

## **Corporate News – elumeo SE expects positive financial year 2016 despite weak third quarter of 2015**

- Earnings for Q3 2015 impacted by one-off effects in the UK
- Forecast for financial year 2015 revised
- Outlook for 2016 positive
- New shopping model has positive effects on the gross margin
- Cooperation with Johanna Joop already underway

Berlin, 10 November 2015 – According to preliminary figures, one-off effects in the United Kingdom had a negative impact on the results of the third quarter of 2015. For this reason, elumeo SE is revising its forecast for the full year 2015. Due to new collaborations and projects, in particular, the Group is optimistic for financial year 2016.

Due to unforeseen challenges in moving from its previous location Leamington Spa to Birmingham in the UK, the elumeo Group had to increase one-off costs that will have an impact on the consolidated result of the third quarter and financial year 2015. A number of technical problems were the main reasons for the challenges at the new site. In addition, there were differences in inventory figures that are currently being looked into. This lowered the company's turnover and income quite significantly in September and October. Since November 2015, sales figures have returned to their previous level.

According to preliminary figures, the Group's total sales for the nine-month period in 2015 increased by around 8% to EUR 54.1 million after EUR 50.0 million in the same period of last year. That growth has again mostly been driven by a positive eCommerce development. The expected revenues from eCommerce sales, rose by around 62% from EUR 7.9 million in the nine-month period of 2014 to EUR 12.8 million in the third quarter of 2015, based on preliminary figures. On the other hand, group revenues from TV sales declined slightly and most likely reached EUR 41.3 million after EUR 42.2 million in the first nine months of 2014. This represents a decline of approximately 2%.

We expect consolidated revenues slightly above previous year," said Bernd Fischer, CFO and speaker of the Executive Board of elumeo SE. "And negative consolidated earnings cannot be excluded."

Wolfgang Boyé, Chairman of the Executive Board, feels elumeo SE's business will only be temporarily affected: "The relocation-related issues will have been largely resolved by the end of the third quarter and will therefore mainly affect financial year 2015. We are optimistic for the future, despite a challenging third quarter. We intend to expand our business through new partnerships and projects."

Thanks to its recent IPO, elumeo SE was notably able to implement a new model on purchasing raw materials, gemstones, in particular. Here, the existing warehouse that can accommodate large quantities has been supplemented by a dynamic system that allows for faster incoming and outgoing products. The implementation of this model has now been nearly completed. The gross profit margin of the products purchased and produced using the new model could already be increased to more than 57% in the third quarter. As time



goes on, the share of products manufactured using the new model should be continuously increased and therefore increase the gross profit margin of the group.

The new projects include, among others, the cooperation between Juwelo TV Deutschland GmbH (Juwelo), a subsidiary of elumeo SE, and the new brand JAHDO, the genuine jewelry line designed by Johanna Joop. "We are convinced that we can sustainably strengthen awareness of Juwelo by exclusively distributing this line of jewelry," said Wolfgang Boyé.

Other projects that the elumeo Group is working on are also making good progress. For example, the integration of the domain schmuck.de that was acquired was successfully completed with effect from 1 October 2015.

Other major projects include increasing the efficiency of internal logistics processes. The previously announced fully automated warehouse in Berlin is now in the final testing phase and is expected to be put into operation at the end of November. A similar logistical infrastructure was successfully implemented at the new site in Birmingham, UK, in September. The factory new factory in Chanthaburi, Thailand will open on 16 November 2015 and be gradually put into operation.

"We are confident that we will be able to meet the positive expectations for the coming financial year and are sticking to our profitable growth strategy by continuing to pursue our international expansion, expanding our product range and our e-commerce activities," Wolfgang Boyé added.

elumeo SE will announce the group figures for the third quarter of 2015 on Friday, 27 November.

#### About elumeo SE:

The elumeo Group, which has its headquarters in Berlin, is a leading European online retailer of high-quality gemstone jewelry, which the Group produces in Thailand. The publicly traded company elumeo offers its customers in Europe colored gemstone jewelry at comparatively low prices via a number of electronic distribution channels (including television, the Internet, smart TV and a smartphone app). Its distribution model relies exclusively on direct sales made via the elumeo Group's home-shopping TV channels in Germany, the UK and Italy, and via online stores in Germany, the UK, Italy, France, the Netherlands, Spain, Belgium and the USA. Lower cost items are marketed to customers worldwide via the Hong Kong-based "New York Gemstones" online stores. Furthermore, the company will now also be offering a full line of jewelry on schmuck.de.

The elumeo Group's product range includes jewelry made from a variety of different gemstones, with some of the pieces designed partly by the customers themselves. The Group is also represented in the market for high-end gemstone jewelry with its premium brand AMAYANI.

The elumeo Group was founded in Berlin, Germany, and Chanthaburi, Thailand, as a joint venture in 2008 and has grown very successfully ever since. In 2014, the companies that comprised the Group underwent a formal merger to bundle the operating business under the holding company elumeo SE. The elumeo Group employs approximately 1,100 people at five different locations worldwide.

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