in the capital of elumeo SE that exceeded 10.0% of the voting rights: Ottoman Strategy Holdings (Suisse) SA, Zug, Switzerland (directly), Blackflint Ltd., Paphos, Cyprus (directly), Serifos Foundation, Vaduz, Liechtenstein (indirectly), UV Interactive Services GmbH, Berlin (indirectly) and Mr. Wolfgang Boyé, Berlin (indirectly).

For further information on notifications pursuant to Section 33 (1) WpHG, please refer to Section [I. Other disclosures: Notifications of voting rights pursuant to Section 33 (1) WpHG] of the Notes to the Consolidated Financial Statements.

Shares with special rights that confer powers of control

No shares with special rights that confer powers of control have been issued.

Voting rights control for employee shareholdings

No control over voting rights is exercised in the event that employees participate in the capital of elumeo SE.

Appointment and dismissal of members of the Executive Board and Managing Directors; Amendments to the Statutes

With regard to the appointment and dismissal of members of the Executive Board, we refer to the applicable statutory provisions in Sections 28 and 29 of the SEAG. In addition, Section 9 (2) of the Statutes of elumeo SE states that the members of the Executive Board shall be elected by the General Meeting by simple majority. With regard to the appointment and dismissal of Managing Directors, we refer to the applicable statutory provisions in Section 40 of the SEAG. Moreover, Section 16 (1) of the Statutes of elumeo SE states that the Executive Board shall appoint one or more Managing Directors. It may appoint one of these Managing Directors to serve as Chief Executive Officer and one or two of them Deputy Chief Executive Officers. Managing Directors may be dismissed at any time by decision of the Executive Board by simple majority in accordance with Section 16 (4) of the Statutes of elumeo SE.

The regulations on amending the Statutes in accordance with article 9 1 lit. c) (ii) of the SE Regulation are governed by Sections 133 and 179 of the German Stock Corporation Act (AktG). The Executive Board is authorised to resolve on amendments to the Statutes which only concern the wording (Section 11 (4) of the Statutes of elumeo SE).

Powers of the Executive Board to issue or buy back shares

The Executive Board was authorised by resolution of the Extraordinary General Meeting on 7 April 2015 to increase the subscribed capital of elumeo SE by a total of EUR 2,000,000 by issuing up to 2,000,000 new no-par value bearer shares in exchange for cash and/or cash in kind (Authorised Capital 2015) by 6 April 2020. The Executive Board is authorised to determine the further content of share rights and the terms of issue. Existing shareholders have subscription rights when new shares are issued.

The Executive Board was also authorised to issue convertible bonds or warrant bonds up until 6 April 2020 denominated in the bearer's name in a total amount of up to EUR 150.0 million and to issue to the bearers or creditors conversion rights or option rights to subscribe to up to 1,600,000 new no-par value bearer shares with a pro-rata share in the issued capital of up to EUR 1,600,000 (Contingent Capital 2015/I). As of 31 December 2019, no bonds had been issued.

Furthermore, the Executive Board was authorised to grant options to subscribe to up to 400,000 new, no-par value bearer shares of the Company (Stock Option Programme 2015) up until 6 April 2020. In this context, the subscribed capital of the Company may be conditionally increased by up to EUR 400,000 by issuing new shares (Contingent Capital 2015/II). The Contingent Capital 2015/II can only be used to grant new shares to the holders of option rights from the 2015 Stock Option Programme ("SOP 2015"). Shareholders always have subscription rights to the convertible bonds and bonds with warrants, nevertheless, the Executive Board is authorised, with the consent of the Supervisory Board, to exclude the subscription rights either completely or partially in certain cases by resolution of the Annual General Meeting. The Company was authorised by resolution of the Extraordinary General Meeting on 7 April 2015 in accordance with Section 71 (1) no. 8 of the German Stock Corporation Act (AktG) to acquire up to 10.0% of its own shares as of the date of the resolution up until 6 April 2020. As of 31 December 2019, no treasury shares were held.

The authorisation may be exercised by the Company in whole or in part, once or several times, in pursuit of one or several purposes. The shares may also be purchased on the stock exchange by using derivatives or via a tender offer to all shareholders, and/or a public invitation to submit offers for sale. Acquired own shares may be resold again or be withdrawn without any further resolution. When reselling its treasury shares, the Executive Board is authorised to exclude the shareholders' subscription rights either entirely or partly in certain cases by resolution of the Annual General Meeting.

Significant agreements that are conditional upon a change of control following a takeover bid

elumeo SE has not signed any significant agreements that contain provisions relating to a change of control. elumeo SE has a secured joint credit agreement that was comprised of two term loans in the amount of EUR 5,000 thousand as of 31 December 2019. In case of change of control over elumeo SE ("Change of Control") to the effect that the voting rights differ from the defined shareholder structure by at least 25.0% points at the time that the contract was signed, the lender may demand that the credit agreement be ended and require repayment of all outstanding amounts.

Compensation agreements that have been met for the Executive Board or the employees in the event of a takeover bid

No such agreements have been reached for the members of the Executive Board or the employees of elumeo SE in the event of a takeover bid.

L. Overall assessment

Overall, the Managing Directors assess the course of financial year 2019 as generally positive. Although the discontinuation of sales activities in Italy has eliminated one of the main causes of the losses in 2019, and massive cost reductions have been achieved, further efforts are necessary to return the elumeo Group to sustainable profitability. The changeover from the Group's own manufactory to the procurement of goods in close cooperation with local partners in Bangkok and Jaipur, as well as with a total of around 28 suppliers, was completed quickly and still holds further potential. The elumeo Group is constantly growing steadily in the eCommerce segment and is thus further expanding its market position as the leading European electronic retailer of gemstone jewelry in this strategically important area. With a continuously positive development in Germany and considering that no more losses will be incurred in Italy, the Managing Directors are confident about the year 2020 and subsequent years.

Berlin, 30 April 2020

elumeo SE

The Managing Directors

Bernd Fischer | Florian Spatz | Boris Kirn

Annual Report 2019

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Consolidated Statement of Income

for the financial years from 1 January to 31 December 2019 and 2018

EUR thousand | % of revenue	Note	1 Jan - 31 Dec 2019		1 Jan - 31 Dec 2018 restated*		YoY in %
Revenue	(1)	44,088	100.0%	51,115	100.0%	-13.7%
Cost of goods sold	(2)	23,455	53.2%	37,602	73.6%	-37.6%
Gross profit		**20,633**	**46.8%**	**13,513**	**26.4%**	**52.7%**
Selling expenses	(3)	18,137	41.1%	23,698	46.4%	-23.5%
Administrative expenses	(4)	8,294	18.8%	7,741	15.1%	7.2%
Other operating income	(5)	4,687	10.6%	95	0.2%	n.a.
Other operating expenses	(6)	1,236	2.8%	596	1.2%	107.5%
Earnings before interest and taxes (EBIT)		**-2,347**	**-5.3%**	**-18,426**	**-36.0%**	**87.3%**
Interest income		0	0.0%	4	0.0%	-98.9%
Interest and similar expenses		-238	-0.5%	-220	-0.4%	-8.2%
Financial result	(7)	-237	-0.5%	-216	-0.4%	-10.2%
Earnings before income taxes (EBT)		**-2,585**	**-5.9%**	**-18,642**	**-36.5%**	**86.1%**
Income tax	(10)	0	0.0%	-1,850	-3.6%	100.0%
Earnings for the period from continuing operations		**-2,585**	**-5.9%**	**-20,491**	**-40.1%**	**87.4%**
Earnings for the period from discontinued operations	(8),(9)	**0**	**0.0%**	**-3,436**	**-6.7%**	**100.0%**
Earnings for the period		**-2,585**	**-5.9%**	**-23,927**	**-46.8%**	**89.2%**
Earnings of shareholders of elumeo SE		*-2,585*	*-5.9%*	*-23,927*	*-46.8%*	*89.2%*
Earnings per share in EUR (basis and diluted) applied to:						
- **Earnings of shareholders total**	(12)	**-0.47**		**-4.35**		**89.2%**
- Earnings of shareholders from continuing operations	(12)	-0.47		-3.73		87.4%
- Earnings of shareholders from discontinued operations	(12)	0.00		-0.62		100.0%

*) see Notes, section [B.: Basic principles of the Consolidated Financial Statements, Adjustment of prior-year figures.]

Consolidated Statement of Comprehensive Income

as of 31 December 2019 and 2018

EUR thousand | **% of revenue**		**1 Jan - 31 Dec 2019**		1 Jan - 31 Dec 2018 restated*		YoY in %
Earnings for the period		**-2,585**	**-5.9%**	**-23,927**	**-46.8%**	**89.2%**
Items which will be reclassified to the consolidated statement of income in subsequent periods:						
Differences from foreign currency translation of foreign subsidiaries		-16	0.0%	-30	-0.1%	45.1%
Other comprehensive income from continuing operations		**-16**	**0.0%**	**-30**	**-0.1%**	**45.1%**
Differences from foreign currency translation of discontinued operations		0	0.0%	1,958	3.8%	-100.0%
Reclassification of differences from the foreign currency translation reserve to the statement of income of the of the discontinued operations		0	0.0%	-3,477	-6.8%	100.0%
Other comprehensive income from discontinued operations		**0**	**0.0%**	**-1,520**	**-3.0%**	**100.0%**
Total comprehensive income		**-2,601**	**-5.9%**	**-25,476**	**-49.8%**	**89.8%**
Total comprehensive income of shareholders of elumeo SE		*-2,601*	*-5.9%*	*-25,476*	*-49.8%*	*89.8%*

r the financial years from 1 January to 31 December 2019 and 2018

*) see Notes, section [B.: Basic principles of the Consolidated Financial Statements, Adjustment of prior-year figures.]

Consolidated Statement of Financial Position

as of 31 December 2019 and 2018

ASSETS

EUR thousand | % of balance sheet total	Note	31 Dec 2019		31 Dec 2018		YoY in %
Non-current assets						
Intangible assets	(13)	480	2.2%	578	2.0%	-17.0%
Property, plant and equipment	(14)	4,483	20.8%	2,207	7.7%	103.1%
Other financial assets	(18)	177	0.8%	409	1.4%	-56.7%
Other non-financial assets	(19)	247	1.1%	0	0.0%	n.a.
Total non-current assets		**5,386**	**25.0%**	**3,193**	**11.1%**	**68.7%**
Current assets						
Inventories	(15)	13,392	62.0%	20,453	71.0%	-34.5%
Trade receivables	(16)	1,398	6.5%	1,416	4.9%	-1.2%
Receivables due from related parties	(17)	1	0.0%	12	0.0%	-91.4%
Other financial assets	(18)	198	0.9%	58	0.2%	240.8%
Other non-financial assets	(19)	328	1.5%	905	3.1%	-63.8%
Cash and cash equivalents	(20)	880	4.1%	2,608	9.0%	-66.3%
Total current assets		**16,197**	**75.0%**	**25,451**	**88.3%**	**-36.4%**
Assets held for sale	(8),(9)	0	0.0%	183	0.6%	-100.0%
Total assets		**21,583**	**100.0%**	**28,827**	**100.0%**	**-25.1%**

Consolidated Statement of Financial Position

as of 31 December 2019 and 2018

EQUITY & LIABILITIES

EUR thousand | % of balance sheet total	Note	31 Dec 2019		31 Dec 2018 restated*		YoY in %
Equity						
Issued capital	(21)	5,500	25.5%	5,500	19.1%	0.0%
Capital reserve	(21),(22)	34,423	159.5%	34,380	119.3%	0.1%
Accumulated losses		-37,963	-175.9%	-36,383	-126.2%	-4.3%
Foreign currency translation reserve	(13)	2,159	10.0%	3,180	11.0%	-32.1%
Total equity		**4,118**	**19.1%**	**6,677**	**23.2%**	**-38.3%**
Attributable to shareholders of elumeo SE		*4,118*	*19.1%*	*6,677*	*23.2%*	*-38.3%*
Non-current liabilities						
Other financial liabilities	(24)	2,596	12.0%	0	0.0%	n.a.
Provisions	(25)	4,528	21.0%	7,455	25.9%	-39.3%
Other non-financial liabilities	(28)	25	0.1%	25	0.1%	0.0%
Total non-current labilities		**7,148**	**33.1%**	**7,480**	**25.9%**	**-4.4%**
Current liabilities						
Financial debt	(23)	447	2.1%	2,000	6.9%	-77.6%
Other financial liabilities	(24)	319	1.5%	260	0.9%	22.9%
Provisions	(25)	1,400	6.5%	868	3.0%	61.4%
Liabilities due to related parties	(26)	43	0.2%	57	0.2%	-25.2%
Trade payables		5,639	26.1%	8,950	31.0%	-37.0%
Advance payments received		248	1.1%	59	0.2%	323.0%
Tax liabilities	(27)	100	0.5%	100	0.3%	0.0%
Other non-financial liabilities	(28)	2,119	9.8%	1,366	4.7%	55.1%
Total current liabilities		**10,316**	**47.8%**	**13,660**	**47.4%**	**-24.5%**
Liabilities directly associated with assets held for sale	(8),(9)	0	0.0%	1,011	3.5%	-100.0%
Total equity & liabilities		**21,583**	**100.0%**	**28,827**	**100.0%**	**-25.1%**

*) see Notes, section [B.: Basic principles of the Consolidated Financial Statements, Adjustment of prior-year figures.]

Consolidated Statement of Changes in Equity

for the financial year from 1 January to 31 December 2019

Reason for change	Note	Attributable to shareholders of elumeo SE				
EUR thousand | restated*		Issued capital	Capital Reserve	Accumu-lated losses	Foreign currency translation reserve	Total equity
1 January 2019		**5,500**	**34,380**	**-35,379**	**2,175**	**6,677**
Equity-settled share-based remuneration	(22)		43			**43**
Other comprehensive income					-16	**-16**
Earnings for the period				-2,585		**-2,585**
Total comprehensive income				-2,585	-16	**-2,601**
31 December 2019		**5,500**	**34,423**	**-37,963**	**2,159**	**4,118**

for the financial year from 1 January to 31 December 2018

Reason for change	Note	Attributable to shareholders of elumeo SE				
EUR thousand | restated*		Issued capital	Capital reserve	Accumu-lated 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	(22)		201			**201**
Other comprehensive income					-1,549	**-1,549**
Earnings for the period				-23,927		**-23,927**
Total comprehensive income				-23,927	-1,549	**-25,476**
31 December 2018		**5,500**	**34,380**	**-35,379**	**2,175**	**6,677**

*) see Notes, section [B.: Basic principles of the Consolidated Financial Statements, Adjustment of prior-year figures.]

Consolidated Statement of Cash Flows

for the financial years from 1 January to 31 December 2019 and 2018

EUR thousand	Note	1 Jan - 31 Dec 2019	1 Jan - 31 Dec 2018 restated*	YoY in %
Earnings before taxes (EBT) of continuing operations		**-2,585**	**-18,642**	**86.1%**
Earnings before taxes (EBT) of discontinued operations		0	-3,235	100.0%
Earnings before taxes (EBT)		**-2,585**	**-21,877**	**88.2%**
+/- Depreciation and amortization on non-current assets	(13),(14)	+2,049	+940	118.1%
+/- Increase/decrease in provisions	(25)	+608	+171	256.4%
+/- Increase/decrease in provisions for in terms of nature, amount and utilization uncertain obligations in connection with the discontiued operation PWK	(25)	-3,033	0	n.a.
+/- Equity-settled share-based remuneration	(22)	+43	+201	-78.7%
+/- Other non-cash expenses/income		-1,464	-35	n.a.
+/- Loss/gain on disposal of non-current assets	(14)	-9	-0	n.a.
- Non-cash current interest income		0	-0	100.0%
- Interest expenses paid related to prior accounting periods		0	+0	-100.0%
+ Non-cash current interest expenses		+31	0	n.a.
+ Proceeds from income tax		0	+1	-100.0%
- Income tax paid	(27)	-0	0	n.a.
-/+ Increase/decrease in inventories	(15)	+7,061	+4,446	58.8%
-/+ Increase/decrease in other assets		+571	+1,937	-70.5%
+/- Increase/decrease in other liabilities		-2,490	+4,694	-153.0%
= Net cash flow from operating activities of continuing operations	(29)	**+784**	**-6,289**	**112.5%**
= Net cash flow from operating activities from discontinued operations	(8),(9)	0	+5,583	-100.0%

*) see Notes, section [B.: Basic principles of the Consolidated Financial Statements, Adjustment of prior-year figures.]

Consolidated Statement of Cash Flows
(Continuation)

for the financial years from 1 January to 31 December 2019 and 2018

EUR thousand	Note	1 Jan - 31 Dec 2019	1 Jan - 31 Dec 2018	YoY in %
- Payments for investments in intangible assets	(13)	-8	-80	89.6%
- Payments for investments in property, plant and equipment	(14)	-170	-373	54.4%
and property, plant and equipment		+9	0	n.a.
- Payments for purchases of financial assets (deconsolidated subsidiaries)		-0	0	n.a.
= Net cash flow from investing activities of continuing operations	(29)	**-169**	**-453**	**62.7%**
= Net cash flow from investing activities from discontinued operations	(8),(9)	0	+3,886	-100.0%
- Payments for the redemption of financial debt	(23)	-1,554	-3,000	48.2%
- Payments (net) for redemption of other financial liabilities	(24)	-670	-317	-111.5%
= Net cash flow from financing activities of continuing operations	(29)	**-2,224**	**-3,317**	**-33.0%**
= Net cash flow from financing activities from discontinued operations	(8),(9)	0	+1,016	-100.0%
+/- Net increase/decrease in cash and cash equivalents		-1,609	+426	-478.1%
+/- Effects of foreign currency translation on cash and cash equivalents		+2	-17	111.9%
+/- Changes in cash and cash equivalents relassified as part of a disposal group		+0	-78	100.0%
+/- Changes in cash and cash equivalents from effects in connection with the discontinued operation PWK under IFRS 5		0	+767	-100.0%
+/- Changes in cash and cash equivalents due to changes in scope of consolidation in connection with the discontinued operation UK under IFRS 5		-121	0	n.a.
+ Cash and cash equivalents at beginning of period		+2,608	+1,511	72.6%
= Cash and cash equivalents at end of period		**+880**	**+2,608**	**-66.3%**
Reconciliation of cash and cash equivalents				
Cash and cash equivalents	(20)	+880	+2,608	-66.3%
= Cash and cash equivalents at end of period		**+880**	**+2,608**	**-66.3%**

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Notes to the Consolidated Financial Statements

A. Information on the elumeo Group

Company, registered office, incorporation and commercial register of the reporting parent company

elumeo SE, Erkelenzdamm 59/61, 10999 Berlin, Germany ("Company" or "elumeo SE")

The Company is registered in the commercial register in Berlin-Charlottenburg in the B division under no. 157 001 B.

elumeo SE 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 has a single-tier governance structure with the Executive Board as the central executive and controlling body.

The Consolidated Financial Statements were prepared under the premise of continuing operations. Further information is provided in section [F.] and in the Forecast Report of the Combined Management Report and Group Management Report.

Continuing operations of the elumeo Group

The elumeo Group is active in designing, procuring and selling jewelry, jewelry articles, precious gemstones and related products via television and other mainly electronic distribution channels (the Internet) in the main markets of Germany, Italy and the United States of America ("USA"). The main means of distribution are live interactive offerings that enable customers to bid against each other to compete for the pieces of jewelry presented and set the price.

In financial year 2019, the Executive Board of elumeo SE had decided to close the office in Rome and to service the Italian market from its headquarters in Berlin in the future, analogous to how the elumeo Group serves its other European markets.

Discontinued operations of the elumeo Group

In financial year 2018, the decision was made to terminate all business activities of the production company PWK Jewelry Company Limited in Bangkok, Thailand ("PWK"), and to liquidate the production company in an orderly manner under its own management by selling its existing assets ("discontinued operation PWK"). All production activities of the company were completely discontinued by the end of 2018.

As a result of several developments in financial year 2019, it is almost certain that an orderly liquidation of PWK under its own management is no longer realisable. PWK was therefore deconsolidated retroactively as of 31 December 2018.

Approval of the Consolidated Financial Statements

The Executive Board approved publication of the Consolidated Financial Statements on 30 April 2020.

B. Basic principles of the Consolidated Financial Statements

Application of IFRSs

The Consolidated Financial Statements of elumeo SE for the financial year that ended on 31 December 2019 (hereinafter also referred to as the "Consolidated Financial Statements 2019") were prepared in accordance with International Financial Reporting Standards ("IFRSs"), as adopted by the European Union. In addition, the provisions of Section 315a para. 1 German Commercial Code (Handelsgesetzbuch, "HGB") were also taken into account.

The Consolidated Financial Statements take into account all IFRSs that had been issued as of the reporting date and are mandatorily applicable in the European Union.

General information

The Consolidated Financial Statements comprise the Consolidated Statement of Financial Position, Consolidated Statement of Income, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows. The Consolidated Financial Statements are generally prepared based on the recognition of assets and liabilities at amortised cost. The Consolidated Statement of Income is prepared using the cost of sales method. A Consolidated Statement of Comprehensive Income is prepared to reconcile the earnings for the period in the Consolidated Statement of Income to the total comprehensive income. The Consolidated Statement of Financial Position classifies assets and liabilities into current and non-current components in accordance with their maturities.

Discontinued operations are not included in results from continuing operations and are presented in the Consolidated Statement of Income in a separate item as *earnings for the period from discontinued operations*. The discontinued operations are not included in the detailed information on the composition of cash flows from operating, investing and financing activities and are presented separately in the Consolidated Statement of Cash Flows as *net cash flow from discontinued operations*. All disclosures contain the amounts of continuing operations.

The Consolidated Financial Statements are prepared in euros ("EUR"). Disclosures are made in thousands of euros ("EUR thousand") or millions of euros ("EUR million"). For computational reasons, rounding differences may occur in tables or text notes with regard to exact values (monetary units, percentages, etc.).

The presentation of selected prior-year figures in the Consolidated Financial Statements 2019 concurs, with the exception of the adjustment described below and the matters described in section [C.], with the presentation of the Consolidated Financial Statements published on 10 June 2019 for the financial year ended 31 December 2018 ("Consolidated Financial Statements 2018" or "previous year").

Adjustment of previous year's figures

In financial year 2018, all assets and liabilities as well as income and expenses of elumeo Group's activities in the United Kingdom and Thailand were allocated to the discontinued operations ("discontinued operation UK" and "discontinued operation PWK"). They were completely deconsolidated, with the exception of the transfer of the foreign currency translation reserve from equity to the result of the discontinued operations as the legal entities of the subsidiaries concerned still existed. The management of the elumeo Group decided to adjust the accounting principle used in the previous year for deconsolidation and to carry out a complete deconsolidation including the recycling of the foreign currency translation reserve ("restated*"), particularly against the backdrop of developments in the discontinued operation PWK, for which controlled liquidation of the business is no longer possible.

The adjustment reduced the foreign currency translation reserve reported in Group equity as of 31 December 2018 by EUR 3,477 thousand from EUR 5,653 thousand to EUR 2,175 thousand. Correspondingly, the cumulative losses reported for financial year 2018 decreased by EUR 3,477 thousand from EUR -38,856 thousand to EUR -35,379 thousand, so that there was no change in Group equity overall.

In the Consolidated Statement of Income, the earnings for the period from discontinued operations improved by EUR 3,477 thousand from EUR -6,913 thousand to EUR -3,436 thousand.

All other items in the previous year's financial statements remain unaffected by the adjustment.

C. Amended standards and interpretations of the IASB

Applicable standards

IFRS accounting is based on the accounting standards of the International Accounting Standards Board ("IASB") which have been adopted by the Commission of the European Community as part of the endorsement proceedings for the European Union.

New accounting standards of the IASB to be applied for the first time

The following new standards, interpretations and amendments to the IAS/IFRSs that are of practical relevance for elumeo SE were applied as required or voluntarily during the reporting period.

Standard/Interpretation		Publication by the IASB	Application date IASB	Effects on the elumeo Group
IFRS 16	Leases	13 January 2016	1 January 2019	significant
IFRIC 23	Uncertainty over Income Tax Treatments	7 June 2017	1 January 2019	significant
IFRSs	Improvements to IFRSs, cycle 2015-2017 (Amendments to IFRS 3, IAS 12, IAS 23)	12 December 2017	1 January 2019	insignificant

IFRS 16 - Leases

The elumeo Group has been applying the new regulations for accounting for leases in accordance with IFRS 16 *Leases* since 1 January 2019. The new standard requires lessees to remeasure leases on the balance sheet. In accordance with IAS 17, the transfer of significant risks and rewards incidental to ownership of a leased asset was critical to the recognition of a lease in the balance sheet. IFRS 16 provides for a uniform accounting model for the lessee. According to the new accounting standard, the lessee must recognise all leases as a financing transaction in the balance sheet by recognising corresponding assets and liabilities.

If the modified retrospective transition to IFRS 16 is used, additional simplifications may be applied. By exercising an option, leases with a term of up to twelve months and leases with low-value assets are exempted from accounting (facilitation for short-term leases and low-value leasing assets). In addition, the situation at the time of conversion can be used as a basis for assessing the lease so that the lease does not have to be reassessed retroactively to the original commencement date (grandfathering clause).

For the lessor, IFRS 16 continues to distinguish between finance and operating leases for accounting purposes.

Under IFRS 16, leases are recognised by the lessee as rights of use and lease liabilities from the date on which a leased asset is available for use.

The acquisition cost of a right of use is calculated as the present value of future lease payments, the initial direct costs of the contract and the estimated costs of dismantling or restoring the leased asset. Any lease subsidies received from the lessor are deducted. The right of use is amortised on a straight-line basis over the shorter of the useful life of the asset and the expected term of the lease. Depreciation is reported in the corresponding functional cost item (cost of sales method). The leases newly recognised in the elumeo Group as of 1 January 2019 relate exclusively to real estate contracts (rental of premises). The rights of use are shown in the Consolidated Statement of Financial Position under property, plant and equipment and depreciation is shown in the Consolidated Statement of

Income under administrative expenses. For further information on the rights of use in the Consolidated Statement of Financial Position, please refer to section [(14)].

Lease liabilities are initially recognised at the present value of the future lease payments. Each future lease payment is divided into a repayment and a financing portion. In subsequent measurement, the carrying amount of the lease liability is compounded and reduced by the lease payments made without affecting earnings. The leasing liabilities are shown in the Consolidated Statement of Financial under the item other financial liabilities and the financing expenses are shown in the Consolidated Statement of Income under the item financial result as interest and similar expenses. Please refer to section [(24)] for further information on the lease liabilities in the Consolidated Statement of Financial Position.

The lease payments in the elumeo Group relate to both fixed and variable lease payments dependent on indices. The lease payments are also calculated taking into account the sufficiently secure exercise of extension and termination options.

The first-time application of IFRS 16 in the elumeo Group is based on the modified retrospective transition method without including earlier reporting periods and without adjusting comparative information from the previous year. The elumeo Group as a lessee applies the following facilitation provisions granted in IFRS 16:

- At the time of first-time application, existing contracts are not reassessed as to whether or not they contain a leased asset in accordance with IFRS 16 (asset protection clause). The previous estimates in accordance with IAS 17 are retained.
- The conversion of existing leases is effected by recognising the right of use and the lease liability in the same amount. Therefore, the first-time application of IFRS 16 has no effect on Group equity.
- The initial recognition of a right of use does not take into account any possible direct initial costs.
- The estimated terms of contracts with extension and termination options are determined taking current events into account.
- Leases of low-value assets are not recognised.

At the time of initial application, the total assets of the elumeo Group increased by approximately EUR 4.0 million due to leases previously classified as operating leases. This resulted in a decrease in the equity ratio of approximately 2.9 percentage points as of 1 January 2019. As a result of the changes in presentation due to IFRS 16, there is a clearly positive effect on earnings before interest, taxes, depreciation and amortization (EBITDA) for the current reporting period and future reporting periods and, in contrast, a negative effect on depreciation and amortization and the financial result. In addition, there is a positive effect on cash flow from operating activities and, conversely, a negative effect on cash flow from financing activities. The impact on the segments is explained in section [I.: Segment reporting].

Other financial obligations from operating leases as of 31 December 2018 can be reconciled with the lease obligations from former operating leases as follows as of 1 January 2019:

EUR thousand	1 Jan 2019
Other financial obligations from operating leases as of 31 Dec 2018 (minimum gross lease payments including value added tax to be paid)	5,229
Effects from non-recognition of value added tax payable	-859
Changes resulting from re-assessment of lease arrangements	12
New lease arrangements	164
Gross lease liabilites from former operating leases as of 1 Jan 2019	4,547
Effect from discounting	-498
Lease liabilities from former operating leases as of 1 Jan 2019	**4,049**

A weighted average incremental borrowing rate of around 3.29% p.a. was applied to discount the lease liabilities as of 1 January 2019.

The finance leases of the elumeo Group have been taken over at their carrying amounts and have been accounted for in accordance with IFRS 16 since 2019.

IFRIC 23 - Uncertainty over Income Tax Treatments

The interpretation IFRIC 23 contains rules for the recognition and measurement of current and deferred income taxes in accordance with IAS 12 if there is uncertainty as to whether and to what extent the tax treatment of facts and circumstances in tax returns already submitted or to be submitted in the future is recognised by the tax authorities or courts. The interpretation is effective for financial years beginning on or after 1 January 2019 using the full or modified retrospective transition method.

IFRIC 23 deals in particular with the decision whether a company should assess uncertain tax treatments individually or collectively and with the assumptions that a company makes in relation to the review of tax treatments by the tax authorities. IFRIC 23 also regulates the determination of taxable profit (loss), the tax bases, unused tax losses, unused tax credits and tax rates, as well as the consideration of changed facts and circumstances.

Tax risks are to be valued at the most probable amount or at the expected value. The method that is best suited to reflect the current tax risk is to be selected. In addition, companies should consider whether it is necessary to disclose a contingent liability when non-recognition of a tax treatment is not probable but possible.

The elumeo Group makes significant discretionary decisions when identifying uncertainties regarding income tax treatment. Since the elumeo Group, particularly in the past, was active in an international environment, it has examined whether the interpretation had any effects on the Consolidated Financial Statements. When applying the interpretation for the first time, the elumeo Group considered whether there were any tax risks, in particular in connection with transfer prices. With the tax returns submitted in the individual countries, deductions were made from taxable income in connection with transfer prices. The respective tax authorities could question this tax treatment. On the basis of its analysis of compliance with country-specific tax regulations and transfer pricing provisions, the elumeo Group came to the conclusion that an adjustment of loss carryforwards for selected reporting periods is not probable in principle, but cannot be ruled out entirely. On the other hand, the elumeo Group has determined that newly issued tax assessment notices at a subsidiary have resulted in the loss of tax loss carryforwards, for which the criteria may not be met in the opinion of the elumeo Group. As a result, this could result in an increase in the unused tax loss carryforward.

The first-time application of IFRIC 23 did not lead to any changes in accounting in the elumeo Group as a whole, as tax risks were already recognised at the best possible amount in the past.

In addition, the IASB published further standards and amendments to standards that are to be applied in the future but will not have a material impact on the Consolidated Financial Statements of the elumeo Group.

New accounting standards of the IASB that have been issued, but are not yet applicable

Standards, interpretations and amendments to the IAS/IFRSs that are of practical relevance to elumeo SE that were announced up to the date of the publication of these Consolidated Financial Statements, but do not yet require application are presented below. Unless indicated otherwise, these require application for financial years beginning on or after the indicated application date.

Standard/Interpretation		Publication by the IASB	Application date IASB	Expected effects on the elumeo Group
IFRS 3	Amendments to IFRS 3 – Definition of a Business	22 October 2018	1 January 2020	insignificant
IAS 8	Amendments to IAS 8 – Definition of Materiality	22 October 2018	1 January 2020	insignificant
IFRSs	Amendments to IAS 39, IFRS 9 and IFRS 7 – Interest Rate Benchmark Reform	26 September 2019	1 January 2020	insignificant
IFRSs	Amendments to IFRSs/IASs - Revision of the Framework in the IFRSs	29 March 2018	1 January 2020	insignificant
IAS 1	Amendments to IAS 1 – Classification of Liabilities	23 January 2020	1 January 2022	insignificant

In addition, the IASB published further standards and amendments to standards that are to be applied in the future but will not have a material impact on the Consolidated Financial Statements of the elumeo Group.

D. Principles of consolidation

Scope of consolidation

The Consolidated Financial Statements as of 31 December 2019 include the financial statements of the parent Company, elumeo SE, and those of its directly or indirectly controlled subsidiaries. Pursuant to IFRS 10 *Consolidated Financial Statements*, elumeo SE controls an investee only if it has all of the following characteristics:

- power over the investee (i.e. the Company has existing rights that give it the ability to direct the relevant activities of the investee),
- an exposure or rights to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect the amount of the investee's returns.

Control is normally assumed if there is a majority of voting rights. In order to support this assumption, or if elumeo SE holds less than the majority of voting rights or similar rights of an investee, the Company considers all relevant facts and circumstances in order to assess whether it controls an investee. These include:

- the company's voting rights and potential voting rights,
- the contractual agreements with the remaining holders of voting rights in the investee, and
- rights arising from other contractual agreements.

If new facts and circumstances indicate that there have been changes with respect to one or more characteristics of control, then the Company reassesses whether or not it exercises control over the investee. The consolidation of an investee begins when elumeo SE obtains control over the investee and ends when elumeo SE loses control over the investee. Assets, liabilities, income and expenses of an investee that were acquired or disposed of during the course of a financial year are included in the Consolidated Financial Statements from the day on which elumeo SE obtained control over the investee up to the day on which control over the investee ended.

A change in the equity interest in an investee without loss of control is recognised as an equity transaction.

If the Company loses control over an investee, the corresponding assets (including goodwill), liabilities, non-controlling interests and other equity components (including reserves from currency translation differences attributable to the associated company) are deconsolidated, whereby a resulting gain or loss is recognised in the Consolidated Statement of Income. Any non-controlling interest remaining in the elumeo Group is revalued at fair value. Intra-Group receivables and liabilities from the relationship with an associated company previously eliminated in the course of debt consolidation are recognised in the Consolidated Statement of Financial Position.

The number of consolidated companies in the elumeo Group has been reduced to six companies due to the deletion or deconsolidation of subsidiaries that are no longer controlled (31 December 2017: 10 companies).

Reporting date of the Consolidated Financial Statements

The Consolidated Financial Statements for financial year 2019 comprise the reporting period from 1 January to 31 December 2019 ("financial year," "reporting year," or "reporting period"). The year-on-year changes are referred to as year-on-year ("YoY"). All companies included in the Consolidated Financial Statements have a financial year identical to the calendar year.

Accounting and valuation principles

The financial statements of the companies included in the Consolidated Financial Statements are prepared pursuant to the uniform accounting policies of the parent company.

Debt consolidation

Intra-Group receivables and intra-Group liabilities are offset as part of debt consolidation. Offsetting differences arising during the reporting period are recognised in the Consolidated Statement of Income.

Consolidation of expenses and income

Expense and income consolidation

Intra-Group income and expenses are offset and intercompany profits and losses are eliminated as part of the consolidation of income. Offsetting differences arising during the reporting period are recognised in the Consolidated Statement of Income.

The consolidation of expenses and income between continuing and discontinued operations was performed for the comparable period of the previous year for a more meaningful presentation of the financial effects in the Consolidated Statement of Income from an economic point of view, as the existing delivery and service obligations of the continuing operations will continue in the future with the discontinued operation or also, by nature, with a third party. The result for the continuing operations will show both sales revenues with third parties and the cost of sales with the discontinued operation PWK. There were no corresponding consolidation entries in the reporting period.

Elimination of intercompany profits

Under IFRS 10, profits generated within the Group are only recognised in profit or loss when the recipients of the delivery are third parties (end customers) outside the Group. Consequently, unrealised intercompany profits from intercompany deliveries must be eliminated.

Functional currency, reporting currency and currency translation

Foreign currency is translated based on the functional currency concept pursuant to IAS 21 *The Effects of Changes in Foreign Exchange Rates* using the modified spot rate method. The currency of the primary economic environment in which an entity operates and in which it primarily generates or uses cash and cash equivalents is referred to as its functional currency. The functional currency of the parent company, elumeo SE, is the EUR. The Consolidated Financial Statements are prepared in EUR as the reporting currency.

Foreign currency transactions are initially translated by the Group companies into their functional currency using the spot rate applicable on the transaction date. Monetary assets and liabilities in foreign currency are translated into the functional currency on each reporting date using the spot rate prevailing on the closing date. All translation differences are recognised in the Consolidated Statement of Income through profit or loss. Expenses and income are shown in netted form.

The assets and liabilities of subsidiaries whose financial statements are prepared in a functional currency other than the EUR are translated into EUR on the reporting date using the exchange rate on that date. Income and expenses in the statement of income are translated as of the reporting date using the weighted average rate of the reporting period. The equity of subsidiaries is translated using the respective historical exchange rate(s). Currency translation differences from the translation of financial statements presented in foreign currency are recognised in other comprehensive income and in equity in the foreign currency translation reserve.

The foreign currency translation differences recognised with respect to the discontinued operations, a transfer was made in financial year 2018 from the foreign currency translation reserve to the earnings for the period from discontinued operations by way of an adjustment to the prior-year comparative figures.

The exchange rates used for the foreign currencies material to the elumeo Group when preparing the Consolidated Financial Statements are listed below:

Currency	Exchange rate on reporting date			Average exchange rate		
EUR	**31 Dec 2019**	31 Dec 2018	YoY in %	**1 Jan - 31 Dec 2019**	1 Jan - 31 Dec 2018	YoY in %
British pound (GBP)	1.1754	1.1133	5.6%	1.1404	1.1307	0.9%
US dollar (USD)	0.8912	0.8733	2.0%	0.8940	0.8475	5.5%
Thai baht (THB)	0.0299	0.0270	10.9%	0.0288	0.0262	9.9%

E. Accounting and valuation principles

Classification to current and non-current assets and liabilities

The elumeo Group generally classifies its assets and liabilities as current and non-current assets and liabilities in the Consolidated Statement of Financial Position.

An asset is classified as current if its realisation is expected within twelve months of the reporting date.

A liability is classified as current if it is expected that the liability will be settled within twelve months of the reporting date.

All other assets and debts are classified as non-current.

Deferred tax assets and liabilities are generally presented as non-current assets or liabilities.

Discontinued operations, assets or disposal groups held for sale

The elumeo Group classifies assets or disposal groups as held for sale if the associated carrying amount is not realised through continuing use. Assets or disposal groups classified as held for sale are valued at the lower of the carrying amount and fair value less costs to sell.

The criteria for the classification as "held for sale" are considered to be met only if the cessation of use of the assets or disposal groups is highly probable and the asset or disposal group is immediately recoverable in its present condition. With regard to the measures necessary to implement the cessation of use, it should be noted that it is unlikely that significant changes will be made to cessation of use or that the decision to discontinue use will be reversed. The management must have decided to carry out the planned cessation of use, which is expected to take place within one year from the date of classification.

All assets and liabilities classified as held for sale are reported as a separate item in the Consolidated Statement of Financial Position.

A business activity is classified as a discontinued operation if the corresponding business activities were completely discontinued in the year under review and these represent a separate major line of business or geographical area of operations.

Discontinued operations are not included in earnings for the period from continuing operations and are presented in a separate item in the Consolidated Statement of Income as earnings for the period from discontinued operations.

Intangible assets

Purchased intangible assets with finite useful lives are measured at cost less scheduled straight-line depreciation. Depreciation is carried out over the expected useful life.

Intangible assets with indefinite useful lives are tested for impairment at least once a year and are not subject to scheduled amortization (impairment only approach). The useful life is reviewed annually to determine whether the assessment of an indefinite useful life is still justified. If this is not the case, the assessment is changed prospectively from an indefinite to a finite useful life.

Property, plant and equipment

Buildings are measured at acquisition or construction cost less scheduled straight-line depreciation. Depreciation is carried out over the expected useful life.

Own land was always measured at cost without any reduction for scheduled depreciation (impairment only approach).

Buildings on company owned land and own land were used solely for operational purposes.

Leasehold improvements in leased buildings are recognised at cost and amortised over the residual terms of the underlying lease agreements, taking into account renewal options, or if applicable, over the shorter useful life.

Other property, plant and equipment is measured at acquisition or production cost less scheduled straight-line depreciation. Depreciation is carried out over the expected useful life.

Buildings under construction and other property, plant and equipment ("assets under construction") for production, sales or administrative purposes are recognised at cost less recognised impairment losses if applicable.

Leases are accounted for by the elumeo Group as a lessee as a right of use (and lease liability) from the time a leased asset is available for use. The acquisition costs of a right of use are calculated from the present value of future lease payments, the initial direct contract costs and the estimated costs for dismantling or restoring the leased object. The right of use is amortised on a straight-line basis over the shorter of the useful life of the asset and the expected term of the lease.

Depreciation and impairment of intangible assets, property, plant and equipment and other non-financial assets

Depreciation periods and methods

Depreciation and amortization are generally determined based on operational estimates, on a straight-line basis over the following normal useful lives:

Useful life	Years
Intangible assets	1-15
Buildings on company owned land (to be allocated exclusively to the discontinued operation PWK)	20
Leasehold improvements in leased buildings	10
Rights of use for tangible assets under IFRS 16	9
Technical equipment and machinery	5-15
Other business and office equipment	3-10

The depreciation periods and methods for assets with finite useful lives are reviewed at least at the end of each reporting period and adjusted prospectively if required. The changes in the depreciation period and/or methods due to necessary changes to the asset's expected normal useful life or the expected utilisation of their future economic benefit are treated as changes in accounting estimates.

Assets are derecognised either as a result of a disposal or if no economic benefits are expected from their further use or disposal. A gain or loss from the disposal of an asset is determined as the difference between the net realisable value and the residual carrying amount of the asset and recognised through profit or loss in the Consolidated Statement of Income in the reporting period in which the asset is derecognised.

Impairment testing

On each reporting date, the elumeo Group examines whether there are indications of impairment (impairment indicators) for non-financial assets presented in the Consolidated Statement of Financial Position. If such impairment indicators are discernible or if an annual review is required, an impairment test is conducted. If an asset or a cash-generating unit is impaired, impairment losses are recognised in profit or loss. The cash-generating units of the elumeo Group are generally all legally independent Group companies.

In order to determine the amount of the corresponding impairment loss, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties. The value in use is determined on the basis of the expected discounted future cash inflows. This is based on a market interest rate before taxes that reflects the risks of the asset that are not yet reflected in the estimated future cash flows.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, it is written down to its recoverable amount. The impairment loss is recognised immediately in profit or loss. If an impairment loss is reversed in a subsequent period, the carrying amount of the asset is adjusted to reflect the recoverable amount. The upper limit for the reversal of an impairment loss is determined by the amount of the amortised cost that would have resulted if no impairment loss had been recognised in previous periods. The reversal is recognised immediately in profit or loss.

The impairment test carried out at the end of the financial year did not result in any need for impairment.

Leases – Group as the lessee

Method applied after 1 January 2019

The elumeo Group has been applying the new regulations of IFRS 16 *Leases* since 1 January 2019 (previous year: according to IAS 17 *Leases*). For the lessor, IFRS 16 continues to distinguish between finance and operating leases for accounting purposes.

According to IFRS 16, leases are recognised by the lessee as (right to use the leased asset and) lease liability from the date on which the leased asset is available for use.

For further information on the effects of accounting in accordance with IFRS 16, please refer to section [C.].

Method applied before 1 January 2019

For contracts entered into prior to 1 January 2019, the Group assessed whether an arrangement was or contained a lease as follows:

- fulfillment of the contract was dependent on the use of a specific asset or assets; and
- the agreement conferred a right to use the asset. An agreement conveys a right to use an asset if the following conditions are met:
    - The buyer had the ability or the right to operate the asset, receiving or controlling more than a negligible amount of output.
    - The buyer had the ability or right to control physical access to the asset while receiving or controlling more than a negligible amount of output.
    - Facts and circumstances indicated that it was unlikely that other parties would accept more than an insignificant amount of output and the unit price was neither contractually fixed per unit nor reflected the current market price per unit of output.

As lessee

In the comparative period, the Group classified leases that essentially transferred all risks and rewards incidental to ownership as finance leases. Where this was the case, the leased assets were initially recognised at the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were those payments over the term of the lease that the lessee was required to make, excluding contingent payments. After initial recognition, the asset was accounted for in accordance with the accounting policy applicable to that asset.

Assets under other leases were classified as operating leases and not recognised in the Group's Consolidated Statement of Financial Position.

Payments made under operating leases were recognised in the statement of income on a straight-line basis over the term of the lease. Leasing incentives received were recognised as part of the total lease expense over the lease term.

Deferred taxes

Deferred taxes are determined using the liability method based on the provisions of IAS 12 *Income Taxes*. Deferred taxes are recognised due to temporary differences (temporary concept) between the carrying amounts recognised in the IFRS Consolidated Financial Statements and the amounts recognised in the tax accounts if these differences will result in future tax relief or tax burdens. In doing so, deferred taxes are measured based on the tax rates and tax provisions expected to be applicable in the future when the differences reverse. Deferred tax assets on temporary differences and tax loss carryforwards are only recognised if their recoverability appears sufficiently certain in the near future.

Deferred tax liabilities are recognised for all taxable temporary differences, with the exception of:

- deferred tax liabilities arising on initial recognition of goodwill or an asset or liability from a transaction that is not a business combination and that does not affect either the accounting profit or the taxable profit as of the transaction date in accordance with IFRS,
- deferred tax liabilities from taxable temporary differences that arise in connection with investments in subsidiaries if the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, unused tax loss carryforwards and unused tax credits to the extent that it is sufficiently probable that taxable income will be available against which the deductible temporary differences and the unused tax loss carryforwards and tax credits can be utilised, with the exception of:

- deferred tax assets on deductible temporary differences arising on initial recognition of an asset or liability from a transaction that is not a business combination and that does not affect either the accounting profit or the taxable profit as of the transaction date,
- deferred tax assets from deductible temporary differences that arise in connection with investments in subsidiaries if it is probable that the temporary differences will not reverse in the foreseeable future or insufficient taxable profit will be available against which the temporary differences can be offset.

The carrying amount of deferred tax assets is reviewed on each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available against which the deferred tax asset can be utilised. Unrecognised deferred tax assets are reviewed on the reporting date and recognised to the extent to which it has become probable that future taxable profit will allow the deferred tax asset to be recovered with sufficient probability.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Inventories

Inventories are recognised at the lower of cost and net realisable value. Costs that are incurred in order to bring the product to its current location or to turn it into its current state are accounted for as follows:

- Raw materials: purchase costs based on the first-in-first-out principle,
- Unfinished and finished goods: production costs include direct material and labour costs as well as an appropriate share of the production overheads calculated based on normal capacity, but excluding borrowing costs,
- Merchandise: purchase costs based on the first-in-first-out principle

The net realisable value is the expected sales revenue less the costs yet to be incurred before the sale. Impairment to net realisable value takes place, if applicable, for stocks with low turnover or on the basis of foreseeable sales possibilities for the respective products.

Financial instruments

General information

A financial instrument is a contract, which at the same time gives rise to a financial asset for one company and a financial liability or equity instrument for another company. Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the elumeo Group is party to a financial instrument. Financial assets are derecognised when the rights to receive payments from these financial assets expire or the financial assets are transferred with all material risks and opportunities. Financial liabilities are derecognised if the contractual obligations are settled, cancelled or expire.

Financial assets

All financial assets of the elumeo Group are allocated to the classification category "measured at amortised cost." These are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Upon initial recognition, they are assessed at fair value. The transaction costs that are incurred are included in the initial measurement. Subsequently they are accounted for at amortised cost on the settlement date. This measurement category includes trade receivables, receivables due from related parties, other financial assets and cash and cash equivalents.

Impairment of financial assets

The elumeo Group assesses at each reporting date whether there is evidence of impairment of a financial asset or group of financial assets. A financial asset or group of financial assets in the category "measured at amortised cost" is measured in subsequent periods using the effective interest method. An impairment loss or gain is recognised in the Consolidated Statement of Income when the asset is derecognised, impaired or modified.

Impairments on trade receivables are to be made on the basis of general allowances, which are calculated with the help of sales channel and country-specific allowance rates based on past overdue amounts and other value-influencing factors.

Receivables are to be derecognised along with the respective allowances when they are classified as uncollectible on the one hand and all collateral has been taken and utilised on the other hand. If the amount of the estimated impairment loss increases or decreases in a subsequent period due to an event occurring after the impairment was recognised, the previously recognised impairment loss is recognised as profit as an increase or decrease by adjusting the allowance account. If a derecognised receivable is later reclassified as collectible due to an event occurring after derecognition, the corresponding amount is to be recognised immediately in other operating income.

Financial liabilities

The financial liabilities of the elumeo Group are exclusively those of the category "measured at amortised cost." Upon initial recognition, these are assessed at fair value plus directly attributable transaction costs and subsequently remeasured using the effective interest method. Financial debt, trade payables, debtors with credit balances, liabilities due to related parties and other financial liabilities are allocated to this category at the elumeo Group.

Offsetting financial instruments

Financial assets and liabilities are only netted and thus the net amount disclosed in the Consolidated Statement of Financial Position when:

- there is currently an enforceable legal right to offset the recognised amounts and
- an intention exists to settle on a net basis or to realise the respective asset.

Fair value measurement

In determining the fair value, the elumeo Group generally assumes that a transaction that takes place as part of the sale of an asset or the transfer of a liability, either takes place on the:

- principal market for the asset or liability or
- the most advantageous market for the asset or liability, if no major market is available.

The fair value of an asset or liability is assessed based on assumptions that market participants would make in setting the price of the asset or liability. Here, it is assumed that market participants act in their most favourable economic interest. In the Consolidated Financial Statements, the fair value for the assessment and the disclosure requirements are generally determined on this basis. The following exceptions apply:

- share-based payments under IFRS 2 *Share-based Payment* and
- valuation approaches similar to the fair value concept, but that do not equate to it completely (for example, net realisable value in accordance with IAS 2 *Inventories* or value in use in accordance with IAS 36 *Impairment of Assets*).

The elumeo Group uses valuation methods that are appropriate under the circumstances and for which data is available to a sufficient extent in order to measure the fair value. Here observable input parameters are preferable to not observable input parameters.

The fair value is not always available as a market price. It needs to be determined regularly based on various valuation parameters. All assets and liabilities for which the fair value is determined are classified depending on the availability and importance of observable input parameters in the fair value hierarchy described below. The classification is based on the observable parameters of the lowest level, which is essential to the overall fair value measurement:

- Level 1: Input parameters are listed in active markets (adopted unchanged) for identical assets and liabilities.
- Level 2: Valuation method by which the lowest input parameter that significantly affects the measurement is observable either directly or indirectly.
- Level 3: The method by which the lowest input parameter that significantly affects the measurement is not observable.

Where assets and liabilities are recognised at fair value on a recurring basis in the Consolidated Financial Statements, the elumeo Group determines whether any reclassifications have taken place between the levels of the hierarchy.

As of the reporting dates, the elumeo Group does not measure any assets or liabilities falling within the scope of IFRS 13 *Measurement of Fair Value* at a fair value that differs significantly from their carrying amount.

Subscribed capital

The costs directly attributable to the issuance of ordinary shares are recognised as a deduction from equity. Income tax related to the transaction costs of an equity transaction is accounted for in accordance with IAS 12 *Income Taxes*.

Employee benefits

Short-term employee benefits

Obligations arising from short-term employee benefits are recognised as an expense if the associated work is rendered. A liability is to be recognised for the amount expected to be paid if the elumeo Group currently has a legal or constructive obligation to pay this amount due to an employee's work performance and the obligation can be reliably estimated.

Share-based remuneration

Share-based remuneration with compensation in the form of equity instruments to employees of the Company and others who provide similar services are measured in accordance with IFRS 2 at the fair value of the equity instrument on the grant date. The fair value is recognised as an expense over the period in question, with a corresponding increase in equity, in which employees acquire an unqualified entitlement to compensation (vesting period). The amount to be recognised as an expense is subsequently adjusted in such a way as to reflect the number of commitments for which the corresponding service and performance conditions are met as expected. As a result, the amount recognised as an expense is based on the number of commitments that meet the relevant conditions at the end of the vesting period. For share-based payments with non-exercise conditions (e.g. capital market-dependent performance conditions), the fair value is determined on the date of granting taking these conditions into account. There is no need to adjust the differences between expected and actual results.

The costs of equity-settled share-based payments are measured using an appropriate valuation model at fair value on the date on which the equity-settled remuneration is granted.

Termination benefits

Termination benefits are recognised as an expense if the elumeo Group recognises restructuring costs or can no longer withdraw the offer of such benefits.

Provisions

Provisions are formed in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* when the elumeo Group has a current (legal and/or constructive) obligation as a result of a past event, an outflow of resources embodying economic benefits to settle the obligation is probable and the amount of the obligation can be estimated reliably.

The amount of provisions is estimated as closely as possible by taking all discernible risks from the obligation into consideration. The settlement amount with the highest probability of occurrence is generally assumed. Non-current provisions with a term of more than one year, if material, are discounted to the reporting date.

Obligations to employees resulting from the termination of an employment contract by the employer (termination) as a result of restructuring measures are recognised if they have already been concretised contractually on the balance sheet date or if severance or compensation payments have not yet been made due to a clearly foreseeable exemption.

Contingent liabilities, commitments and other financial obligations

Contingent liabilities represent an obligation whose existence depends on the occurrence of one or more future events that cannot be influenced entirely by the elumeo Group. Secondly, they include existing obligations for which an outflow of assets or the amount of the outflow of assets cannot be sufficiently reliably determined with predominantly high probability.

Contingent liabilities, commitments and other financial obligations are not recognised in the Consolidated Statement of Financial Position, but explained separately in the Notes to the Consolidated Financial Statements.

Segment reporting

The Executive Board of elumeo SE considers the allocation of resources and the assessment of performance of individual business activities as the primary decision maker for the elumeo Group.

Identification of segments and selection of the key performance indicators that are shown have been made in accordance with IFRS 8 *Operating Segments* generally in accordance with the internal control and reporting system (management approach). The key performance indicators used to make estimates are derived from the Consolidated Financial Statements prepared under IFRS.

Recognition of income and expenses

Recognition of revenue and other operating income in accordance with IFRS 15 takes place at the time that the service is rendered, provided it is probable that the economic benefits will flow to the elumeo Group and the revenue can be reliably measured. Earnings are assessed at the fair value of the services received or the consideration to be claimed taking into consideration the contractually defined terms of payment, whereby taxes or other duties are not taken into consideration. Revenues are reduced by any sales discounts granted.

Realisation of revenue is also subject to the fulfilment of the following recognition criteria:

- With respect to the sale of merchandise to customers, the performance is in principle rendered at the time at which the merchandise has been transferred to the beneficial ownership of the customer. The transfer of beneficial ownership, including the associated risks and opportunities, is not linked to the transfer of legal ownership.
- If rights to return products are agreed upon when products are sold, the revenue is only realised if corresponding empirical values are available. Based on this experience from the past, the expected returns can be estimated and accrued to reduce sales.

Research and development costs

The elumeo Group conducts no research aimed at gaining new scientific and technical knowledge. Development activities are limited to the maintenance and development of the business software used, which consists of company web applications and user software, as well as mobile apps and smart TV apps. The costs incurred for development activities, which include mainly personnel costs, were not capitalised, but rather recognised as expense in the Consolidated Statement of Income account because the activation conditions in total did not exist.

Current and deferred income taxes

Income tax for the reporting period consists of current and deferred taxes. Tax is recognised in the Consolidated Statement of Income, unless it relates to items that are recognised directly in equity or in other comprehensive income. Income taxes relating to items that are recognised directly in equity are not recognised in the Consolidated Statement of Income, but rather directly in equity or in other comprehensive income in the Consolidated Statement of Comprehensive Income.

F. Significant discretionary decisions, estimates and assumptions

The preparation of financial statements in accordance with IFRSs requires that the Executive Board and the extended management team make discretionary decisions, assumptions and estimates that have an impact on the asset, financial and earnings position presented in the Consolidated Financial Statements and on related disclosures. Although these discretionary decisions, assumptions and estimates are made to the best knowledge of the Executive Board and the extended management team, based on current events and activities, there is a possibility that the actual results may differ from these discretionary decisions, assumptions and estimates.

Important discretionary decisions were made especially in regard to the following matters.

Assessment of the forecast on the continued existence of the Company

The Executive Board of elumeo SE assumes that the elumeo Group will be able to meet its payment obligations at all times within a forecast period of two years (1 January 1 to 31 December 2021) and that there will be no indications immediately after this period that the elumeo Group will not be able to meet its obligations ("positive forecast on the continued existence"). The elumeo Group's positive forecast for the future is based on corporate planning for this period. This is based on detailed planning by the operating divisions and takes into account the impact of the outbreak of the Coronavirus (SARS-CoV-2). The underlying planning assumptions have been adjusted to the latest state of knowledge. These planning premises take particular account of expectations with regard to:

- Payment effects resulting from the winding-up of PWK and legal disputes with third parties claiming to have acquired PWK's claims: As a result of the developments in financial year 2019, an orderly liquidation of PWK under its own management is almost certainly no longer realisable. On this basis, the Executive Board of elumeo SE reassessed the expected maximum total risk that could result from the winding-up. Provisions of EUR 4.7 million (31 December 2018: EUR 7.7 million) were recognised for the expected maximum risk as of 31 December 2019. The reduction in the amount of the provision is related in particular to the lapse of third-party claims against PWK, which were satisfied by accessing PWK's assets. The elumeo Group continues to consider the claims asserted by third parties in connection with claims allegedly acquired from PWK to be insubstantial and also assumes that it is unlikely that the provisions formed will lead to significant cash outflows in the short or medium term.
- Operational business development: Cost savings from the restructuring programme of the European sales business, the closure of the sales location in Rome, the increase in profitability of the new multi-sourcing product portfolio, which has now been the responsibility of the sales companies since the end of 2018, the future market developments and working capital management of the elumeo Group, are expected to stabilize the operating result and operating cash flow. The management of the elumeo Group nevertheless anticipates an EBITDA earnings corridor for the continuing operations in 2020, which is in the low negative single-digit million euro range, due to the SARS-CoV-2 outbreak and the associated uncertainties that cannot yet be estimated.

- Impact of SARS-CoV-2: After the elumeo Group made considerable progress in 2019 in improving its operating business, a new situation has arisen due to the effects of the COVID-19 crisis.

  The Executive Board has applied sensitivity considerations in order to secure its positive forecast for the Group's continued existence, which include negative deviations from the plan, in particular due to the SARS-CoV-2 outbreak, and its effects on the continued existence forecast. In order to avoid liquidity constraints, the Executive Board of the elumeo Group is currently making considerable efforts to apply for grants from funding programmes. No assurance of any funding has been given up until the publication of the Consolidated Financial Statements for 2019. A corresponding commitment is not decisive for the positive forecast on continued existence.

Estimates and assumptions must be made as part of the assessment of the forecast on the continued existence of the Company, in particular with regard to future cash flows from operating activities. These can deviate from actual events to such an extent that they deviate significantly from the sensitivity considerations used if the general conditions develop contrary to expectations. As a result, in subsequent periods there may be a change in the assessment of the positive forecast on the Company's continued existence. The main framework conditions that are monitored in this context by the Executive Board of elumeo SE are as follows:

- the development of the spread of SARS-CoV-2 and its indirect effects on the general economic conditions as well as direct effects on the cash flow of the elumeo Group, and
- the timing of financial payments related to the cessation of PWK's production operations activities as well as possible legal disputes related thereto,
- market development,
- the cost and quality development of major suppliers.

In the context of an adjusted forecast for the continued existence of the Company, adjusted valuation considerations would arise for the assets and liabilities of the elumeo Group.

Classification of business activities as discontinued operations in accordance with IFRS 5

The Executive Board of the elumeo Group classified various business activities as discontinued operations. The respective business activities were previously classified as cash-generating units and, in the opinion of the Executive Board, also fulfilled the requirements for a separate, significant line of business.

The classification was based on effective resolutions of the Executive Board of elumeo SE to discontinue the business activities and to realise the discontinuation in the financial year in which the classification was made.

With the classification as discontinued operations, all income and expenses of the discontinued operations were shown in separate profit and loss lines in the Consolidated Statement of Income.

If there was no classification as discontinued operations, the expenses and income of the respective operations would have to be reported together with the expenses and income of the continuing operations. In the case of the discontinued operation PWK, such a disclosure would have led to the recognition of estimated values in the Consolidated Financial Statements of the elumeo Group in the absence of available information from the Thai production company.

Significant estimates were made in particular with regard to the following significant matters:

Recognition and measurement of provisions for uncertain future obligations in connection with the discontinued operation PWK in terms of nature, amount and utilisation

On 27 August 2019, elumeo SE was informed, that efforts to appoint a new management board for the company in winding-up PWK had again failed due to the lack of approval from the responsible Ministry of Commerce in Chanthaburi, Thailand. It is therefore no longer realistic to implement the decision of the Executive Board of elumeo SE of 9 November 2018 on the orderly liquidation of PWK under its own management.

As a result of the events in financial year 2019 described, the Executive Board has reassessed the maximum risk and, as a result, recognised provisions of EUR 4.7 million as of 31 December 2019 (31 December 2018: EUR 7.7 million). The reduction in the risk compared to the previous year results from the assessment that the assessment of the maximum amount of the obligation is based on the assumption that the liquidation of selected assets of PWK as well as the collateral provided by third parties to private individuals took on more concrete forms. The elumeo Group assumes that against the backdrop of the limitation of PWK's liability, the creditors of PWK could assert their claims in whole or in part from the existing assets of PWK and the realisation of the collaterals provided by private individuals. In a next step, it is to be assumed that the private individuals whose private securities were realised could file a civil action for damages against the elumeo Group.

Furthermore, the Executive Board of elumeo SE assumes that the liquidation of PWK by third parties and the settlement of possible legal disputes arising in this connection will take at least two to three years (previously: three years). This assumption is based on legal analyses and has been confirmed by the legal advisors of elumeo SE. Accordingly, the provision formed was classified as non-current and carried at its present value.

Recognition and measurement of provisions for uncertain future obligations in connection with legal disputes according to their nature, amount and utilisation

Action brought by SWM Treuhand AG Wirtschaftsprüfungsgesellschaft for the assertion of claims amounting to EUR 10.2 million

In connection with the decision of the Executive Board of elumeo SE on 9 November 2018 regarding the [intended] orderly liquidation of PWK under its own management, elumeo SE was served with a lawsuit by SWM Treuhand AG Wirtschaftsprüfungsgesellschaft, Munich ("SWM Treuhand") by the Berlin District Court on 8 August 2019. SWM Treuhand is seeking to assert an amount of EUR 10.2 million against elumeo SE and individual members of the Executive Board based on various claims.

The Regional Court of Berlin has ordered the conciliatory hearing to take place on 17 June 2020, immediately followed by the main hearing in Berlin.

The Executive Board of elumeo SE has come to the conclusion following comprehensive analysis with the involvement of its legal advisors that the above-mentioned bases for claims are without substance and legally unenforceable. Accordingly, no provisions have been formed to cover these matters.

Action brought by elumeo SE and counterclaim brought by Kat Florence Design Ltd.

The subject matter of the respective lawsuit is the non-effective termination of the cooperation agreement and the unauthorised use of customer data by Kat Florence Design Ltd. and claims for damages by Kat Florence Design Ltd.

The Berlin Regional Court has ordered the conciliatory hearing to take place on 20 May 2020, immediately followed by the main hearing in Berlin.

The Executive Board, with the involvement of legal advisors, considers the enforceability of the claims for damages of Kat Florence Design Ltd. to be unlikely. Accordingly, no provisions have been formed to cover these matters.

<u>Risks from input tax deduction in connection with an external tax audit</u>

In the course of the external tax audit for financial years 2014 to 2016 of elumeo SE and one other subsidiary of the elumeo Group, claims for retrospective tax payments and interest amounting to EUR 1.1 million were asserted. After having gone through the objection possibilities, the assessment of the findings is currently incumbent on the tax court that at least in part does not agree with the argumentation of the external tax audit. The elumeo Group has recognised a risk amount for the disputed matters totalling EUR 0.3 million as expenses in the Consolidated Statement of Income.

All discretionary decisions, estimates and assumptions are based on the actual circumstances and estimates of the Executive Board on the reporting date and the expected future business development of the elumeo Group, taking into account the expected development of its economic environment. If, in the course of the regular review, it is determined that these general conditions develop differently, the assumptions and the carrying amounts of the assets and liabilities shown in the Consolidated Statement of Financial Position are to be adjusted.

G. Notes to the Consolidated Statement of Comprehensive Income

Unless stated otherwise, the following notes contain only the amounts attributable to continuing operations under IFRS 5, but not the disclosures for the two discontinued operations PWK and UK.

(1) Revenue

EUR thousand | **% of revenue**	**1 Jan - 31 Dec 2019**		1 Jan - 31 Dec 2018		YoY in %
Revenue from product sales	44,045	99.9%	51,071	99.9%	-13.8%
Other revenue	43	0.1%	44	0.1%	-3.0%
Revenue	**44,088**	**100.0%**	**51,115**	**100.0%**	**-13.7%**

The following table shows the composition of product sales by region (recorded by the registered office of the selling company):

EUR thousand | **% of revenue from product sales**	**1 Jan - 31 Dec 2019**		1 Jan - 31 Dec 2018		YoY in %
Germany	38,474	87.4%	41,066	80.4%	-6.3%
Italy	5,544	12.6%	8,011	15.7%	-30.8%
Other countries	27	0.1%	1,994	3.9%	-98.6%
Revenue from product sales	**44,045**	**100.0%**	**51,071**	**100.0%**	**-13.8%**

The following table shows the revenue from product sales by sales channel:

EUR thousand | **% of revenue from product sales**	**1 Jan - 31 Dec 2019**		1 Jan - 31 Dec 2018		YoY in %
Television and other channel revenue	25,635	58.2%	29,204	57.2%	-12.2%
eCommerce revenue	18,408	41.8%	19,926	39.0%	-7.6%
B2B revenue	2	0.0%	1,941	3.8%	-99.9%
Revenue from product sales	**44,045**	**100.0%**	**51,071**	**100.0%**	**-13.8%**

(2) Cost of goods sold

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

EUR thousand | % of revenue	1 Jan - 31 Dec 2019		1 Jan - 31 Dec 2018		YoY in %
Material costs	16,444	37.3%	13,724	26.8%	19.8%
Cost of finished goods purchased from the discontinued operation PWK	0	0.0%	17,650	34.5%	-100.0%
Change in inventory of finished goods, work in progress and merchandise	7,011	15.9%	6,228	12.2%	12.6%
Cost of goods sold	**23,455**	**53.2%**	**37,602**	**73.6%**	**-37.6%**

(3) Selling expenses

Selling expenses include the following expenses:

EUR thousand | % of revenue	1 Jan - 31 Dec 2019		1 Jan - 31 Dec 2018		YoY in %
Broadcasting and channel rental costs	5,197	11.8%	8,660	16.9%	-40.0%
Personnel expenses	6,418	14.6%	6,541	12.8%	-1.9%
Expenses for external personnel services	1,144	2.6%	1,416	2.8%	-19.2%
Sales and marketing expenses	1,537	3.5%	2,208	4.3%	-30.4%
Depreciation, amortization and impairment loss	372	0.8%	491	1.0%	-24.1%
Other selling expenses	3,468	7.9%	4,382	8.6%	-20.9%
Selling expenses	**18,137**	**41.1%**	**23,698**	**46.4%**	**-23.5%**

(4) Administrative expenses

The administrative expenses can be broken down as follows:

EUR thousand | % of revenue	1 Jan - 31 Dec 2019		1 Jan - 31 Dec 2018		YoY in %
Personnel expenses	2,960	6.7%	2,821	5.5%	4.9%
Depreciation, amortization and impairment loss	1,677	3.8%	449	0.9%	273.3%
Equity-settled share-based remuneration	43	0.1%	201	0.4%	-78.7%
Other administrative expenses	3,615	8.2%	4,270	8.4%	-15.3%
Administrative expenses	**8,294**	**18.8%**	**7,741**	**15.1%**	**7.2%**

Personnel expenses include the expenses for employees for the maintenance and development of company software consisting of in-house web applications and user software such as mobile apps and smart TV apps.

Depreciation, amortization and impairment loss include for the first time depreciation of property, plant and equipment in the amount of EUR 498 thousand on the rights of use for rented premises (property contracts) of the elumeo Group, which were newly recognised as of 1 January 2019 in accordance with IFRS 16. In addition, one-off impairment losses on rights of use according to IFRS 16 of EUR 704 thousand were recognised from the closure of the location in Rome.

(5) Other operating income

EUR thousand | % of revenue	1 Jan - 31 Dec 2019		1 Jan - 31 Dec 2018		YoY in %
Income from reversal of provisions for in terms of nature, amount and utilization uncertain obligations in connection with the discontinued operation PWK	2,908	6.6%	0	0.0%	n.a.
Income from derecognition of obligations whose legal basis has ceased	724	1.6%	0	0.0%	n.a.
Income from deconsolidations	722	1.6%	0	0.0%	n.a.
Income from derecognition of liabilities	182	0.4%	0	0.0%	n.a.
Net gains from foreign currency translation	57	0.1%	0	0.0%	n.a.
Other income resulting from past reporting periods	18	0.0%	0	0.0%	n.a.
Gains on disposal of non-current assets	9	0.0%	0	0.0%	n.a.
Income from cost recharges to distribution partners	0	0.0%	65	0.1%	-100.0%
Income from the reversal of allowances for doubtful accounts	18	0.0%	2	0.0%	665.0%
Miscellanous other operating income	50	0.1%	28	0.1%	80.3%
Other operating income	**4,687**	**10.6%**	**95**	**0.2%**	**n.a.**

(6) Other operating expenses

EUR thousand | % of revenue	1 Jan - 31 Dec 2019		1 Jan - 31 Dec 2018		YoY in %
Expenses from obligations arising from non-cancellable contracts, severance payments as well as other obligations in connection with the closure of the location in Rome	786	1.8%	0	0.0%	n.a.
Impairment of intra-Group receivables due from deconsolidated companies	264	0.6%	0	0.0%	n.a.
Legal and consulting fees in connection with the deconsolidation of PWK	186	0.4%	167	0.3%	10.8%
Net losses from foreign currency translation	0	0.0%	428	0.8%	-100.0%
Other operating expenses	**1,236**	**2.8%**	**596**	**1.2%**	**107.5%**

(7) Financial result

EUR thousand | % of revenue	1 Jan - 31 Dec 2019		1 Jan - 31 Dec 2018		YoY in %
Interest income from bank balances	0	0.0%	0	0.0%	0.5%
Other interest and similar income	0	0.0%	4	0.0%	-99.5%
Interest income	**0**	**0.0%**	**4**	**0.0%**	**-98.9%**
Interest expenses from financial debt (bank loans)	-47	-0.1%	-202	-0.4%	76.7%
Interest expenses from lease liabilities (plant and machinery)	-5	0.0%	-17	0.0%	71.6%
Interest expenses from lease liabilities (rights of use)	-144	-0.3%	0	0.0%	n.a.
Interest expenses from the compounding of non-current provisions	-30	-0.1%	0	0.0%	n.a.
Other interest and similar expenses	-11	0.0%	0	0.0%	n.a.
Interest and similar expenses	**-238**	**-0.5%**	**-220**	**-0.4%**	**-8.2%**
Financial result	**-237**	**-0.5%**	**-216**	**-0.4%**	**-10.2%**

As a result of the first-time application of IFRS 16, interest expenses from lease liabilities for rights of use from real estate contracts are reported under interest and similar expenses for the first time.

(8) Discontinued operation PWK

Statement of income of the discontinued operation

Earnings for the period from the discontinued operation PWK are as follows:

EUR thousand | % of revenue	1 Jan - 31 Dec 2019		1 Jan - 31 Dec 2018 restated*		YoY in %
Result from ordinary business activities of the discontinued operation	0	n.a.	1,828	n.a.	-100.0%
Expenses resulting from [orderly] liquidation of the discontinued operation	0	n.a.	-2,954	n.a.	100.0%
Change in provisions for in terms of nature, amount and utilization uncertain obligations in connection with the discontinued operation	0	n.a.	-7,705	n.a.	100.0%
Result from consolidation	0	n.a.	1,348	n.a.	-100.0%
Reclassification of differences from foreign currency translation that had been recognised directly in equity	0	n.a.	1,245	n.a.	-100.0%
Earnings before taxes (EBT) from the discontinued operation	**0**	**n.a.**	**-6,238**	**n.a.**	**100.0%**
Income tax	0	n.a.	-184	n.a.	100.0%
Earnings for the period from the discontinued operation	**0**	**n.a.**	**-6,422**	**n.a.**	**100.0%**
Earnings of shareholders of elumeo SE	*0*	*n.a.*	*-6,422*	*n.a.*	*100.0%*
Earnings per share in EUR (basic and diluted) applied to the earnings of shareholders from the discontinued operation	0.00		-1.17		

*) see Notes, section [B.: Basic principles of the Consolidated Financial Statements, Adjustment of prior-year figures.]

(9) Discontinued operation UK

Statement of income of the discontinued operation

Earnings for the period from the discontinued operation UK were as follows:

EUR thousand | % of revenue	1 Jan - 31 Dec 2019		1 Jan - 31 Dec 2018 restated*		YoY in %
Revenue	0	n.a.	48	100.0%	-100.0%
Cost of goods sold	0	n.a.	133	275.9%	-100.0%
Gross profit	**0**	**n.a.**	**-85**	**-175.9%**	**100.0%**
Selling expenses	0	n.a.	857	n.a.	-100.0%
Administrative expenses	0	n.a.	504	n.a.	-100.0%
Other operating income	0	n.a.	6,390	n.a.	-100.0%
Other operating expenses	0	n.a.	1,942	n.a.	-100.0%
Earnings before interest and taxes (EBIT) from the discontinued operation	**0**	**n.a.**	**3,002**	**n.a.**	**-100.0%**
Interest income	0	n.a.	1	1.4%	-100.0%
Interest and similar expenses	0	n.a.	0	-0.3%	n.a.
Financial result	0	n.a.	1	1.2%	-100.0%
Earnings before income taxes (EBT) from the discontinued operation	**0**	**n.a.**	**3,002**	**n.a.**	**-100.0%**
Income tax	0	n.a.	-16	-33.3%	100.0%
Earnings for the period from the discontinued operation	**0**	**n.a.**	**2,986**	**n.a.**	**-100.0%**
Earnings of shareholders of elumeo SE	*0*	*n.a.*	*2,986*	*n.a.*	*-100.0%*
Earnings per share in EUR (basic and diluted) applied to the earnings of shareholders from the discontinued operation	0.00		0.54		

*) see Notes, section [B.: Basic principles of the Consolidated Financial Statements, Adjustment of prior-year figures.]

(10) Income tax

Income taxes are the taxes paid or received in the individual countries as well as deferred taxes. Income taxes consist of trade tax and corporate income tax plus the solidarity surcharge in Germany and the corresponding foreign income taxes.

Income taxes for financial year 2019 are calculated as follows:

EUR thousand | **% of revenue**	**1 Jan - 31 Dec 2019**		1 Jan - 31 Dec 2018		YoY in %
Current income tax expense (-): Germany	0	0.0%	0	0.0%	n.a.
Deferred tax expense (-)	0	0.0%	-1,850	-3.6%	100.0%
Income tax directly recognised as income or expense	**0**	**0.0%**	**-1,850**	**-3.6%**	**100.0%**

For financial years 2019 and 2018, the total tax rate of the parent Company elumeo SE – including the statutory corporate income tax rate (15.00%) plus solidarity surcharge (5.50%) and trade tax (14.35%) – amounts to 30.175% in total.

The expected income taxes that would have arisen if the overall tax rate of elumeo SE of 30.175% had been applied to the earnings before taxes (EBT) of the elumeo Group can be reconciled to the actual income taxes as follows:

EUR thousand	1 Jan - 31 Dec 2019	1 Jan - 31 Dec 2018 restated*	YoY in %
Earnings before income tax (EBT) from continuing operations	-2,585	-18,642	86.1%
Earnings before income tax (EBT) from discontinued operations	0	-3,235	100.0%
Earnings before income tax (EBT)	**-2,585**	**-21,877**	**88.2%**
Total domestic income tax rate of elumeo SE	30.175%	30.175%	0.0%
Expected tax income (+)	780	6,601	-88.2%
Utilization of non-capitalised tax loss carryforwards	0	5	-100.0%
Unrecognised deferred tax assets on current local tax losses	-1,896	-5,911	67.9%
Tax decrease (+)/increase (-) resulting from temporary differences in measurement of inventories in commercial balance sheet II as well as due to interim profit elimination	645	-1,194	154.0%
Income tax rate differences	-152	237	-164.2%
Non-deductible expenses and tax-free income, net	419	-1,702	124.6%
Tax increase due to equity-settled share-based payments [IFRS 2]	-13	-61	78.7%
Tax increase due to investment promotion programmes	0	-184	100.0%
Tax decrease due to effects from deconsolidation	218	158	37.9%
Tax increase due to taxes for previous years	0	0	n.a
Effects of changes in income tax rates	0	0	n.a
Actual income tax (Effective tax rate: 0.0% in 2019 | -9.4% in 2018	**0**	**-2,050**	**100.0%**
Income tax directly recognised as income or expense	0	-1,850	100.0%
Income tax attributable to discontinued operations	0	-200	100.0%
Income tax	**0**	**-2,050**	**100.0%**

*) see Notes, section [B.: Basic principles of the Consolidated Financial Statements, Adjustment of prior-year figures.]

The preliminary amount of tax loss carryforwards in Germany for which no deferred tax assets have been recognised as of 31 December 2019 is approximately EUR 53.8 million (31 December 2018: EUR 51.5 million) for corporate income tax purposes and approximately EUR 52.2 million (31 December 2018: EUR 50.2 million) for trade tax purposes. Preliminary tax loss carryforwards of approximately EUR 24.5 million (31 December 2018: EUR 21.9 million) exist abroad.

Based on its analysis of compliance with country-specific tax regulations and transfer prices, the elumeo Group concludes that an adjustment of tax loss carryforwards for selected reporting periods is not probable in principle, but cannot be completely ruled out. On the other hand, the elumeo Group has determined that newly issued tax assessment notices have led to the loss of tax loss carryforwards at a subsidiary, for which the criteria for the tax loss carryforwards may not be met in the opinion of the elumeo Group. As a result, this could result in an increase in the unused tax loss carryforward.

The tax loss carryforwards can generally only be used by the company at which the tax losses arose and have not expired under applicable tax law. Due to corresponding domestic and foreign legal regulations, the tax losses carried forward in the elumeo Group can generally be offset against the future taxable profits of the respective companies for an unlimited period of time.

The deferred tax expenses of EUR 1,850 thousand in financial year 2018 result from the full recognition of deferred tax assets as expenses of the deferred tax assets as of 31 December 2017. These were still entirely attributable to the elimination of intercompany profits from Group deliveries included in finished goods and merchandise, insofar as these had not yet been realised by the sale of goods to end customers as of the balance sheet date. These were calculated on the basis of the respective corporate tax rate of the company that receives the delivery (purchaser) and realises the sale to third parties outside the Group (end customers).

The elumeo Group has not recognised deferred tax assets on deductible temporary differences in inventories (elimination of intercompany profits contained therein), short-term provisions (obligations in connection with the closure of the location in Rome) and the accounting treatment of leases in accordance with IFRS 16 (accounting for rights of use and lease liabilities). As of 31 December 2019, the assessment basis for such temporary differences amounts to approximately EUR 3.0 million (31 December 2018: EUR 4.3 million for inventories).

The elumeo Group has also not calculated any additional income or withholding taxes on retained earnings of foreign companies accumulated as of 31 December 2019 or on temporary differences in shares in foreign subsidiaries due to changes in exchange rates as in the previous year, because it is assumed that such differences can be controlled by a dividend policy. The basis of assessment of temporary differences on which no deferred tax liabilities were recognised amounted to approximately EUR 38.6 million as of 31 December 2019 (31 December 2018: EUR 38.8 million[restated*]).

(11) Personnel expenses

Personnel expenses (excluding expenses for equity-settled share-based payments) of the elumeo Group are comprised as follows for financial year 2019:

EUR thousand | % of revenue	1 Jan - 31 Dec 2019		1 Jan - 31 Dec 2018		YoY in %
Wages and salaries	7,840	17.8%	7,828	15.3%	0.2%
Social security contributions	1,538	3.5%	1,534	3.0%	0.3%
Personnel expenses	**9,378**	**21.3%**	**9,362**	**18.3%**	**0.2%**

The social security contributions include contributions to the statutory pension insurance of EUR 695 thousand (previous year: EUR 681 thousand).

(12) 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	**1 Jan - 31 Dec 2019**	1 Jan - 31 Dec 2018 restated*	YoY in %
Earnings of shareholders of elumeo SE from continuing operations	EUR thousand	-2,585	-20,491	87.4%
Earnings of shareholders of elumeo SE from discontinued operations	EUR thousand	0	-3,436	100.0%
Earnings of shareholders of elumeo SE	EUR thousand	-2,585	-23,927	89.2%
Average number of outstanding shares	thousands	5,500	5,500	0.0%
Earnings per share from continuing operations (basic and diluted)	EUR	**-0.47**	**-3.73**	**87.4%**
Earnings per share from discontinued operations (basic and diluted)	EUR	0.00	-0.62	100.0%
Earnings per share (basic and diluted)	EUR	**-0.47**	**-4.35**	**89.2%**

*) see Notes, section [B.: Basic principles of the Consolidated Financial Statements, Adjustment of prior-year figures.]

In the financial years 2015 to 2019, the Executive Board issued option rights to purchase shares of elumeo SE in a total of eight tranches from the Stock Option Programme 2015 ("SOP 2015"). The exercise of the option rights of each tranche after expiry of the vesting period ("service period") is linked to capital market-based performance targets ("performance target"). As of the balance sheet date, no option rights are exercisable because either the respective service period criterion and/or the respective capital market-based performance target has not been met.

The service period criterion is fulfilled for a total of 116,160 option rights of the first and second tranches as of 31 December 2019. The performance targets of all issued tranches, with the exception of the eighth tranche ("Tranche VIII/2015"), were not met as of the balance sheet date. The potential shares are therefore not to be taken into account in determining the diluted earnings per share, regardless of any possibly pro rata vesting that has already been made.

The performance target of Tranche VIII/2015 issued in financial year 2019 was met as of the balance sheet date. As of the balance sheet date however, no option rights were exercisable as the respective service period criterion was not met. Irrespective of this, according to the International Accounting Standard 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). The question of the dilutive effect of potential shares must be decided on the basis of the result from continuing operations (IAS 33.41). If, however, the conversion to shares results in an increase in earnings per share or a reduction in the loss per share, this is a case of dilution protection and the diluted earnings per share must be adjusted to the amount of basic earnings per share (IAS 33.43).

As a result, the diluted earnings per share correspond to the basic earnings per share. The number of potential shares that would have had to be taken into account in the event of a lack of protection against dilution was 6,396 (notional bonus shares) as of the balance sheet date. The average share price during the reporting period was used as fair value.

H. Notes to the Consolidated Statement of Financial Position

(13) Intangible assets

The following table shows the development of intangible assets in the reporting year:

EUR thousand	Intangible assets
Historical cost	
Balance: 1 Jan 2019	**1,381**
Additions	8
Disposals	0
Balance: 31 Dec 2019	**1,390**
Amortization	
Balance: 1 Jan 2019	**804**
Additions	96
Impairment	11
Disposals	0
Balance: 31 Dec 2019	**910**
Carrying amount	
Balance: 31 Dec 2018	**578**
Balance: 31 Dec 2019	**480**

Intangible assets acquired against payment mainly comprise licenses acquired against payment as well as application, office and ERP software, which are amortised over their expected useful lives.

Intangible assets developed as follows in 2018:

EUR thousand	Intangible assets
Historical cost	
Balance: 1 Jan 2018	**1,319**
Additions	81
Foreign currency translation differences	0
Effects in connection with the discontinued operation PWK under IFRS 5	-19
Balance: 31 Dec 2018	**1,381**
Amortization	
Balance: 1 Jan 2018	**564**
Additions	127
Impairment	125
Foreign currency translation differences	0
Effects in connection with the discontinued operation PWK under IFRS 5	-12
Balance: 31 Dec 2018	**804**
Carrying amount	
Balance: 31 Dec 2017	**755**
Balance: 31 Dec 2018	**578**

(14) Property, plant and equipment

The following table shows the development of property, plant and equipment in financial year 2019:

EUR thousand	Own land and buildings, leasehold improvements	Right of use (leases)	Construction in progress	Plant and machinery	Other equipment, furniture and fixtures	Plant and machinery (leases)	Total property, plant and equipment
Historical cost							
Balance: 1 Jan 2019	**1,474**	**0**	**13**	**1,835**	**2,257**	**1,091**	**6,671**
Additions	35	4,049	0	14	121	0	4,219
Disposals	-26	-839	0	-8	-72	0	-944
Reclassifications	0	0	-13	0	13	0	0
Change in scope of consolidation	-431	0	0	-84	-3	0	-518
Balance: 31 Dec 2019	**1,052**	**3,210**	**0**	**1,757**	**2,317**	**1,091**	**9,427**
Depreciation							
Balance: 1 Jan 2019	**1,007**	**0**	**0**	**1,362**	**1,678**	**416**	**4,464**
Additions	120	498	0	140	234	138	1,130
Impairment	37	704	0	31	40	0	813
Disposals	-26	-839	0	-8	-72	0	-944
Change in scope of consolidation	-431	0	0	-84	-3	0	-517
Balance: 31 Dec 2019	**707**	**363**	**0**	**1,443**	**1,878**	**554**	**4,944**
Carrying amount							
Balance: 31 Dec 2018	**467**	**0**	**13**	**472**	**579**	**675**	**2,207**
Balance: 31 Dec 2019	**345**	**2,847**	**0**	**314**	**439**	**538**	**4,483**

The impairments and disposals of rights of use and the impairment of other tangible fixed assets are connected with the closure of the location in Rome.

The following table shows the development of property, plant and equipment in financial year 2018:

EUR thousand	Own land and buildings, leasehold im-provements	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	73	13	110	194	15	406
Disposals	0	0	-59	-99	-46	-204
Reclassifications	0	0	73	5	-77	0
Foreign currency translation differences	142	0	18	45	-1	204
Effects in connection with the discontinued operation PWK under IFRS 5	-5,890	0	-829	-1,993	0	-8,711
Balance: 31 Dec 2018	**1,474**	**13**	**1,835**	**2,257**	**1,091**	**6,671**
Depreciation						
Balance: 1 Jan 2018	**1,136**	**0**	**1,701**	**2,448**	**318**	**5,603**
Additions	226	0	264	561	145	1,196
Impairment	0	0	0	2	0	2
Disposals	0	0	-54	-95	-47	-196
Foreign currency translation differences	6	0	9	21	0	36
Effects in connection with the discontinued operation PWK under IFRS 5	-361	0	-558	-1,258	0	-2,177
Balance: 31 Dec 2018	**1,007**	**0**	**1,362**	**1,678**	**416**	**4,464**
Carrying amount						
Balance: 31 Dec 2017	**6,013**	**0**	**821**	**1,657**	**883**	**9,374**
Balance: 31 Dec 2018	**467**	**13**	**472**	**579**	**675**	**2,207**

(15) Inventories

Inventories on the respective reporting dates are as follows:

EUR thousand | % of balance sheet total	31 Dec 2019		31 Dec 2018		YoY in %
Raw materials, consumables and supplies	382	1.8%	467	1.6%	-18.3%
Unfinished goods	800	3.7%	566	2.0%	41.3%
Finished goods and merchandise	12,202	56.5%	19,411	67.3%	-37.1%
Advance payments	9	0.0%	9	0.0%	-5.3%
Inventories	**13,392**	**62.0%**	**20,453**	**71.0%**	**-34.5%**

The elumeo Group reviewed inventories for possible impairment. As a result, it was determined that the net realisable value of inventories exceeded the acquisition and production costs of the elumeo Group. As in the previous year, there was no need for impairment as of the balance sheet date.

As of 31 December 2019, financial liabilities (EUR 446 thousand) (31 December 2018: EUR 2,000 thousand) are fully secured in the form of a transfer of inventories from a subsidiary.

(16) Trade receivables

EUR thousand | % of balance sheet total	31 Dec 2019		31 Dec 2018		YoY in %
Receivables due from end customers and payment merchants	1,344	6.2%	1,363	4.7%	-1.4%
Receivables from B2B business	55	0.3%	54	0.2%	2.0%
Trade receivables	**1,398**	**6.5%**	**1,416**	**4.9%**	**-1.2%**

Trade receivables are due in the short term.

In the year under review, the Consolidated Statement of Income included EUR 0 thousand (previous year: EUR 2 thousand) for expenses from additions to the value adjustments on trade receivables from end customers and payment processing service providers and EUR 0 thousand (previous year: EUR 6 thousand) on receivables from the B2B business.

In financial year 2018, a cooperation partner terminated the cooperation with the elumeo Group. The receivables from the cooperation partner outstanding as of 31 December 2018 (EUR 81 thousand) were offset against trade payables (EUR 68 thousand) and a net receivable (EUR 13 thousand) was written down due to uncollectibility.

In addition, EUR 2 thousand in income from the reversal of write-downs on recoverable receivables (previous year: EUR 2 thousand) and for receivables from the B2B business of EUR 6 thousand (previous year: EUR 0 thousand) was realised, which had been initially written down as of 31 December 2018 and finally derecognised in 2019.

As of the reporting date, the receivables in the elumeo Group were therefore impaired by a cumulative amount of EUR 20 thousand (31 December 2018: EUR 28 thousand).

Expenses from the derecognition of trade receivables due to uncollectibility amounted to EUR 4 thousand (previous year: EUR 4 thousand) for trade receivables and EUR 6 thousand (previous year: EUR 0 thousand) for receivables from the B2B business in the reporting period. As in the previous year, there are no material overdue receivables that have not been written down.

Expenses arising from additions to valuation allowances and from the derecognition of receivables are recorded under administrative expenses.

The elumeo Group concluded a trading agreement with two cooperating payment service providers in 2015. The purpose of the contract was the expansion of the payment system of the subsidiary Juwelo Deutschland GmbH, Berlin, ("Juwelo Deutschland") to include the payment methods "purchase on account" and "instalment payment." The requirements of IFRS 9 for the derecognition of the assigned receivables had been met as of 31 December 2019 as in the previous year.

As a result of the assignment, the contractual right to receive the cash flows from the financial asset is transferred to the debt purchaser (factor). In addition, all risks and rewards incidental to the ownership of the financial asset are transferred. In particular, the risk of default, meaning the risk of the customer's insolvency, is completely with the factor (real factoring with open claims assignment). There is no "continuing involvement" in the transferred asset.

In financial year 2019, gross claims (including VAT and after returns) in the amount of around EUR 16.8 million (previous year: around EUR 15.0 million) were settled by way of factoring transactions by the factor. The purchase price discounts (debt discounts) recorded for this purpose are recorded under selling expenses.

(17) Receivables due from related parties

Receivables from related parties in the amount of EUR 1 thousand relate to receivables from a service agreement (31 December 2018: EUR 12 thousand from one-time personnel expenses charged to related parties).

In 2018, old receivables from the purchase and sale of merchandise were fully written down individually. The expenses were reported under administrative expenses.

(18) Other financial assets

Other financial assets comprise the following:

EUR thousand | % of balance sheet total	31 Dec 2019		31 Dec 2018		YoY in %
Security deposits and other warranties	153	0.7%	3	0.0%	n.a.
Receivables due from employees	45	0.2%	55	0.2%	-19.2%
Current other financial assets	**198**	**0.9%**	**58**	**0.2%**	**240.8%**
Security deposits and other warranties	162	0.8%	392	1.4%	-58.7%
Receivables due from employees	15	0.1%	17	0.1%	-10.1%
Non-current other financial assets	**177**	**0.8%**	**409**	**1.4%**	**-56.7%**
Other financial assets	**375**	**1.7%**	**467**	**1.6%**	**-19.7%**

In financial year 2019, no other financial assets were subject to specific valuation allowances (previous year: EUR 9 thousand). Expenses from derecognition due to uncollectibility amounted to EUR 1 thousand (previous year: EUR 8 thousand). In addition, income from the reversal of write-downs on other financial assets of EUR 9 thousand, which had been written down as of 31 December 2018, was realised in the year under review. No write-downs on other financial assets were necessary in the year under review because they have either a short-term maturity or bear interest and there are no significant risks of the assets possibly becoming uncollectible.

(19) Other non-financial assets

EUR thousand | % of balance sheet total	31 Dec 2019		31 Dec 2018		YoY in %
Receivables from taxes	93	0.4%	448	1.6%	-79.3%
Deferred expenses	85	0.4%	137	0.5%	-37.6%
Other advance payments	122	0.6%	305	1.1%	-60.1%
Creditors with debit balances	24	0.1%	2	0.0%	n.a.
Miscellanous other receivables	4	0.0%	13	0.0%	-64.3%
Current other non-financial assets	**328**	**1.5%**	**905**	**3.1%**	**-63.8%**
Receivables from taxes	247	1.1%	0	0.0%	n.a.
Non-current other non-financial assets	**247**	**1.1%**	**0**	**0.0%**	**n.a.**
Other non-financial assets	**574**	**2.7%**	**905**	**3.1%**	**-36.5%**

As of 31 December 2019, current other assets included a full allowance for other specific receivables of EUR 16 thousand (31 December 2018: EUR 17 thousand) in connection with a legal dispute. In the year under review, income of EUR 1 thousand was generated from the partial receipt of these value-adjusted receivables. In addition, expenses from the derecognition of other assets of EUR 12 thousand were recorded in the year under review. The other assets for which specific valuation allowances were recognised as of 31 December 2019 remain unchanged at EUR 24 thousand (31 December 2018: EUR 24 thousand).

(20) Cash and cash equivalents

Cash and cash equivalents include bank balances, checks and cash.

(21) Equity

Subscribed capital

Issued capital of elumeo SE on 31 December 2019 totalled EUR 5,500,000 (31 December 2018: 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. The Company is authorised pursuant to Section 71 para. 1 no. 8 of the German Stock Corporation Act (AktG) to acquire treasury shares in a volume of up to 10.0% of the capital issued as of the date of the resolution up until 6 April 2020. No treasury shares were held on 31 December 2019 as before.

Capital reserve

The capital reserve amounted to EUR 34,423 thousand on 31 December 2019 (31 December 2018: EUR 34,380 thousand). In financial year 2019, the capital reserve was allocated exclusively from share-based payment in accordance with IFRS 2 of EUR 43 thousand (previous year: EUR 201 thousand).

Authorised Capital, Contingent Capital, convertible bonds and bonds with warrants

The Executive Board was authorised by resolution of the Extraordinary General Meeting on 7 April 2015 to increase the subscribed capital of elumeo SE by a total of EUR 2,000,000 by issuing up to 2,000,000 new no-par value bearer shares in exchange for cash and/or cash in kind (Authorised Capital 2015) by 6 April 2020.

The Executive Board was also authorised to issue convertible bonds or warrant bonds up until 6 April 2020 denominated in the bearer's name in a total amount of up to EUR 150.0 million and to issue to the bearers or creditors conversion rights or option rights to subscribe to up to 1,600,000 new no-par value bearer shares with a pro-rata share in the issued capital of up to EUR 1,600,000 (Contingent Capital 2015/I). As of 31 December 2019, no bonds had been issued.

Furthermore, the Executive Board was authorised to grant options to subscribe to up to 400,000 new, no-par value bearer shares in the Company (Stock Option Programme 2015) up until 6 April 2020. In this context, the subscribed capital of the Company may be conditionally increased by up to EUR 400,000 by issuing new shares (Contingent Capital 2015/II). The Contingent Capital 2015/II can only be used to grant new shares to the holders of option rights from the 2015 Stock Option Programme ("SOP 2015").

The Executive Board issued the following option rights from the SOP 2015 by 31 December 2019:

- 1 July 2015: a total of 151,000 option rights to subscribe for 151,000 shares with a pro-rata share in the issued capital of EUR 151,000 ("Tranche I/2015") and after the end of the vesting period exercise price of EUR 25.00 of the shares payable upon exercise of stock options,
- 23 December 2015: 10,000 option rights to purchase 10,000 shares with a pro-rata share in the issued capital of EUR 10,000 ("Tranche II/2015"). The payable exercise price was EUR 19.64 per share,
- 18 July 2016: 128,500 option rights to purchase 128,500 shares with a pro-rata share in the issued capital of EUR 128,500 ("Tranche III/2015"). The payable exercise price was EUR 6.39 per share,

- 30 August 2017: 8,000 option rights to purchase 8,000 shares with a pro-rata share in the issued capital of EUR 8,000 ("Tranche IV/2015"). The payable exercise price was EUR 7.72 per share,
- 20 November 2017: 10,000 option rights to purchase 10,000 shares with a pro-rata share in the issued capital of EUR 10,000 ("Tranche V/2015"). The payable exercise price was EUR 9.95 per share,
- 8 October 2018: 2,000 option rights to purchase 2,000 shares with a pro-rata share in the issued capital of EUR 2,000 ("Tranche VI/2015"). The payable exercise price was EUR 1.95 per share,
- 22 November 2018: 20,000 option rights to purchase 20,000 shares with a pro-rata share in the issued capital of EUR 20,000 ("Tranche VII/2015"). The payable exercise price was EUR 1.73 per share:
- 18 November 2019: 40,000 option rights to purchase 40,000 shares with a pro-rata share in the issued capital of EUR 40,000 ("Tranche VIII/2015"). The payable exercise price was EUR 1.00 per share.

Due to the premature departure of employees, the number of option rights outstanding as of 31 December 2019 differs from the number of option rights originally issued.

(22) Share-based remuneration

Preliminary remarks

The share-based remuneration pledged by elumeo SE from the SOP 2015 represents equity-settled remuneration involving the Company's own equity instruments.

Stock Option Programme 2015

The option rights issued from the SOP 2015 entitle the Managing Directors and employees of elumeo SE and the Managing Directors and select employees of subsidiaries of elumeo SE to acquire a total of 272,602 shares of elumeo SE (31 December 2018: 263,819 shares) as of the reporting date. The option rights become exercisable subject to the condition that the beneficiaries firstly serve the required service period of each individual partial tranche, secondly, the capital market-based performance target set out in the SOP 2015 is met, thirdly, the standstill period has elapsed, and fourthly a fixed overall gain from the exercise of option rights is not exceeded (exercise barrier). Each option right entitles to subscribe for one share with a pro-rata share in the issued capital of EUR 1.00 per share. The issue of remuneration commitments from the SOP 2015 has not been completed as of the reporting date.

The number of outstanding option rights under the SOP 2015 developed as follows:

Reason for change	Number of option rights	Weighted average exercise price in EUR
Number of option rights outstanding on 1 January 2019	**263,819**	**14.31**
Option rights granted during the reporting period	40,000	1.00
Option rights forfeited during the reporting period	-31,217	4.53
Number of option rights outstanding on 31 December 2019	**272,602**	**13.48**
Number of option rights outstanding on 1 January 2018	**257,879**	**14.93**
Option rights granted during the reporting period	22,000	1.75
Option rights forfeited during the reporting period	-16,060	6.97
Number of option rights outstanding on 31 December 2018	**263,819**	**14.31**

The equity-settled remuneration commitments made by elumeo SE were granted at different points in time. The beneficiaries may exercise non-forfeitable exercisable option rights at any time within ten years (beginning on the date of granting). The option rights may be exercised against payment of the exercise price.

As of 31 December 2019, the weighted average remaining term until the expiry date of the outstanding option rights is approximately 6.60 years (31 December 2018: approximately 7.30 years). As of the reporting date, no option rights may be exercised. The weighted average fair value of an option right granted in financial year 2019 (here: Tranche VIII/2015) is EUR 0.56 (previous year: EUR 2.65 (here: Tranche VI/2015 and Tranche VII/2015)). The fair value of an option right is made up of the intrinsic value and fair value multiplied by the probability of the expected achievement of the service condition. The fair value of the outstanding option rights of the seven tranches in total as of the reporting date amounted to EUR 1,415 thousand (31 December 2018: EUR 1,493 thousand) as of the grant date.

The fair value of the option rights on the grant date was calculated using a Black-Scholes option pricing model.

The scenario-weighted input parameters used for the valuation of the option rights granted are summarised below:

Weighted parameters SOP 2015 for the option rights granted in financial year 2019	Tranche VIII/2015
Weighted average share price in EUR	0.95
Weighted average exercise price in EUR	1.00
Expected volatility in %	63.75%
Expected option term in years	6.85
Expected dividend in %	0.00%
Risk-free interest rate with equivalent term incl. risk-premium in %	0.65%
Weighted average rate of fluctuation in %	0.00%

Weighted parameters SOP 2015 for the option rights granted in financial year 2018	Tranche VI/2015	Tranche VII/2015
Weighted average share price in EUR	3.79	3.79
Weighted average exercise price in EUR	1.95	1.73
Expected volatility in %	47.00%	47.00%
Expected option term in years	6.85	6.85
Expected dividend in %	0.00%	0.00%
Risk-free interest rate with equivalent term incl. risk-premium in %	2.40%	2.40%
Weighted average rate of fluctuation in %	25.00%	25.00%

The input parameters that form the basis of the valuation model were derived as follows:

- The share value applied was determined transaction-based on the basis of historical share purchases.
- The expected volatility is based on historical data of listed peer group companies.
- The expected option terms and the probability of the term-dependent scenario calculations were estimated.
- The term-equivalent, risk-free interest rate was calculated based on the Svensson method and increased by a risk premium due to the overall low interest rate level and the current capital market situation.

In financial year 2019, expenses of EUR 43 thousand (previous year: EUR 201 thousand) were recognised for equity-settled share-based remuneration from the SOP 2015.

(23) Financial debt

Financial debt includes the following items:

EUR thousand | % of balance sheet total	**31 Dec 2019**		31 Dec 2018		YoY in %
Bank liabilities:					
Interest liabilities	1	0.0%	0	0.0%	n.a.
Current loans and current portion of non-current loans	446	2.1%	2,000	6.9%	-77.7%
Current financial debt	**447**	**2.1%**	**2,000**	**6.9%**	**-77.6%**
Financial debt	**447**	**2.1%**	**2,000**	**6.9%**	**-77.6%**

The interest rate of the short-term loans outstanding as of 31 December 2019, which have a remaining term of up to three months, is variable with an interest premium of 5.00 percentage points p.a. on the base interest rate or a total of 4.12% p.a. as of 31 December 2019 (31 December 2018: 4.12% p.a.).

As was the case on the previous year's balance sheet date, the loan liabilities were fully secured by subsidiaries of elumeo SE in the form of a transfer of inventories (merchandise) and directly enforceable guarantees. The collateral risk in connection with inventories amounts to the loan amount (EUR 446 thousand).

(24) Other financial liabilities

Other financial liabilities comprise the following:

EUR thousand | % of balance sheet total	31 Dec 2019		31 Dec 2018		YoY in %
Current portion of non-current lease liabilities	316	1.5%	253	0.9%	24.8%
Credit card liabilities	4	0.0%	7	0.0%	-48.1%
Current other financial liabilities	**319**	**1.5%**	**260**	**0.9%**	**22.9%**
Lease liabilities	2,596	12.0%	0	0.0%	n.a.
Non-current other financial liabilities	**2,596**	**12.0%**	**0**	**0.0%**	**n.a.**
Other financial liabilities	**2,915**	**13.5%**	**260**	**0.9%**	**n.a.**

The short-term components of interest-bearing lease liabilities (finance leases) recognised as of 31 December 2018 relate to semi-automated picking, storage and conveyor systems (technical equipment) acquired in financial year 2015. The elumeo Group accordingly recognised a lease liability to the lessor in the amount of the acquisition costs (before interest expenses) under other financial liabilities. Financing is provided over a contract period of 48 months in monthly annuities. Due to the fundamental structure of the underlying leases, in particular the interest and repayment terms, the carrying amounts as of the balance sheet dates approximately correspond to the fair values. The lease liabilities were repaid in full in financial year 2019.

The lease liabilities newly recognised as of 1 January 2019 in accordance with IFRS 16 relate to leased premises (real estate contracts). At the balance sheet date, the lease liabilities result exclusively from the rights of use from real estate contracts at the headquarters of the elumeo Group. The lease liabilities have a remaining term of around eight years on the balance sheet date.

(25) Provisions

Provisions developed as follows in financial year 2019:

EUR thousand	Carrying amount 1 Jan 2019	Addi-tions	Effects from interest	Re-classifi-cations	Reversal	Usage	Carrying amount 31 Dec 2019
Expected customer returns	568	433	0	0	0	-568	433
Obligations arising from non-cancellable contracts, severance payments as well as other obligations in connection with the closure of the location in Rome	0	786	0	6	0	0	792
In terms of nature, amount and utilization uncertain obligations in connection with the discontinued operation PWK	300	175	0	0	0	-300	175
Current provisions	**868**	**1,394**	**0**	**6**	**0**	**-868**	**1,400**
Liabilities due to employees from benefits related to retirement	50	3	0	-6	0	-47	0
In terms of nature, amount and utilization uncertain obligations in connection with the discontinued operation PWK	7,405	0	30	0	-2,908	0	4,528
Non-current provisions	**7,455**	**3**	**30**	**-6**	**-2,908**	**-47**	**4,528**
Provisions	**8,323**	**1,397**	**30**	**0**	**-2,908**	**-914**	**5,928**

Expected customer returns

The elumeo Group records obligations resulting from the right of its customers to return delivered products within a period of 14 days after receipt of the delivery. The amount of the provision was estimated on the basis of historical experience and takes a longer right to return products during the Christmas business into consideration.

Obligations of the Italian subsidiary from non-cancellable contracts and severance payments as well as other obligations in connection with the closure of the location

The Executive Board decided to close the location in Rome in November 2019. In this connection, provisions for obligations arising from non-cancellable contracts and severance payments as well as other obligations totalling EUR 786 thousand were recognised as an expense. All provisions have a term of less than one year. The Italian subsidiary no longer had any operating business of its own as of the balance sheet date. The elumeo Group therefore assumes that the financial resources required to meet the obligations will be provided by other companies in the elumeo Group.

Obligations uncertain in terms of nature, amount and utilisation in connection with the discontinued operation PWK

As described in section [F. Significant discretionary decisions, estimates and assumptions], the implementation of the resolution of the Executive Board of elumeo SE on the orderly liquidation of PWK under its own management provided an estimate of the financial impact of this winding-up in financial year 2018. The corresponding estimate of the financial impact took into account the existing assets and liabilities of PWK as well as the collateral conditions at the level of PWK (collateral of PWK for third parties). Furthermore, estimated costs of the orderly liquidation, liabilities arising in the course of the liquidation as well as effects on profit or loss which are to be assumed from a loss of control of the company were taken into account.

Due to the legal form of PWK (limited company) and the collateralisation of PWK's liabilities (limitation to assets of PWK), the Executive Board of elumeo SE assumed as of 31 December 2018 that there was a risk of future payments of Group companies of the elumeo Group to PWK or third parties in the amount of up to EUR 7,7 million. The costs of legal advice and legal disputes of EUR 0.3 million included in this amount were classified as short-term, due within one financial year. For all other cost components, the elumeo Group assumed that a payment could only be made from a period after 2022. Accordingly, these payments were discounted to the balance sheet date and recognised at their present value.

Significant uncertainties regarding the estimated payments result from the timing of the settlement as well as the assumption that settlement is under its own management. An adjustment of the estimates regarding the timing of the settlement can only lead to a significant reduction in the estimated pay-outs. As described in [A. Discontinued operations of elumeo Group], an orderly liquidation of PWK under its own management as of 31 December 2019 is almost certainly no longer feasible. An adjustment of the assumption for liquidation under its own management would lead to a number of legal scenarios which, due to the limitation of liability of the legal form of PWK, cannot lead to an increase in the expected payments. With the elimination of third-party claims against PWK, which were satisfied through access to PWK's assets, the amount of the provisions was reduced to EUR 4.7 million.

The current provisions of EUR 300 thousand reported as of 31 December 2018 for costs of legal advice and litigation were fully utilised in the reporting period under review. As of 31 December 2019, the elumeo Group again formed provisions of EUR 175 thousand.

The following table shows the development of provisions in financial year 2018:

EUR thousand	Carrying amount 1 Jan 2018	Additions	Reversal	Usage	Foreign currency effects	Effects in connection with the discontinued operation PWK under IFRS 5	Carrying amount 31 Dec 2018
Expected customer returns	547	568	0	-547	0	0	568
In terms of nature, amount and utilization uncertain obligations in connection with the discontinued operation PWK	0	300	0	0	0	0	300
Current provisions	**547**	**868**	**0**	**-547**	**0**	**0**	**868**
Liabilities due to employees from benefits related to retirement	676	105	0	-2	16	-745	50
In terms of nature, amount and utilization uncertain obligations in connection with the discontinued operation PWK	0	7,405	0	0	0	0	7,405
Non-current provisions	**676**	**7,510**	**0**	**-2**	**16**	**-745**	**7,455**
Provisions	**1,223**	**8,378**	**0**	**-549**	**16**	**-745**	**8,323**

(26) Liabilities due to related parties

As of 31 December 2019, liabilities due to related parties amounted to EUR 43 thousand (31 December 2018: EUR 57 thousand). These relate to service relationships with Spreekanal Berlin GmbH, Berlin, Germany, (31 December 2018: UV Interactive Services GmbH, Berlin, Germany) and resulted from TV broadcasting services. The liabilities as of 31 December 2018 were paid in full in the reporting year.

(27) Tax liabilities

Since 31 December 2017, the elumeo Group has reported deferred tax liabilities for potential income tax risks relating to the financial years 2014 and 2015 in connection with an external tax audit at the subsidiary in Italy. A dispute settlement procedure (EU Arbitration Convention) was initiated on the results of the external audit. The elumeo Group assumes that the tax liabilities will continue to be due within one year.

(28) Other non-financial liabilities

Other non-financial liabilities are as follows as of the respective balance sheet date:

EUR thousand | % of balance sheet total	31 Dec 2019		31 Dec 2018		YoY in %
Debtors with credit balances	460	2.1%	235	0.8%	95.5%
Other accrued liabilities	825	3.8%	562	1.9%	46.9%
Liabilities from value added tax	532	2.5%	272	0.9%	95.4%
Liabilities from other taxes	126	0.6%	109	0.4%	15.2%
Liabilities to employees	147	0.7%	160	0.6%	-8.1%
Miscellanous other liabilities	30	0.1%	29	0.1%	6.0%
Current other non-financial liabilities	**2,119**	**9.8%**	**1,366**	**4.7%**	**55.1%**
Other accrued liabilities	25	0.1%	25	0.1%	0.0%
Non-current other non-financial liabilities	**25**	**0.1%**	**25**	**0.1%**	**0.0%**
Other non-financial liabilities	**2,144**	**9.9%**	**1,391**	**4.8%**	**54.1%**

(29) Notes to the Consolidated Statement of Cash Flows

General information

The Consolidated Statement of Cash Flows was prepared in compliance with IAS 7 *Statement of Cash Flows* and shows the changes in the level of unrestricted cash and cash equivalents of the elumeo Group due to inflows and outflows during the reporting period under review.

According to IAS 7, cash flows are reported separately according to their source and use in operating activities, investing and financing activities. The inflows and outflows from operating activities are derived indirectly based on earnings before income taxes (EBT). The inflows and outflows from investing and financing activities are determined directly. Cash and cash equivalents include unrestricted cash, checks and bank balances.

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

Net cash flow from financing activities from continuing operations is comprised of payments from the repayment of financial liabilities of EUR -1,554 thousand (previous year: EUR -3,000 thousand) (working capital loans from Berliner Sparkasse) and other financial liabilities of EUR -670 thousand (previous year: EUR -317 thousand) (mainly lease liabilities). The payments for lease liabilities relate to lease liabilities for plant and machinery of EUR -253 thousand (previous year: EUR -318 thousand) and lease liabilities from rights of use from real estate contracts of EUR -414 thousand (previous year: EUR 0 thousand).

The change in cash and cash equivalents due to changes in the scope of consolidation amounts to EUR -16 thousand and relates exclusively to the discontinued operation UK.

Cash and cash equivalents as of the balance sheet date result from the asset-side balance sheet items of freely available cash and cash equivalents of EUR 880 thousand (31 December 2018: EUR 2,608 thousand). As of the balance sheet date, there were no negative components of cash and cash equivalents in the form of short-term overdrafts.

Changes in liabilities from financing activities

EUR thousand	Carrying amount 1 Jan 2019	Cash flow from financing activities	Foreign currency translation effects (OCI)	Additions (non-cash)	Reclassifications and Others	Effects in connection with the closure of the location in Rome	Carrying amount 31 Dec 2019
Current other financial liabilities (excluding following item)	7	-3	0	0	0	0	4
Current portion of non-current lease liabilities (plant and machinery)	253	-253	0	0	0	0	0
Current portion of non-current lease liabilities (right of use)	0	-414	0	521	330	-121	316
Non-current lease liabilities (right of use)	0	0	0	3,528	-330	-602	2,596
Current financial debt (excluding following item)	0	0	0	0	1	0	1
Current loans and current portion of non-current loans	2,000	-1,554	0	0	0	0	446
Liabilities from financing activities of continuing operations	**2,260**	**-2,224**	**0**	**4,049**	**1**	**-724**	**3,362**
Liabilities from financing activities of discontinued operations	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total liabilities from financing activities	**2,260**	**-2,224**	**0**	**4,049**	**1**	**-724**	**3,362**

EUR thousand	Carrying amount 1 Jan 2018	Cash flow from financ-ing activities	Foreign currency trans-lation effects (OCI)	Changes in fair value measure-ment	Reclassi-fications and Others	Effects in con-nection with the discon-tinued operation PWK under IFRS 5	Carrying amount 31 Dec 2018
Current other financial liabilities (excluding following item)	5	1	0	0	0	0	7
Current portion of non-current finance lease liabilities	298	-299	0	0	253	0	253
Non-current finance lease liabilities	273	-20	0	0	-253	0	0
Current loans and current portion of non-current loans	5,000	-3,000	0	0	0	0	2,000
Liabilities from financing activities of continuing operations	**5,577**	**-3,317**	**0**	**0**	**0**	**0**	**2,260**
Current other financial liabilities (Liabilities directly associated with assets held for sale)	9	-9	0	0	0	0	0
Current financial debt (excluding following item)	17	0	1	0	11	-28	0
Current loans and current portion of non-current loans	2,560	1,024	177	0	388	-4,150	0
Non-current loans	3,382	0	170	0	-388	-3,164	0
Liabilities from financing activities of discontinued operations	**5,967**	**1,016**	**349**	**0**	**11**	**-7,342**	**0**
Total liabilities from financing activities	**11,543**	**-2,301**	**349**	**0**	**11**	**-7,342**	**2,260**

Currency translation differences arising from the translation of financial statements prepared in foreign currencies are recognised under the item *Foreign currency translation effects (Other comprehensive income (OCI))*. The changes in liabilities from financing activities in financial years 2019 and 2018 do not include any amounts from changes in exchange rates recognised as profit or loss in the Consolidated Statement of Income.

The item *Reclassifications and Others* includes the effects of the reclassification of non-current financial liabilities (investment and working capital loans) and other financial liabilities (lease liabilities) to current liabilities as well as accrued and unpaid interest on interest-bearing loans. The elumeo Group classifies interest paid as cash flows from operating activities.

(30) Further disclosures on financial instruments

Disclosure of the fair values of financial instruments

All financial assets and financial liabilities are allocated to the category "at amortised cost." The carrying amounts correspond to the fair values.

Measurement hierarchy in accordance with IFRS 13

With regard to the determination of the fair values of the financial instruments of the elumeo Group that are not measured at fair value in the Consolidated Statement of Financial Position but whose fair value is disclosed in the Notes, there were no reclassifications between the measurement hierarchies in accordance with IFRS 13 in 2019.

Net results from financial instruments

The net gains and losses from financial assets and financial liabilities from continuing operations include the following effects from interest payments, impairments, write-offs and exchange rate changes recognised in the Consolidated Statement of Income:

EUR thousand	Net gains/losses		
Financial assets	Net interest income	Net currency translation effects	Valuation allowances/ write-offs
Statement of financial position as of 31 Dec 2019			
Cash and cash equivalents	0	0	-3
Trade receivables	0	3	-3
Other financial assets	0	4	-1
Total	**0**	**7**	**-7**

EUR thousand	Net gains/losses		
Financial liabilities	Net interest expenses	Net currency translation effects	Valuation allowances/ write-offs
Statement of financial position as of 31 Dec 2019			
Financial debt	-47	0	0
Trade payables	-11	-18	0
Other financial liabilities	-149	0	0
Total	**-207**	**-18**	**0**

Furthermore, the elumeo Group has written down receivables from a deconsolidated subsidiary in the UK in the amount of EUR 264 thousand as of 31 December 2019. The receivables resulted from the payment of liabilities due to third parties.

EUR thousand	Net gains/losses		
Financial assets	Net interest income	Net currency translation effects	Valuation allowances/ write-offs
Statement of financial position as of 31 Dec 2018			
Cash and cash equivalents	0	-38	0
Trade receivables	0	2	-22
Receivables due from related parties	0	0	-224
Other financial assets	0	-5	-17
Total	**0**	**-41**	**-264**

EUR thousand	Net gains/losses		
Financial liabilities	Net interest expenses	Net currency translation effects	Valuation allowances/ write-offs
Statement of financial position as of 31 Dec 2018			
Financial debt	-202	0	0
Payables due to related parties	0	0	0
Trade payables	0	-52	0
Other financial liabilities	-17	0	0
Total	**-220**	**-52**	**0**

I. Other notes

Management of financial risks

In the course of its ordinary business activities, the elumeo Group is exposed to a variety of financial risks: default risks, liquidity risks and market risks (including interest rate risk and foreign exchange rate risk). Financial risk management is aimed at limiting the risks arising from business operations, and which result from potential negative impacts on earnings and the liquidity situation, by monitoring and taking appropriate action.

Market risks

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument may fluctuate due to changes in market prices. Market risks include the currency risk, interest rate risk and other price risks. In the course of its ordinary activities, the elumeo Group is primarily exposed to market risk in the form of changes in foreign exchange rates and interest rates.

Currency risks

IFRS 7 basically defines currency risk as the risk of changes in foreign exchange rates. Foreign exchange rate risk arises on monetary financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. The foreign currency represents the variable risk factor. Risks arising from translation to the reporting currency do not constitute risks.

The currency risk can generally be grouped into two types of risk: translation risk and transaction risk. Translation risk describes the risk of changes in items recognised in the Statement of Financial Position or the Statement of Income of a subsidiary as a result of changes in exchange rates when translating the separate financial statements of the local entity to the functional currency of the elumeo Group. The changes resulting from currency fluctuations arising from the translation of items in the Statement of Financial Position are recognised in equity.

Transaction risk exists in that fluctuations in exchange rates may lead to changes in the value of future cash inflows or outflows denominated in foreign currencies. The elumeo Group makes purchases in foreign currencies to a small extent. No currency hedges are applied to these transactions.

In the previous year, the elumeo Group was still exposed to currency risks from the Thai baht (THB), the US dollar (USD) and the British pound (GBP) with regard to translation risk and transaction risk. Hedging the risks was initially considered inappropriate due to the large number of individual transactions that could not be planned and the absence of net risks that pose a threat to the continued existence of the Company from THB, USD and GBP transactions with third parties outside the Group.

As a result of the discontinuation of the production activities in Thailand in November 2018, the elumeo Group was for the first time no longer directly exposed to currency risks from the THB in financial year 2019 because, with only a few exceptions, purchases from new strategic partners were made in the functional currency EUR. Irrespective of this, the production of the products by third parties will continue to take place in economic areas with foreign currencies in the future, so that it is to be expected that the new partners and suppliers could pass on the inherent currency risk, in particular the transaction risk, in whole or in part to the elumeo Group.

In financial year 2019, the elumeo Group was no longer exposed to significant direct currency risks.

The currency sensitivity of the elumeo Group is determined by aggregating all foreign currency items that are not shown in the functional currency of the elumeo Group. The fair values of the foreign currency positions included are measured at exchange rates on the reporting date and at sensitivity rates. The difference between these valuations represents the effects on the earnings and equity of the elumeo Group.

The foreign currency exposures of the elumeo Group (previous year: including discontinued operations) from the foreign currency positions of financial instruments (before intra-Group assets and liabilities) in USD and GBP are as follows:

EUR thousand	31 Dec 2019	31 Dec 2018	YoY in %
Financial items in GBP			
Other financial assets	7	62	-88.7%
Cash and cash equivalents	17	12	43.8%
Trade payables	-5	-17	69.5%
Other non-financial liabilities	-3	-16	82.4%
Assets held for sale	0	179	-100.0%
Liabilities directly associated with assets held for sale	0	-963	100.0%
Foreign currency exposure in GBP	**56**	**-743**	**107.5%**

EUR thousand	31 Dec 2019	31 Dec 2018	YoY in %
Financial items in USD			
Trade receivables	55	54	2.6%
Other financial assets	3	3	-10.6%
Other non-financial assets	247	242	2.0%
Cash and cash equivalents	40	92	-56.2%
Trade payables	-154	-445	65.4%
Other non-financial liabilities	-6	-1	-904.9%
Foreign currency exposure in USD	**185**	**-55**	**438.2%**

The following table shows the effects of a ± 10.0% change in the USD exchange rates on the Consolidated Statement of Income (including discontinued operations) and equity (previous year: including the discontinued operation UK):

EUR thousand		**1 Jan - 31 Dec 2019**		1 Jan - 31 Dec 2018	
Currency	Foreign currency effect	Equity	Earnings	Equity	Earnings
USD	10.0% increase in EUR exchange rate	92	10	81	33
	10.0% decrease in EUR exchange rate	-92	-10	-81	-33
GBP	10.0% increase in EUR exchange rate	n.a.	0	537	193
	10.0% decrease in EUR exchange rate	n.a.	0	-537	-193

(The figures stated under equity comprise both the amounts recognised in the foreign currency translation reserve that do not affect earnings and those that do affect earnings in the Consolidated Statement of Income).

Interest rate risk

IFRS 7 defines interest rate risk as the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Hence interest rate risk comprises the effects of positive or negative changes in interest rates on earnings, equity or cash flows in the current reporting period or in future reporting periods.

The elumeo Group is exposed to interest rate risk in the form of financial investments (cash and cash equivalents) and financial liabilities, which are comprised mainly of borrowings (financial debt). Due to the currently continuing low level of interest rates for financial investments with short-term interest rate lock-ins, the elumeo Group does not currently invest its available cash equivalents at fixed interest rates. Cash funds are held as sight deposits with banks having good credit ratings. The elumeo Group attempts to reduce the interest rate risk arising from financing activities by borrowing financial liabilities that are (partially) subject to variable interest rates.

In the elumeo Group, changes in market interest rates particularly impact the interest expenses arising from financial debt subject to variable interest rates and scheduled or final repayment. Assuming a change in the relevant prevailing market interest rates of ±1.00 percentage points, interest expenses for financial liabilities of the continuing operations in financial years 2019 and 2018 would have appeared changed as follows:

	Consolidated statement of income		Equity	
EUR thousand	+1.00% p.a.	-1.00% p.a.	+1.00% p.a.	-1.00% p.a.
31 December 2019	12	-11	-12	11
31 December 2018	51	0	-51	0

For the loan liabilities (before interest liabilities) of elumeo SE of EUR 446 thousand existing on 31 December 2019 (31 December 2018: EUR 2,000 thousand), a default interest rate with an interest surcharge of 5.00% points p.a. on the base rate of -0.88% p.a. or a total of 4.12% p.a. has been agreed since 29 December 2018. A variable minimum interest rate of 4.00% p.a. was agreed through 28 December 2018. Due to the negative 3-month Euribor interest rate, the credit lines were subject to interest at the applicable minimum interest rate over the entire interest period in financial year 2018. A decrease in the market interest rate would not have led to lower interest expenses.

<u>Default risk</u>

Default risk refers to the risk of default on a financial instrument by a customer or another contractual party that causes the assets, financial investments or claims recorded in the Consolidated Statement of Financial Position to be impaired. The maximum default risk corresponds to the carrying amount of these assets.

The default risk of trade receivables is low due to the fact that goods are usually supplied in exchange for pre-payment, credit card payment or cash on delivery or through intermediary payment service providers who bear the default risk. Moreover, the default risk is limited by the large number of geographically diverse customers. The default risk is accounted for by a rating based on experience and a valuation allowance account that takes the age structure into account. Bad debts are fully impaired individually in case of default and recognised as an expense in the Consolidated Statement of Income.

Default risks exist in the case of claims against the intermediary payment processing service providers. Default risk is mitigated by selecting partners with good to very good credit ratings, who are monitored regularly.

In the case of trade receivables, there is no significant concentration of default risk overall.

Default risks also exist in receivables due from related parties as well as other financial assets.

In addition, there is a default risk for cash to the effect that financial institutions cannot meet their obligations. The maximum exposure is the carrying amount of the respective financial assets on each reporting date. This default risk is mitigated by the fact that investments are made with diverse large financial institutions with high credit ratings.

Despite continuous monitoring, the elumeo Group cannot fully exclude the possibility of a loss due to the default of a contractual party. The maximum default risk for all classes of financial assets is the amount of the sum of the respective carrying amounts, without taking any collateral into account.

Financing and liquidity risk

Financing and liquidity risk entail the risk that the elumeo Group could encounter difficulties in meeting its obligations associated with financial liabilities when they fall due. Therefore, the primary objective of liquidity management is to ensure solvency at all times. The Group reduces its financing and liquidity risk by constantly updating the projected liquidity requirements and by monitoring liquidity. The elumeo Group manages its liquidity by maintaining a sufficient reserve of cash and cash equivalents in addition to the cash inflows from operating activities. In connection with existing liquidity risks, reference is made to the presentation under section [F.] regarding the forecast on continued existence.

The following tables show the maturity structure of the financial liabilities and the associated future cash outflows as of the respective reporting date. The tables show the contractually agreed (undiscounted) re-payments of principal and the interest of the primary financial liabilities at their negative fair values. The presentation includes all of the financial instruments held by the continuing operations of the elumeo Group identified as of the respective reporting date as of 31 December 2019 and 31 December 2018 for which payments had already been contractually agreed or cash outflows were sufficiently certain. Possible amounts in foreign currencies were basically translated at the spot rate as of the reporting date. The amounts applicable to floating-rate financial instruments were calculated by taking into account the most recent interest rate determined on or before the reporting date. Financial liabilities that are repayable on demand are always allocated to the period in which the earliest re-payment of principal is possible. Budget figures for new future financial liabilities are not taken into account.

EUR thousand	Carrying amount 31 Dec 2019	Contractual cash flows 2020 Interest	2020 Repay-ments	2021-2024 Interest	2021-2024 Repay-ments	after 2024 Interest	after 2024 Repay-ments
Liabilities due to related parties	43	0	-43	0	0	0	0
Trade payables	5,639	0	-5,639	0	0	0	0
Debtors with credit balances	460	0	-460	0	0	0	0
Other financial liabilities	2,915	-94	-319	-172	-1,469	-36	-1,126
thereof lease liabilities	2,912	-94	-316	-172	-1,469	-36	-1,126
Financial debt	447	-5	-447	0	0	0	0
Total	**9,504**	**-100**	**-6,908**	**-172**	**-1,469**	**-36**	**-1,126**

EUR thousand	Carrying amount 31 Dec 2018	Contractual cash flows 2019 Interest	2019 Repay-ments	2020-2023 Interest	2020-2023 Repay-ments	after 2023 Interest	after 2023 Repay-ments
Liabilities due to related parties	57	0	-57	0	0	0	0
Trade payables	8,950	0	-8,950	0	0	0	0
Debtors with credit balances	235	0	-235	0	0	0	0
Other financial liabilities	260	-5	-260	0	0	0	0
thereof lease liabilities (finance lease)	253	-5	-253	0	0	0	0
Financial debt	2,000	-36	-2,000	0	0	0	0
Summe	**11,502**	**-41**	**-11,502**	**0**	**0**	**0**	**0**

Capital management

Capital management at the elumeo Group is aimed at ensuring short-term solvency, to secure the capital base in order to permit continuous financing of the Group's growth plans and to achieve a long-term increase in the Company's value. It also involves ensuring that all companies included in the elumeo Group are able to operate on a going-concern premise. Furthermore, an appropriate credit rating and a good equity ratio must also be ensured.

Capital management is monitored on an ongoing basis using a variety of performance indicators and key figures, including the equity ratio on a consolidated basis. The equity calculated in accordance with IFRSs for the elumeo Group should not be less than 50.0% of total assets. As a result of the negative earnings situation in financial year 2019, the equity ratio as of the balance sheet date fell further to 19.1% of total assets (31 December 2018: 23.2%).

The aim of future capital management is to ensure an equity ratio of 50.0% of total assets again in the medium to long term by improving the earnings situation.

Segment reporting

Segment reporting is in accordance with internal reporting and control criteria.

As a result of the classification of PWK as a discontinued operation, the Executive Board had already fundamentally changed the segment reporting in the 2018 Consolidated Financial Statements.

Presentation of the segments

The following segments were therefore reported as of 31 December 2019. The prior-year comparative information has been adjusted accordingly.

Continuing operations

The *Continuing operations* segment is made up of *Sales division* and *Group functions & eliminations*.

Discontinued operation Manufactory

The segment *Discontinued operation Manufactory* for financial year 2018 includes the business activities of PWK, consolidation effects, in particular the income from the recycling of the foreign currency translation reserve recognised by way of correction, as well as the costs of underutilisation and opportunity costs of distribution allocated to the division, which are reported in the Consolidated Statement of Income in the continuing operations as part of the disclosure of the discontinued operation PWK because they were included in the invoice amounts for jewelry deliveries in financial year 2018 as part of the Group's internal cost allocation. These costs would no longer incur in the future once the supply chain was changed from PWK's internal supply to third parties. For this reason, the internal management reporting was based on a corresponding allocation of these cost components for purposes of comparability.

The segment was deconsolidated as of 31 December 2018.

Primary decision-maker and definition of the segment result

The Executive Board of elumeo SE is the joint chief decision maker of the Group and ensures sustainable allocation of resources to the segments. The Executive Board assesses the success of the segments and establishes performance targets for the future based on the revenue, gross profit and segment EBITDA (adjusted earnings figure). The adjusted earnings figure Segment EBITDA is basically defined as earnings before interest, taxes and depreciation and amortization (EBITDA) after adjustment for segment reconciliation items. In assessing the operating performance of the segments, the following segment reconciliation items are generally identified as non-operational items:

- gains and losses from the disposal of assets,
- expenses and income from foreign currency translation,
- impairments and write-downs and the reversal of impairments of assets,
- acquisition-related expenses, depreciation and income,
- equity transaction costs,
- expenses for equity-settled share-based payments,
- expenses and income from discontinued operations, to the extent that these are not urgently required for the assessment of the actual earnings situation of continuing operations,
- expenses and income from the deconsolidation of subsidiaries, including any recycling of the foreign currency translation reserve with an effect on earnings, and

- one-time or extraordinary, by their nature and amount, expenses and income (non-recurring effects) outside of ordinary business activity (for example, underutilisation of capacities, restructuring, business relocation, insurance claims, litigation), the values of which can generally be clearly identified and taken directly from accounting.

In determining the segment EBITDA in 2018, selected inter-segment transactions are also reclassified and/or eliminated as if the relevant expenses and income had already been reported under the corresponding expense and income item of the respective segment in accordance with the principle of causation (economic approach to supply and service relationships). As a result of the classification of PWK as a discontinued operation, the remaining gross profits of the Group's own supplier company from intra-Group supply and service relationships were no longer allocated to the sales segments in accordance with the principle of full cost recovery.

As a result of the first-time application of IFRS 16, contracts for the rental of real estate in the elumeo Group are shown as a financing transaction for the first time. This leads in principle to an elimination of rental expenses (administrative costs) and thus to an improvement in the previous segment EBITDA, as neither the depreciation on the newly recognised rights of use nor the interest expenses for the newly recognised lease liabilities are components of the segment EBITDA.

The Executive Board has reviewed the definition of the segment result in light of these effects. It has decided that its internal reporting and segment information should continue to be based on the same recognition, accounting and measurement methods as the Consolidated Financial Statements. By applying this principle of consistency, the function of the accounting standards under IFRSs as a uniform general standard is to be taken into account, not least with regard to external communication with shareholders, investors, rating agencies, banks and other stakeholders.

For the purposes of internal information requirements, the Executive Board has decided to supplement the internal reporting in such a way that the amount of lease payments made in each reporting period (as the sum of principal and interest payments) must be disclosed as a separate financial indicator. The elumeo Group currently has no intercompany leases that would not be reported in accordance with IFRS 16 for the purposes of internal management and reporting.

Financial decisions and decision-making with respect to financial investment of cash is not made at the segment but rather the company level on the basis of Group-wide coordination. Therefore, the financial result of the elumeo Group is not allocated to the segments.

The Executive Board does not receive regular information on assets, liabilities and cash flows of individual segments, as a consequence of which the segments are not assessed on the basis of such information.

Segment information

Detailed statement if income of the segments for the financial year from 1 January to 31 December 2019

1 Jan - 31 Dec 2019 EUR thousand | % of revenue	Sales division	Group functions & eliminations	Continuing operations	
Revenue	44,088	0	44,088	100.0%
Cost of goods sold	22,267	-24	22,243	50.5%
Gross profit	**21,821**	**24**	**21,846**	**49.5%**
Selling expenses	18,105	0	18,105	41.1%
Administrative expenses	4,874	2,309	7,183	16.3%
Other operating income	53	33	87	0.2%
Other operating expenses	0	0	0	0.0%
Earnings before interest and taxes (EBIT)	**-1,105**	**-2,251**	**-3,356**	**-7.6%**
Interest income	0	0	0	0.0%
Interest and similar expenses	-160	-47	-208	-0.5%
Financial result	-160	-47	-207	-0.5%
Earnings before income taxes (EBT)	**-1,265**	**-2,299**	**-3,564**	**-8.1%**
Earnings for the period	**-1,265**	**-2,299**	**-3,564**	**-8.1%**
Earnings of shareholders of elumeo SE	-1,265	-2,299	*-3,564*	*-8.1%*
Earnings before interest and taxes (EBIT)	**-1,105**	**-2,251**	**-3,356**	**-7.6%**
Depreciation and amortization on property, plant and equipment and intangible assets	1,212	14	1,226	2.8%
Segment EBITDA	**107**	**-2,238**	**-2,131**	**-4.8%**

In 2019, lease payments pursuant to IFRS 16 for rights of use from real estate contracts amounting to EUR 558 thousand were attributable to the *Sales division*. In 2018, rental expenses of EUR 420 thousand were reported under administrative expenses.

Detailed statement of income of the segments for the financial year from 1 January to 31 December 2018

1 Jan - 31 Dec 2018 EUR thousand | % of revenue	Sales division	Group functions & eliminations	**Continuing operations**		*Group owned manufactory (stand alone)*		*Intersegmental corrections*	Group owned manufactory (economic "as-if" presentation)		Intersegmental consolidation	**Discontinued operation Manufactory**
Revenue	51,115	0	51,115	100.0%	*17,724*	*100.0%*	*-4,804*	12,920	100.0%	-12,920	0
Cost of goods sold	31,681	-230	31,451	61.5%	*12,850*	*72.5%*		12,850	99.5%	-12,920	-70
Gross profit	**19,434**	**230**	**19,664**	**38.5%**	***4,874***	***27.5%***	***-4,804***	**70**	**0.5%**	**0**	**70**
Selling expenses	23,687	11	23,698	46.4%	*0*	*0.0%*		0	0.0%		0
Administrative expenses	5,064	2,219	7,283	14.2%	*1,457*	*8.2%*		1,457	11.3%		1,457
Other operating income	76	19	95	0.2%	*0*	*0.0%*		0	0.0%		0
Other operating expenses	0	0	0	0.0%	*0*	*0.0%*		0	0.0%		0
Earnings before interest and taxes (EBIT)	**-9,241**	**-1,980**	**-11,221**	**-22.0%**	***3,417***	***19.3%***	***-4,804***	**-1,388**	**-10.7%**	**0**	**-1,388**
Interest income	0	4	4	0.0%	*0*	*0.0%*		0	0.0%		0
Interest and similar expenses	-17	-202	-220	-0.4%	*-259*	*-1.5%*		-259	-2.0%		-259
Financial result	-17	-199	-216	-0.4%	*-259*	*-1.5%*	*0*	-259	-2.0%	0	-259
Earnings before income taxes (EBT)	**-9,258**	**-2,179**	**-11,437**	**-22.4%**	***3,158***	***17.8%***	***-4,804***	**-1,647**	**-12.7%**	**0**	**-1,647**
Earnings for the period	**-11,107**	**-2,179**	**-13,286**	**-26.0%**	***2,973***	***16.8%***	***-4,804***	**-1,831**	**-14.2%**	**0**	**-1,831**
Earnings of shareholders of elumeo SE	-11,107	-2,179	*-13,286*	*-26.0%*	*2,973*	*16.8%*	*-4,804*	*-1,831*	*-14.2%*	0	*-1,831*
Earnings before interest and taxes (EBIT)	**-9,241**	**-1,980**	**-11,221**	**-22.0%**	***3,417***	***19.3%***	***-4,804***	**-1,388**	**-10.7%**	**0**	**-1,388**
Depreciation and amortization on property, plant and equipment and intangible assets	902	38	940	1.8%	*510*	*2.9%*		510	3.9%		510
Segment EBITDA	**-8,339**	**-1,942**	**-10,281**	**-20.1%**	***3,927***	***22.2%***	***-4,804***	**-878**	**-6.8%**	**0**	**-878**

Segment reconciliation to Group earnings

Segment reconciliation for the financial year from 1 January to 31 December 2019

Due to the deconsolidation of the discontinued operations in the previous year, a detailed reconciliation of results is not necessary, as the elumeo Group now only shows consolidation-related reconciliation effects in the continuing operations in addition to the sales business as an operating segment. Accordingly, the elumeo Group has dispensed with a detailed presentation as in the previous year.

The segment EBITDA of the reportable segment *Continuing operations* amounts to EUR -2,131 thousand for the financial year and can be reconciled to the EBITDA of EUR -298 thousand derived from the Consolidated Statement of Income by adjusting for all effects in connection with discontinued operations and site closures (deconsolidation effects, legal and consulting fees, consolidation effects, recognition of provisions for uncertain liabilities from the closure of the office in Rome, etc.). All other reconciliations from EBITDA or EBIT to consolidated earnings are derived from the Consolidated Statement of Income.

Segment reconciliation for the financial year from 1 January to 31 December 2018

The segment EBITDA of the reportable segment *Continuing operations* can be reconciled to earnings for the period from continuing operations or earnings for the period of the elumeo Group as follows:

1 Jan - 31 Dec 2018	Segment informationen (Continuing operations)		*Effects from foreign currency trans-lation*	*Equity-settled share-based remune-ration*	*Specific valuation allowance on receivables due from cooperation partners and related parties*	*Legal and consulting fees related to the orderly liquidation of the Group owned manu-factory*	*Realized inter-company profits attributable to the continu-ing operations*	*Cost of under-utilization charged by the manu-factory and opportunity cost of distribution*	*Earnings for the period from discon-tinued operations*	Segment recon-ciliation items of con-tinuing operations	Group information (Continuing operations)	
Revenue	51,115	100.0%								0	51,115	100.0%
Cost of goods sold	31,451	61.5%	*-74*				*-717*	*6,943*		6,151	37,602	73.6%
Gross profit	**19,664**	**38.5%**	***74***	***0***	***0***	***0***	***717***	***-6,943***	***0***	**-6,151**	**13,513**	**26.4%**
Selling expenses	23,698	46.4%								0	23,698	46.4%
Administrative expenses	7,283	14.2%		*201*	*257*					458	7,741	15.1%
Other operating income	95	0.2%								0	95	0.2%
Other operating expenses	0	0.0%	*428*			*167*				596	596	1.2%
Earnings before interest and taxes (EBIT)	**-11,221**	**-22.0%**	***-354***	***-201***	***-257***	***-167***	***717***	***-6,943***	***0***	**-7,205**	**-18,426**	**-36.0%**
Interest income	4	0.0%								0	4	0.0%
Interest and similar expenses	-220	-0.4%								0	-220	-0.4%
Financial result	-216	-0.4%	*0*	*0*	*0*	*0*	*0*	*0*	*0*	0	-216	-0.4%
Earnings before income taxes (EBT)	**-11,437**	**-22.4%**	***-354***	***-201***	***-257***	***-167***	***717***	***-6,943***	***0***	**-7,205**	**-18,642**	**-36.5%**
Earnings for the period from continuing operations	**-13,286**	**-26.0%**	***-354***	***-201***	***-257***	***-167***	***717***	***-6,943***	***0***	**-7,205**	**-20,491**	**-40.1%**
Earnings for the period from discontinued operations	**0**	**0.0%**							***-3,436***	**-3,436**	**-3,436**	**-6.7%**
Earnings for the period	**-13,286**	**-26.0%**	***-354***	***-201***	***-257***	***-167***	***717***	***-6,943***	***-3,436***	**-10,641**	**-23,927**	**-46.8%**
Earnings of shareholders of elumeo SE	*-13,286*	*-26.0%*	*-354*	*-201*	*-257*	*-167*	*717*	*-6,943*	*-3,436*	*-10,641*	*-23,927*	*-46.8%*
Earnings before interest and taxes (EBIT)	**-11,221**	**-22.0%**	***-354***	***-201***	***-257***	***-167***	***717***	***-6,943***	***0***	**-7,205**	**-18,426**	**-36.0%**
Depreciation and amortization on property, plant and equipment and intangible assets	940	1.8%								0	940	1.8%
EBITDA	**-10,281**	**-20.1%**	***-354***	***-201***	***-257***	***-167***	***717***	***-6,943***	***0***	**-7,205**	**-17,486**	**-34.2%**

The segment EBITDA of the reportable segment *Discontinued operation Manufactory* can be reconciled to earnings for the period from the discontinued operation PWK as follows:

01.01. - 31.12.2018 EUR thousand | % of revenue	Segment information (Discontinued operation Manufactory)	*Effects from foreign currency translation*	*Net losses from disposal of property, plant and equipment*	*In terms of nature, amount & utilization uncertain obligations in connection with the discontinued operation*	*Expenses resulting from the orderly liquidation of the discontinued operation*	*Reclassification of differences from the foreign currency translation reserve to the statement of income of the discontinued operation*	*Realized inter-company profits attributable to the continuing operations*	*Cost of under-utilization charged by the manufactory and opportunity cost of distribution*	Reconciliation items of the discontinued operation	Group information (Discontinued operation)
Revenue	0								0	0
Cost of goods sold	-70	*74*					*717*	*-6,943*	-6,151	-6,221
Gross profit	**70**	***-74***	***0***	***0***	***0***	***0***	***-717***	***6,943***	**6,151**	**6,221**
Administrative expenses	1,457		*2*						2	1,459
Other operating income	0								0	0
Other operating expenses	0	*1,327*		*7,705*	*2,954*	*-1,245*			10,741	10,741
Earnings before interest and taxes (EBIT)	**-1,388**	***-1,402***	***-2***	***-7,705***	***-2,954***	***1,245***	***-717***	***6,943***	**-4,591**	**-5,979**
Interest income	0								0	0
Interest and similar expenses	-259								0	-259
Financial result	-259	*0*	*0*	*0*	*0*	*0*	*0*	*0*	0	-259
Earnings before income taxes (EBT)	**-1,647**	***-1,402***	***-2***	***-7,705***	***-2,954***	***1,245***	***-717***	***6,943***	**-4,591**	**-6,238**
Income tax	-184								0	-184
Earnings for the period from the discontinued operation	**-1,831**	***-1,402***	***-2***	***-7,705***	***-2,954***	***1,245***	***-717***	***6,943***	**-4,591**	**-6,422**
Earnings of shareholders of elumeo SE	*-1,831*	*-1,402*	*-2*	*-7,705*	*-2,954*	*1,245*	*-717*	*6,943*	*-4,591*	*-6,422*
Earnings before interest and taxes (EBIT)	**-1,388**	***-1,402***	***-2***	***-7,705***	***-2,954***	***1,245***	***-717***	***6,943***	**-4,591**	**-5,979**
Depreciation and amortization on property, plant and equipment and intangible assets	510								0	510
EBITDA	**-878**	***-1,402***	***-2***	***-7,705***	***-2,954***	***1,245***	***-717***	***6,943***	**-4,591**	**-5,469**

Related party disclosures

The elumeo Group identifies the group of related parties in accordance with IAS 24 *Related Party Disclosures.*

Major related parties of elumeo SE include:

- all subsidiaries included in the Consolidated Financial Statements of elumeo SE and all subsidiaries deconsolidated,
- the shareholder Mr. Wolfgang Boyé, Berlin, Germany, and the holding companies he controls either directly or indirectly, which in turn hold investments in related companies of elumeo SE, in particular:
  - UV Interactive Services GmbH, Berlin, Germany ("UVIS"), in which Mr. Boyé holds 100.0% of the shares,
  - the shareholder Blackflint Ltd., Paphos, Cypress ("BFL"), in which UVIS holds 100.0% of the shares
  - Spreekanal Berlin GmbH, Berlin, Germany ("Spreekanal GmbH"), 100.0% of whose shares are held by UVIS,
- the Serifos Foundation, Vaduz, Liechtenstein ("Serifos"), which holds 100.0% of the shares in the shareholder Ottoman Strategy Holdings (Suisse) SA, Zug, Switzerland ("OSH"), as well as selected members of the Jamratkittiwan family as beneficiaries of Serifos,
- River City Company Limited, Chanthaburi, Thailand ("RCCL"), a company in which 100.0% of the shares are held by Mr. Teerasak Jamratkittiwan, a member of the Jamratkittiwan family,
- Moving Colours Limited, Dubai, United Arab Emirates, which is a precursor to the production company of the elumeo Group under the indirect control of OSH and has engaged in significant business activities with the elumeo Group in past financial years, and
- the members of the Executive Board of elumeo SE, including members who have resigned, been dismissed or newly appointed during the year as well as Managing Directors who are not members of the Executive Board.

Amounts relating to current receivables from related parties not yet fully paid in and amounts relating to current liabilities to related parties not yet paid out as of 31 December 2019 and 2018 are reported under the corresponding item in the Consolidated Statement of Financial Position provided that no other figures are shown.

The following material transactions were executed with related parties in financial year 2019:

- The elumeo Group reports expenses of EUR 110 thousand under selling expenses for services in the area of TV broadcasting from Spreekanal GmbH (previous year: EUR 203 thousand from UVIS). Income of EUR 11 thousand was also generated from the provision of supporting broadcast processing services for Spreekanal GmbH (previous year: EUR 11 thousand from UVIS). The service contracts existed with UVIS in the previous year. The contracts were revised in financial year 2019 and Spreekanal GmbH became the new contractual partner. As of 31 December 2019, the elumeo Group had trade payables to Spreekanal GmbH of EUR 43 thousand (31 December 2018: EUR 57 thousand to UVIS) and receivables from Spreekanal GmbH of EUR 1 thousand.

- Mr. Thomas Jarmuske resigned from the Executive Board on 7 August 2019. Mr. Thomas Jarmuske was Managing Director until 27 April 2020 and has served as Managing Director of Juwelo Deutschland GmbH since then.
- The members of the Executive Board Ms. Anette Bronder and Mr. Bernd Fischer resigned from their positions on 10 September 2019. Mr. Bernd Fischer continues to serve as a Managing Director.
- In financial years 2015, 2016 and 2018, a total of 57,000 option rights from the SOP 2015 were granted to Managing Directors, some of whom left the company in financial year 2019. The fair value of these option rights at the time they were granted, assuming full vesting as of the previous year's balance sheet date, totalled EUR 266 thousand. The fair value of the option rights outstanding as of 31 December 2019 was EUR 223 thousand. Of this amount, a total of EUR 14 thousand (previous year: EUR 28 thousand) was recognised as an expense in the Consolidated Statement of Income in financial year 2019.

For information on significant transactions with related parties after the balance sheet date, please refer to section [I.: Events after the balance sheet date].

Other financial obligations

Operating leases

The elumeo Group has obligations arising from operating leases for eased properties and in an immaterial amount for movable items of other business equipment, furniture and fixtures and office equipment. The lease agreements have remaining terms of less than one year. Some of the leases include automatic renewal options. The leases of the low-value assets in question are exempted from the accounting obligation under IFRS 16 by exercising an option (facilitation of application for short-term leases and leased assets of minor value).

Other financial obligations

The elumeo Group has payment obligations arising from non-cancellable contractual agreements for the distribution and broadcasting of its TV programmes or the management of programme slots. The contracts have remaining terms of less than one year to slightly more than seven years (previous year: less than one year to slightly more than eight years). Some of these contracts contain renewal options, termination rights and price adjustment clauses.

The future minimum gross payments as of 31 December 2019 and 2018 as a result of non-cancellable, significant TV broadcasting contracts are shown in the following table:

	Remaining term			
EUR thousand	< 1 year	2-5 years	> 5 years	Total
31 Dec 2019	7,159	10,847	4,132	**22,137**
31 Dec 2018	7,322	20,756	10,709	**38,787**

The earliest possible termination date of the contracts was used in determining future gross minimum payments.

Supplementary disclosures in accordance with the German Commercial Code (HGB)

Shareholdings

In financial year 2019, elumeo SE holds or held, directly or indirectly via intermediary subsidiaries, 100.0% of the shares in the following companies:

Company EUR thousand	Registered office	Functional currency	Total equity 31 Dec 2019	Issued capital 31 Dec 2019	Earnings of the period 1 Jan - 31 Dec 2019	Note
Juwelo Deutschland GmbH	Berlin	EUR	-56,132	226	-10,547	1
schmuck.de G&S GmbH	Berlin	EUR	21	25	-2	1
Juwelo Italia s.r.l.	Rome	EUR	-3,376	10	-3,402	1
Juwelo France SAS	Paris	EUR	22	50	-9	1,2,3
Rocks & Co Productions Ltd.	Leamington Spa	GBP	- subject to closure -			
Rocks & Co UK Ltd.	Leamington Spa	GBP	- subject to closure -			
Juwelo USA, Inc.	Wilmington	USD	-925	0	-101	1.2
Silverline Distribution Ltd.	Hong Kong	EUR	39,182	1	23,847	1
PWK Jewelry Company Ltd.	Bangkok	THB	- subject to winding-up proceedings -			

1 The disclosure represents the financial statement as prepared for consolidation purposes (uniform Group accounting principles). The possible impacts of IFRS 16 *Leases* have been taken into account.

2 The disclosures on equity are based on foreign currency translation using the exchange rate on the balance sheet date and do not consider the effects from allocations to the foreign currency translation reserve.

3 The assets and liabilities of the company were transferred to Juwelo Deutschland GmbH as of 20 November 2019 by way of universa succession. The disclosures refer to the point in time the merger took place.

Application of exemption rules

Juwelo Deutschland GmbH makes use of the option of exemption specified in Section 291 para. 2 HGB and does not prepare Consolidated Financial Statements or a Group Management Report.

Number of employees

The average number of employees in continuing operations by region developed as follows in the reporting period:

Full-time equivalents (FTE)	1 Jan - 31 Dec 2019	1 Jan - 31 Dec 2018	YoY in %
Europe	222	236	-5.9%
Asia and other countries	0	1	-100.0%
Total	**222**	**237**	**-6.2%**

Disclosure in accordance with the declaration of compliance of the Executive Board of elumeo SE pursuant to Art. 9 para. 1c (ii) SE Regulation in connection with Section 161 AktG to the German Corporate Governance Code

In accordance with Section 22 para. 6 of the SE Implementing Act (SEAG) in conjunction with Section 161 of the Stock Corporation Act (AktG), the Executive Board of a single-tier SE listed on a stock exchange in Germany is legally required to submit an annual declaration stating whether the officially published recommendations of the Government Commission German Corporate Governance Code have been complied with. The companies are moreover required to disclose any recommendations of the Code that have not been complied with, and the reason why not.

The declaration of compliance of the Executive Board of elumeo SE is published in full on the Company's website at http://www.elumeo.com/ir/corporate-governance/corporate-governance-code.

Notifications of voting rights

In financial year 2019, elumeo SE received notifications in accordance with Section 33 et seq. WpHG, which are available on the Company's website at http://www.elumeo.com/ir/latest-notifications/voting-rights.

Information on the Executive Board

The Executive Board

The Company has a one-tier governance structure with the Executive Board as the central management and control body. The Executive Board of elumeo SE is composed of Executive Managing Directors and Non-Executive Managing Directors.

During financial year 2019, the following individuals were Managing Directors or members of the Executive Board:

Managing directors	**Profession**	**End of appointment**
Bernd Fischer (sole powers of representation since 13 Feb 2015)	Merchant	21 July 2020
Thomas Jarmuske (sole powers of representation since 14 Jun 2015)	Merchant	27 April 2020
Boris Kirn (sole powers of representation since 13 Feb 2015)	Merchant	13 February 2021
Ingo Stober (sole powers of representation til 22 Oct 2019)	Merchant	no longer in office

Executive Board	Profession	Latest end of appointment
Wolfgang Boyé (Chairman of the Board) (since 21 July 2014)	Merchant	21 July 2020
Dr. Frank Broer (Vice-Chairman of the Board) (since 12 December 2018)	Merchant	29 May 2021
Gregor Faßbender-Menzel (since 12 December 2018)	Merchant	29 May 2021
Boris Kirn (since 13 February 2015: Member of the Executive Board, since 13 February 2015: Appointment as Managing director)	Merchant	13 February 2021
Anette Bronder (til 10 September 2019)	Merchant	no longer in office
Bernd Fischer (til 10 September 2019: Member of the Executive Board, since 21 Juli 2014: Appointment as Managing director)	Merchant	no longer in office
Thomas Jarmuske (til 7 August 2019: Member of the Executive Board, since 14 June 2015: Appointment as Managing director)	Merchant	no longer in office
Ingo Stober (from 7 August to 21 November 2019: Member of the Executive Board, til 22 October 2019: Appointment as Managing director)	Merchant	no longer in office

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

Remuneration

The Managing Directors and Non-Executive members of the Executive Board received total compensation of EUR 726 thousand (previous year: EUR 700 thousand) in financial year 2019 exclusively for their activities as members of the Company's executive bodies in accordance with Section 285 No. 9a HGB.

No new option rights were granted to the Managing Directors in financial year 2019 (previous year: 20,000 option rights with a fair value on the grant date and assuming full vesting of EUR 53 thousand). The total fair value of the 57,000 option rights issued to the Managing Directors in the financial years 2015, 2016 and 2018 amounted to EUR 266 thousand assuming full vesting (previous year: 57,000 option rights with a total fair value of EUR 266 thousand on the grant date).

The number of outstanding option rights of the Managing Directors (taking into account the forfeited option rights of Directors who have left the Company) amounted to a total of 40,750 option rights as of 31 December 2019 (31 December 2018: 57,000 option rights). The fair value is EUR 223 thousand.

Based on the resolution of the Extraordinary General Meeting held on 7 April 2015, no breakdown of the total remuneration is provided in accordance with Section 285 (9) no. 9a German Commercial Code (Handelsgesetzbuch, "HGB") for the individual members of bodies.

For more information on the remuneration of members of the Executive Board, please refer to the comments in the Remuneration Report, which is part of the Condensed Group Management Report for the financial year ended 31 December 2019.

Mandates of the members of the Executive Board

The following members of the Executive Board of elumeo SE active during the year held the following memberships on other Supervisory Boards and other comparable domestic and foreign supervisory bodies in financial year 2019 either during or for the whole year:

Member of the Executive Board Mandate	Commercial enterprise
Anette Bronder (til 10 September 2019)	
Member of the Supervisory Board	• Deutsches Forschungszentrum für Künstliche Intelligenz GmbH (DFKI), Kaiserslautern (German Research Center for Artificial Intelligence)

Fees for examination and consulting services in accordance with Section 314 (1) No. 9 HGB

The fees recognised as expenses in the reporting year for the auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Berlin, were as follows:

- EUR 205 thousand for audit services (Individual and Consolidated Financial Statements) (previous year: EUR 215 thousand).

Events after the balance sheet date

At the end of January 2020, the international World Health Organization declared the spread of the novel Coronavirus 'SARS-CoV-2' a "health emergency of international concern." In March 2020, far-reaching restrictions were declared on public life in various countries, which will have a significant impact on the situation and development of the global economy as well as the economy in Germany. The current legal regulations aimed at containing the pandemic are leading to significant restrictions in public life and in some cases are significantly affecting companies' ability to function.

The transport and supply chains that are important for the elumeo Group may be severely restricted. Product supplies from China and India in particular were already subject to significant restrictions in February and March. Various TV formats and guest appearances had to be cancelled as a result. Finished goods could not be delivered by suppliers due to airport closures or lack of freight capacity. In order to counteract the resulting weakness in sales in terms of expenses and liquidity, initial countermeasures were introduced in the form of reduced airtime, short-time work and deferrals of tax payments as well as individual deferral agreements with individual suppliers. Consequently, the Managing Directors and the Executive Board do not currently see any immediate threats to the Company's continued existence.

Due to the direct sale of products and the possibility of allowing the workforce to work from home in some cases, the Executive Board believes that the elumeo Group could be far less affected by the effects of the crisis than other companies or industries. Overall, the demand for online products is increasing. The elumeo Group has also recorded a slight increase in new customers compared to previous months.

Nevertheless, the effects of the current crisis on the further course of business cannot be estimated overall. If profitability were to deteriorate, further liquidity would have to be generated in the short term through aggressive sales measures.

Irrespective of the specific effects on the elumeo Group to date, the Managing Directors and Executive Board classify the spread of the Coronavirus as a particularly significant event after the balance sheet date. For further explanations, please refer to sections [F. Opportunity and Risk Report] and [G. Forecast Report] of the Combined Management Report.

On 27 April 2020, the Executive Board of elumeo SE appointed Mr. Florian Spatz a Managing Director of elumeo SE. Mr. Thomas Jarmuske has stepped down from his position as a Managing Director of elumeo SE to serve as Managing Director of Juwelo Deutschland GmbH, Berlin.

Berlin, 30 April 2020

elumeo SE

The Managing Directors

Bernd Fischer Florian Spatz Boris Kirn

ASSURANCE OF LEGAL REPRESENTA-TIVES

Declaration according to Section 37v (2) no. 3 WpHG

"We assure to the best of our knowledge that the Consolidated Financial Statements give a true and fair view of the net assets, financial position and operating results of the elumeo Group in accordance with the applicable accounting principles, while the business performance including the earnings and situation in the Management Report of the elumeo Group are presented in such a way as to give a true and fair view of the actual opportunities and risks of the anticipated development of the elumeo Group."

Berlin, 30 April 2020

elumeo SE

The Managing Directors

Bernd Fischer | Florian Spatz | Boris Kirn

Translation of the German independent auditor's report concerning the audit of the consolidated financial statements and group management report prepared in German

"Independent auditor's report

To elumeo SE

Report on the audit of the consolidated financial statements and of the group management report

Opinions

We have audited the consolidated financial statements of elumeo SE, Berlin and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the fiscal year from 1 January to 31 December 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of elumeo SE for the fiscal year from 1 January to 31 December 2019. In accordance with the German legal requirements, we have not audited the content of the consolidated corporate governance statement and the declaration on the Corporate Governance Code.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of 31 December 2019, and of its financial performance for the fiscal year from 1 January to 31 December 2019, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of the declaration on corporate governance or the declaration pursuant to Corporate Governance Code.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Material uncertainty in connection with the going concern assumption

Please refer to the explanations of the Executive Board in section "Forecast report of the elumeo group" of the management report which was combined with the group management report. To ensure sufficient liquidity in the forecast period, the Company and the Group must realise the planned business performance, particularly regarding the further significant improvement in operating result. The elumeo Group assumes positive cash flows for fiscal year 2020. The elumeo Group again does not expect any costs to arise from payments related to the orderly liquidation of PWK Jewelry Ltd., Chanthaburi, Thailand, as well as from existing legal disputes in 2020 and 2021, except legal advisory costs of EUR 175k. To take the impact of the COVID-19 crisis into account, the Company has developed planning scenarios that show sufficient liquidity in the period from 2020 to 2021 in all cases. The continued existence of the parent company and the Group depends on the realisation of the planned development of the operating business, even taking into account potential negative effects from the COVID-19 crisis. This indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and that represents a going concern risk pursuant to Sec. 322 (2) Sentence 3 HGB.

In accordance with Article 10 (2) c) ii) of the EU Audit Regulation, we summarise our response to this risk as follows: As part of our audit procedures, we analysed the Group's planning for 2020 and 2021 at a corporate level and discussed the underlying assumptions with the executive directors. A particular focus was placed on the Company's scenario planning taking into account the impact of the COVID-19 crisis. We discussed the underlying assumptions on the effects of the expected development of the corona crisis on cash flow and EBITDA taking into account the revenue development of the elumeo Group in the first quarter of 2020 with the executive directors, obtained sufficient appropriate evidence and on this basis assessed the impact on the liquidity planning. Our analysis of the planning also took into account data available in the public domain with regard to expectations as to the impact of the corona crisis on the online jewellery business.

Our opinions are not modified in respect of this matter.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from 1 January to 31 December 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters. In addition to the matter described in section "Material uncertainty in connection with the going concern assumption", we determined the following matters to be a key audit matter, which are disclosed in our auditor's report.

1. Accounting judgments and estimates in connection with the discontinuation of business activities of PWK Jewelry Ltd., Chanthaburi, Thailand and related legal disputes

Reasons why the matter was determined to be a key audit matter

In fiscal year 2018. the elumeo Group passed a resolution to discontinue the business activities of PWK Jewelry Ltd., Chanthaburi, Thailand, and to initiate the orderly liquidation of the assets of the company. In connection with this resolution, various parties announced or declared legal claims against elumeo SE and members of the Executive Board.

In the consolidated financial statements, the elumeo Group has disclosed the business activities of the subsidiary PWK Jewelry Ltd., Chanthaburi, Thailand, as discontinued operations and recognised provisions of EUR 4.7m (prior year: EUR 7.7m) for the maximum amount of payments planned in connection with the liquidation. The elumeo Group has not recognised any provisions for potential claims from third parties from legal disputes in connection with the liquidation, as an enforcement of these claims is considered highly unlikely. Both the effects of the liquidation as well the associated legal disputes have a material effect on the financial performance contained in the consolidated financial statements of the elumeo Group and are highly complex, due to cross-border legal issues in some cases. For these reasons, accounting judgments and estimates made in this respect were determined to be a key audit matter.

Auditor's response

.As part of our audit procedures, we analysed the accounting policies applied in elumeo Group's consolidated financial statements for the classification of discontinued operations pursuant to IFRS 5 and the related measurement and consolidation entries as well as the principles for the recognition of provisions pursuant to IAS 37. In this connection, we paid particular attention to the assessment of intercompany trade relationships and the legal circumstances of the liquidation of PWK Jewelry Ltd., Chanthaburi, Thailand.

For the assessment of the classification of activities of PWK Jewelry Ltd., Chanthaburi, Thailand, as discontinued operations and the related measurement and consolidation entries, we investigated and discussed the documentation of meetings of the Executive Board and internal communication between the group entities as well as the contractual basis in the elumeo Group. We verified the calculation basis for provisions in connection with the orderly liquidation made available to us and reconciled it with the underlying calculations. Furthermore, we assessed the opinions of the legal counsel of the elumeo Group in Germany and Thailand, particularly related to information from third parties, made available to us without request, with regard to relevance for applied accounting judgments and estimates of the elumeo Group.

Our audit procedures did not lead to any reservations relating to the accounting judgments and estimates in connection with the discontinuation of business operations of PWK Jewelry Ltd., Chanthaburi, Thailand, and the related legal disputes.

Reference to related disclosures

Disclosures relating to the accounting policies on discontinued operations are contained in the notes to the consolidated financial statements in section B "Basic principles of the consolidated financial statements", section E "Accounting and valuation principles" and section G "Notes to the consolidated statement of comprehensive income".

2. Impairment testing of inventories

Reasons why the matter was determined to be a key audit matter

Finished goods and merchandise, work in progress and raw materials, consumables and supplies are disclosed in the statement of financial position item "inventories" in the consolidated financial statements of elumeo SE.

To assess recoverability, the net realisable value of inventories is calculated. The net realisable value is the expected sales revenue less the costs yet to be incurred before the sale. The net realisable value is calculated on the basis of various assumptions made by the Executive Board of elumeo SE. These assumptions entail significant estimation uncertainty as the net realisable value hinges on the specific properties of the gemstones and there are no listed prices for precious stones.

Against the background of high materiality of inventories for the consolidated financial statements and the estimation uncertainty involved, impairment testing of inventories was a key audit matter during our audit.

Auditor's response

In the course of our audit, we analysed the process of defining gemstone properties as part of the procurement process and the process controls implemented in terms of their measurement effectiveness.

To determine the net realisable value of raw materials, consumables and supplies and work in progress and to assess the value share of gemstones in individual articles, we made use of the sales statistics for individual types of gemstones assorted by quality.

To determine potential impairments of finished goods, we examined the turnover rate of this inventory and the average historical sales margin generated by the Group in order to identify inventories with a low turnover rate or a negative historical sales margin.

Furthermore, we compared net sales proceeds generated until the end of April 2020 on a sample basis with the carrying amounts of finished goods capitalised as of 31 December 2019.

Our audit procedures did not lead to any reservations regarding the impairment testing of inventories.

Reference to related disclosures

We refer to the disclosures in section E. "Accounting and valuation principles" in the notes to the consolidated financial statements for the accounting policies applied in connection with inventories and to the disclosures in section H. (15.) of the notes to the consolidated financial statements for inventories. We refer to the disclosures in section F. "Discretionary decisions and uncertainties in connection with estimates" of the notes to the consolidated financial statements for the related information on the executive director's use of judgment and the root causes of estimation uncertainty.

Other information

The Executive Board is responsible for the Report of the Executive Board. In all other respects, the executive directors are responsible for the other information. Other information comprises the information included in the statement on corporate governance pursuant to Sec. 315d HGB contained in the corporate governance report in the group management report as well as the remaining components of the annual financial report, with the exception of the audited consolidated financial statements and group management report as well as our independent auditor's report, in particular:

- the responsibility statement contained in the "Assurance of legal representatives" section pursuant to Sec. 297 (2) Sentence 4 HGB and Sec. 315 (1) Sentence 5 HGB
- the "Report of the Executive Board",
- the "Letter from the Chairman of the Executive Board"

We received a version of this other information prior to issuing this independent auditor's report.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon. In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive directors and the Executive Board for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Executive Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as auditor of the consolidated financial statements by the Annual General Meeting on 29 May 2019. We were engaged by the Executive Board on 9 November 2019. We have been the group auditor of elumeo without interruption since fiscal year 2014.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Gunnar Glöckner.

Berlin, 30 April 2020

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Glöckner	Kokotov
Wirtschaftsprüfer (German Public Accountant)	Wirtschaftsprüferin (German Public Accountant)

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elumeo SE

The Annual report is available in English and German. In case of differences, the German version takes precedent.

This Annual Report of elumeo SE as well as the interim reports are available in digital form as digital versions online at www.elumeo.com in the section "Investor Relations / Publications / Financial Reports."

Forward-looking statements and forecasts

This report contains forward-looking statements. These statements are based on current experience, assumptions and predictions of the Executive Board and the information currently available to them. Forward-looking statements are not to be understood as guarantees of future developments and results. Future developments and results are dependent on a variety of factors. They involve various risks and uncertainties and are based on assumptions that may prove inaccurate. These risk factors include, in particular, the factors mentioned in the Risk Report. We undertake no obligation to update the forward-looking statements made in this report.