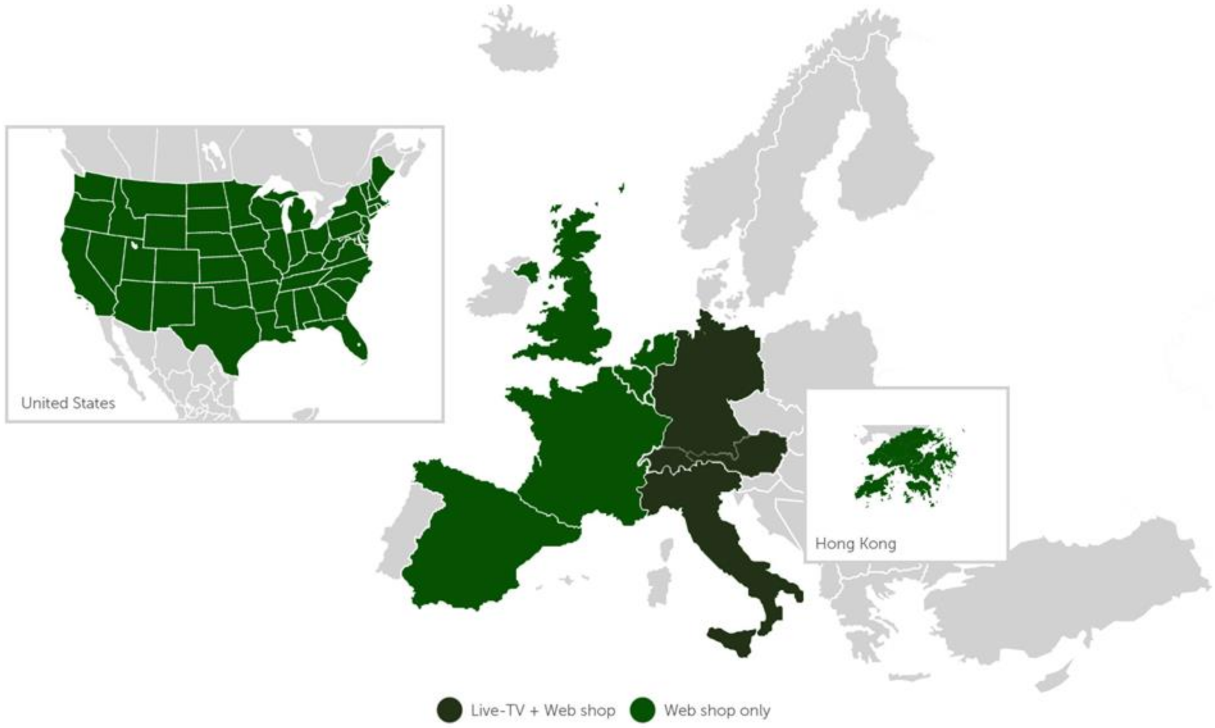
elumeo

Annual Report 2021



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

GROUP FIGURES 2021

EUR thousand [unless indicated otherwise]	2021		2020		YoY in %
Revenue	50.677	100,0%	42.418	100,0%	19,5%
[The following disclosures represent: absolute values and in % of revenue]					
Gross profit	28.875	57,0%	22.202	52,3%	30,1%
EBITDA	2.928	5,8%	1.223	2,9%	139,4%
Adjusted-EBITDA	4.853	9,6%	877	2,1%	453,4%
Depreciation and amortisation	951	1,9%	935	2,2%	1,7%
EBIT	1.977	3,9%	288	0,7%	586,5%
Total comprehensive income	9.241	18,2%	209	0,5%	>1.000%
Selling and administrative expenses	27.237	53,7%	22.596	53,3%	20,5%
Total assets[1]	27.874		21.394		30,3%
Total equity [absolutely and in % of balance sheet total]	13.714	49,2%	4.346	20,3%	215,5%
Working capital [absolutely and in % of balance sheet total]	6.478	23,2%	4.142	19,4%	56,4%
Net cash flow from operating activities	1.190		2.428		-51,0%
Net cash flow from investing activities	-355		-222		-59,7%
Net cash flow from financing activities	-384		-777		50,6%
[The following disclosures represent: KPIs of the internal controlling system]					
Items sold [pieces][2]	594.730		538.019		10,5%
Number of active customers (rounded)	81.328		58.821		38,3%
Average number of items sold per active customer [pieces]	7,3		9,1		-20,1%
Average sales price (ASP) [EUR]	85		79		7,9%
Gross profit per item sold [EUR]	49		41		18,4%
Average basket [EUR][3]	191		210		-9,5%
Share marketing expenses of revenue webshop	16%		9%		6,6 p.p.
Customer Value after one year[4]	423		520		-18,6%
Customer Value after five years[4]	1.015		1.104		-8,0%
Web traffic breakdown					
[in % of channel]					
Organic	24,7%		31,2%		-6,4 p.p.
Direct	10,4%		14,1%		-3,7 p.p.
Paid	36,3%		23,0%		13,3 p.p.
Mail	6,8%		6,2%		0,6 p.p.
Other	21,8%		25,4%		-3,7 p.p.
New customers breakdown					
TV	8.723		7.215		20,9%
Web	38.867		22.192		75,1%
Sonstige	135		144		-6,3%

[1] Adapted prior year numbers

[2] Change of prior year numbers from sent pieces to ordered pieces

[3] Average basket before cancellations and returns

[4] Based on rolling cohorts

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To our shareholders

Letter from the Chairman of the Executive Board

Dear Shareholders,

An eventful and successful year lies behind elumeo SE. Our company was able to achieve a significant increase in revenue, adjusted EBITDA and net income in 2021.

- Revenue increased by around 20% to EUR 50.7 million.
- Adjusted earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA) also improved significantly, to EUR 4.9 million. Incidentally, we met our own forecast well, which called for a value in the low to mid-single-digit million range.
- The consolidated result increased significantly by EUR 9.1 million to EUR 9.3 million.
- And we were also able to increase the Group's equity, which increased from EUR 4.3 million to EUR 13.7 million thanks to the significant increase in earnings.

So much for the hard numbers. But let me add some context to this pleasing result. Financial year 2021 was one of the best in the history of our company. The employees of elumeo defied the adversities of the COVID-19 pandemic and successfully mastered the challenges. elumeo has now been posting positive figures for seven quarters in a row. We have thus impressively confirmed the turnaround initiated in 2020.

In detail, we managed to achieve a significant increase in sales revenue last year in all of our sales channels compared to the previous year. The development of our web business was particularly outstanding. Our online activities exceeded the growth rate of the entire German e-commerce industry by more than 50%. A key success factor here was the significant increase in our new web customers. This was 75% higher than the previous year.

We are particularly proud of jooli, our intuitive, AI-driven video shopping app. Launched on the German market in April 2021, it exceeded our expectations right from the start. After we launched the app, which focuses on moving images and entertainment, on the Indian market as well, it grew to a total of more than 100 channels by the end of March 2022 and by then already had more than 130,000 users and 1.6 million videos played in Germany and India.

Based on this success, we are also planning a version for the US market for jooli in the second quarter of 2022. This will initially only offer channels related to jewelry. In addition, we have found an experienced Chief Technology Officer in Aykut Çevik for our wholly-owned subsidiary jooli.com GmbH. This puts us in a good position to quickly and efficiently establish jooli as the most successful video shopping app on the market.

By the way, the success of our new app also brings changes for me personally. In the future, I will concentrate operationally on the development of jooli and hand over the day-to-day responsibility for the elumeo Group to our current Chief Sales Officer and Managing Director Florian Spatz. The handover is expected to be completed by the end of the second quarter of 2022. However, I will remain on the Executive Board of elumeo as its Chairman.

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 2022

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 in 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 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 in 2027

Dr. Frank Broer, born on 14 March 1971, is Deputy Chairman of the Executive Board. Dr. Broer is a self-employed 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, Member of the Executive Board

Term of office from 12 December 2018 until the Annual General Meeting in 2027
Gregor Faßbender, 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- 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 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 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 in 2026
Boris Kirn, born on 13 October 1969, is a Managing Director and 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, he 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.

Term of office from 25 June 2021 until the Annual General Meeting in 2027

Claudia Erning, born on 8 August 1973 in Regensburg, Germany, citizenship German, was elected to the Executive Board at the virtual Annual General Meeting of elumeo SE on 25 June 2021. After taking her first professional steps at various medium-sized technology companies, Mrs. Erning became the head of a medium-sized consulting firm for Corporate Finance and M&A. This was followed by around 8 years in a managerial position in investment banking at Berenberg Bank, in which Mrs. Erning was involved in numerous capital market transactions such as IPOs, secondary placements and capital increases. In 2013, she founded Lakeside Castle GmbH as a medium-sized strategy consultancy for capital market issues and M&A. At the same time, Mrs. Erning is the Managing Director of a medium-sized group of companies in the fiber optics sector. She holds a degree in Business Administration (FH) and a bachelor’s degree (BA) in economics.

Capital market information

Master data and key figures for the elumeo SE share (as of 31 December 2021)

WKN	A11Q05
ISIN	DE000A11Q059
Earnings per share in 2021 (undiluted)	EUR 1.69
Number of shares outstanding	5,500,000
XETRA closing price on the reporting date	EUR 7.00
Market capitalisation	EUR 38.5 million

Share price development

Equity indices developed positively – despite the effects of the ongoing corona pandemic and the prospect of rising key interest rates. Due to the relaxation of the measures related to the coronavirus, "stay-at-home" shares (online trading companies and remote access platforms) were unable to continue the very positive development from 2020 and recorded a negative development for 2021. The elumeo SE share, on the other hand, managed to escape the market trend of "stay-at-home" shares and recorded a strong upward trend by posting an increase of 65.9%.

Share of elumeo SE 01/01-31/12/2021 (XETRA, in EUR)

Shareholder structure (Status on 31 December 2021)

	Shareholdings
1. Blackflint Ltd.	26.66%
2. Executive Board members	9.80%
3. Free float	63.54%

Consolidated Management Report 2021

Preliminary remarks

The Consolidated Financial Statements of elumeo and its subsidiaries (together "elumeo" or the "elumeo Group") as of 31 December 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the European Union. Unless noted otherwise, 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. 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. A share of quality control took place in Berlin.

At the end of 2021, 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.

Control and key figures
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 business activities of the elumeo Group are bundled in one segment in accordance with the internal reporting structures and management criteria.
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. Key financial performance indicators include revenue, gross profit and adjusted EBITDA.

Earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA), adjusted for non-operating special items, serves as the main financial indicator for presenting and managing the operating earnings position. 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.

In addition to the main financial performance indicators, non-financial performance indicators are also used to manage the company. We do not classify them as significant and they are used as part of event-related and specific control. Other indicators pertain to our customers. New customer development is considered from the point of view of the source of the sales channel (TV or online). A high share of online customers is important for our future development. Furthermore, the number of active customers as well as the number of pieces of jewelry shipped and the share of premieres are taken into account, among other factors, as non-financial performance indicators.

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 2021, the members of the Executive Board were Mr. Wolfgang Boyé, Dr. Frank Broer, Mr. Gregor Faßbender, Mr. Boris Kirn and Mrs. Claudia Erning. In addition to his role as Chairman of the Executive Board, Mr. Boyé is also Chairman of the Executive Committee of the Executive Board. Managing Directors with sole power of representation as of 31 December 2021 were Mr. Bernd Fischer, Mr. Boris Kirn, Mr. Florian Spatz and Dr. Riad Nourallah.

Strategy and objectives of the Group

The goal 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.

<u>Research and development</u>

Development activity is limited to working on the business software used, including web applications and user software such as mobile apps.

B. Economic Report

<u>Macroeconomic conditions in 2021</u>

The gross domestic product (GDP) in 2021 fell by 5.9% worldwide and by 5.2% in Europe. In particular, strong growth rates in the other three large euro countries pulled the currency union upwards: Growth was strongest in Spain in the fourth quarter at 2.0%, while France (+0.7%) and Italy (+0.6%) were still strong.[1] In 2021, the French economy recovered significantly from the severe slump in the first corona year 2020. The economy grew by 7.0 percent last year, after a decline of 8.0 percent the previous year. On average, however, GDP in 2021 was still 1.6 percent lower than in 2019 as a whole, i.e. before the outbreak of the pandemic.[2]

Overview: Quarterly changes in seasonally adjusted economic figures

Real GDP in % versus previous quarter	1Q2021	2Q2021	3Q2021	4Q2021
euro area	-0.2	2.2	2.3	0.3
Germany	-1.7	2.2	1.7	-0.7
France	0.1	1.3	3.1	0.7
Italy	0.3	2.7	2.6	0.6
Spain	-0.7	1.2	2.6	2.0
Netherlands	-0.8	3.8	2.1	0.9
Belgium	1.2	1.7	2.0	0.5
Austria	-0.4	4.2	3.8	-2.2
Switzerland	-0.1	1.8	1.7	n / a
UK	1.5	1.6	0.6	1.7

Source: Eurostat

According to the Federal Ministry of Economics and Climate Protection (BMWK), 2021 was another turbulent year for the German economy. Economic development was primarily characterized by the pandemic and the corresponding containment measures. Nonetheless, in 2021 Germany's GDP rose by 2.7% after declining by 4.6% a year earlier due to the pandemic. In December, the mood in manufacturing companies improved again for the first time in six months due to more optimistic expectations. Retail sales: Compared to the previous record year 2020, a real increase in sales of 0.9% was expected.[3]

According to the Federal Statistical Office, GDP fell by 0.7% in the fourth quarter of 2021 compared to the third quarter of 2021. After economic output grew again in the summer despite corona, the recovery of the

[1]KfW Economic Compass February 2022.

[2]Federal Office of Statistics: Press Release no. 020 dated 14 January 2022

[3]Federal Office of Statistics: Press Release no. 020 dated 14 January 2022

German economy was halted by the fourth wave of corona and renewed tightening of corona protection measures at the end of the year. In particular, private consumption declined in the fourth quarter of 2021 compared to the previous quarter, while government consumption increased. Year-on-year, price-adjusted GDP in the fourth quarter of 2021 was 1.4% higher than in the fourth quarter of 2020.[4]

Industry-specific conditions

Sales of goods in e-commerce increased by 19 percent year-on-year from EUR 83.3 billion to EUR 99.1 billion in 2021.[5]

Households in Germany now spend every eighth euro on goods in e-commerce. According to the bevh, since the beginning of the pandemic, it has no longer been the case that e-commerce is mainly used by younger people. Buyers aged 50 and over are again responsible for at least half of all online purchases.[6] 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 the gfu, nearly half of German households now have an Internet-enabled TV set. The use of smart functions is also increasing.

Online shopping is no longer limited to shopping on a PC. Mobile devices are also increasingly being used for shopping in Europe. According to Statista, of the online shoppers surveyed in Germany, 72% said they had made an online purchase via their smartphone or tablet in 2021. In Spain, this share was 83%.

C. Publication of the results for 2021

Business development in 2021

<u>Development of the Group</u>

Financial year 2021 for the elumeo Group included the period from 1 January to 31 December 2021 ("2021" or the "reporting period"). Financial year 2020 refers to the period from 1 January to 31 December 2020 ("2020," "py" or "prior year").

The market environment for elumeo has changed noticeably since the start of the COVID-19 pandemic in the first quarter of 2020. While product supply from China initially came to a standstill in the first quarter of 2020, supply from India subsequently also became difficult. We have since experienced a period of extraordinary growth and profitability. Sales growth rates began to return to normal in the third quarter of 2021. On the one hand, this is due to a widespread easing of the lockdown measures in Europe and, on the other hand, to the reopening of stationary retail.

Revenue increased by 19.5% in 2021 compared to 2020. The main driver was the classic web shop, but the development in the TV business also improved. The positive development is due to the intensive growth in new customers. The average shopping basket size fell due to the intensive growth.

[4]Federal Office of Statistics: Press Release no. 039 dated 28 January 2022

[5]behv: Press release dated 26 January 2022

[6]bevh: Press release dated 26 January 2022

Thanks to a strict hygiene concept, it was possible to continue broadcasting successfully. The profit-per-show-minute increased significantly due to a higher share of premieres and guests. Optimisations in all marketing channels, technical improvements in the payment process and the higher proportion of sales of high-priced products led to a significant increase in the gross profit margin in the classic web shop. **Gross profit** increased disproportionately by 30.1%. The gross profit margin was 57.0% in 2021 (52.3% in 2020) – the effect of the sales tax reduction in the second half of 2020 was overcompensated for.

The investments in online marketing were successfully scaled for the acquisition of new customers and led to an increase in **cost of sales**. Personnel costs increased slightly; Short-time work benefits were claimed in the previous financial year 2020. Increased legal fees resulted in higher **administrative expenses**.

jooli.com GmbH, a 100% subsidiary of the elumeo Group, launched the "jooli" app as an independent company in the second quarter. With short, entertaining videos, jooli offers a completely new shopping experience that is unique in Europe to date. The videos are produced by independent partners, controlled and played out via the jooli affiliate platform and billed via a commission model. Expenses of EUR 0.5 million were incurred in 2021 for the further development of the video shopping app jooli. The development expenses were not capitalized.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) were EUR 2.9 million in 2021. The key financial figure, **adjusted earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA)**, improved to EUR 4.9 million in 2021 after EUR 0.9 million in 2020.

Earnings situation of the elumeo Group

EUR thousand | % of revenue	01.01. - 31.12.2021		01.01. - 31.12.2020		YoY in %
Revenue	50,677	100.0%	42,418	100.0%	19.5%
Cost of goods sold	21,802	43.0%	20,216	47.7%	7.8%
Gross profit	**28,875**	**57.0%**	**22,202**	**52.3%**	**30.1%**
Selling expenses	18,742	37.0%	15,584	36.7%	20.3%
Administrative expenses	8,495	16.8%	7,012	16.5%	21.1%
Other operating income	460	0.9%	274	0.6%	68.0%
Other operating expenses	121	0.2%	179	0.4%	-32.5%
Earnings before interest and taxes (EBIT)	**1,977**	**3.9%**	**-300**	**-0.7%**	**759.2%**
Interest and similar expenses	58	0.1%	134	0.3%	-56.5%
Financial result	-58	-0.1%	-134	-0.3%	56.7%
Earnings before income taxes (EBT)	**1,919**	**3.8%**	**-434**	**-1.0%**	**542.4%**
Income tax	3,520	6.9%	0	0.0%	n.a.
Earnings after income tax from continuing operations	**5,439**	**10.7%**	**-434**	**-1.0%**	**n.a.**
Earnings of shareholders of elumeo SE	*5,439*	*10.7%*	*-434*	*-1.0%*	*n.a.*
Earnings per share in EUR (basis and diluted) applied to earnings of shareholders total					
- undiluted	**0.99**		**-0.08**		**n.a.**
- diluted	**0.98**		**-0.08**		**n.a.**
Earnings after tax from discontinuing operations	**3,850**	**7.6%**	**588**	**1.4%**	**554.7%**
Earnings after tax from continuing and discontinuing operations	**9,288**	**18.3%**	**154**	**0.4%**	**n.a.**
Earnings of shareholders of elumeo SE	*9,288*	*18.3%*	*154*	*0.4%*	*n.a.*
Earnings per share in EUR					
(basis and diluted)					
applied to earnings of shareholders					
total					
- undiluted	**1.69**		**0.03**		**n.a.**
- diluted	**1.68**		**0.03**		**n.a.**
Other comprehensive income that may be reclassified to profit or loss in subsequent periods					
Differences from foreign currency translation of foreign subsidiaries	-47	-0.1%	55	0.1%	-185.3%
Other comprehensive income	**-47**	**-0.1%**	**55**	**0.1%**	**-185.3%**
Total comprehensive income	**9,241**	**18.2%**	**209**	**0.5%**	**n.a.**

Note: In the presentation for financial year 2020, income from the reversal of provisions from the PWK factory in Thailand was reclassified from other operating income to earnings after taxes from discontinued operations.

The main objective for elumeo in 2021 was sales growth in the low double-digit percentage range and a stable development of the gross profit margin above the 50% mark. Management predicted a slightly disproportionate increase in gross profit. A value in the low to mid-single-digit million range was forecast for adjusted EBITDA. Overall, the original expectations for 2021 were exceeded. The strong sales and earnings development in the second half of the year made a significant contribution to the development of the year overall.

Due to the positive development of the elumeo Group, deferred tax assets of EUR 4.2 million were recognized. Income from the discontinued PWK business includes the reversal of provisions in the amount of EUR 3.8 million (in 2020: EUR 588 thousand). 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 (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-operational (special) items by type and amount. Adjusted EBITDA can be reconciled as follows:

		in EUR thousand	in EUR thousand
		2021	2020
EBITDA		2,928	635
(+/-)	expenses and income from currency translation	-54	-5
(+)	expenses for share-based payments	126	18
(+)	research, development and sales expenses for jooli	467	
(+)	expenses for the termination of the Italian broadcasting contract	1,250	
(+)	expenses for Juwelo Italia s.r.l.	136	229
Adjusted EBITDA		**4,853**	**877**

Adjusted for non-operating special items, earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA) improved to EUR +4.9 million in 2021 (2020: EUR 0.9 million). The overall consolidated result is EUR 9.2 million after EUR 0.2 million in 2020.

The Group's equity rose from EUR 4.3 million to EUR 13.7 million due to the significant increase in earnings.

Sales channels

The development of our web business, which exceeded the growth rate of the entire German e-commerce industry by more than 50%, was particularly strong. The significant increase in our new web customers by 75% compared to the previous year was a key success factor here. Product sales in the area of the classic web shop increased by a total of approx. 32%. Gross profit rose disproportionately compared to the previous year at approx. 43%. Product revenue from the TV business rose 17% in 2021. Intensive growth in new customers and the successful birthday event in June were responsible for the strong development of both channels. The gross profit margin increased disproportionately by 23%. The reason for the development of revenue 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.

Asset position of the elumeo Group

ASSETS

EUR thousand | % of balance sheet total	31.12.2021		31.12.2020		YoY in %
Non-current assets					
Intangible assets	336	1,2%	429	2,0%	-21,6%
Property, plant and equipment	1.150	4,1%	1.279	6,0%	-10,1%
Assets from rights of use	2.148	7,7%	2.686	12,6%	-20,0%
Other financial assets	72	0,3%	77	0,4%	-6,5%
Other non-financial assets	221	0,8%	225	1,1%	-1,9%
Deferred tax assets	4.162	14,9%	0	0,0%	n.a.
Total non-current assets	**8.090**	**29,0%**	**4.696**	**22,0%**	**72,3%**
Current assets					
Inventories	13.137	47,1%	12.147	56,8%	8,1%
Trade receivables	2.266	8,1%	1.230	5,7%	84,2%
Other financial assets	728	2,6%	445	2,1%	63,4%
Other non-financial assets	895	3,2%	568	2,7%	57,5%
Cash and cash equivalents	2.759	9,9%	2.307	10,8%	19,6%
Total current assets	**19.785**	**71,0%**	**16.698**	**78,0%**	**18,5%**
Total assets	**27.874**	**100%**	**21.394**	**100%**	**30,3%**

Total assets as of 31 December 2021 increased by 30.3%. In 2021, deferred tax assets were formed primarily on loss carryforwards. Inventories increased due to higher sales. On the one hand, the increased receivables are related to a reporting date and, on the other hand, due to an adjustment of the accruals. Current other financial assets increased due to an increase in creditors with debit balances. Current other assets increased due to increased receivables from returns. Cash and cash equivalents increased compared to the previous year, not least because of the positive development of the business.

The Group's equity ratio rose from 20.3% to 49.2% due to the significant increase in earnings and nearly reached the target value of 50%. Long-term provisions fell significantly due to the reversal of the provision for the settlement of the deconsolidated former Group-owned manufactory in the amount of EUR 3.8 million. Based on the latest information available, the probability of a claim is much lower. Short-term provisions increased mainly due to a provision for costs in connection with changing the broadcasting range provider in Italy and higher provisions for returns. Trade payables fell as of the reporting date. Tax liabilities increased due to positive taxable income in 2020 and 2021 and the impact of minimum taxation. The increase in other liabilities is mainly due to the increase in sales tax liabilities due to the changeover to the "One-Stop-Shop" tax procedure (OSS).

Equity and liabilities position of the elumeo Group

EQUITY & LIABILITIES EUR thousand | % of balance sheet total	31.12.2021		31.12.2020		YoY in %
Equity					
Issued capital	5.500	19,7%	5.500	25,7%	0,0%
Accumulated losses	34.567	124,0%	34.441	161,0%	0,4%
Retained losses	-28.521	-102,3%	-37.809	-176,7%	24,6%
Foreign currency translation reserve	2.167	7,8%	2.214	10,3%	-2,1%
Total equity	**13.714**	**49,2%**	**4.346**	**20,3%**	**215,5%**
Attributable to shareholders of elumeo SE	*13.714*	*49,2%*	*4.346*	*20,3%*	*215,5%*
Non-current liabilities					
Other non-current financial liabilities	1.887	6,8%	2.413	11,3%	-21,8%
Provisions	474	1,7%	3.972	18,6%	-88,1%
Other non-financial liabilities	25	0,1%	25	0,1%	0,0%
Total non-current labilities	**2.386**	**8,6%**	**6.410**	**30,0%**	**-62,8%**
Current liabilities					
Leasing liabilities	373	1,3%	387	1,8%	-3,6%
Provisions	2.402	8,6%	1.343	6,3%	78,9%
Trade payables	5.945	21,3%	6.775	31,7%	-12,3%
Advance payments received	138	0,5%	133	0,6%	3,6%
Tax liabilities	742	2,7%	100	0,5%	642,4%
Other financial liabilities	486	1,7%	503	2,4%	-3,4%
Other non-financial liabilities	1.690	6,1%	1.398	6,5%	20,9%
Total current liabilities	**11.775**	**42,2%**	**10.638**	**49,7%**	**10,7%**
Total equity & liabilities	**27.874**	**100,0%**	**21.394**	**100,0%**	**30,3%**

Financial position of the elumeo Group

	EUR thousand	01.01 - 31.12.2021	01.01 - 31.12.2020	YoY in %
	Earnings before taxes (EBT) from continuing operations	+1,977	-300	759.2%
	Earnings before taxes (EBT) from discontinuing operations	+3,850	+588	554.7%
	Earnings before interest and taxes (EBIT) from contimuing and discontinuing operations	**+5,827**	**+288**	**n.a.**
+/-	Depreciation and amortisation on non-current assets	+951	+935	1.7%
+/-	Increase/decrease in provisions	-2,438	-613	-297.6%
-	Taxes paid	-1	0	n.a.
+/-	Equity-settled share-based remuneration	+126	+18	584.9%
+/-	Other non-cash expenses/income	+22	-32	168.0%
-/+	Increase/decrease in inventories	-981	+1,212	-180.9%
-/+	Increase/decrease in other assets	-1,618	-218	-640.6%
+/-	Increase/decrease in other liabilities	-638	+937	-168.1%
-	Interest paid	-58	-98	40.7%
=	**Cash flow from operating activities**	**+1,190**	**+2,428**	**-51.0%**
-	Payments for investments in intangible assets	0	-48	100.0%
-	Payments for investments in property, plant and equipment	-355	-175	-102.6%
=	**Cash flow from investing activities**	**-355**	**-222**	**-59.7%**
-	Payments for the redemption of financial debt	+0	-446	100.0%
-	Payments for the redemption of leasing liabilities	-384	-330	-16.3%
=	**Cash flow from financing activities**	**-384**	**-777**	**-50.6%**
+/-	Net increase/decrease in cash and cash equivalents	+452	+1,429	-68.4%
+/-	Effects of foreign currency translation on cash and cash equivalents	+1	-1	169.3%
+	Cash and cash equivalents on beginning of reporting period	+2,307	+880	162.2%
=	**Cash and cash equivalents on end of reporting period**	**+2,759**	**+2,307**	**19.6%**

Earnings before taxes improved further, in particular due to the strong development of sales. Cash flow from operating activities was positive in 2021, compared to the previous year it fell due to the increased receivables and the increased capital tied up in inventories. The elumeo Group invested mainly in replacement measures in 2021. Cash flow from financing activities in 2021 resulted from the repayment of financial liabilities. 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 essentially correspond 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). Art. 61 EU-VO 2157/2001 was drawn up. 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 and provides additional services to Group companies, especially in the administrative area. The economic conditions of elumeo SE essentially correspond to those of the Group and are described in the Economic Report.

Earnings position
Revenue relates 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 2021, the company had an average of around 11.0 employees (full-time equivalents (FTE)) (previous year: 11.0 FTE). Personnel expenses also include the remuneration of the Managing Directors (3.5 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 2021 as well as ongoing legal, consulting and marketing costs, costs for recruiting and provision of staff, travel expenses and stock exchange listing costs.

Non-cash income from investments of EUR 37,500 thousand resulted from the distribution of Silverline Ltd.

The pre-tax result of elumeo SE improved from EUR -1,219 thousand in 2020 to EUR 38,614 thousand in 2021.

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 originated 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.

With a notarized capital increase resolution dated 6 December 2021, elumeo, as the sole shareholder of Juwelo Deutschland GmbH, increased the company’s share capital by EUR 576.00 from EUR 226,424.00 to EUR 227,000.00 and 576 new shares with a nominal value of EUR 1.00 with serial numbers 226,425 to 227,000. The new shares were issued against cash contributions totalling EUR 576.00 plus premium in the form of a non-cash premium. The non-cash cash flow was provided by the assignment of elumeo's dividend claim of EUR 37.5 million against Silverline from the dividend distribution resolution of the Board of Directors of Silverline of 2, 6 and 20 July 2021. As a result of this capital increase, the investment value of Juwelo Deutschland GmbH in the balance sheet of elumeo SE increased by EUR 37.5 million to EUR 38.0 million.

Equity increased significantly as a result of investment income from Silverline Ltd. from EUR 25,099 thousand in 2020 to EUR 63,713 thousand in 2021.

The balance sheet total of elumeo SE increased accordingly from EUR 25.5 million in 2020 to EUR 64.8 million in 2021. 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. Risk and Opportunity Report

Risk Management System

elumeo SE is regularly exposed to various risks and opportunities. These can have both positive and negative effects on the Group's asset, financial and earnings position. The risk management system applies to all areas of the elumeo Group. A risk management system based on the Enterprise Risk Management Standard of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the auditing standard 981 of the Institute of Public Auditors in Germany (IDW) was implemented as a specific tool of the management and the Executive Board. Strategic and operational events and actions that have a significant impact on the existence and economic situation of the company are considered risks. The main risks and opportunities are listed below.

The goal is Group-wide standardisation of risk and opportunity assessment, the active living of a risk and opportunity culture and a common understanding of risks and opportunities within the company. The risk and opportunity management approach is designed to support decision-making through consistent, comparable and transparent information through a standardized process for identifying, evaluating, monitoring, documenting and reporting strategic, operational and financial risks and opportunities as well as compliance risks. Opportunities are to be used to increase earnings and to improve the financial position. Risks are taken only to the extent that these have no foreseen particularly negative impact on the company's development.

Internal Control System

In reference to Section 315 paragraph 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. The aim of the system is to identify, evaluate and control all those risks that could have a significant impact on the proper content and appropriate presentation of the Individual and Consolidated Financial Statements. As an integral part of the accounting and reporting process, the accounting-related internal control system includes preventive, monitoring and revealing control measures and thus ensures a proper process of preparing the financial statements. The internal control system is implemented in the company's various processes that have a significant impact on financial reporting.

These processes, the risks relevant to financial reporting and the controls are analysed and documented. Relevant controls are defined in a cross-process risk control matrix, including a description and the type of control, frequency of control execution and the area of responsibility for the execution. The control mechanisms implemented have a cross-process effect and are therefore often intertwined. These mechanisms include, among other things, the establishment of principles and procedures, the definition of processes and controls, the introduction of approval and test concepts and the formulation of guidelines.

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 of the financial statements. With regard to the accounting process, the subsidiary companies are supported by personnel at headquarters.

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 the risks identified.

<u>Basic methodology</u>

When assessing individual risks, both gross and net risks were taken into account. The gross risk represents the inherent risk before risk-reducing measures are taken into account. The net risk is the residual risk after considering all risk-reducing measures. Risks presented in this report reflect net risks only. 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 design risk was included as part of the procurement risk.
- General insurance protection and accident risks were included as part of operational risks.
- The risks from company takeovers were excluded due to unplanned company takeovers.
- The level of damage from the tax risk was classified from severe to medium.

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	insignificant
2	>EUR 0.1 - EUR 0.5 million	low
3	>EUR 0.5 - EUR 1.0 million	medium
4	>EUR 1.0 million	significant

By the time the Annual and Consolidated Financial Statements for 2021 were being prepared, no risks or risk clusters had been identified that could endanger the continued existence of elumeo SE. The risk clusters of elumeo SE are shown in the following table and compared with 2020.

Risk Overview - Excerpt of Major Risks

		2021		2020	
		Probability of occurrence	Impact	Probability of occurrence	Impact
1.	**Economic and Strategic Risks**				
1.1.	Macroeconomic risks	high	medium	high	medium
1.2.	Competitive risks	medium	insignificant	medium	insignificant
1.3.	Growth risks	low	significant	low	significant
2.	**Operational Risks**				
2.1.	Reputational risk (quality and ethics)	medium	medium	medium	medium
2.2.	Procurement risks	medium	medium	medium	medium
2.3.	Inventory risks	medium	medium	medium	medium
2.4.	Transmission mode	very low	medium	very low	medium
2.5.	Personnel risks	very low	medium	very low	medium
2.6.	IT and information risks	low	significant	low	significant
2.7.	Returns	low	low	low	low
3.	**Financial and Liquidity Risks**				
3.1.	Default risk	very low	low	very low	low

3.2.	Liquidity risk	low	significant	low	significant
3.3.	Currency risks	low	medium	low	medium
4.	**Fiscal, Regulatory and Legal Risks**				
4.1.	Data protection	low	medium	low	medium
4.2	Money laundering prevention	low	medium	low	medium
4.3.	Tax risks	low	medium	medium	significant
4.4	Legal risks	low	significant	low	significant

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

In the course of the Russian invasion of Ukraine and the corona crisis, however, it is currently hardly possible to make valid forecasts.[7] The experts at the IMF have not yet been able to quantify how severely the economy is collapsing as a result, neither with regard to Asia and Europe nor with regard to the rest of the world. What is certain, however, is that the IMF will lower its global economic forecast in April. The Russian invasion of Ukraine and the sanctions imposed by the West could roughly cut economic growth in Germany in half in 2022. The gross domestic product (GDP) could increase by two percentage points less.[8] The federal government had previously predicted an increase in GDP of 3.6 percent.[9]The development of the global economy will continue to be largely determined by the corona pandemic. In the winter months of 2020/21, global gross domestic product continued to recover from its drastic slump in the spring of 2020 and was most recently back to almost its pre-crisis level. However, there are significant differences between countries, resulting from the different timing of (re)virus outbreaks, the different severity of infection control measures and the different speeds of vaccination progress. 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. 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 6.6% in 2021 and increase by 4.2% in 2022. The euro area will exceed pre-crisis levels in early 2022.

According to an ifo forecast, the rate of inflation in the advanced economies was 2.1% this year, significantly higher than in previous years. A large part of the increase can be attributed to the extremely low price of

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[7]Statista: https://de.statista.com

[8]Model calculation of the Society for Economic Structural Research

[9]BMWK: Annual Economic Report 2022

crude oil in the spring of 2020 and its increase since then. As a result of the rise in commodity prices, the inflation rate this year will be significantly higher at 5.1% (base scenario) and 6.1% (alternative scenario).

The capacity bottlenecks in many ports are expected to resolve with the lifting of infection control measures and increased container production. The ifo assumes that global trade in goods will expand by 2.3% in 2022.

1.2. Competitive risks

The competitive environment has changed as a result of the coronavirus pandemic. On the one hand, this is accelerating the shift in customer demand towards digital offerings; on the other hand, this shift is also prompting international companies and local competition to improve their digital offerings and to penetrate other markets. This could jeopardize future business growth or at least make it more expensive as the jewelry market will be more competitive. 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 defines countermeasures, if necessary. In view of this competitive environment, we are convinced that our strategy, which rests on the three pillars “Vertically integrated and scalable value chain,” “Multiple electronic distribution channels” and “Live and interactive sales features,” is the right answer to the future in order to ensure that our active customer base is expanded and our customer relationships are deepened.

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 cancellations and / or delays due to restrictions in production and the supply chain. This could limit the growth of the elumeo Group and prevent its 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. 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 can adversely affect the repeat purchase rate.

The elumeo Group has implemented various measures to ensure that our suppliers provide us solely with products that have been produced and sold under fair and sustainable social, environmental and economic conditions. Should elumeo nevertheless be brought into connection with dubious 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.

2.2. Procurement risks

The coronavirus pandemic is affecting the entire supply chain and logistics, increasing uncertainty in relation to international supply routes, warehousing and fulfillment. Interruptions or delays in inbound and outbound shipments caused by shutdowns of essential infrastructure, border closures and capacity bottlenecks, as well as staff shortages in warehouses due to potentially high infection rates or quarantine, can lead to increased costs, lost sales, reduced service and reduced customer satisfaction.

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 cannot provide us with any 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 asset, financial and earnings position of the elumeo Group.

2.3. Inventory risks

Due to the integration of the value chain, we must adjust production to match 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.

2.4. Transmission mode

The TV business made a significant contribution to our overall performance in financial year 2021. 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.

2.5. 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. Recruiting is central to ensure the quality and creativity of our products and our services.

2.6. IT and information risks

Cyber threats from internal or external attacks as well as weaknesses in internal controls can affect essential aspects of the elumeo domains, including our applications, warehouse IT systems, payment systems and internal IT systems. These threats could affect the availability of data or information systems (data loss), integrity (corrupt data), and confidentiality (data breach). If a cyber-attack (especially on a large scale) is successful, elumeo could suffer severe damage, which could result in lost revenue, compensation payments to partners, extortion payments, damage to its reputation or recovery costs. elumeo is a potential target due to its valuable data and dependency on IT systems.

Comprehensive technological security solutions, defined prevention approaches and specialized internal resources support early detection, targeted control of measures and basic prevention of cyber threats and cyber incidents. 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 an important role.

2.7. 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.

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. Purchase on account and direct debit are managed by payment service providers via factoring. 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 represented a significant liquidity risk.

Based on updated information, the probability of cash outflows in connection with the liquidation of the production company is considered to be significantly lower. The provision for these risks recognized in the previous year was largely reversed in financial year 2021 and a contingent liability is now recognized in this regard.

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.

Risks from the 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. During the corona crisis, countermeasures were initiated through reduced airtime, short-time work and deferrals of tax payments and individual agreements with individual suppliers, which compensated 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 were 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 risks from the liquidation of the Thai production company described above and the associated legal disputes have been reduced considerably. There are currently no risks arising from the operational business model. However, other unexpected risks in connection with the COVID-19 crisis could affect the elumeo Group.

3.3. Currency risk

Currency risks in GBP have little impact due to the small volume of this business.

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 regions 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

Customers entrust us with their personal data. Accordingly, elumeo is subject to numerous laws and regulations relating to data protection and privacy at the EU and national level. This includes in particular the General Data Protection Regulation (GDPR), but also local legal frameworks and amendments to the Telemedia Act, the ePrivacy Directive and the proposed ePrivacy Regulation or GDPR-related fine directives published jointly by the national data protection authorities.

It is our duty to handle this data responsibly and to protect it from unauthorized access. In order to minimize the risk of potential violations, our data protection officers continuously monitor data protection requirements, support the development and implementation of appropriate measures and processes, and offer advice, expertise and training. This oversight includes close collaboration and coordination, particularly with the IT and development teams, to help implement appropriate technical and organisational measures to protect data.

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 measures necessary. Changes in the Money Laundering Act and in the requirements for goods dealers are taken into account as part of internal training programmes.

4.3. Tax risks

The elumeo Group is exposed to tax risks. 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. 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. There is currently the risk of a legal dispute in relation to the claims asserted by a service provider (approx. EUR 0.7 million) for services in previous financial years, which the elumeo Group disputes. We consider the risk of a claim to be unlikely.

The audit of the 2020 Consolidated Financial Statements of elumeo SE began on 9 August 2021 as part of a random audit by the German Financial Reporting Enforcement Panel, the result is still pending.

Opportunities

<u>Growth market online jewelry</u>
According to studies by Statista, Grand View Research, or McKinsey, for example, the international jewelry market is said to be in a continuous growth phase. After a double-digit drop in sales during the pandemic, the jewelry industry is again looking forward to steady growth of 10 to 15 percent through 2025. In 2021, the global jewelry market will be worth between 200 and 230 billion US dollars. By 2025, the entire global jewelry market is expected to be worth between 340 and 360 billion dollars. The trend towards online and mobile business will become increasingly important. With online sales expected to increase from 13 to 18-21 percent of total sales over the period 2019-2025, the potential here is 60 billion to 80 billion dollars. 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.

<u>Development of the e-commerce market</u>
The trend towards e-commerce at the expense of brick-and-mortar retail seems to continue unabated overall. Sales in German eCommerce will be around EUR 116.93 billion in 2022. According to Statista, a market volume of EUR 155.94 billion will be reached in 2025. This corresponds to expected annual sales growth of 10.07% (CAGR 2022-2025). In the context of e-commerce growth, online sales via smartphones in particular are steadily increasing. According to current estimates, the penetration rate will be 77.0% in 2021 and is expected to reach 81.9% by 2025.

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.

Project "jooli"

jooli is a video shopping app. The app presents products in videos. Users navigate through a product portfolio of various brands with a swipe and receive personalized shopping and gift ideas. The goal of the start-up founded in Berlin in 2021 by a team led by Wolfgang Boyé is to open up online shopping as an intuitive content platform to new target audiences using specially produced product videos. The jooli app is available for iOS and Android. The previous expenses for jooli in 2021 amounted to EUR 467 thousand.

F. Forecast Report

Macroeconomic and sector-related situation

In the course of the Russian invasion of Ukraine and the corona crisis, however, it is currently hardly possible to make valid forecasts.[10] The experts at the IMF have not yet been able to quantify how severely the economy is collapsing as a result, neither with regard to Asia and Europe nor with regard to the rest of the world. What is certain, however, is that the IMF will lower its global economic forecast in April. The Russian invasion of Ukraine and the sanctions imposed by the West could roughly cut economic growth in Germany in half in 2022. The gross domestic product (GDP) could increase by two percentage points less.[11] The federal government had previously predicted a GDP increase of 3.6 percent.[12]

While the outlook for the 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. The Federal Association of E-Commerce and Mail Order Germany e. V. (bevh) previously expected for 2022 that e-commerce with goods and services would increase by another 12.0 percent. E-commerce with goods alone is expected to generate gross sales of more than EUR 110 billion. However, these forecasts do not take the current Ukraine crisis into account.

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 480.5 billion US dollars. 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

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[10]Extras: https://de.statista.com

[11]Model calculation of the Society for Economic Structural Research

[12]BMWK: Annual Economic Report 2022

corona crisis into account. According to a forecast by the IFH KÖLN (Institute for Retail Research), online sales in the trend scenario are projected to 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.[13]

In the course of the Russian war in Ukraine and the corona crisis, however, it is currently hardly possible to make valid forecasts.

Development of the Group

The management also expects high volatility for 2022 depending on the further development of the COVID-19 pandemic and the currently uncertain effects of the war in Ukraine on global economic development. 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.

Due to the development in the first quarter of 2022, the management assumes that in 2022 a drop in sales in the single-digit percentage range will be achieved. In the second half of the first quarter of 2022, Juwelo recorded an above-average decline in sales in the TV business in Italy. The management therefore decided to reduce the 24-hour broadcasting of Juwelo in Italy to a 4-hour transmission window. The additional drop in sales caused by this accounts for between 2 and 4% of the forecast drop in revenue and is accompanied by disproportionately high savings in broadcasting range costs. For the web shop, it is expected that the recent very strong growth will weaken in 2022 and will be in the low single-digit percentage range. The gross profit margin should continue to develop stably at > 50%. Adjusted EBITDA is expected to be in the low single digit millions.

G. Closing Statement on the Dependency Report

Pursuant to Section 312 (3) German Stock Corporation Act (AktG), we, as the Managing Directors of elumeo SE, declare that, based on the circumstances known to us at the time, the company in the legal transactions listed in the above report on relationships with affiliated companies and measures taken or omitted the legal transaction was carried out or the measure was taken or omitted, received appropriate consideration for each legal transaction and was not disadvantaged by the fact that the measure was taken or omitted.

H. Declaration of Corporate Governance

The Declaration of Corporate Governance in accordance with Sections 289f and 315d of the German Commercial Code (HGB) and the Corporate Governance Declaration can be viewed on the company's website at https://www.elumeo.com/investor-relations/corporate-governance.

I. Takeover provisions in accordance with Sections 289a and 315a 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

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[13] IFH KÖLN: "Sector report online trade," year 2020

information referred to in Sections 289a and 315a 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 amounted to a total of EUR 5,500,000 on 31 December 2021 (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 that go beyond the legal requirements.

Holdings in capital that exceed 10.0% of the voting rights

As of 31 December 2021, the following shareholders held direct or indirect shareholdings in the capital of elumeo SE that exceeded 10.0% of the voting rights: Blackflint Ltd., Paphos, Cyprus (directly), 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 to serve as Deputy Chief Executive Officers. Managing Directors can 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 that 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 can 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.

J. Overall assessment

Overall, the Managing Directors assess the course of financial year 2021 relatively positively. Overall, a positive business development was recorded. The elumeo Group continues to grow 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. The expansion of the supplier network in close cooperation with local partners in Bangkok and Jaipur was able to increasingly unfold its potential. Assuming a continuous positive development and the consistent expansion of the product range and sales channels, the Managing Directors look to the year 2022 and the following years with confidence.

Berlin, 22 April 2022

elumeo SE

The Managing Directors

Dr. Riad Nourallah

Florian Spatz Boris Kirn Dr. Riad Nourallah

elumeo
Annual Report 2021

Consolidated Financial Statements

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

for the financial years from 1 January to 31 December 2021 and 2020

EUR thousand | % of revenue	01.01. - 31.12.2021		01.01. - 31.12.2020		YoY in %
Revenue	50,677	100.0%	42,418	100.0%	19.5%
Cost of goods sold	21,802	43.0%	20,216	47.7%	7.8%
Gross profit	**28,875**	**57.0%**	**22,202**	**52.3%**	**30.1%**
Selling expenses	18,742	37.0%	15,584	36.7%	20.3%
Administrative expenses	8,495	16.8%	7,012	16.5%	21.1%
Other operating income	460	0.9%	274	0.6%	68.0%
Other operating expenses	121	0.2%	179	0.4%	-32.5%
Earnings before interest and taxes (EBIT)	**1,977**	**3.9%**	**-300**	**-0.7%**	**759.2%**
Interest and similar expenses	58	0.1%	134	0.3%	-56.5%
Financial result	-58	-0.1%	-134	-0.3%	56.7%
Earnings before income taxes (EBT)	**1,919**	**3.8%**	**-434**	**-1.0%**	**542.4%**
Income tax	3,520	6.9%	0	0.0%	n.a.
Earnings after income tax from continuing operations	**5,439**	**10.7%**	**-434**	**-1.0%**	**n.a.**
Earnings of shareholders of elumeo SE	*5,439*	*10.7%*	*-434*	*-1.0%*	*n.a.*
Earnings per share in EUR (basis and diluted) applied to earnings of shareholders total					
- undiluted	**0.99**		**-0.08**		**n.a.**
- diluted	**0.98**		**-0.08**		**n.a.**
Earnings after tax from discontinuing operations	**3,850**	**7.6%**	**588**	**1.4%**	**554.7%**
Earnings after tax from continuing and discontinuing operations	**9,288**	**18.3%**	**154**	**0.4%**	**n.a.**
Earnings of shareholders of elumeo SE	*9,288*	*18.3%*	*154*	*0.4%*	*n.a.*
Earnings per share in EUR					
(basis and diluted)					
applied to earnings of shareholders					
total					
- undiluted	**1.69**		**0.03**		**n.a.**
- diluted	**1.68**		**0.03**		**n.a.**
Other comprehensive income that may be reclassified to profit or loss in subsequent periods					
Differences from foreign currency translation of foreign subsidiaries	-47	-0.1%	55	0.1%	-185.3%
Other comprehensive income	**-47**	**-0.1%**	**55**	**0.1%**	**-185.3%**
Total comprehensive income	**9,241**	**18.2%**	**209**	**0.5%**	**n.a.**

Consolidated Statement of Financial Position

as of 31 December 2021 and 2020

A S S E T S

EUR thousand | % of balance sheet total	31.12.2021		31.12.2020		YoY in %
Non-current assets					
Intangible assets	336	1,2%	429	2,0%	-21,6%
Property, plant and equipment	1.150	4,1%	1.279	6,0%	-10,1%
Assets from rights of use	2.148	7,7%	2.686	12,6%	-20,0%
Other financial assets	72	0,3%	77	0,4%	-6,5%
Other non-financial assets	221	0,8%	225	1,1%	-1,9%
Deferred tax assets	4.162	14,9%	0	0,0%	n.a.
Total non-current assets	**8.090**	**29,0%**	**4.696**	**22,0%**	**72,3%**
Current assets					
Inventories	13.137	47,1%	12.147	56,8%	8,1%
Trade receivables	2.266	8,1%	1.230	5,7%	84,2%
Other financial assets	728	2,6%	445	2,1%	63,4%
Other non-financial assets	895	3,2%	568	2,7%	57,5%
Cash and cash equivalents	2.759	9,9%	2.307	10,8%	19,6%
Total current assets	**19.785**	**71,0%**	**16.698**	**78,0%**	**18,5%**
Total assets	**27.874**	**100%**	**21.394**	**100%**	**30,3%**

Consolidated Statement of Financial Position

as of 31 December 2021 and 2020

EQUITY & LIABILITIES

EUR thousand | % of balance sheet total	31.12.2021		31.12.2020		YoY in %
Equity					
Issued capital	5.500	19,7%	5.500	25,7%	0,0%
Accumulated losses	34.567	124,0%	34.441	161,0%	0,4%
Retained losses	-28.521	-102,3%	-37.809	-176,7%	24,6%
Foreign currency translation reserve	2.167	7,8%	2.214	10,3%	-2,1%
Total equity	**13.714**	**49,2%**	**4.346**	**20,3%**	**215,5%**
Attributable to shareholders of elumeo SE	*13.714*	*49,2%*	*4.346*	*20,3%*	*215,5%*
Non-current liabilities					
Other non-current financial liabilities	1.887	6,8%	2.413	11,3%	-21,8%
Provisions	474	1,7%	3.972	18,6%	-88,1%
Other non-financial liabilities	25	0,1%	25	0,1%	0,0%
Total non-current labilities	**2.386**	**8,6%**	**6.410**	**30,0%**	**-62,8%**
Current liabilities					
Leasing liabilities	373	1,3%	387	1,8%	-3,6%
Provisions	2.402	8,6%	1.343	6,3%	78,9%
Trade payables	5.945	21,3%	6.775	31,7%	-12,3%
Advance payments received	138	0,5%	133	0,6%	3,6%
Tax liabilities	742	2,7%	100	0,5%	642,4%
Other financial liabilities	486	1,7%	503	2,4%	-3,4%
Other non-financial liabilities	1.690	6,1%	1.398	6,5%	20,9%
Total current liabilities	**11.775**	**42,2%**	**10.638**	**49,7%**	**10,7%**
Total equity & liabilities	**27.874**	**100,0%**	**21.394**	**100,0%**	**30,3%**

Consolidated Statement of Changes in Equity

for the financial year from 1 January to 31 December 2021

Reason for change	Attributable to shareholders of elumeo SE				
EUR thousand	Issued capital	Capital Reserve	Retained losses	Foreign currency translation reserve	Total equity
01.01.2020	5,500	34,441	-37,809	2,214	4,346
Equity-settled share-based remuneration		126			126
Earnings after tax from continuing and discontinuing operations			9,288		9,288
Other comprehensive income				-47	-47
Total comprehensive income			9,288	-47	9,241
31.12.2021	5,500	34,567	-28,521	2,167	13,714

for the financial year from 1 January to 31 December 2020

Reason for change	Attributable to shareholders of elumeo SE				
EUR thousand	Issued capital	Capital Reserve	Retained losses	Foreign currency translation reserve	Total equity
01.01.2020	5,500	34,423	-37,963	2,159	4,118
Equity-settled share-based remuneration		18			18
Earnings after tax from continuing and discontinuing operations			154		154
Other comprehensive income				55	55
Total comprehensive income			154	55	209
31.12.2020	5,500	34,441	-37,809	2,214	4,346

Consolidated Statement of Cash Flows

for the financial years from 1 January to 31 December 2021 and 2020

EUR thousand		01.01 - 31.12.2021	01.01 - 31.12.2020	YoY in %
Earnings before taxes (EBT) from continuing operations		+1,977	-300	759.2%
Earnings before taxes (EBT) from discontinuing operations		+3,850	+588	554.7%
Earnings before interest and taxes (EBIT) from contimuing and discontinuing operations		**+5,827**	**+288**	**n.a.**
+/-	Depreciation and amortisation on non-current assets	+951	+935	1.7%
+/-	Increase/decrease in provisions	-2,438	-613	-297.6%
-	Taxes paid	-1	0	n.a.
+/-	Equity-settled share-based remuneration	+126	+18	584.9%
+/-	Other non-cash expenses/income	+22	-32	168.0%
-/+	Increase/decrease in inventories	-981	+1,212	-180.9%
-/+	Increase/decrease in other assets	-1,618	-218	-640.6%
+/-	Increase/decrease in other liabilities	-638	+937	-168.1%
-	Interest paid	-58	-98	40.7%
=	**Cash flow from operating activities**	**+1,190**	**+2,428**	**-51.0%**
-	Payments for investments in intangible assets	0	-48	100.0%
-	Payments for investments in property, plant and equipment	-355	-175	-102.6%
=	**Cash flow from investing activities**	**-355**	**-222**	**-59.7%**
-	Payments for the redemption of financial debt	+0	-446	100.0%
-	Payments for the redemption of leasing liabilities	-384	-330	-16.3%
=	**Cash flow from financing activities**	**-384**	**-777**	**-50.6%**
+/-	Net increase/decrease in cash and cash equivalents	+452	+1,429	-68.4%
+/-	Effects of foreign currency translation on cash and cash equivalents	+1	-1	169.3%
+	Cash and cash equivalents on beginning of reporting period	+2,307	+880	162.2%
=	**Cash and cash equivalents on end of reporting period**	**+2,759**	**+2,307**	**19.6%**

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Notes to the Consolidated Financial Statements

A. Information on the elumeo Group

company, registered office, founding and commercial register of the reporting parent company

elumeo is the parent company of the elumeo Group (hereinafter also referred to as the "company"), 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). 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. The risks in connection with PWK that still existed in the previous year no longer exist.

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 (the Internet) in the main markets of Germany and Italy. 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.

Approval of the Consolidated Financial Statements

The Executive Board approved publication of the Consolidated Financial Statements on 22 April 2022.

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 2021 (hereinafter also referred to as the "2021 Consolidated Financial Statements") 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 Income and Comprehensive Income, the Consolidated Statement of Financial Position, the 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 has been prepared according to the cost of sales (function of expense) method. The Consolidated Statement of Financial Position classifies assets and liabilities into current or non-current components in accordance with their maturities. Compared to financial year 2020, the right-of-use assets and lease liabilities were reported separately in accordance with IFRS 16 in order to improve the insight into the asset position. The previous year's amounts have been adjusted accordingly for reasons of comparability.

In the previous year, receivables from returned goods were offset against the provisions for expected customer returns. There is an unbalanced disclosure in financial year 2021. The previous year's amounts have been adjusted accordingly for reasons of comparability.

In deviating from the Consolidated Financial Statements for the previous year, the accounts payable and accounts receivable were reclassified from other assets and liabilities to other financial assets and liabilities in financial year 2021. The previous year's amounts have been adjusted accordingly for reasons of comparability.

Discontinued operations of the elumeo Group

In financial year 2018, it was decided to terminate all of the business activities of the production company PWK Jewelry Company Limited in Bangkok, Thailand ("PWK") and to liquidate the production company in an orderly manner under its own management by selling the existing assets ("discontinued operation PWK"). All business activities of the company were completely discontinued by the end of 2018, the company was deconsolidated on 31 December 2018.

As part of the discontinuation of the business area, a provision was made for possible costs from the further winding-up of PWK. As of 31 December 2020, this was still EUR 4,147 thousand and was reduced to EUR 305 thousand as of 31 December 2021 due to a reassessment of the remaining risks. The reversal of the provision in the amount of EUR 3,842 thousand is reported under the result from discontinued operations. Due to the reduced risk assessment, the amount is reported under contingent liabilities. In the previous year, the provision was reversed by EUR 588 thousand, which was reported under other income. In the year under review, an error was corrected and the income from the reversal was reclassified to the result from discontinued operations.

The Consolidated Financial Statements are prepared in euros (EUR). Disclosures are made in thousands of euros ("EUR thousand") or millions of euros ("EUR million."). For computational reasons, rounding differences can 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

The accounting according to IFRS is based on the provisions of the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London (United Kingdom) valid on the balance sheet date and recognized by the European Union (EU), the Interpretations (IFRIC) of the IFRS Interpretations Committee (IFRS IC) or the interpretations published by the Standing Interpretations Committee (SIC).

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 financial year 2021, are presented below with their effects on the elumeo Group.

IFRS standard	Topic	Effective date according to the IASB	Adoption by the EU Commission	Effects on the elumeo Group
Amendments to IFRS 16	IFRS 16 Leases – COVID 19 related rental concessions (Posted on 28 May 2020)	1 June 2020	9 October 2020	insignificant
Amendments to IFRS 9 / IAS 39 / IFRS 7 / IFRS 4 and IFRS 16	Reform of reference interest rates (I-BOR) – phase 2 (published on 27 August 2020)	1 January 2021	13 January 2021	insignificant

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 indicated otherwise, these require application for financial years beginning on or after the application date shown.

IFRS Standard	Topic	Effective date accord-ing to the IASB	Adoption by the EU Commission
Amendments to IFRS 16	IFRS 16 Leases – COVID 19-related rental concessions after 30 June 2021 (Published on 31 March 2021)	1 April 2021	30 August 2021
Amendments to IFRS 3	Business Combinations – Reference to Conceptual Framework (published 14 May 2020)	1 January 2022	28 June 2021
Amendments to IAS 16	Property, plant and equipment – income before intended use (published 14 May 2020)	1 January 2022	28 June 2021
Amendments to IAS 37	Provisions, Contingent Liabilities and Contingent Assets – Impending Losses on Pending Contracts – Cost of Fulfilling the Contract (published 14 May 2020)	1 January 2022	28 June 2021
Annual im-provements to IFRS Cycle 2018-2020	Annual Improvements to Various Standards (IFRS 1, IFRS 9, IFRS 16, IAS 41) (issued 14 May 2020)	1 January 2022	28 June 2021
Amendments to IAS 1	Presentation of Financial Statements and IFRS Practice Statement 2 – Guidance on the application of ma-teriality in relation to disclosure of accounting policies (issued 12 Febru-ary 2021)	1 January 2023	2 March 2022

Amendments to IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Estimates (published 12 February 2021)	1 January 2023	2 March 2022
Amendments to IAS 1	Presentation of Financial Statements – Identification of Liabilities as Current or Non-Current (published 23 January 2020) – Postponement of Effective Date (published 15 July 2020)	1 January 2023	Pending endorsement by the EU
Amendments to IAS 12	Income Taxes – Deferred Taxes Related to Assets and Liabilities Arising from a Single Transaction (published 7 May 2021)	1 January 2023 Early application allowed	Pending endorsement by the EU

At the current time, we do not expect any significant effects on the accounting in the elumeo Group from the changes to these standards.

D. Principles of consolidation

Scope of consolidation

The Consolidated Financial Statements as of 31 December 2021 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). In addition to elumeo SE as the holding company, the following companies are included in the scope of consolidation, in which elumeo SE held 100% of the shares in financial year 2021, directly or indirectly via intermediary subsidiaries:

company	location
Juwelo Deutschland GmbH	Berlin
(in the previous year: schmuck.de G&S GmbH)	Berlin
Juwelo Italia s.r.l.	Rom
Juwelo USA, Inc.	Wilmington
Silverline Distribution Ltd.	Hongkong
PWK Jewelry Company Ltd.	Bangkok

We also refer to "Supplementary explanations according to HGB" under point I.

Reporting date of the Consolidated Financial Statements

The Consolidated Financial Statements for financial year 2021 comprise the reporting period from 1 January to 31 December 2021 ("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 euro (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 always reported in a balanced form under other operating income or other operating expenses.

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 upon disposal or partial disposal of the relevant foreign business operation 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 it is held primarily for trading purposes or its realisation is expected within twelve months of the reporting date or within the normal business cycle.

A liability is classified as current if settlement of the liability is expected within twelve months of the reporting date or the elumeo Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

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

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

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

Technical equipment and machines as well as operating and office equipment are valued at acquisition or production cost less scheduled straight-line depreciation. Depreciation is carried out over the expected useful life.

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.

Impairment of intangible assets, property, plant and equipment

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
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 – the Group as the lessee

Leases are recognised by the lessee as lease liabilities from the point in time at which a leased object is available for use. Exceptions to this are short-term leases (i.e. leases with a lease term of up to twelve months) and leases where the underlying asset is of low value.

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.

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 the effective interest method into account. 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. The lease term is based on the non-cancellable basic term of a lease, including the lessee’s options to extend and terminate the lease, provided it is reasonably certain that these options will be exercised in the future. Interest expenses for lease liabilities are recognized in the financial result. They are also included in cash provided by operating activities, while payments made to repay lease liabilities are presented as a separate line item in cash provided by financing activities.

Current and deferred income taxes

Income tax for the reporting period consists of current and deferred taxes. Taxes are recognised in the Consolidated Statement of Income, unless they relate 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 liabilities are recognised for all taxable temporary differences, with the exception of:

- deferred tax liabilities arising from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit according to IFRS nor taxable profit or loss.
- 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 against each other if the elumeo Group has a legally enforceable right 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, consumables and supplies: 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 share 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

All financial assets of the elumeo Group are assigned to the classification category "measured at amortized cost." These 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 reports allowances for expected credit losses for financial assets measured at amortized cost. An impairment loss or gain is recognised in profit or loss in the Consolidated Statement of Income if the asset is impaired.

In accordance with a simplified approach, allowances for trade receivables are always measured at the amount of the expected credit loss over the term on the balance sheet date, which is determined using sales channel and country-specific allowance rates based on historical default rates and other value-influencing factors. For all other financial assets for which the credit risk has not increased significantly since initial recognition, the expected credit loss that can be expected within the next 12 months is used. For financial instruments where there has been a significant increase in credit risk, risk provisioning is determined in the amount of the credit defaults expected over the remaining term.

Financial assets continue to be written off in full or in part as part of individual value adjustments if, after reasonable assessment, it can no longer be assumed that full realisation is possible. To this end, the Group makes an individual assessment of the timing and amount of the write-down, based on whether there is a reasonable expectation of collection.

At each reporting date, elumeo assesses whether financial assets at amortized cost are credit-impaired. A financial asset is credit-impaired if one or more events occur that have an adverse effect on the estimated future cash flows of the financial asset.

Indicators that a financial asset is credit-impaired include, but are not limited to, the following observable data:

- default by a debtor or indications that a debtor will file for bankruptcy;
  or
- significant negative changes in the debtor's payment history

Impaired creditworthiness is not determined automatically if the loan is more than 90 days past due, but always on the basis of an individual assessment by credit management.

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 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.

<u>Financial liabilities</u>

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. At the elumeo Group, financial debt, trade payables, debtors with credit balances, liabilities due to related parties and other financial liabilities are allocated to this category.

Financial liabilities are derecognised if the obligation on which the liability is based has either expired, been cancelled or has already been fulfilled.

Offsetting financial instruments

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

- 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 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 is 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 vesting conditions that are market conditions (e.g. increase in the share price), the fair value on the grant date is determined taking these conditions into account.

Termination benefits

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

Provisions

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

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

Obligations to employees resulting from the termination of an employment contract by the employer (termination) as a result of restructuring measures are recognised if they have already been concretised 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

The strategic and operational location functions are combined in Berlin. Accordingly, the intangible assets, property, plant and equipment and rights of use are located in Germany. In accordance with internal management, the elumeo Group bundles its business activities in a segment that corresponds to the continued area of the Consolidated Financial Statements.

Recognition of income and expenses

Revenue from contracts with customers is recognized in accordance with IFRS 15 when control of the goods or services is transferred to the customer. The amount recognized is the consideration that the Group expects to receive in exchange for those goods or services. The Group has generally concluded that it is a principal in its revenue transactions because it controls the goods or services before they are transferred to the customer. 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 elumeo Group recognises sales based on the assumption that the postal delivery time until the goods are delivered is an estimated two days on average. 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.

Expected Returns

elumeo shows the expected return of goods gross in the income statement and reduces the proceeds by the full amount of the estimated returned sales. The dispatched goods recognized as an expense are adjusted in the amount of the estimated returns. elumeo also shows the expected return of goods gross in the balance sheet. A right to return goods from expected returns is capitalized in other assets. The amount of the asset corresponds to the acquisition costs of the delivered goods for which a return delivery is expected. In addition, a provision is made and the sales recorded so far are corrected in the amount of the expected returns.

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 further 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 make discretionary decisions, assumptions and estimates that have an impact on the asset, financial and earnings position presented in the Consolidated Financial Statements and on related disclosures. Although these discretionary decisions, assumptions and estimates are made to the best knowledge of management, based on current events and activities, there is a possibility that the actual results could differ from these discretionary decisions, assumptions and estimates.

Assumptions, estimates and the exercise of discretion are used in particular in the following areas:

- determination of expected return rates;
- determination of recoverability and deferred tax assets on loss carryforwards;
- recognition and valuation of provisions, in particular from the settlement of PWK;

We refer to the Notes to the Consolidated Financial Position.

All assumptions and estimates are based on the circumstances and assessments on the balance sheet date and the expected future business development of the Group, taking the expected development of its economic environment into account. Insofar as these framework conditions develop differently, the assumptions and the carrying amounts of the recognized assets and liabilities are adjusted accordingly. Compared to the previous year, returns as a gesture of goodwill were used to determine the provisions for returns.

G. Notes to the Consolidated Statement of Comprehensive Income

(1) Revenue

EUR thousand | % of revenue	01.01. - 31.12.2021		01.01. - 31.12.2020		YoY in %
Revenue from product sales	50,617	99.9%	42,370	99.9%	19.5%
Other revenue	60	0.1%	48	0.1%	24.7%
Revenue	**50,677**	**100.0%**	**42,418**	**100.0%**	**19.5%**

The following table shows the composition of revenue from product sales by geographic region of the customers:

EUR thousand | % of revenues from product sales	01.01. - 31.12.2021		01.01. - 31.12.2020		YoY in %
Germany	39,542	78.1%	33,595	79.3%	17.7%
Italy	4,589	9.1%	3,885	9.2%	18.1%
Other countries	6,486	12.8%	4,891	11.5%	32.6%
Revenue from product sales	**50,617**	**100.0%**	**42,370**	**100.0%**	**19.5%**

(2) Cost of goods sold

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

EUR thousand | % of revenue	01.01. - 31.12.2021		01.01. - 31.12.2020		YoY in %
Material costs	22,822	45.0%	19,048	44.9%	19.8%
Change in inventory of finished goods, work in progress and merchandise	-1,020	-2.0%	1,168	2.8%	-187.3%
Cost of goods sold	**21,802**	**43.0%**	**20,216**	**47.7%**	**7.8%**

(3) Selling expenses

Selling expenses include the following expenses:

EUR thousand | % of revenue	01.01. - 31.12.2021		01.01. - 31.12.2020		YoY in %
Broadcasting and channel rental costs	7,601	15.0%	6,019	14.2%	26.3%
Personnel expenses	5,391	10.6%	5,220	12.3%	3.3%
Payment costs	582	1.1%	585	1.4%	-0.6%
Sales and marketing expenses	2,803	5.5%	1,683	4.0%	66.6%
Expenses from share-based remuneration	27	0.1%	0	0.0%	n.a
Depreciation, amortization and impairment loss	411	0.8%	391	0.9%	5.1%
Other selling expenses	1,928	3.8%	1,686	4.0%	14.4%
Selling expenses	**18,742**	**37.0%**	**15,584**	**36.7%**	**20.3%**

Selling expenses increased in 2021 compared to the previous year. The main reasons for this were the increased investments in online marketing and the increased costs of TV transmission. The increased costs of TV transmission resulted from the cancellation of the existing Italian broadcasting range contract.

(4) Administrative expenses

The administrative costs are made up as follows:

EUR thousand | % of revenue	01.01. - 31.12.2021		01.01. - 31.12.2020		YoY in %
Personnel expenses	3,786	7.5%	3,538	8.3%	7.0%
Depreciation, amortization and impairment loss	540	1.1%	544	1.3%	-0.8%
Equity-settled share-based remuneration	100	0.2%	18	0.0%	440.6%
Legal advice costs	889	1.8%	546	1.3%	62.9%
Postal, telecommunication, IT costs	412	0.8%	380	0.9%	8.5%
Rent and lease expenses	68	0.1%	64	0.2%	6.2%
Repairs and maintenance	179	0.4%	103	0.2%	73.9%
Expenses for third-party services and fees	593	1.2%	387	0.9%	53.2%
Recruiting costs	179	0.4%	66	0.2%	169.9%
Reporting, bookkeeping and audit fees	178	0.4%	297	0.7%	-40.2%
Travel expenses	98	0.2%	155	0.4%	-37.0%
Other administrative expenses	1,474	2.9%	914	2.2%	61.3%
Administrative expenses	**8,495**	**16.8%**	**7,012**	**16.5%**	**21.1%**

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 share-based payments increased as a result of the stock option programme launched in financial year 2021. Recruiting costs increased due to the hiring of new employees. Travel expenses were reduced by using the studio in Rome.

(5) Other operating income

EUR thousand | % of revenue	01.01. - 31.12.2021		01.01. - 31.12.2020		YoY in %
VAT clearing vehicle benefit	19	0.0%	16	0.0%	18.9%
Operating income from related parties	11	0.0%	11	0.0%	-1.8%
Gains from foreign currency translation	54	0.1%	5	0.0%	980.8%
Income resulting from past reporting periods	19	0.0%	20	0.0%	-3.5%
Reimbursements from Expenditure Compensation Act	54	0.1%	3	0.0%	>1.000%
Proceeds from the sale of depreciated assets	58	0.1%	0	0.0%	n.a
Miscellanous other operating income	245	0.5%	219	0.5%	11.9%
Other operating income	**460**	**0.9%**	**274**	**0.6%**	**68.0%**

The remaining other operating income essentially relates to reimbursements for litigation and legal advice costs.

(6) Other operating expenses

EUR thousand | % of revenue	01.01. - 31.12.2021		01.01. - 31.12.2020		YoY in %
Expenses relating to other periods	121	0.2%	0	0.0%	n.a
Net losses from foreign currency translation	0	0.0%	179	0.4%	-100.0%
Other operating expenses	**121**	**0.2%**	**179**	**0.4%**	**-32.5%**

The other operating expenses in 2021 relate to marketing expenses relating to other periods.

(7) Financial result

EUR thousand | % of revenue	01.01. - 31.12.2021		01.01. - 31.12.2020		YoY in %
Interest expenses from leasing	58	0.1%	97	0.2%	-39.8%
Interest expenses from the compunding of non-current provisions	0	0.0%	33	0.1%	-100.0%
Interest expenses from financial debt (bank loans)	0	0.0%	3	0.0%	-100.0%
Intere Interest expenses and other financial result	**58**	**0.1%**	**134**	**0.3%**	**-56.4%**
Financial result	**-58**	**-0.1%**	**-134**	**-0.3%**	**56.4%**

Interest and similar expenses include interest expenses from lease liabilities from right-of-use assets (operating leases for real estate contracts) in accordance with IFRS 16.

(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.

For financial years 2021 and 2020, the total tax rate of the parent company elumeo SE – including the statutory corporate income tax rate (15.00%) plus the solidarity surcharge (5.50%) and trade tax (14.35%) – amounted 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:

in EUR thousand	01.01. - 31.12.2021	01.01. - 31.12.2020
Earnings before taxes (EBT) from continued operations	1.919	-434
Earnings before taxes (EBT) from discontinued operations	3.850	588
Earnings before income tax (EBT) from continued and discontinued operations	**5.768**	**154**
Total income tax rate of elumeo SE	30,175%	30,175%
Expected tax expense (-) / income (+)	-1.740	-47
Utilization of non-capialised tax loss carryforwards	1.317	275
Recognition of deferred tax assets on current local tax losses	3.549	0
Unrecognised deferred tax assets on current local tax losses	-202	-238
Recognition of temporary differences for which no deferred taxes were recognised	1.559	-15
Income tax rate differences	-19	-60
Non-deductible expenses and tax free income	-627	89
Equity-settled share-based payments	-38	-6
Tax expense out of period	-166	0
Other	-111	0
Current taxes on income and earnings	3.520	0,0
-/+ Expense/income from income taxes	-642	0
-/+ Expense/income from deferred taxes	4.162	0
Income Tax	**3.520**	**0**

The preliminary amount of tax loss carryforwards in Germany for which no deferred tax assets have been recognised as of 31 December 2021 is approximately EUR 61.3 million (31 December 2020: EUR 65.7 million) for corporate income tax purposes and approximately EUR 60.0 million (31 December 2020: EUR 64.4 million) for trade tax purposes. The elumeo Group has not capitalized deferred taxes on unused tax loss carryforwards for corporate tax purposes of EUR 49.5 million (previous year: EUR 65.6 million) and for trade tax purposes of EUR 48.2 million (previous year: EUR 64.4 million).

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 recognized deferred tax assets on deductible temporary differences in inventories (elimination of intercompany profits included), in the accounting treatment of leases in accordance with IFRS 16 (accounting for rights of use and lease liabilities), in temporary differences in provisions, and on tax loss carryforwards. The assessment basis for such temporary differences is around EUR 4.2 million as of 31 December 2021 (31 December 2020: EUR 0.0 million).

(9) Personnel expenses and expenses from stock option programmes

The personnel expenses of the elumeo Group were composed as follows in financial year 2021:

EUR thousand | % of revenue	01.01. - 31.12.2021		01.01. - 31.12.2020		YoY in %
Wages and salaries	7,664	15.1%	7,415	17.5%	3.4%
Social security contributions	1,514	3.0%	1,343	3.2%	12.7%
Expense from AOP	126	0.2%	18	0.0%	601.6%
Personnel expenses	**9,304**	**18.4%**	**8,794**	**20.7%**	**5.8%**

The costs of the old-age provision amounted to EUR 12 thousand (previous year: EUR 12 thousand). From April to December 2020, the elumeo Group received short-time work allowances and reimbursement of social security contributions for some of the employees of a subsidiary. The short-time work allowances paid were 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 reported reimbursement claims against the Federal Employment Agency of EUR 12 thousand under the item Other assets.

(10) Earnings per share

Basic and diluted earnings per share were as follows:

Earnings per share and number of shares	01.01. - 31.12.2021		01.01. - 31.12.2020		YoY in %
Earnings for the period from continuing operations	5,439	10.7%	-434	-12.8%	n.a.
Earnings of shareholders of elumeo SE	*5,439*	*10.7%*	*-434*	*0.4%*	*n.a.*
Earnings per share in EUR (basis and diluted) applied to earnings of shareholdres total					
- undiluted	0.99		-0.08		n.a.
- diluted	0.98		-0.08		n.a.
Average number of shares outstanding					
- basic	*5,500,000*		*5,500,000*		*0.0%*
- diluted	*5,535,390*		*5,510,480*		*0.5%*
Earnings for the period from discontinuing operations	3,850	7.6%	588	-12.8%	554.7%
Earnings per share in EUR (basis and diluted) applied to earnings of shareholdres total					
- undiluted	0.70		0.11		554.7%
- diluted	0.70		0.11		551.7%
Average number of shares outstanding					
- basic	*5,500,000*		*5,500,000*		*0.0%*
- diluted	*5,535,390*		*5,510,480*		*0.5%*
Earnings after tax from continuing and discontinuing operations	9,288	18.3%	154	0.4%	n.a.
Earnings of shareholders of elumeo SE	*9,288*	*18.3%*	*154*	*0.4%*	*n.a.*
Earnings per share in EUR (basis and diluted) applied to earnings of shareholdres total					
- undiluted	1.69		0.03		n.a.
- diluted	1.68		0.03		n.a.
Average number of shares outstanding					
- basic	*5,500,000*		*5,500,000*		*0.0%*
- diluted	*5,535,390*		*5,510,480*		*0.5%*

As of the reporting date, there were 425,102 (previous year: 309,000) potentially dilutive options from equity-settled share-based payments (see point H. (20)), of which 389,712 (previous year: 298,520) were not taken into account when determining the diluted earnings per share because no dilution effect resulted from these.

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	assets
Historical cost	
Balance: 01.01.2021	1.438
Balance: 31.12.2021	1.438
Amortization	
Balance: 01.01.2021	1.008
Additions	93
Balance: 31.12.2021	1.101
Carrying amount	
Balance: 31.12.2020	429
Balance: 31.12.2021	336

Intangible assets mainly comprise licenses acquired against payment as well as application, office and ERP software, which are amortised over their expected useful lives. The total expenses for research and development amounted to EUR 467 thousand (previous year: EUR 0 thousand).

Intangible assets developed as follows in 2020:

EUR thousand	assets
Historical cost	
Balance: 01.01.2020	1.390
Additions	48
Balance: 31.12.2020	1.438
Amortization	
Balance: 01.01.2020	910
Additions	98
Balance: 31.12.2020	1.008
Carrying amount	
Balance: 31.12.2019	480
Balance: 31.12.2020	429

(12) Property, plant and equipment

The following table shows the development of property, plant and equipment in financial year 2021:

EUR thousand	Own land and buil-dings, leasehold improve-ments	Plant and machi-nery	Other equip-ment, furniture and fixtures	Total
Historical cost				
Balance: 01.01.2021	**1.052**	**2.895**	**2.375**	**6.323**
Additions	0	135	219	355
Rebooking	40	-6	-33	0
Balance: 31.12.2021	**1.092**	**3.024**	**2.561**	**6.677**
Depreciation				
Balance: 01.01.2021	**765**	**2.208**	**2.071**	**5.044**
Additions	58	261	165	484
Balance: 31.12.2021	**823**	**2.469**	**2.236**	**5.527**
Carrying amount				
Balance: 31.12.2020	**287**	**687**	**304**	**1.278**
Balance: 31.12 2021	**269**	**555**	**325**	**1.150**

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

EUR thousand	Own land and buil-dings, leasehold improve-ments	Plant and machi-nery	Other equip-ment, furniture and fixtures	Total
Historical cost				
Balance: 01.01.2020	**1.052**	**2.848**	**2.318**	**6.218**
Additions	0	47	57	104
Balance: 31.12.2020	**1.052**	**2.895**	**2.375**	**6.322**
Depreciation				
Balance: 01.01.2020	**707**	**1.996**	**1.879**	**4.582**
Additions	58	212	191	461
Balance: 31.12.2020	**765**	**2.208**	**2.071**	**5.044**
Carrying amount				
Balance: 31.12.2019	**345**	**852**	**439**	**1.636**
Balance: 31.12.2020	**287**	**687**	**304**	**1.278**

(13) Right-of-use assets and lease liabilities

The leases of elumeo relate in particular to buildings (e.g. logistics and office buildings). These contracts contain renewal options and, in some cases, options to terminate the contract. In addition, the contracts provide for variable payments that depend on the development of the consumer price index and payments related to non-lease components (e.g. service costs). Other leases recognized under right-of-use assets relate to storage areas.

General information on leases

EUR thousand | % of revenue	01.01. - 31.12.2021		01.01. - 31.12.2020		YoY in %
Wages and salaries	58	0,1%	97	0,2%	-39,6%
Social security contributions	21	0,0%	0	0,0%	n.a
Total cash outflows for leases	**442**	**0,9%**	**423**	**1,0%**	**4,5%**

Right-of-use assets

The following table shows the development of the carrying amount of right-of-use assets in financial years 2021 and 2020.

EUR thousand	Rights of use (land and buildings) 2021	2020
Carrying amount as of 01.01	**2,686**	**2,847**
Additions	0	215
Amortization	-374	-376
Other changes/disposals	-164	0
Carrying amount as of 31.12	**2,148**	**2,686**

Lease liabilities

The lease liabilities comprise the following:

EUR thousand | % of balance sheet total	31.12.2021		31.12.2020		YoY in %
Non-current lease liabilities	1.887	16,2%	2.413	23,8%	-21,8%
Current lease liabilities	373	3,2%	387	3,8%	-3,6%
Total	**2.259**	**19,4%**	**2.800**	**27,6%**	**-19,3%**

Future potential outflows of funds from extension and termination options that are not recognized in the measurement of lease liabilities amount to EUR 167 thousand as of 31 December 2021.

For the maturity analysis of the leasing liabilities, we refer to the explanations on the financing and liquidity risk under point I.

(14) Inventories

Inventories on the respective reporting dates are as follows:

EUR thousand | % of balance sheet total	31.12.2021		31.12.2020		YoY in %
Raw materials, consumables and supplies	265	1,0%	285	1,3%	-7,1%
Unfinished goods	1.080	3,9%	918	4,3%	17,7%
Finished goods and merchandise	11.791	42,3%	10.935	51,1%	7,8%
Advance payments	0	0,0%	9	0,0%	-100,0%
Inventories	**13.137**	**47,1%**	**12.147**	**56,8%**	**8,1%**

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.

(15) Trade receivables

As of 31 December 2021, trade receivables amounted to EUR 2,266 thousand (31 December 2020: EUR 1,230 thousand). Trade receivables are due in the short term.

The following table provides information on trade receivables:

EUR thousand | % of balance sheet total	31.12.2021		31.12.2020		YoY in %
Trade receicables	2,373	20.3%	1,269	12.5%	86.9%
Allowances	-107	-0.9%	-39	-0.4%	-171.3%
Personnel expenses	**2,266**	**19.4%**	**1,230**	**12.1%**	**84.2%**

The developments in the allowance for doubtful accounts in respect of trade receivables were as follows.

EUR thousand | % of balance sheet total	31.12.2021		31.12.2020		YoY in %
Status 01.01.	-39	-0,3%	-43	-0,4%	7,4%
Impairment losses recognized	-67	-0,6%	3	0,0%	n.a.
Allocation	-67	-0,6%	0	0,0%	n.a.
Dissolution / excise	0	0,0%	3	0,0%	-100,0%
Total	**-107**	**-0,9%**	**-39**	**-0,4%**	**-171,3%**

(16) Other financial assets

Other financial assets comprised the following:

EUR thousand | % of balance sheet total	31.12.2021		31.12.2020		YoY in %
Security deposits and other warranties	19	0,1%	19	0,1%	0,0%
Receivables due from employees (there of related: 2021: 43k€, 2020: 58k€)	43	0,2%	58	0,3%	-26,1%
Receivables from third parties	10	0,0%	0	0,0%	n.a.
Non-current other financial assets	**72**	**0,3%**	**77**	**0,4%**	**-6,5%**
Security deposits and other warranties	162	0,6%	233	1,1%	-30,4%
Creditors with debit balances	558	2,0%	169	0,8%	229,8%
Prepayments made	5	0,0%	0	0,0%	n.a.
Receivables due from employees	3	0,0%	43	0,2%	-92,4%
Current other financial assets	**728**	**2,6%**	**445**	**2,1%**	**63,4%**
Other financial assets	**799**	**2,9%**	**522**	**2,4%**	**53,1%**

In contrast to the previous year's financial statements, creditors with debit balances were reclassified from other assets to other financial assets and the comparative information was adjusted accordingly for reasons of comparability.

(17) Other assets

Other assets comprised the following:

EUR thousand | % of balance sheet total	31.12.2021		31.12.2020		YoY in %
Receivables from taxes	221	0,8%	225	1,1%	-1,9%
Non-current other non-financial assets	**221**	**0,8%**	**225**	**1,1%**	**-1,9%**
Deferred expenses	75	0,3%	89	0,4%	-16,2%
Receivables from taxes	298	1,1%	209	1,0%	42,7%
Receivables from goods returns	400	1,4%	230	1,1%	73,9%
Miscellanous other receivables	122	0,4%	40	0,2%	204,0%
Current other non-financial assets	**895**	**3,2%**	**568**	**2,7%**	**57,5%**
Other non-financial assets	**1.116**	**4,0%**	**794**	**3,7%**	**40,6%**

(18) Cash and cash equivalents

Cash and cash equivalents include bank balances.

(19) Total equity

Subscribed capital

The subscribed capital of elumeo SE on 31 December 2021 totalled EUR 5,500,000 (31 December 2020: EUR 5,500,000) and is divided into 5,500,000 no-par value bearer shares with a theoretical share in the subscribed capital of EUR 1.00 per share.

Authorisation to acquire treasury shares

The company is authorised pursuant to Section 71 para.1 (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 24 June 2025. Once again no treasury shares were held on 31 December 2021.

Capital reserve

The capital reserve amounted to EUR 34,567 thousand on 31 December 2021 (31 December 2020: EUR 34,441 thousand). In financial year 2021, the capital reserve was allocated exclusively from share-based payment in accordance with IFRS 2 of EUR 126 thousand (previous year: EUR 18 thousand).

Authorised Capital

By resolution of the Annual General Meeting on 25 June 2021, the Executive Board of elumeo SE was authorised to increase the share capital on one or more occasions up until 24 June 2026, in whole or in part by up to a total of EUR 2,000,000 by issuing up to 2,000,000 new no-par value bearer shares in exchange for cash contributions and/or contributions in kind (Authorised Capital 2021). In principle, the shareholders are to be granted a subscription right.

Contingent Capital

Contingent Capital 2021/I

The Executive Board was authorised by resolution of the Annual General Meeting on 25 June 2021, up until 24 June 2026 (including) to issue bearer convertible bonds or bonds with warrants on one or more occasions (hereinafter referred to collectively as “Bonds”) with or without a limited term in a total nominal amount of up to EUR 150,000,000 and to issue the holders or creditors of bonds with conversion and/or option rights and/or conversion obligations or option obligations to purchase a total of up to EUR 2,000,000 new no-par value bearer shares in the company with a proportionate amount of the share capital of to grant or determine a total of up to EUR 2,000,000 in accordance with the conditions of the bonds. The company's share capital is conditionally increased by up to EUR 1,600,000 through the issue of up to 1,600,000 new no-par value bearer shares **(Conditional Capital 2021/I)**. The conditional capital increase serves to grant shares to holders or creditors of convertible bonds and/or bonds with warrants issued as of 24 June 2026 (including) by the company or a domestic or foreign company in which the company directly or indirectly holds a majority of the votes and capital.

Contingent Capital 2021/II

The Executive Board was authorised by resolution of the Annual General Meeting on 25 June 2021 to grant stock option rights (stock option programme 2021). The Executive Board (without the participation of members of the Executive Board who are also Managing Directors, insofar as option rights are granted to Managing Directors), was authorised until 24 June 2026 to purchase option rights once, several times or – if issued option rights expire or otherwise expire – repeatedly to grant a total of up to 200,000 new no-par value bearer shares in the company to Managing Directors of the company, to employees of the company and to employees and members of the management of companies affiliated with the company in accordance with the following provisions **(Contingent Capital 2021 /II**).

In order to grant new shares to the holders of such option rights, the company's share capital was conditionally increased by up to EUR 200,000 by issuing up to 200,000 new, no-par value ordinary bearer shares ("Conditional Capital 2021 /II") by resolution of the Annual General Meeting on 25 June 2021. The conditional capital increase will only be implemented to the extent that the holders of option rights issued by 24 June 2026 in accordance with the authorisation resolution of the Annual General Meeting on 25 June 2021 (agenda item 10 b)) exercise their subscription rights to no-par-value shares of the company.

Of the 200,000 option rights,

- 75,000 option rights may be issued to Managing Directors of the company (Group A),

- no option rights may be issued to employees of the company (Group B),

- 25,000 option rights may be issued to members of management of companies affiliated with the company (Group C) and

- 100,000 option rights may be issued to employees of companies affiliated with the company (Group D).

The Executive Board of the company was authorised to determine the further details of the option conditions and the issue of the subscription shares in respect of Group A without the involvement of members of the Executive Board who are also Managing Directors, and with the legally required approvals of bodies at the respective affiliated companies in respect of Groups C and D.

Taking the requirements contained in the resolution of the company's Annual General Meeting of 25 June 2021 on the main features of the 2021 stock option programme, the company's Executive Board has defined the following option conditions of the 2021 stock option programme regarding the issue of option rights to employees of companies affiliated with the company ("SOP 2021 AN VU").

The stock options are issued subject to the following conditions:

GROUP OF BENEFICIARIES

The Company's Executive Board will determine the individual beneficiaries and the number of stock options they are to be invited to subscribe to. The persons invited by the Executive Board shall be referred to as "Beneficiaries."

If an affiliated company has a mandatory legal or contractual responsibility of a body of this affiliated company regarding the remuneration of a beneficiary, the invitation to purchase option rights from this beneficiary is subject to the approval of this body.

As part of the SOP 2021 AN VU, a maximum of 100,000 option rights are to be issued to employees of companies affiliated with the company.

At the time the options are granted, the beneficiaries must be in an ongoing employment relationship with a company affiliated with the company. The shareholders have no subscription rights.

TRANCHES, TERM, ISSUE DATE

The Executive Board of the company decides on the number of stock options to be issued to the respective beneficiaries, if required by law or contract, with the approval of the responsible body of the affiliated company.

Unless stipulated otherwise in the employment contract between the affiliated company and the beneficiary, the option rights are to be granted as a voluntary service by the company to the beneficiary. Even if option rights are granted repeatedly (even without an expressly declared voluntariness reservation), no claims whatsoever arise – neither against the company nor against the affiliated company – for the renewed granting of option rights or for similar or equivalent benefits.

The option rights each have a term of ten years from the day on which the respective option right came into existence as a result of the resolution of the Company's Executive Board, with which the respective option rights are issued ("Issue Date").

According to the authorisation resolution of the Annual General Meeting, option rights can be issued in several tranches – if issued option rights expire or otherwise expire repeatedly – up until 24 June 2026, but at the earliest after entry of the Conditional Capital 2021/II in the commercial register. The entry was made on 9 July 2021.

The issue date must also be within 60 days of publication of

- a consolidated half-year financial report in accordance with Sections 115, 117 no. 2 of the Securities Trading Act or
- a voluntary Group quarterly financial report for the third quarter in accordance with the requirements of Sections 115 par. 2 no. 1 and 2, par. 3 and 4, 117 no. 2 of the Securities Trading Act or a quarterly Group statement within the meaning of Section 53 par. 1 Stock Exchange Rules for the Frankfurt Stock Exchange for the third quarter or
- a Group Annual Financial Report in accordance with Sections 114, 117 no. 1 of the Securities Trading Act.

The option rights expire without compensation after the ten-year term.

CONTENT OF THE OPTIONS

Each option right entitles the beneficiary to purchase one no-par value bearer share in the company with a proportionate amount of the share capital of EUR 1.00.

The new no-par value shares issued by the company after the option rights have been exercised participate in the profit from the beginning of the previous financial year, if they arise before the start of the ordinary general meeting of the company, otherwise from the beginning of the financial year in which they arise.

Until the issuance of these shares, the beneficiary has no subscription rights to new shares in the company from capital increases, rights to dividends or other distributions or other share rights based on the option rights.

EXERCISING THE OPTIONS

Waiting period

The beneficiaries can exercise the option rights at the earliest after a waiting period of four years, starting on the issue date.

Forfeit upon termination of employment

The beneficiaries can only exercise the option rights in full if their employment relationship with the companies affiliated with the company does not end before the end of the waiting period – for whatever reason. If the employment relationship with the companies affiliated with the company ends before the end of the waiting period, 1/16 of the option rights will be forfeited for every three months that the employment relationship ends before the end of the waiting period; Fractions of still existing option rights are to be rounded up to the next whole number. Option rights do not expire if a beneficiary begins an employment relationship with another company that participates in the 2021 stock option programme immediately after the end of the employment relationship with the company affiliated with the company; this does not apply – and the option rights will lapse – in the event that the beneficiary receives option rights on the basis of the stock option programme of the other company.

Strike price/performance target

(a) The exercise price to be paid when exercising the option right to purchase a share ("exercise price") corresponds to the unweighted average of the closing price of the company share on the five trading days before the issue date of the respective option right.
(b) In any case, at least the lowest issue amount within the meaning of Art. 5 of Council Regulation (EC) no. 2157/2001 on the Statute for a European Company (SE) ("SE-VO") in conjunction with Section 9 Paragraph 1 of the German Stock Corporation Act to be paid as the exercise price.
(c) The prerequisite for the exercise of each option right is that the unweighted average of the closing price of the company share on the five trading days before the first day of the respective exercise period in which the option is exercised is at least 130% of the exercise price (so-called success target). If this requirement is met for a specific exercise period, the option can be exercised during this exercise period regardless of the further development of the company's share price.
(d) The exercise price is determined immediately after the issue date and communicated to the beneficiary.

(e) The beneficiary is obliged to pay the company the exercise price for the option rights exercised by him/her immediately after submitting the subscription declaration for the new shares to the company's bank account specified in the subscription declaration.

(f) The company is entitled to reject the subscription declaration regarding the exercise of option rights and the issue of shares if the beneficiary does not pay the company the exercise price in good time.

The Executive Board issued the following option rights from the SOP 2021 by 31 December 2021:

- 27 July 2021: a total of 154,500 option rights to subscribe for 154,500 shares with a pro-rata share in the issued capital of EUR 154,500 ("Tranche I/2021") and an exercise price after the end of the vesting period of EUR 6.17 of the shares payable upon exercise of stock options.

Contingent Capital 2015/II

By resolution of the Annual General Meeting on 25 June 2021, the conditional capital **(Conditional Capital 2015/II)** resolved by the Annual General Meeting on 7 April 2015 was cancelled when it exceeded an amount of EUR 350,000. The Executive Board was authorized by resolution of the Annual General Meeting on 25 June 2021 to conditionally increase the company's share capital by up to EUR 350,000 by issuing up to 350,000 new no-par value bearer shares (Conditional Capital 2015/II). The Contingent Capital 2015/II can only be used to grant new shares to the holders of option rights which were issued by the company in accordance with the authorisation resolution of the Annual General Meeting on 7 April 2015 (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 an 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 2021 differs from the number of option rights originally issued.

(20) Share-based payments settled with own equity instruments

2015 Stock Option Programme (SOP 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 01.01.2021	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 31.12.2021	272.602	13,48
Number of option rights outstanding on 01.01.2020	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 31.12.2020	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 the reporting date, no option rights may be exercised.

Significant contractual terms of the issued tranches of the SOP 2015:

	I/2015	II/2015	III/2015	IV/2015
Issue Date	1.7.2015	23.12.2015	18.7.2016	30.8.2017
Maturity Date	1.7.2019	23.12.2019	18.7.2020	30.8.2021
Expiry Date	30.6.2025	22.12.2025	17.7.2026	29.8.2027
Remaining Term (in years)	3,5	3,9	4,5	5,6
Exercise Price	25,00	19,64	6,39	7,72
Hurdle	32,50	25,53	8,31	10,04
Number of option rights outstanding on 31 December 2020	113.660	2.500	102.942	6.125
Number of option rights outstanding on 31 December 2021	113.660	2.500	102.942	6.125

	V/2015	VI/2015	VII/2015	VIII/2015
Issue Date	20.11.2017	8.10.2018	22.11.2018	18.11.2019
Maturity Date	20.11.2021	8.10.2022	22.11.2022	18.11.2023
Expiry Date	19.11.2027	7.10.2028	21.11.2028	17.11.2029
Remaining Term (in years)	5,8	6,8	6,8	7,8
Exercise Price	9,95	1,95	1,73	1,00
Hurdle	12,94	2,54	2,25	1,30
Number of option rights outstanding on 31 December 2020	3.125	500	3.750	40.000
Number of option rights outstanding on 31 December 2021	3.125	500	3.750	40.000

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 in a transaction-based manner 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 2021, expenses of EUR 7 thousand (previous year: EUR 18 thousand) were recognised for equity-settled share-based payments from the SOP 2015.

Stock Option Programme 2021

The option rights issued from the SOP 2021 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 152,500 shares of elumeo SE 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 2021 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 1 in 2021 developed as follows:

	Anzahl der Options-rechte	Gewichteter durch-schnittlicher Ausübungs-preis in EUR
Number of option rights outstanding on 01.01.2021	**0**	**0,00**
Option rights granted during the reporting period	154.500	6,17
Option rights forfeited during the reporting period	-2.000	6,17
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 31.12.2021	**152.500**	**6,17**

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 the balance sheet date, no options from tranche 1 of the SOP 2021 can be exercised.

In financial year 2021, expenses of EUR 119 thousand (previous year: EUR 0 thousand) were recognised for equity-settled share-based payments from the SOP 2021.

Significant contractual terms of the issued tranche of SOP 2021:

	I/2021
Issue Date	27.10.2021
Maturity Date	27.11.2025
Expiry Date	26.10.2031
Remaining Term (in years)	9,8
Exercise Price	6,17
Hurdle	8,02
Number of option rights outstanding on 31.12.2020	0
Number of option rights outstanding on 31.12.2021	152.500

The weighted average of the fair values of the stock options granted in the reporting period on the grant date was EUR 4.10.

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

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

Parameters AOP 2021 for the option rights granted in fiscal year 2021	Tranche I/2021
Weighted average share price in EUR	6,85
Weighted average exercise price in EUR	6,17
Expected volatility in %	62,21%
Expected option term in years	7,05
Expected dividend in %	0,00%
Risk-free interest rate with equivalent term incl. risk-premium in %	-0,28%

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

- The share value applied was determined in a transaction-based manner on the basis of historical share purchases.
- The estimate of the expected volatility is based on the historical volatility of the elumeo SE share over a period that generally corresponds to the expected term of the options. Where there is insufficient information over a relevant period to determine volatility, the longest period for which trading data is available has been used.
- The expected option terms were estimated on the basis of the contractual conditions for exercise, assuming that employees tend to prefer early exercise.
- The maturity-equivalent, risk-free interest rate is based on the interest rate structure for listed federal securities published by the Deutsche Bundesbank.

(21) Other financial liabilities

Other financial liabilities comprise the following:

EUR thousand | % of balance sheet total	31.12.2021		31.12.2020		YoY in %
Credit card liabilities	5	0.0%	2	0.0%	114.4%
Debitors with credit value	481	1.7%	501	2.3%	-3.9%
Current other financial liabilities	**486**	**1.7%**	**503**	**2.4%**	**-3.4%**
Other financial liabilities	**486**	**1.7%**	**503**	**2.4%**	**-3.4%**

In contrast to the previous year's financial statements, the accounts receivable were reclassified from other liabilities to other financial liabilities and the comparative information was adjusted accordingly for reasons of comparability.

(22) Prepayments received

EUR thousand | % of balance sheet total	31.12.2021		31.12.2020		YoY in %
Advance payments received	138	1,2%	133	1,3%	3,6%
Total	**138**	**1,2%**	**133**	**1,3%**	**3,6%**

The advance payments received relate to advance payments from customers for the delivery of goods. The amount of EUR 133 thousand included in the advance payments received as of 31 December 2020 (previous year: EUR 248 thousand) was recorded as revenue in financial year 2021.

(23) Provisions

Provisions developed as follows in financial year 2021:

EUR thousand	Carrying amount 01.01.2021	Additions	Reversal	Usage	Carrying amount 31.12.2021
Expected customer returns	855	1,089	0	-855	1,089
Obligations arising from the change of Italian range provider	0	906	0	0	906
Obligations arising from non-canceliable contracts, severance payments as well as other obligations in connection with the closure of the location in Rome	312	0	-80	0	233
In terms of nature, amount and utilization uncertain obligations in connection with the discontinued operation PWK	175	0	0	0	175
Current provisions	**1,343**	**1,995**	**-80**	**-855**	**2,402**
In terms of nature, amount and utilization uncertain obligations in connection with the discontinued operation PWK	3,972	0	-3,842	0	130
Obligations arising from the change of Italian range provider	0	344	0	0	344
Non-current provisions	**3,972**	**344**	**-3,842**	**0**	**474**
Provisions	**5,315**	**2,339**	**-3,922**	**-855**	**2,876**

Expected customer returns

The elumeo Group records obligations resulting from the right of its customers to return delivered products after receipt of the delivery. The amount of the provision was estimated based on historical experience.

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

The Executive Board decided to close the sales office in Rome in November 2019. The use of the provision relates to severance payments to employees. The provision as of 31 December 2021 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

Based on updated information, the probability of a claim is seen as significantly lower and the provision has been reduced considerably. The amount of the provisions was reduced to EUR 305 thousand. In addition, reference is made to the sections *Discontinued operations of the elumeo Group* and *Other financial obligations and contingent liabilities*.

(24) Tax liabilities

Tax liabilities of EUR 642 thousand (previous year: EUR 0 thousand) were recognised for 2021 and 2020 for elumeo SE and Juwelo Deutschland GmbH due to positive taxable income and the effect of minimum taxation. 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. A tax liability of EUR 100 thousand (previous year: EUR 100 thousand) was formed for the subsidiary in Italy.

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

(25) Miscellaneous Liabilities

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

EUR thousand | % of balance sheet total	31.12.2021		31.12.2020		YoY in %
Liabilities from value added tax	1,269	4.6%	742	3.5%	71.0%
Liabilities to employees	189	0.7%	165	0.8%	15.0%
Other accrued liabilities	231	0.8%	491	2.3%	-52.9%
Current other non-financial liabilities	**1,690**	**6.1%**	**1,398**	**6.5%**	**20.9%**
Other accrued liabilities	25	0.1%	25	0.1%	0.0%
Non-current other non-financial liabilities	**25**	**0.1%**	**25**	**0.1%**	**0.0%**
Other non-financial liabilities	**1,715**	**6.2%**	**1,423**	**6.7%**	**20.5%**

(26) Notes to the Consolidated Statement of Cash Flows

General information

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

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

The financial resources as of the balance sheet date result from the active stock items of freely available cash and cash equivalents of EUR 2,759 thousand (31 December 2020: EUR 2,307 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

In the current financial year, the changes in liabilities from financing activities relate solely to the repayment of lease liabilities.

The changes in liabilities from financing activities for the previous year are shown in the following table.

EUR thousand	Carrying amount 1 Jan 2020	Cash flow from financing activities	Changes in fair value measurement	Disposals (non-cash)	Reclassifications and Other	Carrying amount 31 Dec 2020
Current other financial liabilities	319	-319	0	34	355	389
Non-current operating lease liabilities	2.596	-10	0	181	-355	2.413
Financial liabilities	447	-447	0	0	0	0
Total liabilities from financing activities	**3.362**	**-777**	**0**	**215**	**0**	**2.802**

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 2021 and 2020 do not include any amounts from changes in exchange rates recognised in profit or loss in the Consolidated Statement of Income.

(27) Deferred taxes

Deferred taxes arise from differences between the carrying amount recognised in the IFRS Consolidated Financial Statements and the carrying amount recognised for tax purposes as well as from tax loss carryforwards to the extent to which future utilisation is expected.

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 underlying tax rate includes trade tax, corporation tax and the solidarity surcharge. The corporation tax rate for the 2021 assessment period was 15.8%, taking the solidarity surcharge into account. The applicable trade tax rate was 14.8%.

The deferred tax assets shown below are as of the key dates of the reporting and comparative periods.

EUR thousand | % of balance sheet total	31.12.2021		31.12.2020		YoY in %
Deferred taxes on right-of-use assets and lease liabilities	34	0.1%	0	0.0%	n.a.
Deferred taxes on provisions from the change of the Italian TV provider	377	1.4%	0	0.0%	n.a.
Deferred taxes on intercompany eliminations	203	0.7%	0	0.0%	n.a.
Capitalized tax loss carryforwards	3,549	12.7%	0	0.0%	n.a.
Payables due to related parties	**4,162**	**14.9%**	**0**	**0.0%**	**n.a.**

(28) Further disclosures on financial instruments

Composition of the financial instruments reported in the Consolidated Statement of Financial Position

EUR thousand | % of balance sheet total	31.12.2021	31.12.2020	YoY in %
Other current financial assets	72	77	-6.5%
Other non-current financial assets	728	445	63.4%
Trade receivables	2,266	1,230	84.2%
Cash and cash equivelants	2,759	2,307	19.6%
Current other financial assets	**5,825**	**4,059**	**43.5%**
Other non-current financial liabilities	486	503	-3.4%
Non-current lease liabilities	1,887	2,413	-21.8%
Current lease liabilities	373	387	-3.6%
Trade payables	5,945	6,775	-12.3%
Non-current other financial assets	**8,690**	**10,077**	**-13.8%**

All financial assets and financial liabilities are assigned to the "At amortised cost" category. The carrying amounts correspond approximately 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 2021.

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. We refer to the trade accounts receivable for the value adjustments.

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 can fluctuate due to changes in market prices. Market risks include the currency risk, interest rate risk and other price risk.

Currency risks

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.

For the development of allowances for trade receivables, we refer to the explanations under point H. (15).

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 rule out the possibility of a loss due to the default of a contractual party. The maximum default risk for all classes of financial assets is the amount of the sum of the respective carrying amounts, without taking any collateral into account.

Financing and liquidity risk

Financing and liquidity risk entail the risk that the elumeo Group could encounter difficulties in meeting its obligations associated with financial liabilities when they fall due. Therefore, the primary objective of liquidity management is to ensure solvency at all times. The Group reduces its financing and liquidity risk by constantly updating the projected liquidity requirements and by monitoring liquidity. The elumeo Group manages its liquidity by maintaining a sufficient reserve of cash and cash equivalents in addition to the cash inflows from operating activities.

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 2021 and 31 December 2020 for which payments had already been contractually agreed or cash outflows sufficiently certain. 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 the most recent interest rate determined on or before the reporting date into account. 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.

	Carrying amount	Contractual cash flows					
	31.12.2021	2022		2023-2027		after 2027	
EUR thousand		Interest	Repayments	Interest	Repayments	Interest	Repayments
Trade payables	5.945	0	-5.945	0	0	0	0
Other financial liabilities	486	0	-486	0	0	0	0
Lease liabilities	2.259	-49	-372	-104	-1.568	-3	-316
Total	**8.690**	**-49**	**-6.802**	**-104**	**-1.568**	**-3**	**-316**

elumeo is not currently exposed to any significant interest rate or price risk that could result from interest rate or price fluctuations on earnings, equity or cash flow in the current or future reporting period.

Capital management

Capital management at the elumeo Group seeks 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 are to 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 allowed to account for less than 50.0% of the balance sheet total. As a result of the positive earnings situation in financial year 2021, the equity ratio increased to 49.2% of the balance sheet total as of the balance sheet date (31 December 2020: 20.5%).

The goal 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 position.

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,
- 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 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 following transactions were executed with related parties in financial year 2021:

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 2021, the elumeo Group reported liabilities to Spreekanal GmbH of EUR 0 thousand (31 December 2020: EUR 1 thousand) and receivables from Spreekanal GmbH of EUR 0 thousand (31 December 2020: EUR 0 thousand). The other financial assets also include receivables from related parties from a loan granted in the amount of EUR 45 thousand (31 December 2020: EUR 58 thousand).

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

Executive Board

The non-executive members of the Executive Board received total remuneration of EUR 214 thousand (previous year: EUR 182 thousand) in financial year 2021 exclusively for their activities as members of the company's executive bodies in accordance with Section 285 no. 9a HGB. The expense allowances amounted to EUR 1 thousand (previous year: EUR 1 thousand).

The number of options outstanding for non-executive members of the Executive Board totalled 4,000 options as of 31 December 2021 (31 December 2020: 0 options).

Managing Directors

The Managing Directors received remuneration of EUR 463 thousand in financial year 2021 (previous year: EUR 404 thousand).

As of 31 December 2021, the number of outstanding option rights of the Managing Directors totalled 102,500 option rights (31 December 2020: 77,500 option rights).

The fair value of the 60,000 option rights issued and outstanding to Managing Directors in financial year 2021 totalled EUR 246 thousand at the time of granting.

Other financial obligations and contingent liabilities

The elumeo Group has other payment obligations from non-terminable contractual agreements regarding the 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 2021 and 2020 as a result of non-cancellable, significant TV broadcasting contracts are shown in the following table:

	Remaining term			
EUR thousand	< 1 year	1-5 years	> 5 years	Total
31.12.2021	6,306	7,522	478	**14,306**
31.12.2020	5,241	9,860	1,912	**17,014**

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

The risk from the disorderly liquidation of PWK is taken into account with a contingent liability of EUR 3,842 thousand.

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

Shareholdings

In financial year 2021, elumeo SE held, either directly or indirectly through intermediary subsidiaries, 100% of the shares in the following companies. The companies are fully consolidated with the exception of PWK, which is being liquidated. The companies Rocks & Co Productions Ltd. and Rocks & Co UK Ltd. that were already deconsolidated were liquidated in financial year 2021.

company	location	functional currency	equity	Issued capital	annual results	foot-note
		EUR thousand	31.12.2021	31.12.2021	01.01.-31.12.2021	
Juwelo Deutschland GmbH	Berlin	EUR	-10.284	227	4.656	1
(in the previous year: schmuck.de G&S GmbH)	Berlin	EUR	50	25	-467	1
Juwelo Italia s.r.l.	Rom	EUR	-590	10	-136	1
Juwelo USA, Inc.	Wilmington	USD	-717	0	-60	1,2
Silverline Distribution Ltd.	Hongkong	EUR	796	1	-37.567	1
PWK Jewelry Company Ltd.	Bangkok	THB		- in liquidation -		

1The disclosures correspond to those in the annual financial statements prepared for consolidated financial statement purposes (consolidated accounting).
The possible effects of IFRS 16 *Leases* have been taken into account.

2.The information on shareholders' equity is based on translation at the spot rate on the balance sheet date without
Consideration of the allocation to the reserve for currency translation from the translation of the foreign currency financial statements.

Application of exemption rules

Juwelo TV Deutschland GmbH makes use of the option of exemption specified in Section 291 (2) of the German Commercial Code (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)	01.01. - 31.12.2021	01.01. - 31.12.2020	YoY in %
Total	223	242	-7,9%

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.

Notifications of voting rights

In financial year 2021, elumeo SE received notifications pursuant to Section 33 ff, which are made accessible 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 2021, 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	30 June 2027
Gregor Faßbender-Menzel (since 29 May 2015)	Merchant	30 June 2027
Claudia Erning (since 25 June 2021)	Merchant	30 June 2027
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 German Commercial Code (HGB)

The fees recognised as expenses in the reporting year for the auditor, Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Berlin, were

- EUR 120 thousand for auditing services.

Events after the reporting period

On 24 February 2022, Russia invaded Ukraine and began the Russian Federation's war of aggression against the country. The Russian war in Ukraine has a direct impact on the global economy. Since Russia and Ukraine are not a sales market for the elumeo Group and we have no trading relationships with Russian suppliers, we currently do not see any significant effects on the asset, financial and earnings position. In view of the unforeseeable further development of this armed conflict, this is only a snapshot that may require a reassessment if the conflict escalates further.

In the future, Wolfgang Boyé will concentrate operationally on the development of the 100% elumeo subsidiary jooli.com GmbH and hand over operational responsibility for the elumeo Group to the current Chief Sales Officer and Managing Director Florian Spatz. The handover is expected to be completed by the end of the second quarter of 2022. Boyé remains the Chairman of the Executive Board of elumeo.

Berlin, 22 April 2022

elumeo SE

The Managing Directors

Florian Spatz	Boris Kirn	Dr. Riad Nourallah

ASSURANCE OF THE 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 asset, financial and earnings position 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 2022

elumeo SE

The Managing Directors

Florian Spatz | Boris Kirn | Dr. Riad Nourallah

Independent Auditor's Report

To elumeo SE, Berlin

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED GROUP MANAGEMENT REPORT

Audit 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 2021, the Consolidated Statement of Income and the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Comprehensive Income for 2021, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the Notes to the Consolidated Financial Statements for the financial year from 1 January 2021 to 31 December 2021, including a summary of significant accounting policies. We have also audited the Combined Group Management Report of elumeo SE for the financial year from 1 January 2021 to 31 December 2021. In accordance with German legal requirements, we have not audited the content of the components of the Combined Group Management Report mentioned in the section "Other information" of our audit opinion.

In our opinion, based on the findings of our audit,

- the accompanying Consolidated Financial Statements comply in all material respects with IFRS as adopted by the EU and the additional requirements of German law pursuant to Section 315e (1) HGB and give a true and fair view of the financial position of the Group as of 31 December 2021 and of its financial performance for the financial year from 1 January 2021 to 31 December 2021 in accordance with these requirements; and

- the enclosed Combined Group Management Report as a whole provides a suitable view of the Group's position. In all material respects, this Combined Group Management Report is consistent with the Consolidated Financial Statements, complies with German legal requirements and suitably presents the opportunities and risks of future development. Our audit opinion on the Combined Group Management Report does not cover the content of the components of the Combined Group Management Report mentioned in the section "Other information".

In accordance with Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations concerning the correctness of the Consolidated Financial Statements and the Combined Group Management Report.

Basis for the audit judgements

We conducted our audit of the Consolidated Financial Statements and the Combined Group Management Report in accordance with Section 317 HGB and the EU Regulation on Auditors (No. 537/2014; hereinafter "EU-APrVO") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under these regulations and standards is further described in the section "Auditor's responsibility for the audit of the Consolidated Financial Statements and the Combined Group Management Report" of our auditor's report. We are independent of the Group entities in accordance with European law and German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. In addition, we declare pursuant to Art. 10 (2) f) EU-APrVO that we have not performed any prohibited non-audit services according to Art. 5 (1) EU-APrVO. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the Consolidated Financial Statements and the Combined Group Management Report.

Particularly important audit matters in the audit of the Consolidated Financial Statements

Particularly important audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Financial Statements for the financial year from 1 January 2021 to 31 December 2021. These matters were considered 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.

Revenue recognition and deferral

Related information in the Consolidated Financial Statements and Combined Group Management Report

In the Notes to the Consolidated Financial Statements, section E. "Accounting policies - recognition of income and expenses" contains information on revenue recognition and revenue deferral in the Consolidated Financial Statements. The structure of the customers, the sales markets and the sales strategy are described in the Combined Group Management Report in section A. "Principles of the Group – Business Model and Strategy and Goals of the Group."

Facts and risk for the audit

The elumeo SE Group realised sales revenues of EUR 50.7 million in financial year 2021. The elumeo SE Group generates its revenue primarily from the sale of gemstone jewelry via electronic sales channels. In the Consolidated Financial Statements of elumeo SE, revenue is generally recognised when the performance obligation is fulfilled by transferring the promised product to the customer. An asset is considered to be transferred when the customer obtains control over this asset. Revenue is recognised on the assumption that the goods are received by the customer two days after shipment. In accordance with the transfer of control, sales revenues are recognised in the elumeo SE Group at the amount to which the Group is expected to be entitled in accordance with the provisions of IFRS 15. Expected returns of merchandise are estimated on the basis of past experience and reduce revenue by the full amount of the proceeds from the sale. Due to the materiality of revenue for the Consolidated Financial Statements and the existing scope for discretion in determining the date of addition and deferral of revenue, we have identified the recognition of revenue and deferral of revenue as a key audit matter.

Audit approach and findings

As part of our audit, we assessed the accounting policies applied in the Consolidated Financial Statements for the recognition of revenue against the criteria defined in IFRS 15. In addition to analytical procedures, we assessed the control environment and the controls in place to recognise revenue and expected returns on an accrual basis. On a sample basis, we verified the existence of related trade receivables.

With the help of the transit times and delivery statistics provided by the shipping service providers, we checked the average transit time of customer shipments used for revenue recognition. We also compared the Group's return rates used for revenue recognition with the Group's internal return statistics.

We were able to satisfy ourselves that the systems and processes put in place and the accounting policies applied are appropriate and that the judgements and assumptions made by the directors are sufficiently justified to ensure that the revenue is properly accounted for.

Discretionary decisions and estimates in connection with the discontinuation of the business activities of PWK Jewelry Ltd. and the associated provisions

Related information in the Consolidated Financial Statements and Combined Group Management Report

Information on the discontinuation of the business activities of PWK Jewelry Ltd. and the related provisions can be found in section B. "Principles of the Consolidated Financial Statements – Discontinued operations of the elumeo Group" and section H "Notes to the Consolidated Statement of Financial Position – Provisions" in the Notes to the Consolidated Financial Statements as well as section 3.2. "Liquidity risk" in the Combined Group Management Report.

Facts and risk for the audit

As part of its winding up of the business activities of PWK Jewelry Ltd. and the deconsolidation of the former Group company in financial year 2018, the elumeo SE Group recognised provisions for potential risks of the former production facility in Thailand that is currently being wound up, which could affect the direct parent company of PWK Jewelry Ltd., Silverline Distribution Limited, Hong Kong, which is included in the Consolidated Financial Statements, and thus the elumeo SE Group. The original provision was measured at EUR 7.7 million in financial year 2018 and still amounted to EUR 4.2 million at the beginning of the reporting year. In the reporting year, the provision was reversed with the exception of a residual amount of EUR 0.3 million for estimated further costs, primarily for legal advice, and presented as a contingent liability in the Notes to the Consolidated Financial Statements. The reversal of the provision was recognised as subsequent income from discontinued operations. The legal representatives justify the reversal of the provision with the advanced stage of the proceedings in the liquidation of PWK Jewelry Ltd. and the fact that, following the dismissal of a claim for damages by the Berlin Regional Court in April 2021, no further claims were asserted against a Group company of elumeo SE. Due to the complexity and materiality of the matter for the Consolidated Financial Statements of elumeo SE and the discretionary decisions and estimates made, we have determined the measurement of provisions to be a key audit matter.

Audit approach and findings

As part of our audit, we analysed the principles applied in the elumeo SE Group for the recognition of provisions in accordance with IAS 37. We reviewed the elumeo SE Group's assessment of the existing risk of a possible claim against the Group in connection with the liquidation of PWK Jewelry Ltd. and its change over time and discussed it in detail with the legal representatives. We also examined the history of the provision and examined the relevant documents relating to previous years. Furthermore, we assessed the opinions of legal advisors of the elumeo SE Group as well as the judgement of the Berlin Regional Court with regard to the relevance for the discretionary decisions and estimates made.

We were able to satisfy ourselves that the discretionary decisions and estimates made by the legal representatives of the elumeo SE Group in connection with the recognition of risks arising from the liquidation of PWK Jewelry Ltd. are sufficiently well-founded to ensure proper accounting.

Other information

The legal representatives or the Executive Board are responsible for the other information. The other information comprises the following components of the Combined Group Management Report that have not been audited as to their content:

- the Corporate Governance Statement pursuant to Sections 289f and 315d HGB, to which reference is made in the Combined Group Management Report.

The other information also includes:

- the assurances pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 of the German Commercial Code (HGB) on the Consolidated Financial Statements and Combined Group Management Report,
- the report of the Executive Board and
- the remaining parts of the Annual Report – without further cross-references to external information – with the exception of the audited Consolidated Financial Statements and the Combined Group Management Report as well as our auditor's report.

The Executive Board is responsible for the Board Report. Otherwise, the legal representatives are responsible for the other information.

Our audit opinions on the Consolidated Financial Statements and the Combined Group Management Report do not cover the other information and, accordingly, we do not express an opinion or any other form of conclusion on it.

In connection with our audit, we have a responsibility to read the other information and, in doing so, assess whether the other information:

- is materially inconsistent with the Consolidated Financial Statements, the Combined Group Management Report or our knowledge obtained in the audit; or
- otherwise appear to be materially misrepresented.

Responsibility of the legal representatives and the Executive Board for the Consolidated Financial Statements and the Combined Group Management Report

Management is responsible for the preparation and fair presentation of these Consolidated Financial Statements in accordance with IFRSs as adopted by the EU and the additional requirements of German law pursuant to Section 315e Abs. 1 HGB and for such internal control as management determines is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error. Furthermore, management is responsible for such internal control as management determines is 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, management is responsible for assessing the Group's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to going concern. Furthermore, they are responsible for accounting on a going concern basis unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the Combined Group Management Report that as a whole provides a suitable view of the Group's position and is consistent in all material respects with the Consolidated Financial Statements, complies with German legal requirements and suitably presents the opportunities and risks of future development. Furthermore, management is responsible for the arrangements and measures (systems) that it determines are necessary to enable the preparation of the Combined Group Management Report in accordance with the applicable German legal requirements and to provide sufficient appropriate evidence to support the statements in the Combined 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 the Combined Group management report.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements and the Combined Group Management Report

Our objective is 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 Combined Group Management Report as a whole provides a suitable view of the Group's position and is consistent, in all material respects, with the Consolidated Financial Statements and the audit findings, complies with German legal requirements and suitably presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinion on the Consolidated Financial Statements and the Combined Group Management Report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and EU-APrVO and German generally accepted standards for the audit of financial statements 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 made on the basis of these Consolidated Financial Statements and the Combined Group Management Report.

During the audit, we exercise professional judgement and maintain a critical attitude. Furthermore,

- we identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Combined 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 audit opinion. The risk of not detecting material misstatements is higher in the case of non-compliance than in the case of misstatements, as non-compliance may involve fraud, forgery, intentional omissions, misleading representations or the override of internal controls.

- we obtain an understanding of internal control relevant to the audit of the Consolidated Financial Statements and of the arrangements and actions relevant to the audit of the Combined 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 those systems.

- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- we conclude on the appropriateness of the going concern basis of accounting used by management 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 our auditor's report to the related disclosures in the Consolidated Financial Statements and the Combined Group Management Report or, if such disclosures are inadequate, to modify our respective audit opinions. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. However, future events or conditions may result in the Group being unable to continue as a going concern.

- we assess the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that the Consolidated Financial Statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with IFRSs as adopted by the EU and the additional requirements of German law pursuant to Section 315e Abs. 1 HGB.

- we obtain sufficient appropriate audit evidence regarding the accounting information of the entities or business activities within the Group to express opinions on the Consolidated Financial Statements and the Combined Group Management Report. We are responsible for directing, supervising and performing the audit of the Consolidated Financial Statements. We are solely responsible for our audit opinions.

- we assess the consistency of the Combined Group Management Report with the Consolidated Financial Statements, its compliance with the law and the understanding of the group's position given by it.

- we perform audit procedures on the forward-looking statements made by management in the Combined Group Management Report. On the basis of sufficient appropriate audit evidence, we in particular verify the significant assumptions underlying the forward-looking statements made by the legal representatives and assess the appropriate derivation of the forward-looking statements from these assumptions. We do not express an independent opinion on the forward-looking statements or the underlying assumptions. There is a significant unavoidable risk that future events may differ materially from the forward-looking statements.

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

We make a declaration to those charged with governance that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that may reasonably be thought to bear on our independence and the safeguards that have been put in place to address them.

From the matters discussed 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 the auditor's report unless law or regulation precludes public disclosure of the matter.

OTHER STATUTORY AND OTHER LEGAL REQUIREMENTS

Report on the audit of the electronic reproductions of the Consolidated Financial Statements and the Combined Group Management Report prepared for the purpose of disclosure pursuant to Section 317 (3a) of the German Commercial Code (HGB)

Audit opinion

Pursuant to Section 317 (3a) HGB, we have performed a reasonable assurance engagement to obtain audit evidence about whether the reproductions of the Consolidated Financial Statements and the summarised financial statements contained in the file 391200KOQF8RGMZ3XK74-2021-12-31-en.zip (MD5 hash value: 81633f1dd1127ddd026d09a3c5f37e8a) and prepared for the purpose of disclosure comply in all material respects with the electronic reporting format ("ESEF format") pursuant to Section 328 para. 1 HGB. In accordance with German legal requirements, this audit only covers the conversion of the information in the Consolidated Financial Statements and the Combined Group Management Report into the ESEF format and therefore neither the information contained in these reproductions nor any other information contained in the aforementioned file.

In our opinion, the reproductions of the Consolidated Financial Statements and the Combined Group Management Report contained in the aforementioned file and prepared for disclosure purposes comply in all material respects with the electronic reporting format requirements of Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying Consolidated Financial Statements and the accompanying Combined Group Management Report for the financial year from 1 January 2021 to 31 December 2021 contained in the preceding "Report on the audit of the Consolidated Financial Statements and the Combined Group Management Report," we do not express any audit opinion on the information contained in these reproductions or on the other information contained in the above-mentioned file.

Basis for the audit opinion

We conducted our audit of the reproductions of the Consolidated Financial Statements and the Combined Group Management Report contained in the above-mentioned file in accordance with Section 317 (3a) HGB and in compliance with the draft IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Group Management Reports Prepared for Disclosure Purposes in Accordance with Section 317 (3a) HGB (IDW PS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility thereafter is further described in the section "Auditor's Responsibility for the Audit of the ESEF Documents." Our auditing practice has complied with the quality assurance system requirements of the IDW Quality Assurance Standard: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1).

Responsibility of the legal representatives and the Executive Board for the ESEF documents

The legal representatives of the company are responsible for the preparation of the ESEF documents with the electronic reproductions of the Consolidated Financial Statements and the Combined Group Management Report in accordance with Section 328 (1) sentence 4 no. 1 of the German Commercial Code (HGB) and for the mark-up of the Consolidated Financial Statements in accordance with Section 328 (1) sentence 4 no. 2 of the HGB.

Furthermore, the company's management is responsible for the internal controls as they deem necessary to enable the preparation of the ESEF documents that are free from material non-compliance, whether due to fraud or error, with the electronic reporting format requirements of Section 328 (1) HGB.

The Executive Board is responsible for overseeing the preparation of the ESEF documentation as part of the financial reporting process.

Group auditor's responsibility for the audit of the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of Section 328 (1) HGB. During the audit, we exercise professional judgement and maintain a critical attitude. Furthermore,

- we identify and assess the risks of material non-compliance with the requirements of Section 328 (1) HGB, 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 audit opinion.
- we obtain an understanding of internal control relevant to the audit of the ESEF documents 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 those controls.

- we assess the technical validity of the ESEF documentation, i.e. whether the file containing the ESEF documentation meets the requirements of Delegated Regulation (EU) 2019/815, as amended at the reporting date, for the technical specification for that file.

- we assess whether the ESEF documentation provides a consistent XHTML representation of the audited Consolidated Financial Statements and the audited Combined Group Management Report.

- we assess whether the mark-up of the ESEF documents with inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of Delegated Regulation (EU) 2019/815, as applicable at the reporting date, provides an adequate and complete machine-readable XBRL copy of the XHTML rendition.

Other information according to Art. 10 EU-APrVO

We were elected auditors of the Consolidated Financial Statements by the Annual General Meeting on 25 June 2021. We were appointed by the Executive Board on 29 September 2021. We have served as the auditors of elumeo SE since financial year 2021.

We declare that the audit opinions contained in this audit report are consistent with the additional report to the Executive Board pursuant to Art. 11 EU-APrVO (audit report).

OTHER MATTERS – USE OF THE AUDIT OPINION

Our audit opinion should always be read in conjunction with the audited Consolidated Financial Statements and the audited Combined Group Management Report as well as the audited ESEF documents. The Consolidated Financial Statements and Combined Group Management Report converted to the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic reproductions of the audited Consolidated Financial Statements and the audited Combined Group Management Report and do not replace them. In particular, the ESEF opinion and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

AUDITOR IN CHARGE

The auditor responsible for the audit is Frank Pannewitz.

Berlin, 25 April 2022

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Udo Heckeler German Public Auditor	Frank Pannewitz German Public Auditor

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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.