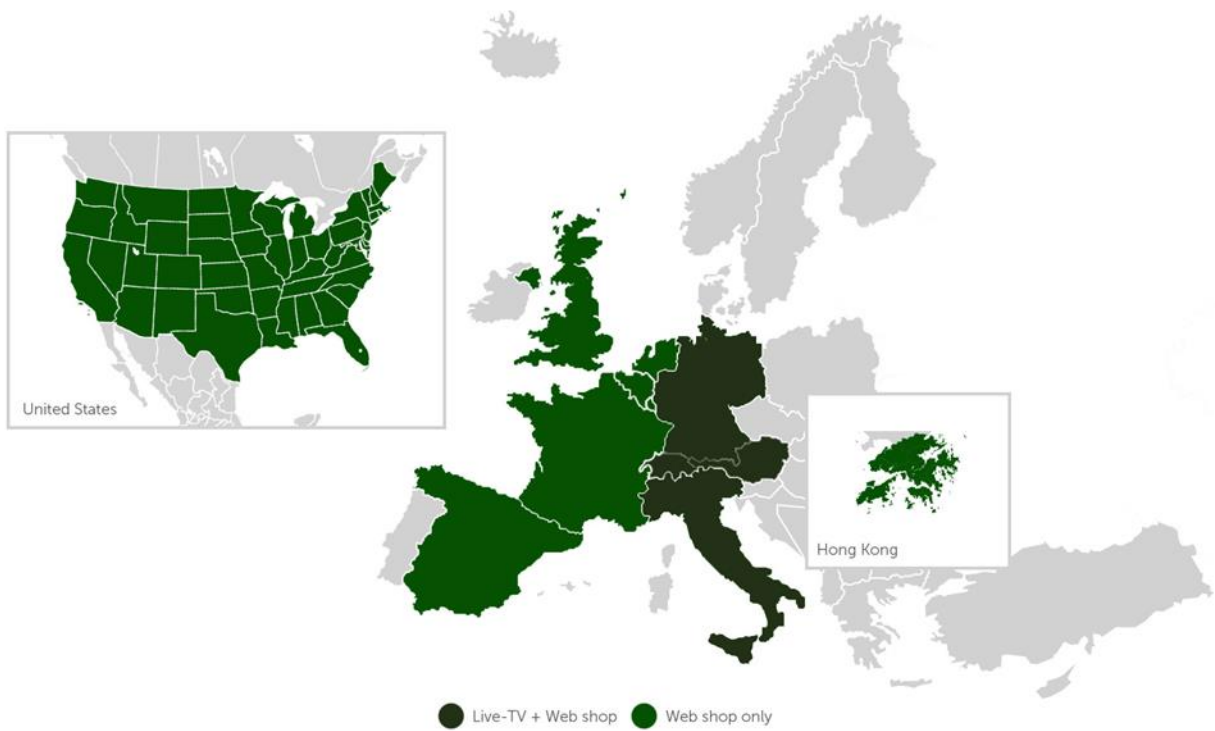




elumeo

Annual Report 2020



Worldwide sales of the elumeo Group via live TV and web shop

GROUP FIGURES 2020

EUR thousand [unless indicated otherwise]	2020		2019		YoY in %
Revenue	42,418	100.0%	44,088	100.0%	-3.8%
[The following disclosures represent: absolute values and in % of revenue]					
Gross profit	22,202	52.3%	20,633	46.8%	7.6%
EBITDA	1,223	2.9%	-298	-0.7%	510.3%
Adjusted-EBITDA	877	2.1%	-2,131	-4.8%	141.2%
Depreciation and amortisation	935	2.2%	1,226	2.8%	-23.7%
EBIT	288	0.7%	-2,347	-5.3%	112.3%
Total comprehensive income	209	0.5%	-2,601	-5.9%	108.0%
Selling and administrative expenses	22,596	53.3%	26,431	60.0%	-14.5%
[absolutely and in % of balance sheet total]					
Total assets¹	21,164	100.0%	21,583	100.0%	-1.9%
Total equity¹	4,346	20.5%	4,118	19.1%	5.5%
[absolutely and in % of balance sheet total]					
Working capital¹	4,142	19.6%	5,767	26.7%	-28.2%
[absolutely and in % of balance sheet total]					
[The following disclosures represent: absolute values and in % of revenue]					
Net cash flow from operating activities	2,428	5.7%	1,506	3.4%	61.3%
Net cash flow from investing activities	-222	-0.5%	-891	-2.0%	75.0%
Net cash flow from financing activities	-777	-1.8%	-2,224	-5.0%	65.1%
Items sold [pieces]	538,019		716,395		-24.9%
Number of active customers (rounded)	58,821		59,750		-1.6%
per active customer [pieces]	9.1		12.0		-23.7%
Average sales price (ASP) [EUR]	79		62		28.1%
Revenue per active customer [EUR]	721		738		-2.3%
Gross profit per item sold [EUR]	41		29		43.3%
<u>New customer breakdown (Germany only)</u>					
[in % of new customers]					
TV only	17.3%		23.3%		-6.0 p.p.
Web only	67.4%		60.3%		7.1 p.p.
Others	15.3%		16.4%		-1.1 p.p.



TABLE OF CONTENTS

06 To our shareholders

07 Letter from the Chairman of the Executive Board

08 The Executive Board of elumeo SE

11 Capital market information

12 Combined Management Report 2020

13 Preliminary remarks

13 Foundations of the Group

15 Economic Report

17 Publication of results for 2020

23 Economic situation of elumeo SE

24 Supplementary Report

24 Risk and Opportunity Report

33 Forecast Report

33 Remuneration Report

35 Declaration of Corporate Governance

40 Sustainability Report

42 Takeover provisions

43 Overall assessment

45 Consolidated Financial Statements

46 Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

47 Consolidated Statement of Financial Position

49 Consolidated Statement of Changes in Equity

50 Consolidated Statement of Cash Flows

53 Notes to the Consolidated Financial Statements

55 Notes to the Consolidated Financial Statements

91 Assurance of legal representatives

92 Independent audit's report

102 Imprint

To our shareholders

Letter from the Chairman of the Executive Board 07
The Executive Board of elumeo SE 08
Capital market information 11

Letter from the Chairman of the Executive Board

Dear Shareholders,

Following the drastic changes we experienced over the past few years, the elumeo Group continued to recover strongly in 2020. At the end of 2018, the Executive Board of elumeo SE had to make the bitter decision to discontinue production in Chanthaburi, Thailand, after unsuccessful restructuring efforts. Today, the company is profitable again. The serious changes of the transformation have been overcome.

While the COVID-19 pandemic still caused us considerable problems in the first quarter of 2020 due to supply chain disruptions, we were able to quickly return to increasingly positive results in the following quarters by taking consistent action. Our employees responded quickly to the new conditions and found new solutions for both suppliers and supply chains in only a short period of time. Further measures, such as the early implementation of our "Game Robot" (automated auction process), allowed for a profitable reduction in airtime with reduced personnel deployment and only a slight decline in sales.

Our classic web shop again proved to be a growth driver. With an overall increase of nearly 60% in revenues and a rise in gross profit of nearly 80%, we succeeded in achieving a remarkable development. The performance of our German TV business continued to improve over the course of the year. In the fourth quarter of the year, we again recorded revenue growth in purely German TV for the first time. As in the preceding quarters, gross profit also rose disproportionately.

With a positive adjusted EBITDA of EUR 0.9 million for 2020 and positive earnings after taxes of EUR 1.6 million for the second half of 2020, we believe we are well prepared for the challenges in 2021. We were able to successfully complete the restructuring of the elumeo Group in 2020 despite the challenges posed by the COVID-19 pandemic.

In the future, we will continue to implement further initiatives that promote revenue and strengthen awareness of the elumeo Group brands to enable profitable growth. These include increasingly broadcasting show programmes in parallel in several languages and further expanding our social media and m-commerce activities. We also launched the first step in our non-linear video strategy with the new "My Juwelo" functionality in the Juwelo App. We will expand this in the second quarter to include the "jooli" App.

We thank you for placing your trust in our company and look forward to walking the path to a successful future together with you.

In April 2021



Wolfgang Boyé
Chairman of the Executive Board

The Executive Board of elumeo SE



Wolfgang Boyé, Chairman of the Executive Board

Term of office from 26 June 2020 until the Annual General Meeting 2026

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 the 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 Sportsmarken. 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. 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 on 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 26 June 2020 until the Annual General Meeting 2026

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 oversees the development of processes and systems and is responsible for the operational areas of the company. 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

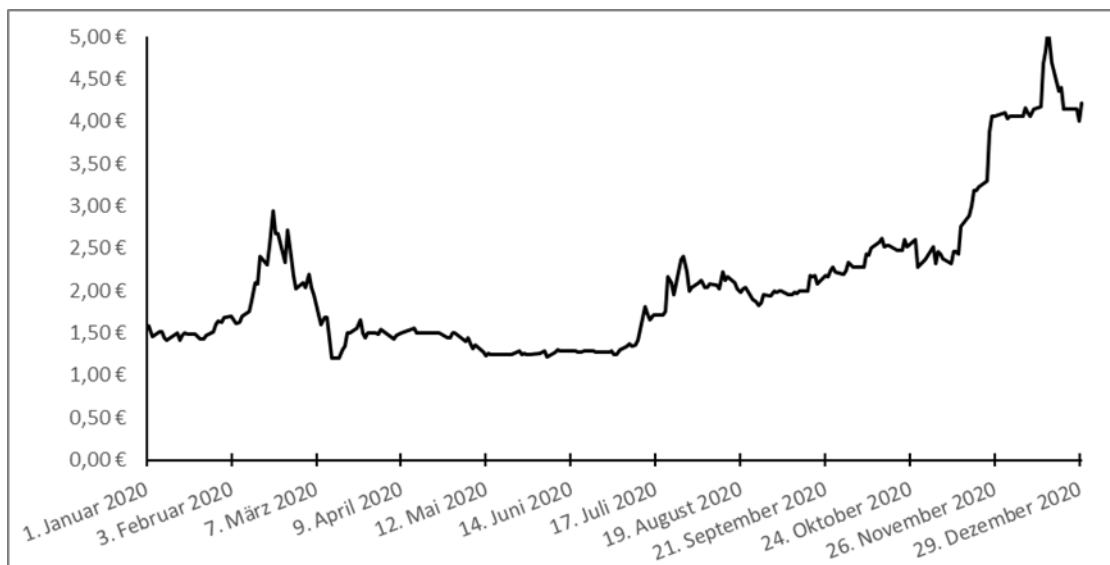
Master data and key figures for the elumeo SE share (as of 31 December 2020)

WKN	A11Q05
ISIN	DE000A11Q059
Earnings per share in 2020	EUR 0.03
Number of shares outstanding	5,500,000
XETRA closing price on the reporting date	EUR 4.22
Market capitalisation	EUR 23.2 million

Share price development

High volatility in 2020 was caused by the spread of COVID-19 and government-mandated lockdowns. Equity indices showed a downward trend. After recovering from the lows for the year, “stay-at-home” stocks (online trading companies and remote access platforms) benefitted in particular. The elumeo SE share was also initially unable to escape the negative market trend and reached its low on 13 March 2020 and 16 March 2020, closing at EUR 1.20 in each case. In contrast, a strong upward trend followed at the beginning of the second half of the year. The share price reached its high of EUR 5.10 on 17 December 2020.

Share of elumeo SE 01/01-31/12/2020 (XETRA, in EUR)



Shareholder structure (Status on 31 December 2020)

	Shareholdings
1. Blackflint Ltd.	26.66%
2. Ottoman Strategy Holdings (Suisse) SA	26.23%
3. Universal Investment	10.01%
4. Executive Board members and Directors	10.82%
5. Free float	26.28%



Consolidated Management Report 2020

Preliminary remarks	13
Foundations of the Group	13
Economic Report	15
Publication of the results for 2020	17
Economic situation of elumeo SE	23
Supplementary Report	24
Risk and Opportunity Report	24
Forecast Report	33
Remuneration Report	34
Declaration of Corporate Governance	36
Sustainability Report / Non-Financial Group Statement	42
Takeover provisions in accordance with Sections 289 a and 315 a (HGB)	43
Overall assessment	45

Preliminary remarks

The Consolidated Financial Statements of elumeo and its subsidiaries (together “elumeo” or the “elumeo Group”) as of 31 December 2020 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 from it, 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 legally created in October 2014 through the contribution of Juwelo Deutschland GmbH, Berlin, Germany (“Juwelo Deutschland”) and its subsidiaries and Silverline Distribution Ltd., Hong Kong, PR China (“Silverline”) and its subsidiary.

Business model

The elumeo Group, headquartered in Berlin, is the leading European company in the field of 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.

Sales are made through direct sales. Through a variety of electronic sales channels (such as TV, the Internet, smart TV and a smartphone app), the company offers its customers a wide variety of gemstone jewelry at competitive prices.

Goods are procured in close cooperation with local partners in Bangkok and Jaipur via a total of around 35 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. Due to the pandemic, purchasing in 2020 will be carried out to a greater extent via the USA and Europe. A larger share of quality control took place in Berlin.

At the end of 2020, the programmes of the elumeo Group could be viewed in over 73 million households in Europe (classic TV and stream). The elumeo Group also sells its products online via web shops in Germany, Italy, the United Kingdom, France, Spain, the Netherlands, and Belgium 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 operating business of the elumeo Group is carried out by the subsidiary Juwelo Deutschland GmbH.

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. In addition, we have concentrated the various location functions in Berlin. The previous segments have now been bundled into one segment.

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, the result of 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 adjusted EBITDA, EBITDA before special items is adjusted by one-off and / or non-operative (special) items by type and amount.

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 2020, 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 role as Chairman of the Executive Board, Mr. Wolfgang Boyé is also Chairman of the Executive Committee of the Executive Board. Managing Directors with sole power of representation as of 31 December 2020 were Mr. Bernd Fischer, Mr. Boris Kirn, Mr. Florian Spatz and Dr. Riad Nourallah.

Strategy and objectives of the Group

The aim of the elumeo Group is to make high-quality jewelry an affordable luxury for everyone. With this mission, elumeo has, according to its own assessment, succeeded in building up one of the broadest product ranges in terms of the number of gemstone variations and 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 controlled 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 or her needs. Cooperation with designers and specialised jewelry manufacturers also enables diverse collections and entertaining offers on TV and thus continuously expands the offerings of the elumeo Group.

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 are revenue, gross profit and adjusted 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.

Control system – Non-financial performance indicators

In addition to the main financial indicators, other non-financial performance indicators are also used to manage the company. Other indicators concern our customers. New customer development is considered from the point of view of the source of the subscription (TV or online). A high proportion of online customers is important for our future development. Furthermore, the number of active customers and the

average sales and gross profit per piece of jewelry sold are taken into account as 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 2020

The gross domestic product (GDP) in 2020 fell by 4.3% worldwide and by 5.2% in Europe. Germany is one of the top 10 countries with the largest gross domestic product in the world. Despite positive forecasts and assessments of the continuity of the stable situation a year ago, there were major deviations and slumps in the economic situation worldwide in 2020. Until recently, forecasts for the next five years showed that the situation should remain unchanged. However, the current developments in the euro area cannot be foreseen at the moment due to the COVID-19 crisis. In Germany, according to the European Commission, real GDP slumped by around 5.6 percent in 2020. As a result of the partial lockdown in November and the subsequent tightening and extension, economic output should only stagnate in the final quarter after a strong recovery in the third quarter of 2020 of 8.5%. Retail sales excluding motor vehicles continued to rise in November, but the individual developments were quite different. While sales in the Internet and mail order business increased significantly, brick-and-mortar retail suffered particularly from the measures taken to combat the pandemic.

By contrast, a recovery with a growth rate of around 3.5 percent is forecast for Germany for the current year 2021. In the wake of the corona crisis, however, it is hardly possible to make valid forecasts at present. According to the International Monetary Fund (IMF), the global economy could grow by around 5.5 percent overall in 2021.

According to the German Federal Ministry of Economics (BMWi), the global economy and with it the German economy have fallen into recession as a result of the corona pandemic. However, the annual projection for 2021 published by the BMWi in January shows that the recession was not as severe as feared and that the recovery came faster than expected. For 2021, the German government expects price-adjusted gross domestic product to increase by 3.0 percent year-on-year. The economic output of the pre-pandemic period is not expected to be reached again until mid-2022.

France, the second-largest economy in the euro zone, is also affected by the consequences of the pandemic. French GDP slumped by 9.8% year-on-year in 2020. The third-largest economy in the euro zone and one of the elumeo Group's most important foreign markets, Italy, also contracted. According to the forecast, Spain, Italy, Portugal and Greece will have some of the highest GDP declines in the European Union.

In addition to France and Italy, the elumeo Group also operates in the United Kingdom, the Netherlands, and Spain, all of which experienced comparable economic development in 2020. According to forecasts by the Global Economic Prospects, growth of around 3.6 percent is expected for the euro zone in 2021.

Overview: Quarterly changes in seasonally adjusted economic figures

Real GDP in % versus previous quarter	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Euro area	-3.3	-11.4	11.5	-0.5
Germany	-2.0	-9.7	8.5	0.3
France	-5.9	-13.7	18.5	-1.4
Italy	-5.5	-13.0	16.0	-2.0
Spain	-5.3	-17.9	16.4	0.4
The Netherlands	-1.5	-8.5	7.8	n / A
Belgium	-3.4	-11.8	11.6	0.4
Austria	-2.8	-11.6	12.0	-2.7
Switzerland	-1.7	-7.0	7.2	n / A
UK	-3.0	-18.8	16.0	n / A

Source: Eurostat

Industry-specific conditions

In 2020, sales of goods in e-commerce increased year-on-year by 14.6 percent from EUR 72.6 billion to EUR 83.3 billion. The German E-Commerce and Distance Selling Trade Association (Bundesverband E-Commerce und Versandhandel Deutschland e. V.) expects e-commerce with goods and services to even exceed the EUR 100 billion mark in 2021.

Households in Germany now spend every eighth euro on goods in e-commerce. It can be observed that older people are increasingly ordering online: While the share of sales accounted for by customers over 60 years of age was less than a quarter by the end of the year, in 2020 almost every third online shopper was over 60. Four out of ten online customers now buy e-commerce more than once a week. Online platforms such as Amazon, Otto or Zalando are becoming more and more important, and the channel preferences of end consumers have shifted significantly in recent years. Forecasts assume 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 Society for the Promotion of Consumer Electronics in Germany (in short: gfu) shows that smart TVs are becoming increasingly established. According to gfu, nearly half of German households now have an Internet-enabled TV set. The use of smart functions is also increasing. At 80%, the value for the younger generation of 16 to 39 year-olds is significantly higher than the value for the over 60-year-olds at 56%.

According to a forecast by the IFH KÖLN (Institute for Retail Research), online sales in the trend scenario will amount to around EUR 120 billion in 2024 – with increasing growth to EUR 141 billion. This corresponds to an online share of retail sales of 16.5 to 19.4 percent. Thus, retailers and manufacturers alike face the challenge of placing the online channel at the center of their own strategy.

Online shopping is no longer limited to shopping on a PC. Mobile devices are also increasingly being used for shopping in Europe. In Spain, the proportion of online shoppers who made a purchase via their cell phone or tablet in the past twelve months was 77%. In Germany, this share was 58%. According to Statista, of the online shoppers surveyed in Germany, 71% said they had made an online purchase via their smartphone or tablet in 2020. In Spain, this share was 83%.

C. Publication of the results for 2020

Principles and comparability of information

With the exception of the discontinuation of business activities in Italy in 2019, 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 indicators (Alternative Performance Measures: APM), which are not regulated in the applicable International Financial Reporting Standards (IFRS). 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 <https://www.elumeo.com/ir/publications/explanation-alternative-performance-measures>.

Business development in 2020

Development of the Group

The financial year 2020 of the elumeo Group covers the period from 1 January to 31 December 2020 ("2020" or the "reporting period"). Financial year 2019 refers to the period from 1 January to 31 December 2019 ("2019," "py" or "prior year").

Financial year 2020 was characterised by the COVID-19 pandemic and the further development of the new procurement structures after the Group's own manufacturing facility had to be closed at the end of 2018. While product supply from China initially came to a standstill in the first quarter, supply from India subsequently also became difficult. For Juwelo's "just-in-time" controlled supply chain, this led to the first immediate loss of sales. Adjustments to the supply chain and alternative sourcing from the USA and Europe prevented a continuing weakness in sales. Thanks to the new sourcing structures, especially with local partners in Jaipur and Bangkok, the company was able to significantly increase the number of product premiers in 2020 compared to 2019. The entire value chain from product development to sales directly to the end customer is managed by elumeo from Berlin.

The switch from in-house production to cooperation with local partners in India and Thailand enables elumeo to develop a significantly more diversified product range once again. The wide range of different designs and price ranges is better defined by the brands and collections that have been introduced and allows customers to better orientate themselves overall about the variety of products. 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 our customers to enjoy a comprehensive and contemporary shopping experience. The return to profitability was supported by an extensive cost reduction programme.

Earnings situation of the elumeo Group

EUR thousand % of revenue	Note	1 Jan - 31 Dec 2020		1 Jan - 31 Dec 2019		YoY in %
Revenue	(1)	42,418	100.0%	44,088	100.0%	-3.8%
Cost of goods sold	(2)	20,216	47.7%	23,455	53.2%	-13.8%
Gross profit		22,202	52.3%	20,633	46.8%	7.6%
Selling expenses	(3)	15,584	36.7%	18,137	41.1%	-14.1%
Administrative expenses	(4)	7,012	16.5%	8,294	18.8%	-15.5%
Other operating income	(5)	862	2.0%	4,687	10.6%	-81.6%
Other operating expenses	(6)	179	0.4%	1,236	2.8%	-85.5%
Earnings before interest and taxes (EBIT)		288	0.7%	-2,347	-5.3%	112.3%
Interest and similar expenses		134	0.3%	238	0.5%	-43.5%
Financial result	(7)	-134	-0.3%	-237	-0.5%	43.6%
Earnings before income taxes (EBT)		154	0.4%	-2,585	-5.9%	106.0%
Income tax	(8)	0	0.0%	0	0.0%	n.a.
Earnings for the period		154	0.4%	-2,585	-5.9%	106.0%

The objective for elumeo in 2020 was slight sales growth and disproportionate growth in margins (adjusted for the closure of the office in Rome). On 17 September, elumeo published an ad hoc announcement to increase the forecast for financial year 2020. In it, management expected a segment EBITDA / adjusted EBITDA between a mid-6-digit negative amount and break-even. The adjusted EBITDA exceeded expectations at EUR 0.9 million. The strong sales and earnings development in the second half of the year made a significant contribution to the overall year's development.

In financial year 2020, there was a slightly negative development in revenue due to the discontinuation of direct distribution in Italy. At the same time, revenue increased significantly compared to the previous year – adjusted for the sales of the site in Rome and gross profit due to an improved product mix (greater diversity of the range). The gross profit margin is now > 50% again. A decrease in costs was achieved through a reduction in transmission time and the closure of the location in Rome. This resulted in a significant improvement in earnings. Without the closed Rome location, sales increased by 10%. The gross profit grew disproportionately by 21%. At the same time, the sales and administration costs of the site in Rome are largely eliminated (2019: EUR 4.4 million)

	2020			2019			Abweichung					
	Without Site Rome	Site Rome (closed)	Total	Without Site Rome	Site Rome (closed)	Total	Without Site Rome	Site Rome (closed)	Total	Without Site Rome	Site Rome (closed)	Total
KEUR % of revenues												
Revenues	42,432	-14	42,418	38,544	5,544	44,088	3,887	10.1%	-5,558	-100.3%	-1,671	-3.8%
Cost of goods sold	20,236	-20	20,216	20,134	3,322	23,455	102	0.5%	-3,342	-100.6%	-3,239	-13.8%
Gross profit	22,195	6	22,202	18,411	2,223	20,633	3,785	20.6%	-2,216	-99.7%	1,569	7.6%
Gross margin	52.3%	-45.0%	52.3%	47.8%	40.1%	46.8%						

Other operating income includes income from the reversal of provisions from the discontinued PWK division in the amount of EUR 0.6 million.

Other operating expenses mainly contain effects from currency translations.

An EBIT of EUR 0.3 million (previous year: EUR -2.3 million) was achieved in financial year 2020. Adjusted for non-operating special items, earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA) improved to EUR +0.9 million in 2020 (2019: EUR -2.1 million). The overall consolidated result is EUR 0.2 million after EUR -2.6 million in 2019. Overall, the original expectations for 2020 were exceeded.

Sales channels

Sales from the TV business in 2020 were 3% below the previous year. The fourth quarter of 2020 closed with a slight increase of 7,3%. A number of improvement measures led to a significant increase in performance in the area of the classic web shop business. The provision of video material on individual products, among other things, increased sales per web customer to over EUR 294. Thanks to search engine optimisation, the number of new customers increased by around 79% in the fourth quarter. Sales in the traditional web shop area increased by a total of around 57%. Gross profit grew disproportionately by around 78% compared to the previous year (data based on merchandise management data).

The reason for the development of sales and gross profit compared to the previous year was the overall significantly higher share of new products, which led to a greater diversity of the entire product range. Selling costs fell significantly, in particular as a result of reduced expenses for broadcasting operations due to shorter broadcast times and the closure of the location in Rome.

Asset position

ASSETS

EUR thousand % of balance sheet total	Note	31 Dec 2020		31 Dec 2019		YoY in %
Non-current assets						
Intangible assets	(11)	429	2.0%	480	2.2%	-10.5%
Property, plant and equipment	(12)	3,965	18.7%	4,483	20.8%	-11.6%
Other financial assets		77	0.4%	177	0.8%	-56.7%
Other non-financial assets		225	1.1%	247	1.1%	-8.6%
Total non-current assets		4,696	22.2%	5,386	25.0%	-12.8%
Current assets						
Inventories	(13)	12,147	57.4%	13,392	62.0%	-9.3%
Trade receivables	(14)	1,230	5.8%	1,398	6.5%	-12.0%
Receivables due from related parties	(15)	0	0.0%	1	0.0%	-100.0%
Other financial assets	(16)	276	1.3%	198	0.9%	39.7%
Other non-financial assets	(17)	507	2.4%	328	1.5%	54.8%
Cash and cash equivalents	(18)	2,307	10.9%	880	4.1%	162.2%
Total current assets		16,468	77.8%	16,197	75.0%	1.7%
Total assets		21,164	100%	21,583	100%	-1.9%

Total assets as of 31 December 2020 remain essentially unchanged. The receivables are reduced on the one hand due to the cut-off date but also due to shorter payment intervals. Cash has increased significantly compared to the previous year, not least due to the positive business development and improved working capital.

EQUITY & LIABILITIES

EUR thousand % of balance sheet total	Note	31 Dec 2020		31 Dec 2019		YoY in %
Equity						
Issued capital	(19)	5,500	26.0%	5,500	25.5%	0.0%
Accumulated losses	(19),(20)	34,441	162.7%	34,423	159.5%	0.1%
Retained losses		-37,809	-178.6%	-37,963	-175.9%	0.4%
Foreign currency translation reserve		2,214	10.5%	2,159	10.0%	2.6%
Total equity		4,346	20.5%	4,118	19.1%	5.5%
<i>Attributable to shareholders of elumeo SE</i>						
		4,346	20.5%	4,118	19.1%	5.5%
Non-current liabilities						
Other non-current financial liabilities	(21)	2,413	11.4%	2,596	12.0%	-7.0%
Provisions	(22)	3,972	18.8%	4,528	21.0%	-12.3%
Other non-financial liabilities		25	0.1%	25	0.1%	0.0%
Total non-current liabilities		6,410	30.3%	7,148	33.1%	-10.3%
Current liabilities						
Financial debt	(23)	0	0.0%	447	2.1%	-100.0%
Other financial liabilities	(21)	389	1.8%	319	1.5%	21.7%
Provisions	(22)	1,113	5.3%	1,400	6.5%	-20.5%
Liabilities due to related parties	(24)	0	0.0%	43	0.2%	-100.0%
Trade payables		6,775	32.0%	5,639	26.1%	20.1%
Advance payments received		133	0.6%	248	1.1%	-46.2%
Tax liabilities	(25)	100	0.5%	100	0.5%	0.0%
Other non-financial liabilities	(26)	1,899	9.0%	2,119	9.8%	-10.4%
Total current liabilities		10,408	49.2%	10,316	47.8%	0.9%
Total equity & liabilities		21,164	100.0%	21,583	100.0%	-1.9%

Non-current financial liabilities essentially relate to the leasing liabilities recognised as liabilities from IFRS 16. Non-current provisions relate to the maximum risk from the liquidation of the now deconsolidated former Group-owned factory. These were reduced on the basis of updated information as well as other claims of the elumeo Group towards the Thai production.

Current financial liabilities were fully serviced by 31 March 2020. Trade payables increased as part of the optimisation of the product range.

Financial position

EUR thousand	Note	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019	YoY in %
Earnings before taxes (EBT)		288	-2,347	112.3%
+/- Depreciation and amortisation on non-current assets	(11),(12)	+935	+2,049	-54.4%
+/- Increase/decrease in provisions	(22)	-288	+608	-147.3%
+/- Increase/decrease in provisions from obligations resulting from the orderly liquidation of the Group owned factory	(22)	-556	-3,033	81.7%
+/- Equity-settled share-based remuneration	(20)	+18	+43	-56.9%
+/- Other non-cash expenses/income		0	-1,464	100.0%
+/- Loss/gain on disposal of non-current assets	(12)	0	-9	100.0%
+ Non-cash current interest expenses	(7)	+34	+31	10.6%
-/+ Increase/decrease in inventories	(13)	+1,212	+7,061	-82.8%
-/+ Increase/decrease in other assets		+12	+571	-98.0%
+/- Increase/decrease in other liabilities		+937	-2,490	137.6%
- Paid interests	(7)	-165	-236	30.2%
Cash flow from operating activities of continuing operations	(27)	+2,428	+784	209.5%
- Payments for investments in intangible assets	(11)	-48	-8	-472.2%
- Payments for investments in property, plant and equipment and property, plant and equipment	(12)	-175	-170	-2.7%
= Cash flow from investing activities of continuing operations	(27)	-222	-169	-31.5%
- Payments for the redemption of financial debt	(23)	-446	-1,554	71.3%
+ Proceeds from increase in financial liabilities	(21)	-330	-670	50.7%
= Cash flow from financing activities of continuing operations	(27)	-777	-2,224	-65.1%
+/- Net increase/decrease in cash and cash equivalents		+1,429	-1,609	188.8%
+/- Effects of foreign currency translation on cash and cash equivalents		-1	+2	-170.2%
+/- Changes in cash and cash equivalents due to changes in scope of consolidation		0	-121	100.0%
+ Cash and cash equivalents on beginning of reporting period		+880	+2,608	-66.3%
= Cash and cash equivalents on end of reporting period		+2,307	+880	162.2%
Reconciliation of cash and cash equivalents				
Cash and cash equivalents	(18)	+2,307	+880	162.2%
= Cash and cash equivalents at end of period		+2,307	+880	162.2%

Cash flow from operating activities showed a clearly positive development in 2020. Earnings before taxes improved further, in particular due to the reduction in inventories. The elumeo Group mainly invested in replacement investments in 2020.

Cash flow from financing activities in 2020 resulted from the repayment of financial liabilities. The loan was repaid as agreed. The elumeo Group was able 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 correspond essentially to the expectations described for the Group 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 Group companies operate as electronic retailers for 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 IT sector. The economic conditions of elumeo SE essentially correspond to those of the Group and are described in the Economic Report.

Earnings position

Sales relate to intra-Group profit mark-ups in connection with the provision of intra-Group personnel services for sales subsidiaries in the areas of Group administration and accounting.

Personnel expenses were down slightly. In financial year 2020, the company had an average of around 11.0 employees (full-time equivalents (FTE)) (previous year: 13.0 FTE). Personnel expenses also include the remuneration of the Managing Directors (3.8 FTE, PY: 3.8 FTE).

Other operating expenses include the remuneration for the non-executive members of the Executive Board, the deferred costs for the preparation and auditing of the annual and Consolidated Financial Statements and for the Annual General Meeting for financial year 2020 as well as ongoing legal, consulting and marketing costs, costs for recruiting and provision of staff, travel expenses and stock exchange listing costs.

The pre-tax result of elumeo SE improved from EUR -1,801 thousand in 2019 to EUR -1,219 thousand in 2020.

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. As of the balance sheet date, the loans shown have remaining terms until 31 December 2021. The contracts contain extension options that are very likely to be exercised.

Equity is slightly higher than in the previous year. The equity ratio increased slightly.

The liabilities declined due to the repayment of loans.

The total assets of elumeo SE decreased accordingly from EUR 27.6 million in 2019 to EUR 25.5 million in 2020. 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 Consolidated Financial Statements.

E. Supplementary Report

On 13 April 2021, the Berlin Regional Court decided to dismiss the lawsuit by SWM Treuhand AG against elumeo SE and employees of elumeo SE.

Bernd Fischer, CFO, resigned from his position as Managing Director on 31 March 2021. He will be available to the company until 31 May 2021 to assist the new CFO, Dr. Riad Nourallah.

F. Risk and Opportunity Report

Risk Management System

elumeo SE is regularly exposed to a wide range of opportunities and risks. 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 that have a significant impact on the existence and the economic situation of the company are considered risks. This also includes external factors such as the competitive situation, regulatory developments in the area of radio, television, as well as e-commerce and mobile solutions, which can jeopardise the achievement of the company's goals. The main risks and opportunities are listed below.

The aim 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 on the basis of their probability of occurrence and the possible financial risk of damage. 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.

In relation to the risk classification in the previous year, there were changes in the risk classification for the following risk categories:

- The probability of occurrence of the liquidity risk was adjusted from medium to low.

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	Impact
1.	Economic and strategic risks		
1.1.	Macroeconomic risks	high	medium
1.2.	Competitive risks	medium	not significant
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	low	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
4.4.	Legal risks	low	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 possible amount of damage is taken into account before hedging measures.

It cannot be ruled out that previously unidentified risks or those with little relevance to the overall risk could 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

According to a forecast by ifo (Leibniz Institute for Economic Research at the University of Munich e.V.), the world's gross domestic product is estimated to have fallen by 3.6% in 2020. By contrast, price-adjusted GDP is expected to rise by 4.2% in 2021. In 2022, the recovery will continue, with economic output expected to increase by 4.5%.

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

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 in exchange rates can have a significant impact on the margin.

In addition, there have been significant changes since the end of 2019 due to the spread of the pandemic (SARS-CoV-2). The economic effects are still not foreseeable. In particular, companies in the tourism, gastronomy, trade fair and event sectors are at risk for their existence. Extensive financial aid packages are being made available to help overcome the threats of declining sales and underemployment. It remains unclear whether and for how long these aid measures will help those involved in the economy. Therefore, forecasts on the economic development in the euro area are currently not reliable with certainty.

We have therefore still rated the probability of occurrence from macroeconomic risks as "high."

1.2. Competitive risks

The national and international competitiveness of the elumeo Group is uncertain. There is no guarantee that the elumeo Group will be able to maintain its business model in its current form and grow profitably.

The jewelry industry and the electronic retail industry are already highly competitive. The elumeo Group could be exposed to further competition if existing or new competitors enter similar business models by launching an Internet-based or TV-based offer for real 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 the elumeo Group regularly monitors and analyses the current competitive situation and, if necessary, defines countermeasures.

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 growth and have a negative impact on the asset, financial and earnings position of the elumeo Group.

With the expansion of the product and service range of the elumeo Group 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 a pandemic

can lead to delivery failures and / or delays due to restrictions in production and the supply chain. This could limit the growth of the elumeo Group and prevent further profitable development.

The management of the elumeo Group uses various instruments to monitor the acceptance of its products and services as well as customer satisfaction. Therefore, the company is able to react 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, if necessary, new designs are developed or existing designs modified.

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. Detailed quality controls after each step ensure a high level of craftsmanship. Defective or faulty products influence customer satisfaction and may 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, in addition to clear contractual arrangements, middlemen who inspect the mines on our behalf and verify the origins of the gems we purchase.

2.3. Procurement risks

The long-term stability of our supply chain essentially depends on our central purchasing team in Berlin in cooperation with local experts. Delays with certain gemstones that are in demand or mines that do not provide us with more gemstones could have a negative impact on our sales. We counter this with a high number of gemstone varieties and a majority 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 in the supply chain caused by, for example, closed airports due to pandemics or cancelled flights can have a major impact on the flow of goods and thus planned sales.

2.4. Inventory risks

Due to the full integration of the value chain, we have to adjust production to sales expectations. This is done by means of daily detailed sales planning in conjunction with forecasts and projections on 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

The TV business made a significant contribution to overall performance in financial year 2020. Through corresponding contracts, we secure ourselves the necessary bandwidth in order to broadcast our TV programme. At the same time, we try to establish alternative access routes 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, is thus a key success factor. Domestic recruiting, in particular the search for international employees and appropriate language skills, e.g. for customer service and broadcasting operations, will therefore be of major importance in order to guarantee the quality and creativity of our products and services.

2.7. IT and information risks

Key components of our IT structure are managed by a separate team of developers. The consistent focus on the 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. Evaluations, for instance analysis of customer behaviour, allows us to continuously optimise our range and adapt processes.

2.8. Returns

Increased product returns that are significantly above the company's expectations could raise our costs and harm our business and results of operations. The warehouse logistics of the elumeo Group are structured in such a way that quick processing is possible even with a high number of 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 regarding risks – both operational and accident risks – may not cover all risks and / or may 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. In view of the expected development in Germany, interest rate risks are still to be assessed as low.

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 can 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 funds are managed by various banks with good credit ratings.

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 goal of liquidity management is to ensure solvency at all times. The probability of occurrence of the liquidity risk was adjusted from medium to low:

- Termination of Thai business activities and related litigation

Unplanned liquidity outflows from the discontinuation of production activities in Thailand represent a significant liquidity risk. The liquidation process in Thailand is accompanied by a series of legal disputes and the process is complex in terms of its management. 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 orderly settlement in the next two financial years. It is assumed that the assets of the Thai production company can be used to cover the 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 do not lead to significantly lower liquidity burdens for the elumeo Group. Efforts by the Executive Board to date to bring about an orderly liquidation of the Thai subsidiary have remained unsuccessful. A change in local management and greater involvement in discussions with creditors and suppliers could not be implemented. As the efforts of the Executive Board in this regard could not be successfully implemented, the Executive Board considers it necessary to record the maximum risk. The Executive Board assumes that due to the no longer probable orderly liquidation of PWK and the associated difficult legal enforceability of claims, a corresponding risk must be taken into account. Provisions of EUR 4.1 million have been taken into account in the Consolidated Financial Statements for the maximum possible payments. The maximum risk, however, refers to the non-existent probability of a liquidity impact from this risk within a medium-term period.

On 13 April 2021, the Berlin Regional Court dismissed the action brought by SWM Treuhand AG Wirtschaftsprüfungsgesellschaft. In it, elumeo SE and individual members of the bodies of elumeo SE were sued for damages in the amount of EUR 10.2 million.

In the context of other legal disputes that are already pending before the courts and that are moderately related to the winding up of the Thai subsidiary, the Executive Board also assumes that – with the exception of fees for legal advice – there will be no outflow of liquidity in the next two financial years. The Executive Board, together with various legal advisors, has intensively examined the legal and economic substance of the various claims asserted and has come to the conclusion in all cases that these claims are without substance and that the asserted bases for the claims are not legally tenable. If this assessment by the Executive Board should prove to be incorrect in the event of legal enforcement, liquidity outflows would only be expected in the distant future after completion of the full legal process.

Risks from operating business

With regard to the development of the operating business, the focus of liquidity control is on monitoring market developments, particularly in the various sales channels and customer groups, as well as ongoing control of the cost reduction and quality improvement measures introduced by suppliers of jewelry.

The Executive Board has conducted sensitivity considerations that include, in particular, negative deviations from plan in the operating business. In the opinion of the Executive Board, there is currently no planning scenario that can be classified as probable that could lead to liquidity bottlenecks in the event of negative budget variances in the operating business, which could not be compensated for by countermeasures. In

the context of the corona crisis, countermeasures could be initiated through reduced airtime, short-time work and deferrals of tax payments and individual agreements with individual suppliers, which compensate for the weak revenues at the beginning of 2020 from the reduced product supply. The short-time work measures expired at the end of 2020. In the elumeo Group, no employees will be on short-time working in 2021. Further effects of the current crisis cannot be estimated. However, if profitability deteriorates in the medium to long term, further liquidity can be generated in the short term through aggressive sales measures.

Overall assessment

The above-described risks from the liquidation of the Thai production company and the related legal disputes cannot be reduced beyond the measures taken by the Executive Board. There are currently no risks arising from the operational business model. However, other unexpected risks in the context of the COVID-19 crisis could affect the elumeo Group.

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 this risk with derivative hedging instruments was previously not considered necessary due to the large number of individual transactions. In addition, there were no net risks from GBP, USD, THB and INR transactions that could jeopardise the continued existence of the company. Delivery agreements and sales are largely made and processed on a euro basis. This means that there is only a low risk from short-term currency fluctuations. Nevertheless, there are margin risks due to the devaluation of currencies in the sales areas. These arise from the increased acquisition costs in the sales areas due to 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.

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 goods dealers are taken into account as part of internal training programs.

4.3. Tax risks

The elumeo Group is exposed to tax risks. These arise for instance with regard to the so-called "transfer pricing," from VAT requirements, from an investment promotion privilege and income tax exemptions in Thailand or from complex restructuring within a short time in the Group. The majority of these tax risks are historical and are monitored by the Executive Board through close cooperation with tax advisors and tax authorities. Tax audits that have already been carried out or audits whose conclusion is imminent are classified with the involvement of tax advisors in such a way that there is no realisation of still existing tax risks. In particular, the complex issues posed by the liquidity risk in the orderly liquidation of the Thai production

company could lead to divergent assessments of the tax environment by tax authorities and could 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.

4.4 Legal risks

elumeo strives to keep its legal risks low. Nevertheless, elumeo is exposed to risks from legal disputes, in particular from trademark law, data protection law or tax law. In addition, legal disputes from the group of shareholders can also influence the development of the Group.

Opportunities

Growth market online jewelry

According to studies by Statista or Grand View Research, for example, the international jewelry market is said to be in a continuous growth phase. By 2025, the entire global jewelry market is expected to be worth over \$ 480 billion. The trend towards online and mobile business will become increasingly important. Already several years ago, McKinsey&Company predicted a doubling of the global share of online trade in the jewelry market 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 e-commerce market

The trend towards e-commerce at the expense of brick-and-mortar retail seems to continue unabated overall. The elumeo Group believes that the e-commerce 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.

In the context of e-commerce growth, online sales via smartphones in particular are steadily increasing. According to forecasts by Statista, an e-commerce market volume of € 103.6 billion will be achieved in 2025; this equates to expected annual sales growth of 5.4% (CAGR 2021-2025). According to current estimates, the penetration rate will be 77.0% in 2021 and is expected to reach 81.9% by 2025.

Global m-commerce sales are expected to reach \$ 3.56 trillion by 2021. In addition, mobile sales are growing even faster than digital sales as a whole. Mobile retail purchases are expected to be \$ 38.32 billion in 2020. With its steadily further developed app and optimised presentation of its web shops for smartphones, the elumeo Group sees itself in a very good starting position here.

Staff and know-how potential

The Executive Board assumes that the most important employees of the elumeo Group will remain loyal to the company as a whole. Nevertheless, the company expects that they can be adequately replaced in the medium term if certain managers are lost. 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 employees, who have in some cases been employed by the Group for quite a long time, allows for reliable and speedy implementation of the Group's strategies. The management also has extensive, longstanding and detailed market and industry knowledge.

G. Forecast Report

Macroeconomic and sector-related situation

While the outlook for stationary retail trade in the coming years is rather bleak, according to forecasts by the market research company Forrester Research, online retail should continue to grow dynamically. 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. However, these forecasts do not take into account the current corona crisis.

According to TechSci Research, the international jewelry market continues to grow; In 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 also does not take the current corona crisis into account.

Development of the Group

elumeo SE assumes that the corona crisis will have a significant impact on the development of the Group in 2021. So far, the following developments have been observed: After initial delivery problems, our supply chain was able to react quickly to the challenges. In the course of 2020, profitability then developed significantly positively.

Management also expects high volatility in 2021 depending on the development of the COVID-19 pandemic. As a result, the forecast is based on a cautious approach to future development and takes into account possible further negative influences from collapses in demand and supply bottlenecks. Based on the development in the third and fourth quarters of financial year 2020 and the first quarter of 2021, management assumes that sales growth in the low double-digit percentage range can be achieved in 2021. The gross profit margin should continue to develop steadily at > 50%. Overall, the gross profit should develop slightly disproportionately. The adjusted EBITDA is expected to be in the low to mid- single-digit million range.

Due to the positive business development, investments in working capital are necessary. However, in order to be able to guarantee the solvency of the Group at all times, the elumeo Group can react flexibly and at short notice to negative economic developments with the appropriate options for reducing the inventory. The Executive Board of the elumeo Group has created different scenarios in this context and has sufficient liquidity in all scenarios in the financial years 2021 and 2022 to service due 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 annual basic remuneration, 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 payments in cash, which have a one-year assessment basis. 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 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. Non-executive members of the Executive Board who are Chairmen of a committee formed by the Executive Board, but who are not also Chairman or Deputy Chairman of the Executive Board, receive an additional EUR 12,500.00 for each full financial year of committee chairmanship. The non-executive members of the Executive Board are reimbursed for all expenses incurred in connection with the performance of their duties as a board member, as well as any sales tax 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 are 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 widow 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 2020 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 654 thousand (previous year: EUR 726 thousand) in financial year 2020, exclusively for their activities as organ members of the company.

Ancillary 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 is taxed at the expense of the Managing Directors. In financial year 2020, 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.

Other services

No other services were provided in financial year 2020.

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**Declaration of Corporate Governance**

The management of elumeo SE ("elumeo") as a listed, monistic German Societas Europaea (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 the Declaration of Corporate Governance pursuant to Section 289f of the German Commercial Code (HGB), we refer to our declaration pursuant to Art. 9 para. 1 lit. c) (ii) SE Regulation, Section 22 para. 6 SEAG in conjunction with Section 161 of the German Stock Corporation Act (Declaration of Conformity) and explain our relevant corporate governance practices that are applied beyond the legal requirements.

The Executive Board of elumeo SE declares in accordance with Art. 9 Paragraph 1c) (ii) SE Regulation, Section 22 Paragraph 6 SEAG in conjunction with Section 161 AktG that elumeo SE (the "**company**") adheres to the principles and recommendations of the Government Commission on the German Corporate Governance Code (the "**Code**") in the version of 16 December 2019 since the last declaration of compliance from January 2020 (taking into account the special features of the one-tier system of elumeo SE). Deviations are explained below.

1. Special features of the one-tier corporate governance system

According to Art. 43-45 SE Regulation, the one-tier system is characterised by the fact that the SE is managed by a uniform management body, the Executive Board. The members of the Executive Board jointly

manage the company, jointly determine the basic lines of their activities and jointly monitor their implementation by the Managing Directors. The Managing Directors manage the company's business, represent the company in and out of court and are bound by the instructions of the Executive Board.

In the course of adapting to the one-tier system, the company applies those parts of the code that relate to the Supervisory Board to the Executive Board, and all parts that relate to the Executive Board to the Managing Directors.

In point A. I. management tasks of the Executive Board and A. II. The Supervisory Board's monitoring tasks are carried out by the Executive Board and the Managing Directors.

The Managing Directors and the Executive Board of elumeo SE adopted the following declaration in accordance with Section 161 of the German Stock Corporation Act on 1 March 2021:

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 SE complies with all recommendations of the Government Commission on the German Corporate Governance Code published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette in the version dated 16 December 2019 (Code 2019) and will continue to comply with them in the future, with the following exceptions:

According to the recommendations of the Code 2019 (B.5), an age limit should be set for the Managing Directors and stated in the Declaration of Corporate Governance.

There is no age limit for Managing Directors. The choice of Managing Directors is based solely on their knowledge, skills and professional experience. elumeo SE does not currently comply and will not comply with this recommendation in financial year 2021.

According to the recommendations of the Code 2019 (C.2), an age limit should be set for the members of the Executive Board and stated in the Declaration of Corporate Governance.

There is no age limit for members of the Executive Board. The election of Executive Board members is based solely on their knowledge, skills and professional experience. elumeo SE does not currently comply and will not comply with this recommendation in financial year 2021.

According to the recommendations of the Code 2019 (C.6), the Chairman of the Executive Board should be independent of the company. The major shareholder Blackflint Ltd. is represented by the Chairman of the Executive Board. At the same time, half of the Executive Board members are independent.

The Declaration of Conformity can be viewed on the elumeo SE website at <https://www.elumeo.com/investor-relations/corporate-governance>.

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.

Further details on how elumeo practices corporate governance can be found 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. Our company's reporting thus complies with the regulations defined in the Code.

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 and describe the material opportunities and risks.

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. According to Art. 43-45 of the SE Regulation in conjunction with Section 20 et seq. of the SE Implementation Act, the monistic system is characterised by the fact that the management of the SE is the responsibility of a single body, the Executive Board. elumeo is making use of the legal option to delegate day-to-day business to Managing Directors, with one of the four Managing Directors also being a member of the Executive Board in financial year 2020. The Annual General Meeting is 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 consists of four members: Wolfgang Boyé (Chairman), Dr. Frank Broer (Deputy Chairman), Boris Kirn and Gregor Faßbender-Menzel.

The Executive Board members were elected at the Annual General Meeting.

Board meetings are held at least every three months. To perform its duties, the Executive Board has established three committees and regularly receives reports on their work. The principles of cooperation between the Executive Board and the tasks of its committees are defined in more detail in the rules of procedure for the Executive Board, which can be found on the company's website at: <https://www.elumeo.com/unternehmen/verwaltungsrat/geschaeftsordnung>.

COMMITTEES OF THE EXECUTIVE BOARD

The Executive Board had three committees in the year under review. Their tasks, responsibilities and work processes comply with the requirements of the German Stock Corporation Act and the German Corporate Governance Code (Code 2019). The Chairmen of the committees report regularly to the Executive Board on the work of the committees.

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.

As of 31 December 2020, the Audit Committee had the following members: Dr. Frank Broer (Chairman), Gregor Faßbender-Menzel and Boris Kirn. The members of the Audit Committee are collectively familiar with the industry the company operates in. According to the Stock Corporation Act, the Audit Committee must include at least one member of the Executive Board who has expertise in the areas of accounting or auditing. According to the Code, the Chairman of the Audit Committee should have special knowledge and experience in the application of accounting principles and internal control procedures, and he should be familiar with the audit of the financial statements and independent. The Chairman of the Audit Committee, Dr. Frank Broer, meets these requirements.

The Nomination Committee has the task of proposing suitable candidates to the Executive Board for the election of members of the Executive Board of the shareholders by the Annual General Meeting. In addition to the necessary knowledge, skills and professional experience of the proposed candidates, the objectives named by the Executive Board for its composition and the adopted diversity concept, in particular independence and diversity, should be adequately taken into account and at the same time the aim should be to fill in the competence profile. It must be ensured that there is an appropriate participation of women and men in accordance with the legal requirements for the gender quota and that the members of the Executive Board as a whole are familiar with the industry the company operates in.

As of 31 December 2020, the Nomination Committee had the following members: Wolfgang Boyé, Dr. Frank Broer and Gregor Faßbender-Menzel. The Nomination Committee did not meet in financial year 2020.

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. As of 31 December 2020, four managing directors were appointed, all of whom were granted sole power of representation, namely Bernd Fischer, Boris Kirn, Florian Spatz and Dr. Riad Nourallah.

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 may be revoked at any time. In financial year 2020, there was no conflict of interest with the Managing Directors of elumeo SE.

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: As team players, Executive Board members are expected to play a role 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, e-commerce, television 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. 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, i.e. 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 major shareholder 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 independent 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 by 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 on all management levels of its subsidiaries on average. elumeo actively promotes the compatibility of family and work through part-time and half-day models, flexible working hours and home office days, for example. 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 2020. As a target for the percentage of women to be achieved by 30 June 2022, the Executive Board used the percentage in place by 23 September 2019 as a guide and thus adopted a target of 14.3% for the Executive Board and 0% for the Managing Directors, each to be achieved by 30 June 2022. Long-term succession planning takes into account the requirements of the German Stock Corporation Act, the SE Ordinance of the Code and the target figure set by the Administrative Board for the proportion of women among the Managing Directors, as well as the criteria according to the diversity concept decided by the Executive Board. 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. It is an important basis of the compliance management system. 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. She is supported in this by the compliance committee, consisting of the head of 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.

Self-assessment of the Executive Board

The Executive Board and its committees regularly review internally how effectively the Executive Board as a whole and its committees are performing their duties. The results of the audit confirm a professional, constructive cooperation, characterised by a high degree of trust and openness, within the Executive Board and with the Managing Directors. There was no fundamental need for change. Individual suggestions are also taken up and implemented during the year.

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 reasonable prices by focusing on electronic distribution channels. We are convinced that this also gives us the opportunity to provide our employees with fair and family-friendly working conditions at every step along 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.

In view of the relatively small size of the company and the restriction to one business area, we decided after careful consideration to prepare the Sustainability Report on the basis of 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. A large number of our employees are female. The diversity of nationalities, religions, family constellations or sexual orientations are not recorded, but can be felt positively.

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, and 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 and appropriate contractual agreements with our suppliers, our purchasing department ensures that they work seriously and, for their part, obtain the raw materials, in particular gold, silver and precious stones, exclusively from conflict-free regions in compliance with current ethical standards. In addition, we regularly monitor our contractual partners to ensure that they are not accused of breaching any nationally or internationally applicable sanctions. With the help of a whistleblowing hotline, our compliance management system ensures that any doubts about the seriousness of suppliers are immediately reported to the compliance officer of the elumeo Group, the head of the audit committee and the Executive Board member responsible for environmental, social and governance issues.

Integrity

Doing business ethically 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 basis of our daily work and therefore 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 senior executives and employees. We expect all executives 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 represents 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 will prevail.

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 executives 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 2020 (31 December 2019: 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 Annual 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.

Holdings in capital that exceed 10.0% of the voting rights

As of 31 December 2020, 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 notes: Notification 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 removal of members of the Executive Board and Managing Directors; Changes 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 Annual 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).

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

As of the balance sheet date, elumeo SE did not conclude any agreements that contain regulations for the event of 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 a 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 2020 relatively positively. Despite the initial stress on the supply chains from the COVID-19 pandemic, overall business development was positive. The changeover from the Group's own manufactory to procurement of goods in close cooperation with local partners in Bangkok and Jaipur as well as with a total of around 35 suppliers was able to be changed quickly and is increasingly developing its potential. The elumeo Group is constantly growing steadily in the e-commerce segment and is thus further expanding its market position as the leading European electronic retailer of gemstone jewelry in this strategically important area. With continuous positive development and the consistent expansion of the product range and sales channels, the Managing Directors look to the year 2021 and the following years with confidence.

Berlin, 22 April 2021

elumeo SE

The Managing Directors



Florian Spatz



Boris Kirn



Dr. Riad Nourallah



elumeo

Annual Report 2020



Consolidated Financial Statements

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	46
Consolidated Statement of Financial Position	47
Development of Equity within the Group	49
Consolidated Statement of Cash Flows	50

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

for the financial years from 1 January to 31 December 2020 and 2019

EUR thousand % of revenue	Note	1 Jan - 31 Dec 2020		1 Jan - 31 Dec 2019		YoY in %
Revenue	(1)	42,418	100.0%	44,088	100.0%	-3.8%
Cost of goods sold	(2)	20,216	47.7%	23,455	53.2%	-13.8%
Gross profit		22,202	52.3%	20,633	46.8%	7.6%
Selling expenses	(3)	15,584	36.7%	18,137	41.1%	-14.1%
Administrative expenses	(4)	7,012	16.5%	8,294	18.8%	-15.5%
Other operating income	(5)	862	2.0%	4,687	10.6%	-81.6%
Other operating expenses	(6)	179	0.4%	1,236	2.8%	-85.5%
Earnings before interest and taxes (EBIT)		288	0.7%	-2,347	-5.3%	112.3%
Interest and similar expenses		134	0.3%	238	0.5%	-43.5%
Financial result	(7)	-134	-0.3%	-237	-0.5%	43.6%
Earnings before income taxes (EBT)		154	0.4%	-2,585	-5.9%	106.0%
Income tax	(8)	0	0.0%	0	0.0%	n.a.
Earnings for the period		154	0.4%	-2,585	-5.9%	106.0%
<i>Earnings of shareholders of elumeo SE</i>		154	0.4%	-2,585	-5.9%	106.0%
Earnings per share in EUR applied to:	(10)					
- Earnings of shareholders total		0.03		-0.47		106.0%
- diluted		0.03		-0.47		106.0%
<i>Average number of shares outstanding</i>						
- basic		5,500,000		5,500,000		0.0%
- diluted		5,510,480		5,506,396		0.1%
Differences from foreign currency translation of foreign subsidiaries		55	0.1%	-16	0.0%	439.2%
Other comprehensive income from continuing operations		55	0.1%	-16	0.0%	439.2%
Total comprehensive income		209	0.5%	-2,601	-5.9%	108.0%
<i>Total comprehensive income of shareholders of elumeo SE</i>		209	0.5%	-2,601	-5.9%	108.0%

Consolidated Statement of Financial Position

as of 31 December 2020 and 2019

ASSETS

EUR thousand % of balance sheet total	Note	31 Dec 2020		31 Dec 2019		YoY in %
Non-current assets						
Intangible assets	(11)	429	2.0%	480	2.2%	-10.5%
Property, plant and equipment	(12)	3,965	18.7%	4,483	20.8%	-11.6%
Other financial assets		77	0.4%	177	0.8%	-56.7%
Other non-financial assets		225	1.1%	247	1.1%	-8.6%
Total non-current assets		4,696	22.2%	5,386	25.0%	-12.8%
Current assets						
Inventories	(13)	12,147	57.4%	13,392	62.0%	-9.3%
Trade receivables	(14)	1,230	5.8%	1,398	6.5%	-12.0%
Receivables due from related parties	(15)	0	0.0%	1	0.0%	-100.0%
Other financial assets	(16)	276	1.3%	198	0.9%	39.7%
Other non-financial assets	(17)	507	2.4%	328	1.5%	54.8%
Cash and cash equivalents	(18)	2,307	10.9%	880	4.1%	162.2%
Total current assets		16,468	77.8%	16,197	75.0%	1.7%
Total assets		21,164	100%	21,583	100%	-1.9%

Consolidated Statement of Financial Position

as of 31 December 2020 and 2019

EQUITY & LIABILITIES

EUR thousand % of balance sheet total	Note	31 Dec 2020		31 Dec 2019		YoY in %
Equity						
Issued capital	(19)	5,500	26.0%	5,500	25.5%	0.0%
Accumulated losses	(19),(20)	34,441	162.7%	34,423	159.5%	0.1%
Retained losses		-37,809	-178.6%	-37,963	-175.9%	0.4%
Foreign currency translation reserve		2,214	10.5%	2,159	10.0%	2.6%
Total equity		4,346	20.5%	4,118	19.1%	5.5%
<i>Attributable to shareholders of elumeo SE</i>						
		4,346	20.5%	4,118	19.1%	5.5%
Non-current liabilities						
Other non-current financial liabilities	(21)	2,413	11.4%	2,596	12.0%	-7.0%
Provisions	(22)	3,972	18.8%	4,528	21.0%	-12.3%
Other non-financial liabilities		25	0.1%	25	0.1%	0.0%
Total non-current liabilities		6,410	30.3%	7,148	33.1%	-10.3%
Current liabilities						
Financial debt	(23)	0	0.0%	447	2.1%	-100.0%
Other financial liabilities	(21)	389	1.8%	319	1.5%	21.7%
Provisions	(22)	1,113	5.3%	1,400	6.5%	-20.5%
Liabilities due to related parties	(24)	0	0.0%	43	0.2%	-100.0%
Trade payables		6,775	32.0%	5,639	26.1%	20.1%
Advance payments received		133	0.6%	248	1.1%	-46.2%
Tax liabilities	(25)	100	0.5%	100	0.5%	0.0%
Other non-financial liabilities	(26)	1,899	9.0%	2,119	9.8%	-10.4%
Total current liabilities		10,408	49.2%	10,316	47.8%	0.9%
Total equity & liabilities		21,164	100.0%	21,583	100.0%	-1.9%

Consolidated Statement of Changes in Equity

for the financial year from 1 January to 31 December 2020

Reason for change	Note	Attributable to shareholders of elumeo SE				
		Issued capital Kapital	Capital Reserve	Accumulated losses	Foreign currency Währungs- umrech- nung	Foreign currency translation reserve
EUR thousand						
1 January 2020		5,500	34,423	-37,963	2,159	4,118
Equity-settled share-based remuneration	(20)		18			18
Other comprehensive income				154		154
Earnings for the period					55	55
Total comprehensive income				154	55	209
31 December 2020		5,500	34,441	-37,809	2,214	4,346

for the financial year from 1 January to 31 December 2019

Reason for change	Note	Attributable to shareholders of elumeo SE				
		Issued capital	Capital Reserve	Accumulated losses	Foreign currency translation reserve	Total equity
EUR thousand restated*						
1 January 2019		5,500	34,380	-35,379	2,175	6,677
Equity-settled share-based remuneration	(20)		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

Consolidated Statement of Cash Flows

for the financial years from 1 January to 31 December 2020 and 2019

EUR thousand	Note	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019	YoY in %
Earnings before taxes (EBT)		288	-2,347	112.3%
+/- Depreciation and amortisation on non-current assets	(11),(12)	+935	+2,049	-54.4%
+/- Increase/decrease in provisions	(22)	-288	+608	-147.3%
+/- Increase/decrease in provisions from obligations resulting from the orderly liquidation of the Group owned factory	(22)	-556	-3,033	81.7%
+/- Equity-settled share-based remuneration	(20)	+18	+43	-56.9%
+/- Other non-cash expenses/income		0	-1,464	100.0%
+/- Loss/gain on disposal of non-current assets	(12)	0	-9	100.0%
+ Non-cash current interest expenses	(7)	+34	+31	10.6%
-/+ Increase/decrease in inventories	(13)	+1,212	+7,061	-82.8%
-/+ Increase/decrease in other assets		+12	+571	-98.0%
+/- Increase/decrease in other liabilities		+937	-2,490	137.6%
- Paid interests	(7)	-165	-236	30.2%
Cash flow from operating activities of continuing operations	(27)	+2,428	+784	209.5%
- Payments for investments in intangible assets	(11)	-48	-8	-472.2%
- Payments for investments in property, plant and equipment and property, plant and equipment	(12)	-175	-170	-2.7%
Cash flow from investing activities of continuing operations	(27)	-222	-169	-31.5%
- Payments for the redemption of financial debt	(23)	-446	-1,554	71.3%
+ Proceeds from increase in financial liabilities	(21)	-330	-670	50.7%
Cash flow from financing activities of continuing operations	(27)	-777	-2,224	-65.1%
+/- Net increase/decrease in cash and cash equivalents		+1,429	-1,609	188.8%
+/- Effects of foreign currency translation on cash and cash equivalents		-1	+2	-170.2%
+/- Changes in cash and cash equivalents due to changes in scope of consolidation		0	-121	100.0%
+ Cash and cash equivalents on beginning of reporting period		+880	+2,608	-66.3%
Cash and cash equivalents on end of reporting period		+2,307	+880	162.2%
Reconciliation of cash and cash equivalents				
Cash and cash equivalents	(18)	+2,307	+880	162.2%
Cash and cash equivalents at end of period		+2,307	+880	162.2%

Table of Contents

A. Information on the elumeo Group	52
B. Basic principles of the Consolidated Financial Statements	52
C. Amended standards and interpretations of the IASB	53
Applicable standards	53
Issued, applicable accounting regulations of the IASB.....	53
D. Principles of consolidation	54
Scope of consolidation.....	54
Reporting date of the Consolidated Financial Statements	55
Accounting and valuation principles.....	55
Debt consolidation.....	55
Consolidation of expenses and income.....	55
Functional currency, reporting currency and currency translation	56
E. Accounting policies	56
Classification to current and non-current assets and liabilities	56
Intangible assets.....	56
Property, plant and equipment	56
Impairment of intangible assets, property, plant and equipment and other non-financial assets.....	57
Leases – Group as the lessee.....	58
Current and deferred income taxes	58
Deferred taxes	58
Inventories.....	59
Financial instruments	59
Measurement of fair value.....	60
Subscribed capital.....	61
Employee benefits.....	61
Provisions	62
Contingent liabilities, commitments and other financial obligations	62
Segment reporting.....	62
Recognition of income and expenses	62
Research and development costs	63
F. Significant discretionary decisions, estimates and assumptions	63
G. Notes to the Consolidated Statement of Comprehensive Income	64
(1) Revenue.....	64
(2) Cost of goods sold	64
(3) Selling expenses.....	65
(4) Administrative expenses	65
(5) Other operating income.....	66
(6) Other operating expenses.....	66
(7) Financial result.....	67
(8) Income taxes	67
(9) Personnel expenses.....	68

(10) Earnings per share	69
H. Notes to the Consolidated Statement of Financial Position.....	70
(11) Intangible assets.....	70
(12) Property, plant and equipment	71
(13) Inventories	72
(14) Trade receivables.....	73
(15) Receivables due from related parties.....	73
(16) Cash and cash equivalents.....	73
(17) Other non-financial assets.....	74
(18) Cash and cash equivalents.....	74
(19) Total equity	74
(20) Share-based remuneration.....	75
(21) Financial liabilities	77
(22) Other financial liabilities	77
(23) Provisions	78
(24) Liabilities due to related parties.....	79
(25) Tax liabilities.....	80
(26) Miscellaneous liabilities.....	80
(27) Notes to the Consolidated Statement of Cash Flows.....	80
(28) Further disclosures on financial instruments.....	82
I. Other notes	82
Management of financial risks.....	82
Segment reporting.....	85
Related party disclosures.....	85
Other financial obligations.....	87
Supplementary disclosures in accordance with the German Commercial Code (HGB)	87
Events after the reporting period.....	89

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 is the parent company of the elumeo Group (hereinafter also referred to as “company” or “elumeo SE”), the seat of elumeo SE is Erkelenzdamm 59/61 in 10999 Berlin, Germany.

The company is listed in Section B of the Berlin-Charlottenburg Commercial Register 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 on the premise that business activities would continue. Further information on this can be found in section [F.] and in the forecast report of the Combined Management Report and Group Management Report.

Business activity of the elumeo Group

The elumeo Group is active in the design, procurement and distribution of jewelry, jewelry goods, precious stones and related products via television and other, especially electronic, distribution channels (Internet) in the main markets of Germany, Italy and France. 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.

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”) and to liquidate the production company in an orderly manner under its own management by selling the existing assets (“discontinued operation PWK”). The production activities of the company were completely discontinued by the end of 2018.

As a result of various developments in financial year 2019, an orderly liquidation of PWK under self-administration is no longer feasible with a probability bordering on certainty. As a result, PWK was therefore retrospectively deconsolidated as of 31 December 2018. Regarding the effects on the Consolidated Financial Statements, please refer to the explanations on provisions.

Approval of the Consolidated Financial Statements

The Executive Board approved publication of the Consolidated Financial Statements on 21 April 2021.

B. Basic principles of the Consolidated Financial Statements

Application of IFRSs

The Consolidated Financial Statements of elumeo SE for the financial year ended as of 31 December 2020 (hereinafter also referred to as the “Consolidated Financial Statements 2020”) 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 taken into account.

The Consolidated Financial Statements take into account all IFRSs that had been issued as of the reporting date and requiring application 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 format. The Consolidated Statement of Financial Position classifies assets and liabilities into current or non-current components in accordance with their maturities.

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 figures, percentages, etc.).

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).

Issued, applicable accounting regulations of the IASB

Standards, interpretations and changes to the IAS / IFRS, which are to be applied for the first time in 2020, are presented below with their effects on the elumeo Group.

Standard/Interpretation	Publication by the IASB	Application date IASB	Effects on the elumeo Group
IFRS 3 Changes to IFRS 3 - Definition of a Business	October 2018	01/01/2020	not significant
IAS 8 Changes to IAS 8 - Definition of Materiality	October 2018	01/01/2020	not significant
IFRSs Changes to IAS 39, IFRS 9 and IFRS 7 - Reform of the interest rate benchmark	September 2019	01/01/2020	not significant
IFRSs Changes to IFRSs / IASs - Revision of the framework in the IFRSs	March 2018	01/01/2020	not significant
IFRS 16 Amendment to IFRS 16 - COVID-19-related rental concessions	May 2020	01/06/2020	not significant

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 not yet requiring application are presented below. Unless otherwise indicated, these require application for financial years beginning on or after the indicated application date.

Standard/Interpretation	Time of application of IASB	Takeover by the EU	Effects on elumeo Group
IAS 1 Information on accounting methods	01/01/2023	No	not significant
IAS 1 Changes to IAS 1 "Presentation of Financial Statements"	01/01/2023	No	not significant
IAS 8 Definition of accounting estimates	01/01/2023	No	not significant
IFRS 3 Business combinations	01/01/2022	No	not significant
IFRS 9 / IAS 39 / IFRS 7 / IFRS 16 Interest Rate Benchmark Reform - Phase 2	01/01/2021	Yes	not significant
IAS 16 Property, plant and equipment	01/01/2022	No	not significant
IFRS 16 COVID-19-related rental concessions	01/04/2021	Yes	not significant
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	01/01/2022	No	not significant
Diverse Improvements to IFRS (2018 - 2020)	01/01/2022	No	not significant

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 2020 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 re-assesses 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 which 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 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 not changed compared to the previous year (6 companies).

Reporting date of the Consolidated Financial Statements

The Consolidated Financial Statements for financial year 2020 comprise the reporting period from 1 January to 31 December 2020 ("financial year," "reporting year," or "reporting period"). The year-over-year changes are referred to as year-to-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.

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.

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 through profit or loss in the Consolidated Statement of Income. 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). The currency conversion differences from the conversion of the financial statements prepared in foreign currencies are recorded in other comprehensive income; they are not reclassified to the income statement. They are shown in the reserve for currency translation in equity.

E. Accounting policies

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.

Intangible assets

Purchased intangible assets with finite useful lives are measured at cost less straight-line amortisation (amortised cost) over the expected useful life of the asset. Depreciation is carried out over the expected useful life.

Property, plant and equipment

Buildings are measured at cost less straight-line depreciation (amortised cost) over the expected useful life of the asset. Depreciation is carried out over the expected useful life.

Owned land is measured at cost without depreciation (impairment only approach).

Buildings on company owned land and own land are 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.

Buildings are measured at cost less straight-line depreciation (amortised cost) over the expected useful life of the asset. 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.

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

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

Depreciation periods and methods

Depreciation and amortisation 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
Leasehold improvements in leased buildings	10
Rights of use for property, plant and equipment according to 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.

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.

Leases – Group as the lessee

Leases are recognised by the lessee as (right to use the leased object and) lease liability from the point in time at which a leased object is available for use. When first recorded, the lease liability is recognised at the present value of the future lease payments; they are subsequently measured at amortised cost, taking into account the effective interest method. The right of use is initially recognised in the amount of the lease liability, possibly increased by initial direct costs, and then depreciated over the period of the leasing contract.

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.

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,
- 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,
- Work in progress and finished goods: Production costs include directly attributable material and personnel costs as well as a proportion of the production overheads calculated on the basis of normal capacity utilisation without taking borrowing costs into account.
- 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

The elumeo Group only has financial assets that can be classified as "loans and receivables." Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not

quoted in 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 recognised at amortised cost using the effective interest method. This 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. An impairment loss or gain is recognised in profit or loss in the Consolidated Statement of Income if the asset is impaired.

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 associated 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 "Financial liabilities 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.

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.

Measurement of fair value

In determining the fair value, the elumeo Group generally assumes that a transaction that takes place in the framework 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*

- Valuation approaches that are similar to the fair value, but do not correspond overall (e.g. 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.

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 on the grant date is determined 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

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 single-event probability 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 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 guarantees as well as other financial obligations are not recognised in the Consolidated Statement of Financial Position, but explained separately in the notes.

Segment reporting

In November 2019, the Executive Board decided to close the Rome location. The strategic and operational location functions are combined in Berlin, the previous segments have been combined into one segment that corresponds to the Consolidated Financial Statements. 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 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.

F. Significant discretionary decisions, estimates and assumptions

The preparation of financial statements in accordance with IFRSs requires that management makes 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 management, 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 judgments by management were made especially in regard to the following areas.

Assessment of the forecast for 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 2021 to 31 December 2022) and that there will be no indications immediately after this period that the elumeo Group will not be able to meet these its obligations ("positive forecast"). The elumeo Group's positive forecast for the future is based on corporate planning for this period. This is based on detailed planning of the operational areas and takes into account the effects 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

- Operational business development: From the further growth of the web shops and the Italian TV business, the management of the elumeo Group expects sales growth in the low double-digit% range. The company forecasts a stable development of more than 50% for the gross profit margin. Due to the unpredictable uncertainties due to the COVID-19 pandemic, management assumes that the adjusted EBITDA will likely be in the low to mid-single-digit million range in 2021.

Payment effects resulting from the processing of PWK and legal disputes with third parties who claim to have acquired claims from PWK: As a result of the developments in the last two financial years, an orderly liquidation of PWK under self-administration is almost certainly not feasible. On this basis, the elumeo Executive Board reassessed the expected maximum overall risk that could result from the liquidation. As of 31 December 2020, provisions

of EUR 4.1 million (31 December 2019: EUR 4.7 million) were recognised for the expected maximum risk.

G. Notes to the Consolidated Statement of Comprehensive Income

(1) Revenue

EUR thousand % of revenue	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019	YoY in %
Revenue from product sales	42,370 99.9%	44,045 99.9%	-3.8%
Other revenue	48 0.1%	43 0.1%	10.8%
Revenue	42,418 100.0%	44,088 100.0%	-3.8%

The following table shows the breakdown of product revenues by region:

EUR thousand % of revenue from product sales	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019	YoY in %
Germany	33,595 79.3%	32,614 74.0%	3.0%
Italy	3,885 9.2%	6,018 13.7%	-35.5%
Other countries	4,891 11.5%	5,413 12.3%	-9.7%
Revenue from product sales	42,370 100.0%	44,045 100.0%	-3.8%

(2) Cost of goods sold

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

EUR thousand % of revenue	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019	YoY in %
Material costs	19,048 44.9%	16,444 37.3%	15.8%
Change in inventory of finished goods, work in progress and merchandise	1,168 2.8%	7,011 15.9%	-83.3%
Cost of goods sold	20,216 47.7%	23,455 53.2%	-13.8%

(3) Selling expenses

Selling expenses include the following expenses:

EUR thousand % of revenue	1 Jan - 31 Dec 2020		1 Jan - 31 Dec 2019		YoY in %
Broadcasting and channel rental costs	6,019	14.2%	5,197	11.8%	15.8%
Personnel expenses	5,220	12.3%	6,418	14.6%	-18.7%
Sales and marketing expenses	1,683	4.0%	1,537	3.5%	9.5%
Presenters, producers and translators	755	1.8%	2,360	5.4%	-68.0%
Depreciation, amortization and impairment loss	391	0.9%	372	0.8%	4.9%
Other selling expenses	1,517	3.6%	2,252	5.1%	-32.6%
Selling expenses	15,584	36.7%	18,137	41.1%	-14.1%

In particular, the reduction in airtime and the closed location in Rome result in significant reductions in distribution costs.

(4) Administrative expenses

The administrative costs are made up as follows:

EUR thousand % of revenue	1 Jan - 31 Dec 2020		1 Jan - 31 Dec 2019		YoY in %
Personnel expenses	3,538	8.3%	2,960	6.7%	19.5%
Depreciation, amortization and impairment loss	544	1.3%	1,677	3.8%	-67.6%
Equity-settled share-based remuneration	18	0.0%	43	0.1%	-56.9%
Other administrative expenses	2,911	6.9%	3,615	8.2%	-19.5%
Administrative expenses	7,012	16.5%	8,294	18.8%	-15.5%

Personnel costs 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. The previous year's depreciation still includes depreciation on the right of use from a rental agreement for the former location in Rome, which was concluded in the previous year.

(5) Other operating income

EUR thousand % of revenue	1 Jan - 31 Dec 2020		1 Jan - 31 Dec 2019		YoY in %
Income from reversal of provisions for in terms of nature, amount and utilization uncertain obligations in connection with the discontinued operation PWK	588	1.4%	2,908	6.6%	-79.8%
Income resulting from past reporting periods	20	0.0%	18	0.0%	6.0%
VAT clearing vehicle benefit	16	0.0%	30	0.1%	-47.9%
Other income resulting from recharges of related parties	11	0.0%	11	0.0%	0.0%
Income from deconsolidations	0	0.0%	1,627	3.7%	-100.0%
Gains from foreign currency translation	5	0.0%	57	0.1%	-91.8%
Miscellaneous other operating income	223	0.5%	37	0.1%	509.1%
Other operating income	862	2.0%	4,687	10.6%	-81.6%

As in the previous year, other operating income was mainly influenced by the partial reversal of provisions in connection with the discontinued Thai production. In 2020, the provision was reduced by EUR 588 thousand based on more up-to-date information on the production company's assets and reimbursement claims from excessive precious metal prices (for further explanations, see provisions).

(6) Other operating expenses

EUR thousand % of revenue	1 Jan - 31 Dec 2020		1 Jan - 31 Dec 2019		YoY in %
Expenses from obligations of JIT resulting from non-cancellable contracts, severance payments as well as other obligations in connection with the closure of the branch in Rome	0	0.0%	786	1.8%	-100.0%
Impairment of receivables due from the discontinued operation UK after deconsolidation	0	0.0%	264	0.6%	-100.0%
Legal and consulting fees related to the as litigation with shareholders	0	0.0%	186	0.4%	-100.0%
Net losses from foreign currency translation	179	0.4%	0	0.0%	n.a.
Other operating expenses	179	0.4%	1,236	2.8%	-85.5%

The other operating expenses in 2019 were mainly related to expenses for the closure of the location in Rome. In 2020, the expenses relate to net losses from currency translation.

(7) Financial result

EUR thousand % of revenue	1 Jan - 31 Dec 2020		1 Jan - 31 Dec 2019		YoY in %
Interest expenses from lease liabilities (operate lease)	97	0.2%	144	0.3%	-33.0%
Interest expenses from the compounding of non-current provisions	33	0.1%	30	0.1%	8.3%
Interest expenses from financial debt (bank loans)	3	0.0%	47	0.1%	-93.1%
Other interest and similar expenses	0	0.0%	15	0.0%	-97.1%
Interest expenses	134	0.3%	238	0.5%	-43.5%
Financial result	-134	-0.3%	-237	-0.5%	43.6%

(8) Income taxes

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. There are no taxes on income for the 2020 and 2019 financial years.

For financial years 2020 and 2019, 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:

Earnings before income tax (EBT) from continued operations	154	-2,585
Earnings before income tax (EBT)	154	-2,585
Total domestic income tax rate of elumeo SE	30.175%	30.175%
Expected tax income (+)/expense (-)	-47	780
Utilization of non-capitalised tax loss carryforwards	275	0
Unrecognised deferred tax assets on current local tax losses	-536	-1,896
Tax decrease (+)/increase (-) resulting from temporary differences in measurement of inventories in commercial balance sheet II as well as due to interim profit elimination	299	645
Tax increase (-) due to interim profit elimination	-15	0
Income tax rate differences	-60	-152
Non-deductible expenses and tax-free income, net	89	419
Tax increase due to equity-settled share-based payments [IFRS 2]	-6	-13
Tax increase (-) due to effects from deconsolidation	0	218
Income tax	0	0

The preliminary amount of tax loss carryforwards in Germany for which no deferred tax assets have been recognised as of 31 December 2020 is approximately EUR 64.3 million (31 December 2019: EUR 53.8 million) for corporate income tax purposes and approximately EUR 59.5 million (31 December 2019: EUR 52.2 million) for trade tax purposes. Abroad, there are basically preliminary tax loss carryforwards of around EUR 24.5 million (31 December 2019: EUR 24.5 million). The Italian tax authorities have informed Juwelo Italia that a total of approx. EUR 7.1 million is to be allocated to the parent company, Juwelo Deutschland GmbH, as a tax loss for several years of assessment. The value has already been taken into account in the tax loss carryforwards.

On the basis of its analysis of compliance with the country-specific tax regulations and the transfer prices, the elumeo Group comes to the conclusion that an adjustment of the loss carryforwards is generally not probable for selected reporting periods, but cannot be completely ruled out. 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 be offset against the future taxable profits of the respective companies for an unlimited period of time.

The elumeo Group has not recognised any deferred tax assets on deductible temporary differences in inventories (elimination of included intercompany profits) or in the reporting of leases in accordance with IFRS 16 (accounting for rights of use and lease liabilities). The assessment basis for such temporary differences is around EUR 1.3 million as of 31 December 2020 (31 December 2019: EUR 3.0 million).

As of 31 December 2020, the elumeo Group did not calculate any additional income and withholding taxes on the cumulative retained profits of foreign subsidiaries or on temporary differences in shares in foreign subsidiaries, as in the previous year, because it is assumed that differences can be controlled through a distribution policy. The assessment basis for such temporary differences, for which no deferred tax liabilities were formed, was EUR 38.7 million as of 31 December 2020 (31 December 2019: EUR 38.6 million).

(9) Personnel expenses

Personnel expenses (excluding expenses for equity-settled share-based payments) of the elumeo Group are comprised as follows for financial year 2020:

EUR thousand % of revenue	1 Jan - 31 Dec 2020		1 Jan - 31 Dec 2019		YoY in %
Wages and salaries	7,415	17.5%	7,840	17.8%	-5.4%
Social security contributions	1,343	3.2%	1,538	3.5%	-12.7%
Personnel expenses	8,758	20.6%	9,378	21.3%	-6.6%

The social security contributions include contributions to the statutory pension insurance of EUR 694 thousand (previous year: EUR 695 thousand). The reduction results from the elimination of the location in Rome and the reduction in live broadcast times.

In response to the spread of the coronavirus and the associated effects on the labour market, the Federal Government decided in the "Ordinance on the Facilitation of Short-Time Work" of 25 March 2020, which came into force retroactively as of 1 March 2020, temporary relief for the Access to

short-time working allowance and, upon request, reimbursement of the social security contributions to be borne by the employer by the Federal Employment Agency.

From April to December, the elumeo Group received short-time allowance and reimbursement of social security contributions for some of the employees of a subsidiary. The short-time work allowance paid was recorded as a transitory item with no effect on income. Income from the reimbursement of social security contributions of EUR 245 thousand (sales: EUR 166 thousand, administration: EUR 79 thousand) were recognised in profit or loss as a deduction from personnel expenses. As of 31 December 2020, the elumeo Group reports reimbursement claims against the Federal Employment Agency of EUR 12 thousand under the item Other assets.

(10) 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 2020	1 Jan - 31 Dec 2019	YoY in %
Earnings of shareholders of elumeo SE	EUR thousand	154	-2,585	106.0%
Average number of outstanding shares	thousands			
- basic		5,500,000	5,500,000	0.0%
- diluted		5,510,480	5,506,396	0.1%
Earnings per share from continuing operations (basic and diluted)	EUR	0.03 0.03	-0.47 -0.47	106.0% 106.0%

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

The service criterion was fulfilled as of 31 December 2020 for a total of 219,102 option rights in the first, second and third tranches. The performance target of tranche VI / 2015, tranche VII / 2015 and tranche VIII / 2015 issued in the 2018 and 2019 financial years was met as of the balance sheet date, but no option rights can be exercised because the service criterion is 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).

When determining the fictitious free shares, the average share price for the reporting period was used as the market value.

H. Notes to the Consolidated Statement of Financial Position

(11) Intangible assets

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

EUR thousand	Intangible Assets
<u>Historical cost</u>	
Balance: 1 Jan 2020	1,390
Additions	48
Balance: 31 Dec 2020	1,438
<u>Amortization</u>	
Balance: 1 Jan 2020	910
Additions	98
Balance: 31 Dec 2020	1,008
<u>Carrying amount</u>	
Balance: 31 Dec 2019	480
Balance: 31 Dec 2020	429

Intangible assets 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 2019:

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

(12) Property, plant and equipment

The following table shows the development of property, plant and equipment in financial year 2020:

EUR thousand	Own land and buildings, leasehold improvements	Right of use from (leases)	Plant and machinery	Other equipment, furniture and fixtures	Plant and machinery (leases) Lease)	Total property, plant and equipment
<u>Historical cost</u>						
Balance: 1 Jan 2020	1,052	3,210	1,619	2,318	1,229	9,429
Additions	0	215	47	57	0	318
Balance: 31 Dec 2020	1,052	3,425	1,666	2,375	1,229	9,747
<u>Depreciation</u>						
Balance: 1 Jan 2020	707	363	1,305	1,879	691	4,946
Additions	58	375	74	191	138	836
Balance: 31 Dec 2020	765	739	1,379	2,071	829	5,782
<u>Carrying amount</u>						
Balance: 31 Dec 2019	345	2,847	314	439	538	4,483
Balance: 31 Dec 2020	287	2,686	287	304	400	3,965

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

EUR thousand	Own land and buildings, leaseholdments	Right of use from (leases)	Construction in progress	Plant and machinery	Other equipment, furniture fixtures	Plant and machinery (leases)	Total property, plant and equipment
<u>Historical cost</u>							
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
<u>Depreciation</u>							
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
<u>Carrying amount</u>							
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

(13) Inventories

Inventories on the respective reporting dates are as follows:

EUR thousand % of balance sheet total	31 Dec 2020		31 Dec 2019		YoY in %
Raw materials, consumables and supplies	285	1.3%	382	1.8%	-25.2%
Unfinished goods	918	4.3%	800	3.7%	14.8%
Finished goods and merchandise	10,935	51.7%	12,202	56.5%	-10.4%
Advance payments	9	0.0%	9	0.0%	4.3%
Inventories	12,147	57.4%	13,392	62.0%	-9.3%

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.

(14) Trade receivables

As of 31 December 2020, trade receivables amounted to EUR 1,230 thousand (31 December 2019: EUR 1,398 thousand). Trade receivables are due in the short term. Due to shorter payment cycles, especially for credit cards, trade accounts receivable are slightly reduced.

(15) Receivables due from related parties

As of 31 December 2020, there were no receivables from related companies or persons (31 December 2019: EUR 1 thousand from a service contract).

(16) Cash and cash equivalents

Other financial assets comprise the following:

EUR thousand % of balance sheet total	31 Dec 2020		31 Dec 2019		YoY in %
Security deposits and other warranties	233	1.1%	153	0.7%	52.1%
Receivables due from employees	43	0.2%	45	0.2%	-2.9%
Current other financial assets	276	1.3%	198	0.9%	39.7%
Security deposits and other warranties	19	0.1%	162	0.8%	-88.2%
Receivables due from employees	58	0.3%	15	0.1%	286.4%
Non-current other financial assets	77	0.4%	177	0.8%	-56.7%
Other financial assets	353	1.7%	375	1.7%	-5.8%

In the year under review, no write-downs are required on other financial assets, as these are either due in the short term or interest-bearing and there are no significant risks with regard to possible irrecoverability.

(17) Other non-financial assets

EUR thousand % of balance sheet total	31 Dec 2020		31 Dec 2019		YoY in %
Receivables from taxes	298	1.4%	178	0.8%	67.5%
Other advance payments	0	0.0%	122	0.6%	-100.0%
Creditors with debit balances	169	0.8%	24	0.1%	605.9%
Miscellaneous other receivables	40	0.2%	4	0.0%	873.7%
Current other non-financial assets	507	2.4%	328	1.5%	54.8%
Receivables from taxes	225	1.1%	247	1.1%	-8.6%
Non-current other non-financial assets	225	1.1%	247	1.1%	-8.6%
Other non-financial assets	733	3.5%	574	2.7%	27.6%

(18) Cash and cash equivalents

Cash and cash equivalents include bank balances, cheques and cash. As of 31 December 2020, there was no access to the HSBC account (EUR 33 thousand).

(19) Total equitySubscribed capital

Issued capital of elumeo SE on 31 December 2020 totalled EUR 5,500,000 (31 December 2019: 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 decision up until 6 April 2020. No treasury shares were held again on 31 December 2020.

Capital reserve

The capital reserve amounted to EUR 34,441 thousand on 31 December 2020 (31 December 2019: EUR 34,423 thousand). In financial year 2020, the capital reserve was allocated exclusively from share-based payment in accordance with IFRS 2 of EUR 18 thousand (previous year: EUR 43 thousand).

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

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").

The Executive Board issued the following option rights from the SOP 2015 by 31 December 2020:

- 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 2020 differs from the number of option rights originally issued.

(20) Share-based remuneration

Preliminary remarks

The share-based remuneration pledged by elumeo SE from the SOP 2015 represent 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 2019: 272,602 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 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 2020	272,602	13.48
Option rights granted during the reporting period	0	0.00
Option rights forfeited during the reporting period	0	0.00
Option rights exercised during the reporting period	0	0.00
Option rights expired during the reporting period	0	0.00
Number of option rights outstanding on 31 December 2020	272,602	13.48
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
Option rights exercised during the reporting period	0	0.00
Option rights expired during the reporting period	0	0.00
Number of option rights outstanding on 31 December 2019	272,602	13.48

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 2020, the weighted average remaining term until the expiry date of the outstanding option rights is approximately 5.46 years (31 December 2019: approximately 6.60 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 2020 (here: Tranche VIII / 2015) amounts to EUR 0.56 (previous year: EUR 0.56 (here: Tranche VIII / 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 option rights of the eight tranches outstanding as of the balance sheet date totalled EUR 1,415 thousand at the time they were granted (31 December 2019: EUR 1,415 thousand).

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

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 2020, expenses of EUR 18 thousand (previous year: EUR 43 thousand) were recognised for equity-settled share-based payments from the SOP 2015.

(21) Financial liabilities

As of 31 December 2020, there were no financial liabilities (previous year: EUR 447 thousand). The working capital loan from Berliner Sparkasse was completely repaid.

EUR thousand % of balance sheet total	31 Dec 2020		31 Dec 2019		YoY in %
Bank liabilities:					
Interest liabilities	0	0.0%	1	0.0%	-100.0%
Current loans and current portion of non-current loans	0	0.0%	446	2.1%	-100.0%
Current financial debt	0	0.0%	447	2.1%	-100.0%
Financial debt	0	0.0%	447	2.1%	-100.0%

(22) Other financial liabilities

Other financial liabilities comprise the following:

EUR thousand % of balance sheet total	31 Dec 2020		31 Dec 2019		YoY in %
Current portion of non-current lease liabilities (finance lease)	387	1.8%	316	1.5%	22.4%
Credit card liabilities	2	0.0%	4	0.0%	-37.7%
Current other financial liabilities	389	1.8%	319	1.5%	21.7%
Lease liabilities (operating lease)	2,413	11.4%	2,596	12.0%	-7.0%
Non-current other financial liabilities	2,413	11.4%	2,596	12.0%	-7.0%
Other financial liabilities	2,802	13.2%	2,915	13.5%	-3.9%

The leasing liabilities relate to rented premises (real estate contracts). As of 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. As of the balance sheet date, the lease liabilities had a remaining term of around seven (previous year: eight) years.

(23) Provisions

Provisions developed as follows in financial year 2020:

EUR thousand	Carrying amount 1 Jan 2019	Addi- tions	Effects from interest	Reversal	Usage	Carrying amount 31 Dec 2019
Expected customer returns	433	625	0	0	-433	625
Liabilities of JIT arising from non-cancellable contracts and severance payments as well as other liabilities in connection with the closure of the business branch in Rome	792	135	0	-59	-555	312
In terms of nature, amount and utilization uncertain obligations in connection with the discontinued operation PWK	175	0	0	0	0	175
Current provisions	1,400	760	0	-59	-989	1,113
Liabilities due to employees from benefits related to retirement						
In terms of nature, amount and utilization uncertain obligations in connection with the discontinued operation PWK	4,528	0	32	-588	0	3,972
Non-current provisions	4,528	0	32	-588	0	3,972
Provisions	5,928	760	32	-647	-989	5,085

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 taking into account an extended right of return due to COVID-19 and the Christmas business.

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

In November 2019, the Executive Board decided to close the sales office in Rome. The use of the provision relates to severance payments to employees. The provision as of 31 December 2020 essentially consists of uncertain obligations from back payments for waste disposal, tax back payments and severance payments to employees.

The type, amount and utilisation of uncertain obligations in connection with the discontinued PWK business area

As in section [F. Significant discretionary decisions, estimates and assumptions], an estimate of the financial impact of such a resolution was made in financial year 2018 in implementation of the

resolution of the Executive Board of elumeo SE on the orderly liquidation of PWK under self-administration. The corresponding estimate of the financial impact took into account the existing assets, the existing liabilities of PWK and the collateral relationships at PWK level (collateral of PWK for third parties and collateral of private individuals for liabilities of PWK). 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.

Significant uncertainties regarding the estimated payments result from the timing of the settlement as well as the assumption that settlement is under 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 already shown, an orderly liquidation of PWK under self-administration as of 31 December 2020 is no longer enforceable with a probability bordering on certainty. The adjustment of the assumption for self-administration leads to a number of legal scenarios which, due to the limitation of liability of the PWK's legal form, do not, according to current estimates, result in an increase in the expected pay-outs. The amount of the provisions was reduced to EUR 4.1 million.

The following table shows the development of provisions 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

(24) Liabilities due to related parties

As of 31 December 2020, there were no liabilities to related companies or persons (31 December 2019: EUR 43 thousand).

(25) Tax liabilities

Since 31 December 2017, the elumeo Group has reported deferred tax liabilities for potential income tax risks relating to the 2014 and 2015 financial years in connection with an external tax audit at the subsidiary in Italy. A dispute settlement procedure (EU arbitration agreement) was initiated based on the results of the external audit.

The elumeo Group assumes that the tax liabilities will be due within one year.

(26) Miscellaneous liabilities

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

EUR thousand % of balance sheet total	31 Dec 2020		31 Dec 2019		YoY in %
Liabilities from value added tax	742	3.5%	658	3.0%	12.9%
Debtors with credit balances	501	2.4%	460	2.1%	8.9%
Miscellaneous other liabilities	174	0.8%	30	0.1%	473.9%
Liabilities to employees	165	0.8%	147	0.7%	12.1%
Liabilities from other taxes	318	1.5%	825	3.8%	-61.5%
Current other non-financial liabilities	1,899	9.0%	2,119	9.8%	-10.4%
#BEZUG!	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	1,924	9.1%	2,144	9.9%	-10.3%

(27) Notes to the Consolidated Statement of Cash FlowsGeneral 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 net cash flow from financing activities consists of the payments from the repayment of financial liabilities of EUR -446 thousand (previous year: EUR -1,554 thousand) (working capital loan from Berliner Sparkasse) and of other financial liabilities of EUR -330 thousand (previous year: EUR -670 thousand) (essentially Leasing liabilities from rights of use from real estate contracts).

The financial resources as of the balance sheet date result from the active stock items of freely available cash and cash equivalents of EUR 2,307 thousand (31 December 2019: EUR 880 thousand). As of the balance sheet date, there were no negative components of financial resources in the form of short-term overdrafts.

Changes in liabilities from financing activities

	Carrying amount 1 Jan 2019	Cash flow from financ- ing activities	Changes in fair value measure- ment	Reclassi- fications and Other	Carrying amount 31 Dec 2020
EUR thousand					
Current other financial liabilities	319	-319	34	355	389
Non-current operating lease liabilities	2,596	-10	181	-355	2,413
Financial liabilities	447	-447	0	0	0
Total liabilities from financing activities	3,362	-777	215	0	2,802

	Carrying amount 1 Jan 2020	Cash flow from financ- ing activities	Changes in fair value measure- ment	Reclassi- fications and Other	Effects in con- nection with the closure of the business branch in Italy	Carrying amount 31 Dec 2020
EUR thousand						
Current other financial liabilities (excluding following item)	7	-3	0	0	0	4
Current portion of non-current finance lease liabilities	253	-253	0	0	0	0
Current portion of non-current operating lease liabilities	0	-414	521	330	-121	316
Non-current operating lease liabilities	0	0	3,528	-330	-602	2,596
Current financial debt (excluding following item)	0	0	0	1	0	1
Current loans and current portion of non-current loans	2,000	-1,554	0	0	0	446
Total liabilities from financing activities	2,260	-2,224	4,049	1	-724	3,362

Currency translation differences from the translation of financial statements prepared in foreign currencies are recognised under the item *exchange rate changes* (other comprehensive income). The

changes in liabilities from financing activities in financial years 2020 and 2019 do not include any amounts from changes in exchange rates recognised in profit or loss in the Consolidated Statement of Income.

The item *Reclassifications and Other* includes the effects of the reclassification of non-current financial liabilities (investment and working capital loans) and other financial liabilities (leasing 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.

(28) Further disclosures on financial instruments

Disclosure of the fair values of financial instruments

All financial assets and financial liabilities are assigned to the "At amortised cost" category. The reported book values 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 2020.

Net income from financial instruments

Due to the repayment of loan liabilities and the low volume of business in foreign currencies, there are no significant net results from financial instruments.

I. Other notes

Management of financial risks

The elumeo Group is exposed to financial risks in the course of its normal business activities: Market, default and liquidity risks. 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 risk.

Currency risks

As a result of the discontinuation of production activities in Thailand in November 2018, the elumeo Group has no longer been directly exposed to currency risks from THB since the 2019 financial year, because purchases from the new strategic partners, with a few exceptions, are made in the functional currency EUR. Currency risks in GBP and USD have little impact due to the small volume of business.

Default risk

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 regularly monitored.

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 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 into account any collateral.

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.] on the going concern prognosis.

The following tables show the maturity structure of the financial liabilities and the associated future cash outflows on 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 2020 and 31 December 2019 for which payments had already been contractually agreed. Any amounts in foreign currency are generally converted at the rate on the balance sheet 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	Contractual cash flows					
	31 Dec 2020	2021		2022-2025		after 2025	
		Interest	Repay-ments	Interest	Repay-ments	Interest	Repay-ments
Trade payables	6,775	0	-6,775	0	0	0	0
Debtors with credit balances	501	0	-501	0	0	0	0
Other financial liabilities	2,802	-56	-389	-138	-1,651	-15	-763
thereof lease liabilities (operate lease)	2,800	-56	-387	-138	-1,651	-15	-763
Financial debt	0	0	0	0	0	0	0
Summe	10,077	-56	-7,664	-138	-1,651	-15	-763

EUR thousand	Carrying amount	Contractual cash flows					
	31 Dec 2019	2020		2021-2024		after 2024	
		Interest	Repay-ments	Interest	Repay-ments	Interest	Repay-ments
Liabilities due to related parties	43	0	-57	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 (finance lease)	253	-94	-316	-172	-1,469	-36	-1,126
Financial debt	447	-5	-447	0	0	0	0
Summe	9,504	-100	-6,908	-172	-1,469	-36	-1,126

Capital management

Capital management at the elumeo Group aims to ensure 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 enterprise value. It also involves ensuring that all companies included in the elumeo Group are able to operate on a going-concern premise. In addition, an appropriate credit rating and a good equity ratio should be ensured.

Capital management is monitored on an ongoing basis using a variety of performance indicators and key figures. The equity calculated in accordance with IFRSs for the elumeo Group should not be less than 50.0% of the balance sheet total. As a result of the positive earnings situation in financial year 2020, the equity ratio increased to 20.5% of the balance sheet total as of the balance sheet date (31 December 2019: 19.1%).

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

Segment reporting

The symbiosis of the various sales channels TV, web and mobile is a decisive strategic component for further future growth; these are managed as a unit due to their interdependence. In November 2019, the Executive Board decided to close the Rome location, and the Italian subsidiary has not had any operational business since then. The strategic and operational location functions are thus combined in Berlin, the previous segments are bundled into one segment.

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, the result of 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 adjusted EBITDA, EBITDA before special items is adjusted by one-off and / or non-operative (special) items by type and amount. The adjusted EBITDA for the financial year amounts to EUR 877 thousand and can be calculated by adjusting for all effects in connection with discontinued business areas and site closures (legal and consulting costs, release of provisions from the discontinued business area PWK), expenses and income from currency translation and expenses for share-based payments, reconciled to the EBITDA of EUR 1,223 thousand derived from the Consolidated Statement of Income.

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 as well as all deconsolidated subsidiaries,
- 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 which is owned 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.

The amounts relating to receivables due from related parties for which payment had not yet been received in full as of 31 December 2020 and 31 December 2019 are reported under the corresponding line items in the Consolidated Statement of Financial Position provided no other figures are shown.

In financial year 2020, the following transactions were executed with related parties:

The elumeo Group shows expenses of EUR 110 thousand for services in the area of TV broadcasting from Spreekanal GmbH (previous year: EUR 110 thousand) under distribution costs. In addition, income of EUR 12 thousand was generated from the provision of supporting broadcast processing services for Spreekanal GmbH (previous year: EUR 11 thousand). As of 31 December 2020, the elumeo Group reported liabilities to Spreekanal GmbH of EUR 1 thousand (31 December 2019: EUR 43 thousand) and receivables from Spreekanal GmbH of EUR 0 thousand (31 December 2019: EUR 1 thousand).

Remuneration

The Managing Directors and non-executive members of the Executive Board received total compensation of EUR 654 thousand (previous year: EUR 726 thousand) in financial year 2020 exclusively for their activities as members of the company's executive bodies in accordance with Section 285 No. 9a HGB.

The fair value of the 99,000 option rights issued to Managing Directors in the financial years 2015 to 2019 totalled EUR 294 thousand at the time of granting, assuming full vesting (previous year: 57,000 option rights with a fair value of EUR 266 thousand at the time of granting).

The number of outstanding option rights of the Managing Directors (taking into account the forfeited option rights of former directors) amounts to a total of 82,750 option rights as of 31 December 2020 (31 December 2019: 40,750 option rights). The fair value is EUR 250 thousand (previous year: 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 (9a) German Commercial Code (Handelsgesetzbuch, "HGB") for the individual members of the Executive Board.

For further information on the remuneration of the members of the Executive Board, please refer to the statements in the remuneration report, which is part of the combined Group management report for the financial year ending 31 December 2020.

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

The elumeo Group has other payment obligations from non-terminable contractual agreements regarding the multiplexing, distribution and transmission of its broadcasted TV programmes. Some of them include renewal options and price adjustment clauses.

The future minimum payments as of 31 December 2020 and 2019 as a result of non-cancellable, significant TV broadcasting contracts are shown in the following table:

EUR thousand	Remaining term			Total
	< 1 year	2-5 years	> 5 years	
31 December 2020	5,241	9,860	1,912	17,014
31 December 2019	7,159	10,847	4,132	22,137

In determining future net minimum payments, the earliest possible termination date of the contracts was used.

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

Shareholdings

In financial year 2020, elumeo SE holds or held, directly or indirectly through intermediary subsidiaries, 100.0% of the shares in the following companies:

Company	Registered office	Functional currency	Total equity	Issued capital	Earnings of the period	Note
			31 Dec 2020	31 Dec 2019	1 Jan - 31 Dec 2020	
Juwelo Deutschland GmbH	Berlin	EUR	-52,235	226	3,897	1
schmuck.de G&S GmbH	Berlin	EUR	17	25	-5	1
Juwelo Italia s.r.l.	Rom	EUR	-454	10	-469	1
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	-656	0	381	1.2
Silverline Distribution Ltd.	Hongkong	EUR	38,363	1	-200	1
PWK Jewelry Company Ltd.	Bangkok	THB	- subject to closure -			

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.

Application of exemption rules

Juwelo TV 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 developed as follows in the reporting period:

Full-time equivalents (FTE)	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019	YoY in %
Total	242	222	8.7%

In accordance with Principle 22 of the German Corporate Governance Code, the Executive Board and the Managing Directors report on the company's corporate governance in the Declaration of Corporate Governance.

The full text of the Corporate Governance Declaration of the Executive Board and the Managing Directors of elumeo SE is permanently available on the company's website at <https://www.elumeo.com/investor-relations/corporate-governance/corporate-governance-kodex>.

Notifications of voting rights

In financial year 2020, elumeo SE issued various notifications pursuant to Section 33 et seq. of the German Stock Corporation Act (WpHG), which can be accessed on the company's website at <http://www.elumeo.com/investor-relations/aktuelle-mitteilungen/stimmrechtsmitteilungen>.

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 Managing Directors and non-executive members.

During financial year 2020, the following individuals were Managing Directors or non-executive members of the Executive Board:

Managing directors	Profession	End of appointment
Bernd Fischer (sole powers of representation since 13 Feb 2015)	Merchant	31 March 2021
Florian Spatz (sole powers of representation since 27 Apr 2020)	Merchant	
Boris Kirn (sole powers of representation since 13 Feb 2015)	Merchant	30 June 2026
Dr. Riad Nourallah (sole powers of representation since 01 Nov 2020)	Merchant	

Executive Board	Profession	Latest end of appointment
Wolfgang Boyé (Chairman of the Board) (since 21 July 2014)	Merchant	30 June 2026
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	30 June 2026

For more information on Managers' Transactions, please refer to the publications on the company's website at <http://www.elumeo.com/investor-relations/aktuelle-mitteilungen/directors-dealings>.

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

- EUR 186 thousand for audit services (separate financial statements, Consolidated Financial Statements and disclosure format ESEF) (previous year: EUR 205 thousand).

Events after the reporting period

On the basis of various claims, SWM Treuhand intended to assert an amount of EUR 10.2 million against elumeo SE and individual members of the Executive Board. On 13 April 2021, SWM Treuhand AG's claim for damages against elumeo SE was dismissed by the Berlin Regional Court.

Bernd Fischer, CFO of elumeo SE since 2014, resigned as Managing Director as of 31 March 2021 and will still be available to the company in a transitional phase until May 31, 2021, and support the new CFO, Dr. Riad Nourallah.

On 9 March 2021, the allocation of the tax loss of approximately EUR 7.1 million to Jewelo Deutschland GmbH was confirmed by the Tax Office for Corporations III.

Berlin, 22 April 2021

elumeo SE

The Managing Directors



Florian Spatz



Boris Kirn



Dr. Riad Nourallah



ASSURANCE OF LEGAL REPRESENTATIVES

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, 22 April 2021

elumeo SE

The Managing Directors

Florian Spatz

Boris Kirn

Dr. Riad Nourallah

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 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from 1 January to 31 December 2020, 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 2020. 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 at 31 December 2020 and of its financial performance for the fiscal year from 1 January to 31 December 2020, 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.

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 financial year from 1 January to 31 December 2020. 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.

Below, we describe what we consider to be the key audit matters:

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 4.1m (prior year: EUR 4.7m) 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

In the course of our audit procedures, we analysed the principles applied in the consolidated financial statements of the elumeo Group 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.

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 on the accounting policies applied for discontinued operations are included in section A "Information on the elumeo Group", section E "Accounting and valuation principles" and section F "Significant discretionary decisions, estimates and assumptions" of the notes to the consolidated financial statements and in section H of the notes to the consolidated financial statements on provisions under Note (23).

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 March 2021 on a sample basis with the carrying amounts of finished goods capitalised as of 31 December 2020.

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. (5.) of the notes to the consolidated financial statements for inventories. We refer to the disclosures in section F. "Significant discretionary decisions, estimates and assumptions" 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

Report on the assurance in accordance with Sec. 317 (3b) HGB on the electronic reproduction of the consolidated financial statements and the group management report prepared for publication purposes

Opinion

We have performed assurance work in accordance with Sec. 317 (3b) HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file "elumeo_SE_JA_LB_ESEF_2020_12_31.zip" and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor to any other information contained in the abovementioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the abovementioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the abovementioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the fiscal year from [date] to [date] contained in the "Report on the audit of the consolidated financial statements and of the group management report" above.

Basis for the opinion

We conducted our assurance work on the reproduction of the consolidated financial statements and the group management report contained in the abovementioned attached electronic file in accordance with Sec. 317 (3b) HGB and Exposure Draft of IDW Assurance Standard: Assurance in Accordance with Sec. 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410). Our responsibilities under that standard are further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applied the requirements for quality control systems set forth in IDW Standard on Quality Control: "Requirements for Quality Control in Audit Firms" (IDW QS 1).

Responsibilities of the executive directors and the supervisory board for the ESEF documents


The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Sec. 328 (1) Sentence 4 No. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and the audited group management report as well as other documents to be published to the operator of the *Bundesanzeiger* [German Federal Gazette].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Group auditor's responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraud or error. We exercise professional judgment and maintain professional scepticism throughout the engagement. We also: 

Identify and assess the risks of material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815, in the version valid as of the reporting date, on the technical specification for this electronic file.

Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.

Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

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 12 June 2020. We were engaged by the Executive Board on 17 November 2020. 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.

Imprint

Editor

elumeo SE
Erkelenzdamm 59/61
10999 Berlin
Germany

Investor Relations

Cordula Warmuth
Phone: +49 30 69 59 79 - 231
Fax: +49 30 69 59 79 - 650
e-mail: ir@elumeo.com
www.elumeo.com

Photos:

elumeo SE

The Annual report is available in English and German. In case of differences, the German version is authoritative. The present Annual Report of elumeo SE as well as the interim reports are available in digital form as a digital version 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.