

### elumeo SE releases consolidated financial statements for 2016

- Sales revenues at the previous year's level
- Continued strong revenue growth in e-commerce
- Earnings and sales for financial year 2016 severely impacted by the depreciation of the British pound
- Restructuring successfully completed in England
- Operational break-even expected in the first half of 2017

**Berlin, 23 March 2017** – elumeo SE, the leading electronic retailer for gemstone jewelry in Europe, published its consolidated financial statements for 2016 today. At EUR 71.5 million, Group sales were maintained at roughly the same level as last year, EUR 71.5 million (-1.6%). The slight decline is due to a drop in sales in Germany in the first quarter of 2016, to how the business developed in Italy and to the depreciation of the British pound against the euro. Thanks to the sales activities and new collections that were launched most recently, sales in Germany rose by 2.1% to EUR 11.9 million in the last quarter of 2016 compared to the same quarter of the previous year. In Italy, elumeo reduced the decline in sales in the fourth quarter of 2016, which amounted to only 16.9% compared to the same quarter of last year, compared to a 19.6% decline in sales in the third quarter of 2016 compared to the same quarter last year. Over the same period, sales in the UK decreased by 13.9% to EUR 3.1 million in the fourth quarter 2016 due to the British pound's price depreciation, despite currency-neutral growth in sales of 2.0%.

At the same time, the e-commerce business grew by 33.5% from EUR 18.4 million in 2015 to EUR 24.5 million in 2016. The classic web shop business attributable to e-commerce sales grew by EUR 2.6 million or 47.8% to EUR 7.9 million in Europe in 2016 (2015: EUR 5.3 million). This again shows the shift from the classic TV business to the company's online offerings, which include streaming, smart TV, apps and classic web shops. Together with the proceeds from other sales, particularly the sales to business customers ("B2B sales") recorded for the first time in financial year 2016, the negative trend of the TV business was partially offset. Revenue from classic web shops was again by far the Group's strongest growth segment.

The loss situation in the second half of 2015 with total segment EBITDA of EUR -6.4 million improved significantly in 2016. Segment EBITDA for the Group rose quite considerably in the second half of 2016 to EUR -4.1 million compared to the same period of the previous year. At the same time, segment EBITDA amounted to EUR -7.8 million compared to EUR -4.5 million the previous year, in which the segment EBITDA of the Group as a whole was higher due to the profitable first half-year 2015. Overall, a total Group result of EUR -12.5 million was achieved in 2016 after EUR -8.4 million in 2015 (-50%). The key financial indicator, earnings before interest, taxes, depreciation and amortisation adjusted for non-operating special items, (adjusted EBITDA) decreased to EUR -3.4 million in 2016 (2015: EUR 0.2 million).

elumeo SE successfully restructured its business in the UK in the fourth quarter of 2016. In particular, the contracts for the broadcasting of the TV program were renegotiated, the business was streamlined, and personnel reorganised. The extraordinary expenses incurred in connection with the restructuring of business in the United Kingdom and extraordinary expenses for redundancies and the release of employees amounted to a total of EUR 445 thousand. The restructuring was successfully completed at the end of the 2016 financial year; therefore elumeo expects a significant decline in the burdens caused by the UK business in the future.

By switching from a consignment warehouse-based procurement model to a new model for the procurement of precious gemstones by various local, external agents operating directly on site, the gross profit margin of the products procured and produced under the new model was improved significantly overall. In 2016, the gross profit margin of these products was approximately 10 percentage points higher, based on the acquisition and manufacturing costs of the factory (excluding incidentals such as freight and duty), compared to products made according to the old model. At the same time, the high share of higher-priced items (Kat Florence, in particular), which are not produced in-house, led to a reduction in the gross profit margin as a whole in 2016. As a result, the gross profit margin decreased from 46.1% in 2015 to 43.7% in 2016. Compared to the previous year, gross profit fell by 6.7% from EUR 33.4 million to EUR 31.2 million, whereby it rose by 13.5% to EUR 15.4 million in the second half of 2016 from EUR 13.6 million in the prior-year period.

“We have now introduced the sales measures in Italy that we launched successfully in Germany, and new jewelry collections are being rolled out in the various markets to accompany the new broadcasting formats. We were able to increase the number of active customers slightly from 97,000 in 2015 to 98,000 in 2016 through these measures and significantly increase the average selling price of jewelry by 12% to EUR 80 in 2016. We also offer these collections to business customers outside the markets where we maintain a local presence to achieve better utilisation of our production. The previous sales successes give us reason to be optimistic for 2017,” commented Bernd Fischer, CFO and spokesman of the Executive Board of elumeo SE.

Wolfgang Boyé, Chairman of the Executive Board of elumeo SE, adds: “The return to profitability while maintaining our liquidity is our top priority in 2017. Following the successful restructuring of the Group, we expect to reach the operational break-even point during the first half of 2017.”

The complete annual report for the year 2016 is available from today on on the company's website <http://www.elumeo.com> in the Investor Relations/Financial Reports section.

### **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 mostly produces itself 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 mainly on direct sales. The elumeo Group has home shopping TV channels in Germany, the UK and Italy, as well as web shops 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 also be offering a full line of jewelry on schmuck.de.

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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