ANNUAL REPORT
2021

CEWE AT A GLANCE

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LETTER TO THE SHAREHOLDERS

Dear Shareholders,

2021 was another good year for your company CEWE

The earnings figure for 2021 is the second-highest in CEWE's history. So we are not dissatisfied with this, and the year 2020 with its "stay-at-home" upswing associated with the lockdowns provided us with a strong tailwind in our Photofinishing business unit. Nonetheless, our operating EBIT margin in Photofinishing has once again improved, relative to 2019, and Commercial Online Printing and hardware retail have increased their EBIT contributions. This resulted in a 72.2 million euros EBIT figure for the CEWE Group, compared to 79.7 million euros in 2000 and 56.8 million euros in 2019. The earnings figure for 2021 is highly respectable.

13th consecutive dividend increase planned

Another strong earnings figure will enable your company to maintain its long series of rising dividends. Following 2.30 euros per share in 2020, at the 2021 general meeting we will now provide you with a proposal for a dividend of 2.35 euros per share. That would represent our 13th consecutive dividend increase. There are only a very few companies in Germany with such a high level of consistency in their dividend increases. CEWE aims to be reliable. And we have lived up to that here. Your CEWE team is proud of that.

A big thank you to the entire CEWE team ...

We owe a great deal of thanks to the entire CEWE team. Of course, we owe a lot of thanks to everyone at CEWE for their outstanding work which has provided the basis for another strong result. That was another great performance! We would particularly like to thank everyone for sticking it out during this difficult coronavirus period: there were hardly any meetings in-person. Employees in our production departments were forced to wear masks all day long. In 2021 we once again only met up in person with customers, business partners, suppliers, technology partners and investors in highly exceptional cases, and subject to appropriate security precautions. No one enjoyed that. On the contrary, at CEWE as at all other companies it really took it out of us and weakened our "social capital".

... particularly for sticking things out in the second year of coronavirus

But we are nonetheless hanging in there. Despite all this, we never lost our energy and our buoyant mood. There was always someone in every team who cheered everyone one up and inspired them. And everyone was open to being cheered up and inspired in that way. That is nice to see. Particularly so in the autumn and winter period which is our peak season, but is also a difficult time from the point of view of the pandemic. Our team can rightly be proud of that, even if everyone is fervently hoping that the incidence of the virus declines come the spring.

THE BOARD OF MANAGEMENT

From left to right:
Carsten Heitkamp, Thomas Mehls, Dr Reiner Fageth, Dr Christian Friege,
Christina Sontheim-Leven, Patrick Berkhouwer, Dr Olaf Holzkämper

Ideally, we would like to keep things a bit shorter in this introductory letter …
You have presumably noticed over the past few years that our introductory "Letter to the shareholders" has grown continuously longer. We had wanted to provide you with the story for the past year in outline form … but still had to banish some key information to the management report. That is now set to change. As you can see, our letter to you is now a foreword.

… and instead provide you with very concise information in a new section of this report, "To the shareholders"
We have added a new section of this annual report, "To the shareholders", in which we aim to provide you with a concise picture of our company's story, expressed in numerical terms and with supporting graphics. In much the same format as for an investor meeting. We of course continue to provide a management report, as required by law, but we have trimmed it. This is the first annual report of this type and is therefore a test. We look forward to receiving your feedback on the changes we have made, e.g. in the form of an e-mail to IR@cewe.de.

Enjoy spring – which is now on its way! Make the most of things as the restrictions associated with the pandemic are hopefully eased! We are greatly cheered by that prospect … and by the fact that the trips which will once again be possible, as well as visits to friends and family, will provide further fantastic opportunities for some great photos. We will certainly then be able to turn these photos into photo products on behalf of our customers.

On behalf of CEWE's Board of Management

Dr Christian Friege

THE CEWE GROUP

EUROPE'S LEADING PHOTO SERVICE AND ONLINE PRINTING PROVIDER

The CEWE Group is Europe's leading photo service and online printing provider.

From its beginnings in 1912, CEWE has established itself as the first choice as a photo service for anyone looking to make more of their photos. The company's CEWE PHOTOBOOK in particular stands for this, with multiple awards and more than six million copies sold every year. Customers can obtain further personalised photo products through the brands CEWE, WhiteWall and Cheerz, for instance – and from many leading European retailers. These brand worlds inspire customers to produce a wide range of creative designs with their personal photos, and customers entrust the company with over 2 billion photos every year.

In addition, for the still young online printing market the CEWE Group has established a highly efficient production system for printed advertising media and business stationery. Billions of quality printing products reliably reach their customers via the distribution platforms SAXOPRINT, LASERLINE and viaprinto every year.

The CEWE Group is committed to a sustainable corporate management philosophy which is also supported by the Neumüllers, the company's founding family, and has been recognised with multiple awards: a long-term business focus; fair, partnership-based relationships with customers, employees and suppliers; and assuming social responsibility while pursuing an environmentally friendly approach and conserving resources. For instance, all CEWE brand products are produced on a climate-neutral basis.

The CEWE Group is present in 21 countries with 4,000 employees. The CEWE share is listed in the SDAX index. More at company.cewe.de.

PRESENT IN EUROPE

PRODUCTION PLANTS WITH DISTRIBUTION OFFICES

Oldenburg (Headquarters), Bad Kreuznach, Dresden, Freiburg (Eschbach), Frechen, Munich (Germering), Budapest (HU), Koźle (PL), Paris (FR), Prague (CZ), Warwick (UK)

PRODUCTION PLANTS

Mönchengladbach, Montpellier (Fabrègues (FR)), Rennes (Vern-sur-Seiche (FR))

DISTRIBUTION OFFICES

Aarhus (Åbyhøj (DK)), Berlin, Bratislava (SK), Bucharest (RO), Gothenburg (SE), Cologne, Ljubljana (SI), Madrid (ES), Mechelen (BE), Münster, Nunspeet (NL), Oslo (NO), Warsaw (PL), Vienna (AT), Zagreb (HR), Zurich (Dübendorf (CH))

DELIVERY AREA FOR CEWE PRODUCTS

Austria, Belgium, Croatia, Czech Republic, Denmark, France, Germany, Hungary, Ireland, Italy, Luxembourg, Netherlands, Norway, Poland, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom

see Production plants and distribution offices, page 204

PREMIUM QUALITY WITH LEADING BRANDS

PHOTOFINISHING

RETAIL

COMMERICIAL ONLINE PRINTING

KEY INDICATORS CEWE GROUP 2021

21
EUROPEAN COUNTRIES

27
DISTRIBUTION OFFICES

692.8
MILION EUROS TURNOVER IN 2021

5.65
MILLION CEWE PHOTOBOOKS IN 2021

>20,000
CEWE PHOTOSTATIONS

4,000
EMPLOYEES

14
PRODUCTION PLANTS

20,000
RETAILERS SUPPLIED

2.18
BILLION PHOTOS PRODUCED IN 2021

RESULTS 2021

GROUP EARNINGS

- Group turnover of 692.8 million euros in 2021 (2020: 727.3 million euros)
- Group EBIT of 72.2 million euros is within planned target range for 2021 (2020: 79.7 million euros)
- Tax rate at expected normal level of 32.7%
- Earnings per share reach 6.77 euros (2020: 7.20 euros)

PHOTOFINISHING

- In the previous year, 2020, particularly during the Christmas business season the coronavirus-related “stay-at-home” effect had an even greater impact on the level of demand for photo products and therefore the volume of turnover and earnings in the Photofinishing business unit
- Photofinishing turnover therefore reaches a level of 590.1 million euros in 2021 (2020: 620.0 million euros)
- Photofinishing EBIT remains strong in 2021: 71.2 million euros (2020: 88.6 million euros)
- Trend of a continuously improving operating earnings margin remains intact: 12.7% in 2021, compared to 12.4% in 2019 (and an extraordinarily high 15.1% in 2020, which was a temporary effect due to coronavirus)

RETAIL

- Hardware retail is well placed and achieves a turnover volume of 31.2 million euros which is only −8.7% lower (2020: 34.1 million euros), despite around 30% fewer branches than in the previous year (100 instead of 140 retail stores)
- Retail EBIT improves to 0.2 million euros (2020: −4.2 million euros)
- In the previous year, restructuring costs had arisen for the optimisation of branch structures as well as valuation adjustments on inventories with a total volume of 4.4 million euros

COMMERCIAL ONLINE PRINTING

- Due to coronavirus, COP turnover for the year as a whole is at 66.0 million euros slightly lower than in the previous year (2020: 67.8 million euros)
- With an optimised cost structure, COP already achieves a turnaround at this turnover level and realises an EBIT figure of 1.2 million euros (2020: −3.7 million euros)

BALANCE SHEET AND FINANCING

- Following what was already a very solid level in the previous year (December 31, 2020: 48.1%), the equity ratio has once again risen, to the current 56.0%
- Higher capital employed figure on account of the increased level of net working capital, due to coronavirus especially

CASH FLOW

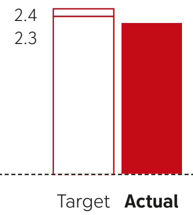
- The coronavirus pandemic causes operating cash flow to fall by 76.6 million euros to 65.6 million euros
- 81.8 million euros decrease in free cash flow, above all due to tax payments and net working capital which has increased on account of the lower volume of business
- Free cash flow, adjusted for coronavirus effects, of 71.2 million euros matches the adjusted previous year’s level of 76.9 million euros

RETURN ON CAPITAL EMPLOYED

- Even after the end of the coronavirus-related upswing: at 17.5% ROCE is significantly higher than the 14.8% level seen in the last year prior to the coronavirus pandemic, 2019

DEVELOPMENT OF FINANCIAL INDICATORS 2021

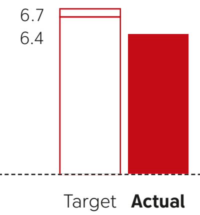
Photos



2.18

in billion units

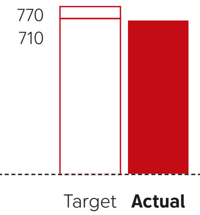
CEWE PHOTOBOOK



5.65

in million units

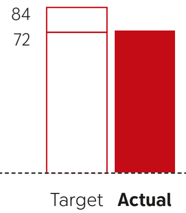
Turnover



692.8

in millions of euros

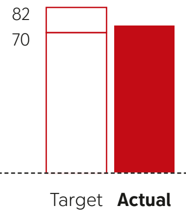
EBIT



72.2

in millions of euros

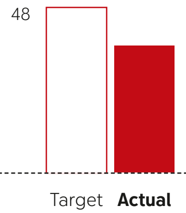
EBT



72.7

in millions of euros

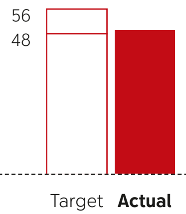
Operational Investments



36.8

in millions of euros

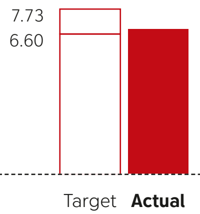
Earnings after taxes



48.9

in millions of euros

Earnings per share (undiluted)



6.77

in euros/share

TO THE SHAREHOLDERS

1

REVIEW OF 2021 / OUTLOOK FOR 2022

LONG-TERM TREND

CEWE's long-term turnover trend can be broken down into three different phases: following its stock market flotation in the early 1990s, in the purely analogue photofinishing market CEWE becomes the European market leader through regional expansion. The decade of the analogue/digital transformation follows from 2000 onwards: digital cameras become a mass market phenomenon and CEWE consolidates its market leadership in the digital photofinishing segment by making early adjustments to its production technology, its marketing activities and its product range and by developing the CEWE PHOTOBOOK brand. From 2010, CEWE achieved growth above all thanks to the consistent ongoing development and expansion of its Photofinishing core business unit. It also developed a new business unit, Commercial Online Printing, in this period.

Alongside Photofinishing, CEWE currently has around 100 of its own photo retail stores and directly markets its photofinishing products via this distribution channel. Besides this main activity which is reported in the Photofinishing business unit, CEWE's retail operations also generate earnings from photo hardware (cameras, lenses etc.) which are reported in the Retail business unit.

On the basis of the digital print capabilities which have been developed in its Photofinishing business unit through this process of transformation and by acquiring expertise in online offset printing, from 2009/2010 CEWE then turned its Commercial Online Printing business unit into a modern online printing service for business stationery. Over the past 10 years, this additional business unit achieved rapid growth to reach a turnover volume of around 100 million euros, until the coronavirus pandemic reduced the level of demand for business stationery and printed advertising media.

In the past two years, the coronavirus pandemic had a particularly pronounced impact on the demand trend and the development of turnover in all of CEWE's business units: in the financial year 2021 which recently ended, turnover amounted to 692.8 million euros (2020: 727.3 million euros). In the previous year, 2020, particularly during the Christmas business season the coronavirus-related "stay-at-home" effect had an even greater impact on the level of demand for photo products than in 2021.

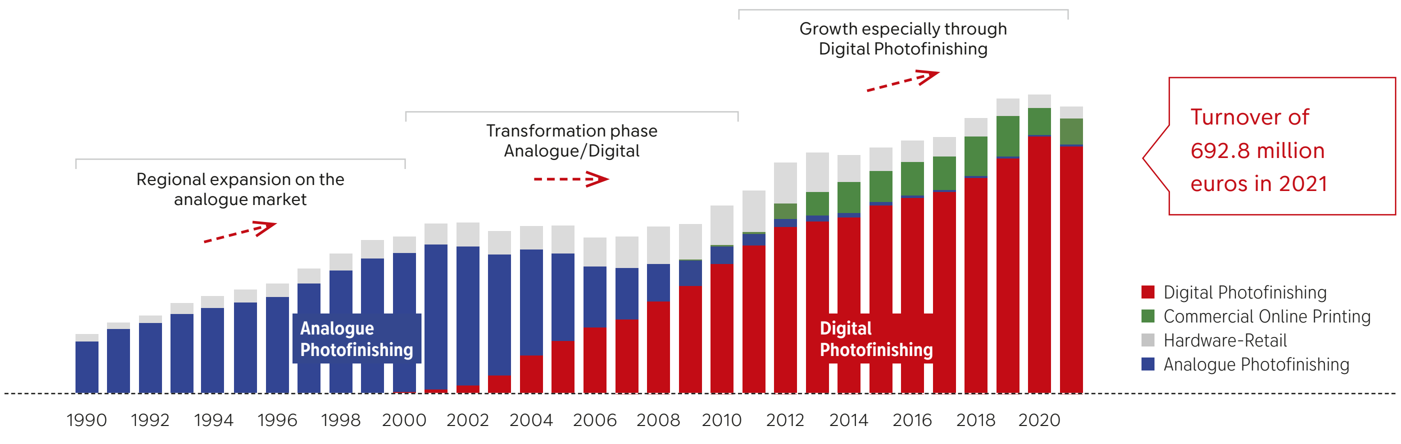
A change in the product mix already occurred during the analogue/digital transformation in the Photofinishing core business unit, and this continues right up to the present day: at the start of the digitalisation process, consumers continued to request individual photo prints – while they had previously done so for analogue film, they now did so for digital image formats. With these digital product innovations, demand then shifted away from these simple (low-margin) photo prints to higher-margin "added-value products" such as CEWE PHOTOBOOK, photo calendars, wall art, greeting cards and many other photo gifts. Above all, this change in the Photofinishing product mix resulted in a constantly rising operating EBIT margin for Photofinishing and thus also continuously improved the overall earnings situation of the CEWE Group.

692.8

million euros turnover in 2021

- » EBIT once again strong in 2021: at 72.2 million euros, CEWE achieves the second-highest earnings figure in the company's history
- » Since the coronavirus-related "stay-at-home" effect especially had an even greater impact on demand for photo products in 2020, the Photofinishing business unit failed to match its previous-year EBIT figure.
- » The trend of a rising operating EBIT margin for Photofinishing remains intact: 12.7%, compared to 12.4% in the last year before coronavirus, 2019
- » The Retail and Commercial Online Printing business units have significantly improved and made positive contributions to Group EBIT

Long-term development of turnover

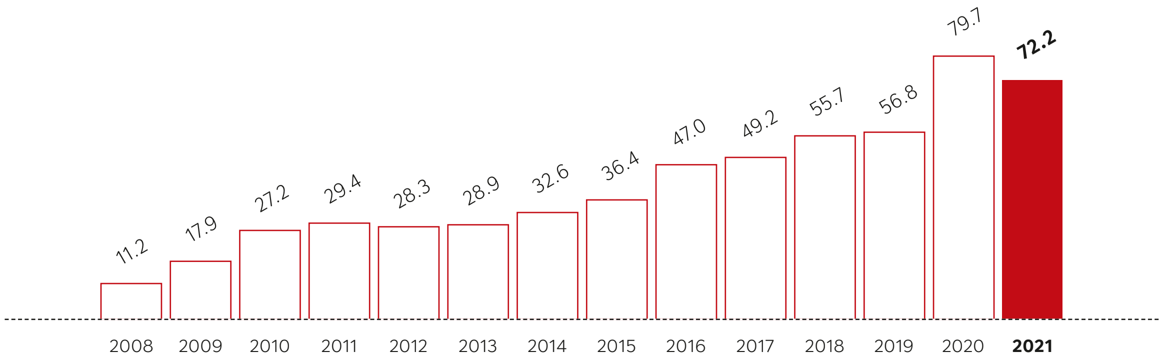


At 72.2 million euros, the operating result (EBIT) in 2021 fell within the envisaged target range for this financial year of between 72 and 84 million euros (2020 EBIT: 79.7 million euros). In the first year of the pandemic, 2020, the level of demand for photo products – and thus also the earnings figure for Photofinishing, which dominates CEWE's activities as its main business unit – was extraordinarily high, since many people used the lockdown period which they spent at home in order to order photo products or else catch up on photo projects, frequently containing older images. Compared with the pre-coronavirus year 2019, the volume of EBIT achieved in 2021 reached a level of around 27% (EBIT 2019: 56.8 million euros).

The Group EBIT figure for 2021 is at 72.2 million euros 7.5 million euros lower than in the previous year, but this is still the second-highest earnings figure in the company's history. All in all, this was another year with excellent results, although the distribution of earnings among the quarters was entirely different than in the previous year 2020 – mainly due to the different timing of government coronavirus measures: on the one hand, the lockdowns in Q2 2020, Q4 2020 and Q1 2021 clearly had a positive impact on demand in the Photofinishing business unit, while turnover in Retail and Commercial Online Printing declined significantly at the same time. On the other hand, the easing of coronavirus restrictions in Q3 2020 and Q2/Q3 2021 had exactly the opposite effect on CEWE's three business units.

Since the coronavirus-related „stay-at-home" effect had had an even greater impact on the level of demand for photo products in the 2020 Christmas business season than in the year 2021 which has just ended, with an EBIT figure of 71.2 million euros the Photofinishing business unit fell short of the previous year's level (PF EBIT 2020: 88.6 million euros). In this respect, the long-term trend of a continuous improvement in the operating earnings margin remains intact: following 12.4% in 2019 (and an extraordinarily high 15.1% in 2020, which was a temporary effect due to coronavirus), this margin reached a satisfying 12.7% in 2021. In addition, the decline in the Photofinishing EBIT was largely compensated for by the +4.3 million euros increase in Retail (which in the previous year had still recorded restructuring costs for the optimisation of its branch structure) and the +4.9 million euros increase in the Commercial Online Printing business unit.

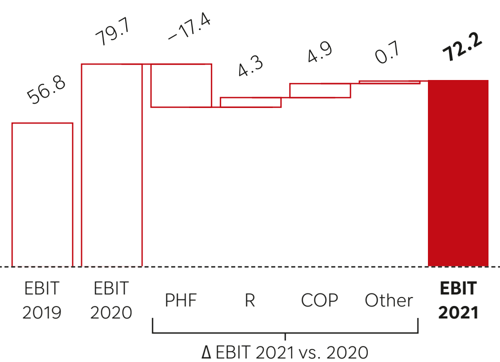
EBIT development (EBIT in millions of euros)



72.2

million euros EBIT in 2021

Earnings trend in 2021 (EBIT in millions of euros)



Since the coronavirus-related "stay-at-home" effect especially had had an even greater impact on demand for photo products in 2020, the Photofinishing business unit failed to match its prior-year EBIT figure – but its result was significantly stronger than in all previous years. The Retail and Commercial Online Printing business units have significantly improved and made positive contributions to Group EBIT.

PHOTOFINISHING CORE BUSINESS UNIT

75 million

CEWE PHOTOBOOKS in 2021

Alternation of easing of coronavirus restrictions and imposition of lockdown results in changed demand trend

The profile of demand for photo products in 2021 was quite different than in the previous year, 2020: while the first quarter of 2020 was a largely "normal" (non-coronavirus) quarter, the first quarter of 2021 was strongly shaped by the lockdown. This had a positive effect on the level of demand in Photofinishing. This effect was also very clearly apparent in the second quarter of the previous year 2020: many CEWE customers used their time at home during the lockdown in order to place orders for photo products, which also included older photos from previous years. Conversely, the second quarter of 2021 was shaped by the easing of coronavirus restrictions, which reduced the level of demand. In the third quarter of 2021, many people continued to catch up on activities which were not possible during lockdown and ordered fewer photo products. During the Christmas business season in the fourth quarter 2020, the coronavirus-related "stay-at-home" effect had an even greater positive impact on the level of demand for photo products than in the just-ended fourth quarter of 2021. Overall, the Photofinishing business unit thus actually suffered a twofold negative impact year-on-year in 2021: this reflected the highly positive figure for the previous year which had been shaped by the one-off upswing due to coronavirus and also the weakening of demand due to the easing of coronavirus-related restrictions.

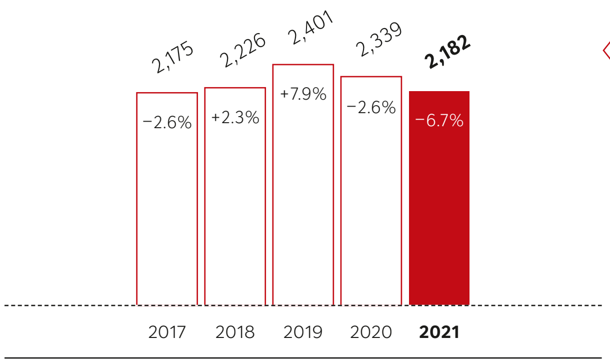
- In the previous year, 2020, particularly during the Christmas business season the coronavirus-related "stay-at-home" effect had an even greater impact on the level of demand for photo products and therefore the volume of turnover and earnings in the Photofinishing business unit
- Photofinishing turnover therefore reaches a level of 590.1 million euros in 2021 (2020: 620.0 million euros)
- Photofinishing EBIT remains strong in 2021: 71.2 million euros (2020: 88.6 million euros)
- Trend of a continuously improving operating earnings margin remains intact: 12.7% in 2021, compared to 12.4% in 2019 (and an extraordinarily high 15.1% in 2020, which was a temporary effect due to coronavirus)

Volume of photos and CEWE PHOTOBOOK sales follow the change in the demand trend

The coronavirus-related shift in demand in 2021 also had an impact on the total number of photos and CEWE PHOTOBOOKS: both the sales of CEWE PHOTOBOOKS (5.65 million, compared to 2020: 6.52 million) and the total number of photos across all products (2.18 billion photos, versus 2.34 billion photos in 2020) were slightly lower in the overall year 2021 than in the previous year. In particular, the coronavirus-related change in photographic activity in 2021 (among other reasons, due to a decline in holiday and long-distance travel) has meant that many consumers took fewer photos, and fewer photos were thus available for photo products The Q2 one-off upswing during the coronavirus lockdown in the previous year and the updating of many photobooks with older photo material, as well as photo products which were sent to family and friends as a "replacement" for Christmas visits, were not repeated in the year under review.

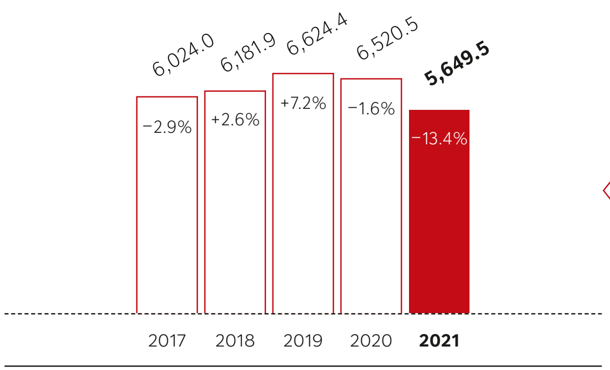
The timing of government coronavirus measures (lockdown and easing of related measures) had a significant impact on the demand trend in the financial years 2020 and 2021.

Total volume of photos in million units /
change on previous year as %



The coronavirus-related change in photographic activity in 2021 resulted in a lower number of photos being taken and hence in photos available for photo products.

Total number of CEWE PHOTOBOOKS in thousand units /
change on previous year as %



Especially the classic multi-photo product reflects the temporary lack of pictures taken due to coronavirus-related holiday restrictions (e.g. only a few long-distance trips, or even none at all).

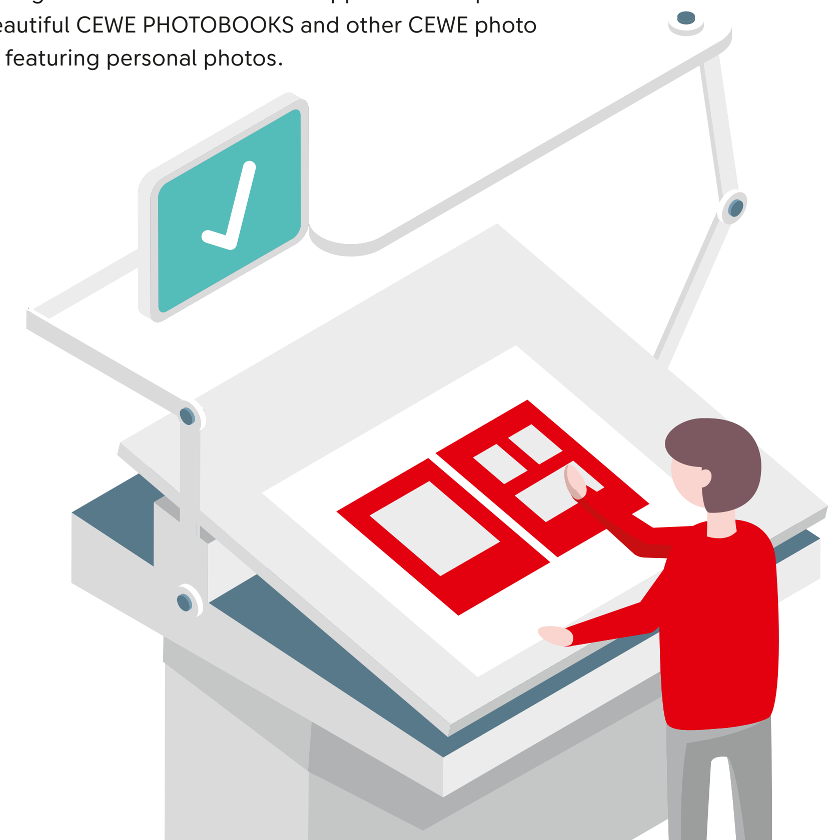
The United Kingdom is the home of the 75th million CEWE PHOTOBOOK

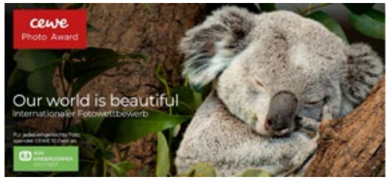
CEWE reached a special milestone last year when a customer in the United Kingdom ordered the 75th millionth CEWE PHOTOBOOK from CEWE's business partner Boots. Introduced in 2005, the CEWE PHOTOBOOK thus confirms its outstanding position as a bestseller and the most popular photobook in Europe.

CEWE PHOTOWORLD app wins EISA Award

The industry recognises the market-leading position of CEWE innovations. The CEWE PHOTOWORLD app received the "EISA Award Photo Service 2021-2022" for best photo product at the EISA Awards 2021, one of the highest awards for technology products worldwide. At the award ceremony, the European Imaging and Sound Association (EISA) emphasised the convenience of using the CEWE PHOTOWORLD app on a smartphone to create beautiful CEWE PHOTOBOOKS and other CEWE photo products featuring personal photos.

EISA AWARD Best Product 2021-2022
PHOTO SERVICE
CEWE Photoworld





CEWE Group wins three TIPA World Awards
In 2021, the CEWE Group won no fewer than three TIPA World Awards presented by the Technical Image Press Association – one of the most prestigious awards in the industry: CEWE was named “Best Photo Service Worldwide” for its A2 Gold Edition photo calendar and also won the category “Best Retail Finishing System Worldwide” for its CEWE Photo Centre. WhiteWall rounded off the awards with the TIPA World Award for WhiteWall’s “RoomView function”, which allows users to visualise the effect of the chosen wall art in their home before ordering it. Together with its previous awards, the CEWE Group now holds a total of ten TIPA World Awards.

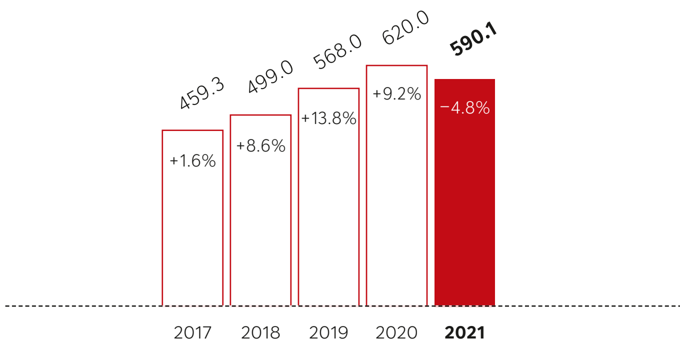
CEWE Photo Award is once again the world’s largest photography competition
With a record number of 606,289 photos submitted from over 170 countries, the 2021 CEWE Photo Award (with the theme “Our world is beautiful”) was once again the world’s largest photo competition, by a wide margin.

At 590.1 million euros, Photofinishing turnover is –4.8% lower than in the previous year, which had been buoyed by one-off upswing
The above-mentioned change in the level of demand, due to the alternation between a coronavirus lockdown and the subsequent easing of related restrictions, resulted in Photofinishing turnover of 590.1 million euros in 2021: this represents a decline of –4.8% on the extremely high level of 620.0 million euros achieved in the previous year, as a result of the coronavirus-related one-off upswing.

With its Christmas business, the fourth quarter continues to have the largest impact on Photofinishing’s performance: with a turnover share amounting to 44.9% of overall turnover for the year, this trend remains intact (2014: 40.4%, 2015: 42.3%, 2016: 42.0%, 2017: 42.5%, 2018: 43.7%, 2019: 44.2%, 2020: 45.7%). Photofinishing turnover in the quarter under review thus reached a volume of 265.2 million euros (Q4 2020: 284.3 million euros). During the Christmas business season in Q4 of the previous year, the coronavirus-related “stay-at-home” effect had an even greater positive impact on the level of demand for photo products than in the just-ended fourth quarter of 2021.

In 2020, particularly during the Christmas business season the coronavirus-related “stay-at-home” effect had an even greater impact on demand for photo products than in the financial year 2021 just ended.

Photofinishing turnover in millions of euros / change on previous year as %



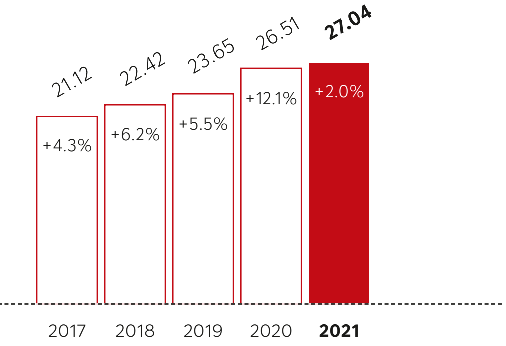
Turnover per photo continues to rise in 2021: +2.0%
Turnover per photo continued to increase in 2021. The trend of higher-quality photo products thus continues to strengthen the turnover and earnings trends. For all of CEWE's photo products, turnover per photo has risen by 2.0%, from 26.51 euro cents per photo in 2020 to 27.04 euro cents per photo in 2021.

Photofinishing EBIT reaches 71.2 million euros in 2021, thanks to another strong Christmas season
CEWE realised most of its annual profits in the fourth calendar quarter. With another strong Christmas business season, in 2021 the Commercial Online Printing business unit achieved an EBIT figure of 72.2 million euros (2020: 88.6 million euros). In the previous year, 2020, the coronavirus-related "stay-at-home" effect had an even greater impact on demand for photo products. In the previous year, the increased level of turnover during the Christmas business season resulted in extraordinarily high additional contribution margins due to strong production economies of scale. Accordingly, in the 2021 Christmas quarter the EBIT figure of 69.1 million euros was lower than in the same quarter in the previous year (Q4 2020: 80.0 million euros).

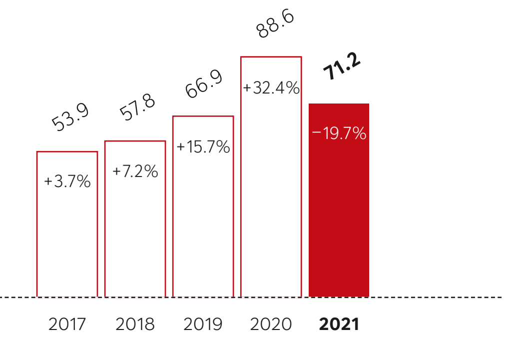
In the past financial year 2021, one-off factors accounted for a total of approx. –3.8 million euros due to amortisation on the purchase price allocation for Cheerz (–1.7 million euros) and WhiteWall (–2.1 million euros). In the previous year, 2020, a combined figure of –5.0 million euros was recognised as extraordinary expenses, for amortisation on purchase price allocations (DeinDesign –0.2 million euros, Cheerz –2.0 million euros and WhiteWall –2.1 million euros) as well as –0.7 million euros in restructuring costs. Adjusted for these one-off factors, the operating EBIT figure for the Photofinishing business unit reached a level of 75.0 million euros in the financial year 2021 (adjusted operating EBIT in 2020: 93.6 million euros).

The long-standing trend continues unabated as turnover per photo increases further in 2021.

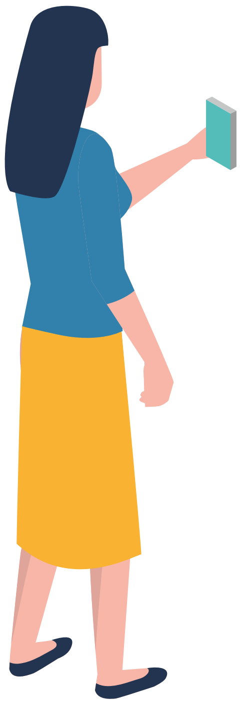
Photofinishing turnover per photo in euro cents / change on previous year as %



Photofinishing EBIT in millions of euros / change on previous year as %



In the previous year, 2020, the coronavirus-related "stay-at-home" effect had an even greater impact on demand for photo products. Compared to the pre-coronavirus year 2019, EBIT increases by around 6.4% in 2021.



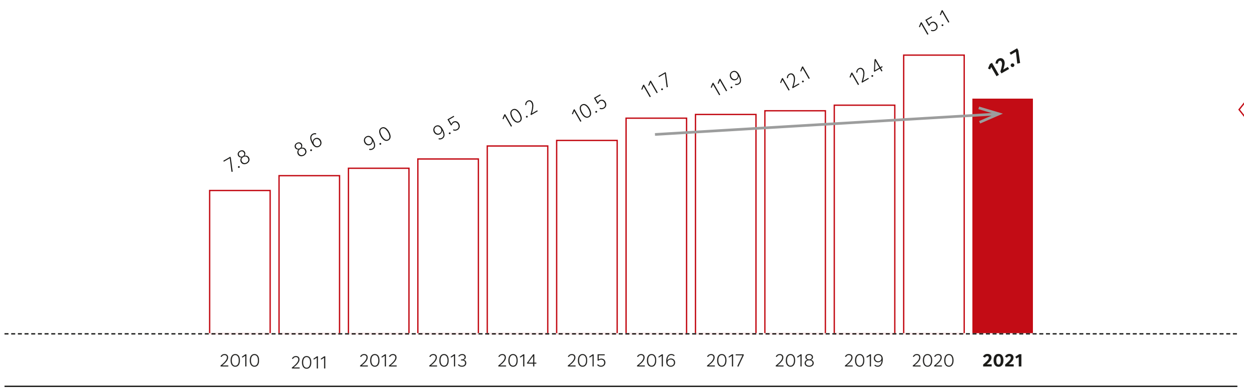
12.7%

Photofinishing's operating EBIT margin 2021

Further increase in Photofinishing's operating EBIT margin
Over the past few years, the ongoing change in the product mix and the additional contribution margins arising from the long-term increase in turnover have resulted in a steady rise in the operating EBIT margin in the Photofinishing business unit (before the extraordinary expenses described above).

Thus, the long-term trend remains intact, with the operating EBIT margin rising from 12.4% in 2019 to 12.7% in 2021. For a time, the 2020 operating EBIT margin was exceptionally high at 15.1% due to additional demand momentum during the coronavirus-related lockdown, which involved substantial economies of scale.

Photofinishing's operating EBIT margin[1] continues to increase in %



1 excluding reported one-off factors (mainly PPA effects)

Following 12.4% in 2019 (and an extraordinarily high 15.1% in 2020, which was a temporary effect due to coronavirus), the long-term trend of a steady rise in the operating profit margin in the Photofinishing core business unit continues, reaching 12.7% in 2021.

RETAIL BUSINESS UNIT

CEWE operates multichannel retailing in Poland, the Czech Republic, Slovakia, Norway and Sweden in the form of retail outlets and online shops. CEWE RETAIL clearly focuses on generating photofinishing business, i.e. the marketing of CEWE PHOTOBOOKS, calendars, greeting cards, wall art and other photo gifts. The turnover and earnings contribution provided by this photofinishing product range is reported in the Photofinishing business unit. The Retail business unit only reports turnover and earnings from photo hardware business generated e.g. with cameras and photo equipment. In future, CEWE will continue to develop this merchandise business with optimal margins, while deliberately avoiding unprofitable turnover.

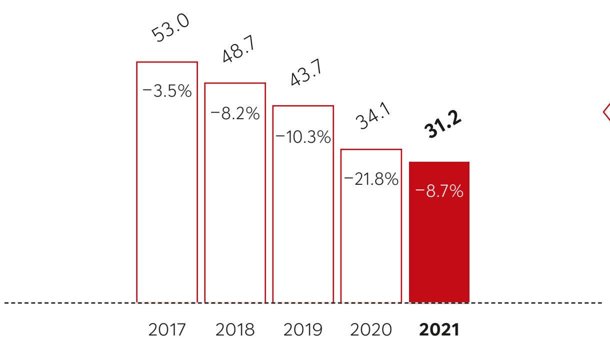
- » Hardware retail is well placed and achieves a turnover volume of 31.2 million euros which is only −8.7% lower (2020: 34.1 million euros), despite around 30% fewer branches than in the previous year (100 instead of 140 retail stores)
- » Retail EBIT improves to 0.2 million euros (2020: −4.2 million euros)
- » In the previous year, restructuring costs had arisen for the optimisation of branch structures as well as valuation adjustments on inventories with a total volume of 4.4 million euros

Retail achieves turnover volume of 31.2 million euros, despite 30% fewer branches

As envisaged, the photo hardware turnover reported in the Retail business unit has been declining for some years now, by a good −10%, due to the deliberate abandonment of low-margin business and the focus on photofinishing. All in all, the hardware retail business was well placed in 2021. Despite an approx. 30% reduction in the number of branches compared to the previous year (100 instead of 140 stores), turnover declined by no more than −8.7% to 31.2 million euros (2020: 34.1 million euros): while Retail turnover was −16.8% lower in Q1 2021 due to the ongoing lockdown, in Q2 it went on reach the previous year’s turnover level amid coronavirus relaxations, compared to the first, hard lockdowns in the previous year. In the third quarter, turnover was −15.8% lower than in Q3 of the previous year. With a turnover volume of 9.8 million euros, in Q4 turnover then fell by just −3.0% (Q4 2020: 10.1 million euros).

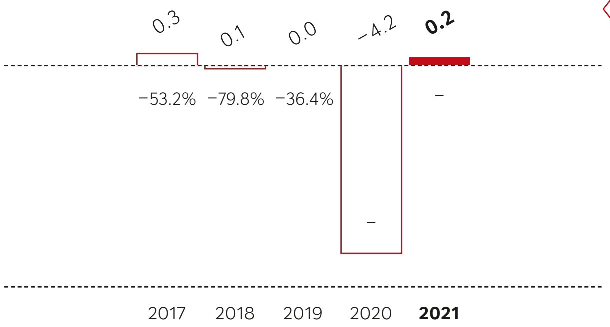
With the onset of the pandemic and its impact on the entire Retail business unit, turnover declined significantly in 2020 due to the reduced footfall in retail stores. In this context, CEWE had resolved in the previous year, 2020, to close overall slightly more than 40 branches in all of the countries where CEWE’s Retail business unit operates. CEWE Retail already benefited from this accelerated optimisation of its branch structure in the financial year 2021 that has just ended.

Retail turnover in millions of euros / change on previous year as %



Hardware retail has been declining for some years now, due to the deliberate abandonment of low-margin turnover and the focus on photofinishing business. Following the optimisation of its branch structure, which saw a 30% reduction in the number of stores, Retail is in a strong position in 2021.

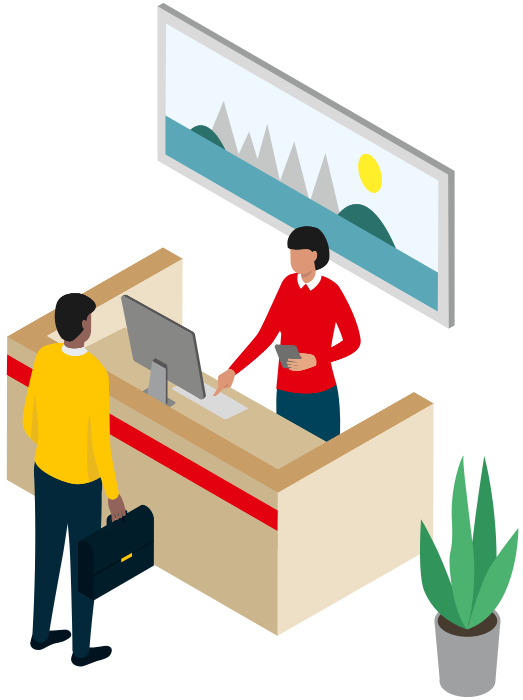
Retail EBIT in millions of euros / change on previous year as %



Retail EBIT improves significantly in 2021. In the previous year, restructuring costs had arisen for the optimisation of branch structures and for valuation adjustments on inventories with a total volume of 4.4 million euros.

100

retail branches focusing on sales of photofinishing products



Hardware retail improves earnings with optimised branch structure

The EBIT figure reported for the Retail business unit has improved significantly in 2021, by 4.3 million euros to 0.2 million euros (2020: −4.2 million euros). In the previous year, around 2.9 million euros of restructuring accruals and 1.5 million euros of valuation adjustments on inventories were recognised due to the announced branch structure optimisation.

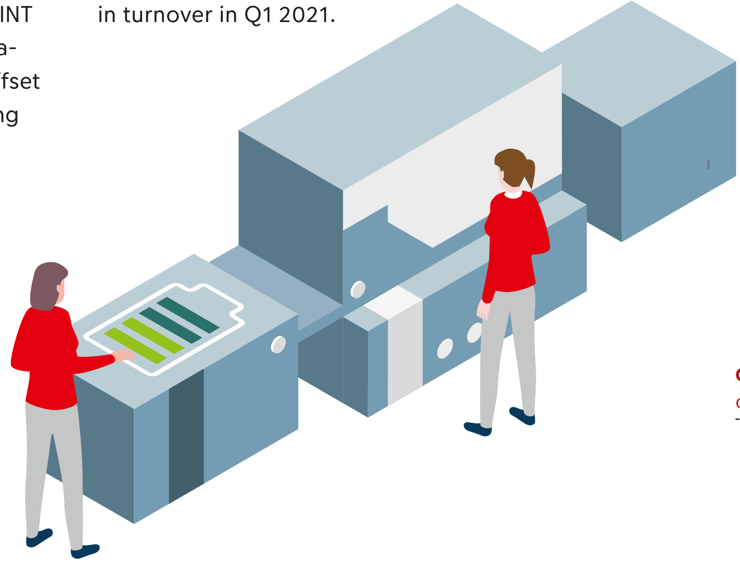
In the Retail business unit too, Christmas business – and thus the fourth quarter – plays a key role in the earnings trend for the year as a whole. With an EBIT figure of 0.9 million euros which was mainly generated during December's Christmas business season, CEWE Retail was even able to increase the profitability of its Q4 operations by comparison with the same quarter in the previous year, with an EBIT margin of 9.6% (EBIT Q4 2020 adjusted for restructuring costs: 0.8 million euros; operating EBIT margin Q4 2020: 7.5%).

COMMERCIAL ONLINE PRINTING BUSINESS UNIT

With its online printing brands SAXOPRINT, viaprinto and LASERLINE, CEWE is ideally positioned on the European market for printed advertising media and business stationery ordered online and has a particularly strong presence in Germany, Austria and Switzerland (the "DACH" region): SAXOPRINT offers customers in Germany and in the Group's other international markets attractively priced services, primarily in the offset printing segment; viaprinto is positioned in the digital printing segment as a provider of high-quality printed products with small print runs; and LASERLINE has a particularly strong presence in Berlin and Brandenburg and serves customers based in this region.

Commercial Online Printing is affected by the alternating coronavirus lockdowns and relaxations

The lockdowns caused by the coronavirus pandemic significantly reduced the volume of business and thus advertising activity in many countries in Europe. In 2021, Commercial Online Printing continued to struggle with significant fluctuations in turnover, particularly due to the downturn in the events, tourism and travel industries: as a consequence of the lockdown, turnover in the first quarter of 2021 was still down − 43.2 % (compared to a nearly coronavirus-free first quarter of 2020); in the second quarter, as measures were relaxed and business started to pick up, demand for business stationery rose again, with Commercial Online Printing up + 25.8 % compared to the coronavirus lockdown-affected Q2 in the previous year. Against this backdrop, Q3 turnover also increased, by + 8.0 %, and Q4 turnover by + 20.9 % (22.9 million euros; Q4 2020: 19.0 million euros) compared to the respective quarter in the previous year. Overall in 2021, Commercial Online Printing achieved a turnover volume of 66.0 million euros which was slightly weaker (− 2.6 %) than in the previous year 2020 (2020: 67.8 million euros). This was due to the strong, coronavirus-related decline in turnover in Q1 2021.

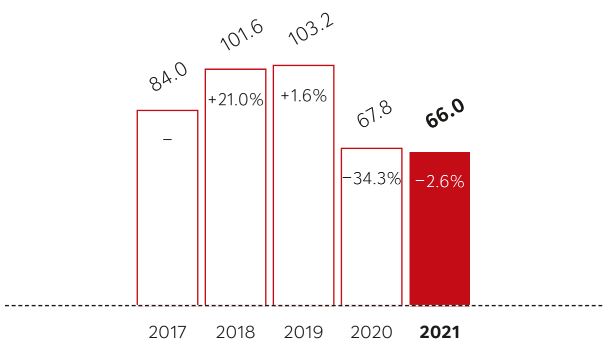


66.0

million euros turnover in COP in 2021

Largely due to the steep coronavirus-driven decline in turnover in Q1 2021, in 2021 Commercial Online Printing is continuing to suffer due to the impact of coronavirus on the level of demand for business stationery.

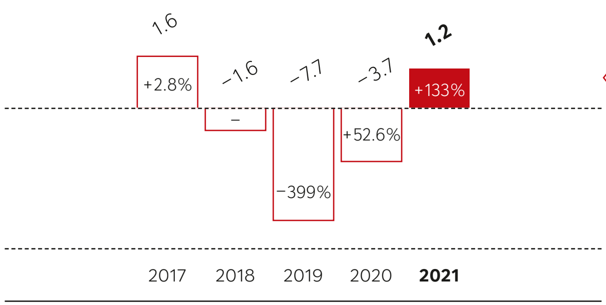
Commercial Online Printing turnover in millions of euros / change on previous year as %



COP achieves turnaround thanks to optimised production and cost structure

While it is still some way off the turnover volume achieved prior to the pandemic, on the basis of its 2021 turnover level Commercial Online Printing is already achieving a turnaround and has improved its EBIT contribution to Group earnings by a strong 4.9 million euros to 1.2 million euros (2020: −3.7 million euros). 2.3 million euros resulted from the fourth quarter of 2021 (COP EBIT for Q4 2020: 1.3 million euros). Continuing stringent cost management encompassing every P&L item, together with a more efficient overall production and cost structure, are providing long-term support for this improvement in earnings. In 2020, CEWE had merged LASERLINE's old production plant in Berlin with SAXOPRINT's larger production facilities in Dresden and thus increased the overall level of production efficiency.

Commercial Online Printing EBIT in millions of euros / change on previous year as %



Continuing stringent cost management, together with a more efficient overall production and cost structure, result in a significant improvement in earnings, in the amount of 4.9 million euros.

- COP turnover for the year as a whole was at 66.0 million euros slightly lower than in the previous year (2020: 67.8 million euros)
- With an optimised cost structure, COP already achieves a turnaround at this turnover level and realises an EBIT figure of 1.2 million euros (2020: −3.7 million euros)

4.9

million euros improvement in earnings in 2021, above all due to highly efficient SAXOPRINT production plant

OTHER ACTIVITIES BUSINESS UNIT

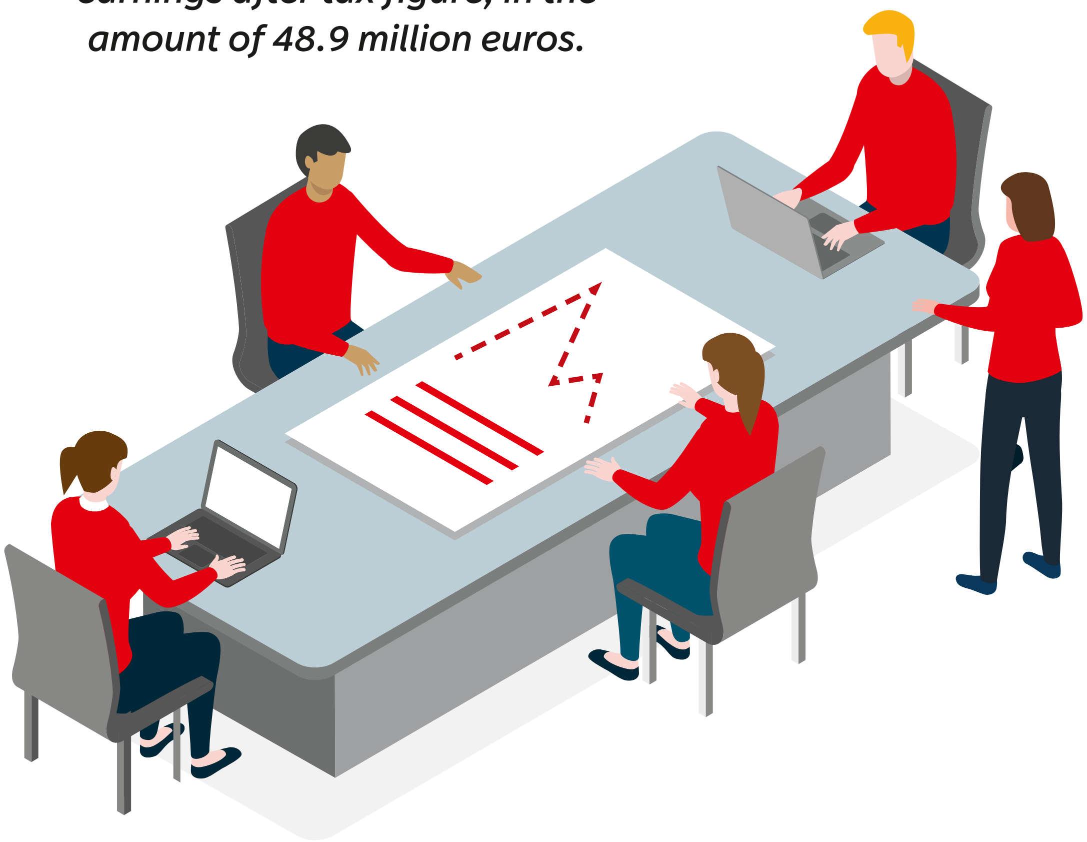
CEWE reports its structural and company costs as well as the result of its real estate holdings and equity investments in its Other Activities business unit. In particular, the costs associated with the company's supervisory bodies, its general meeting and its investor relations activities are structural and company costs which are incurred for all of the company's business units. The earnings generated by the Group company futalis are also reported in this business unit, since its business activities cannot be allocated to CEWE's other business units. As a premium brand, online at www.futalis.de, futalis produces and markets highly personalised pet food which is tailored to each animal's specific veterinary requirements.

In the financial year 2021, CEWE realised revenues in the amount of 7.6 million euros (2020: 6.6 million euros) in its Other Activities business unit, all of which were generated by futalis. The Other Activities business unit provided a – 0.4 million euros earnings contribution to Group EBIT in this period (H1 2020: –1.1 million euros). On the one hand, the rise in earnings was due to the positive earnings contribution made by futalis. On the other hand, the result from real estate holdings was slightly higher than in the previous year.

Following 51.9 million euros in the previous year, 2020, in the financial year 2021 the CEWE Group achieved another strong earnings after tax figure, in the amount of 48.9 million euros.

48.9

million euros earnings after tax



GROUP P&L

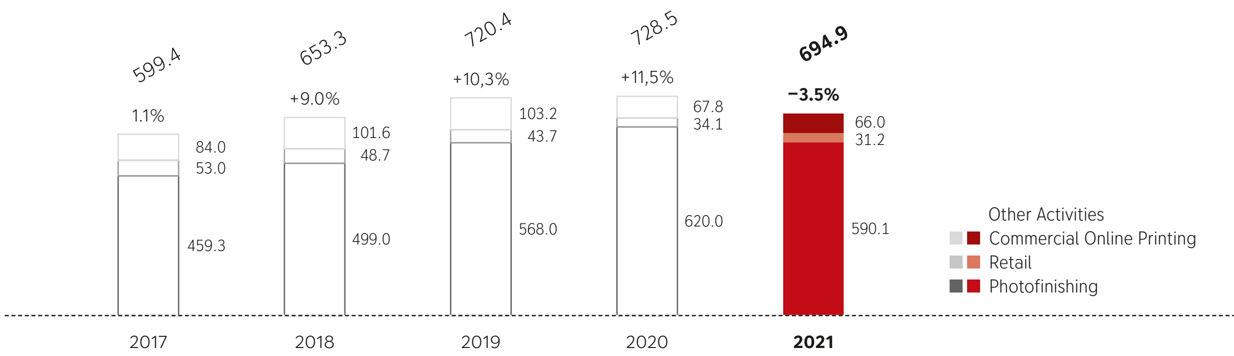
Group turnover reaches 692.8 million euros in 2021
In the year 2021 as a whole, the coronavirus-related turnover decline in the Photofinishing, Retail and Commercial Online Printing business units and the growth in the Other Activities business unit resulted in Group turnover of 692.8 million euros (2020: 727.3 million euros; −4.7%). In the fourth quarter of 2021 alone, Group turnover reached a volume of 297.8 million euros (Q4 2020: 314.0 million euros).

Group EBIT of 72.2 million euros within the target range for 2021
At 72.2 million euros, the operating result (EBIT) generated by the CEWE Group fell within the envisaged target range for 2021 of between 72 and 84 million euros (2020 EBIT: 79.7 million euros). As described above in the chapter regarding the "Photofinishing core business unit", in the previous year, 2020, particularly during the Christmas business season, the coronavirus-related "stay-at-home" effect had an even greater impact on the level of demand for photofinishing products and hence on the result of the CEWE Group. The Retail and Commercial Online Printing business units achieved a turnaround in 2021 and made positive contributions to Group EBIT. Compared with the pre-coronavirus year 2019, the volume of EBIT achieved in 2021 reached a level of around 27% (EBIT 2019: 56.8 million euros).

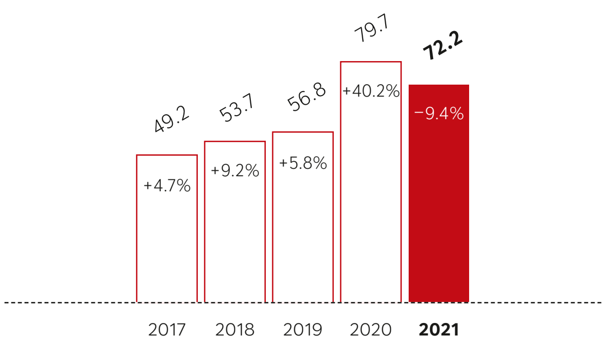
- » Group turnover of 692.8 million euros in 2021 (2020: 727.3 million euros)
- » Group EBIT of 72.2 million euros is within planned target range for 2021 (2020: 79.7 million euros)
- » Tax rate at expected normal level of 32.7%
- » Earnings per share reach 6.77 euros (2020: 7.20 euros)

The government coronavirus measures in 2021, which involved alternating lockdowns and relaxations of measures, are reflected in all of the business units (albeit with different effects) and hence also in the Group's turnover.

Turnover in millions of euros / change on previous year as %

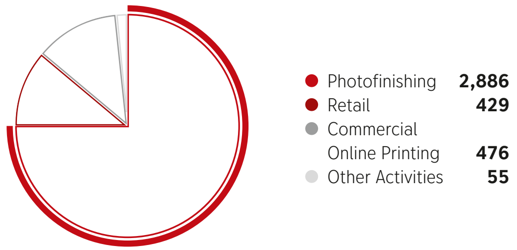


Operating result (EBIT) in millions of euros / change on previous year as %



As described above in the chapter on the "Photofinishing core business unit", the previous year, 2020, had derived an even stronger benefit from the coronavirus-related „stay-at-home" effect. Compared with the pre-coronavirus year 2019, EBIT in 2021 rises by around 27%.

Average workforce of the CEWE Group in 2021 by business unit



On average, the CEWE Group had 3,846 employees in 2021.

Fourth quarter, with strong Christmas business, once again delivers the profit for the year

The fourth quarter plays a key role in the company's annual EBIT figure due to the clear seasonal peak in the Photofinishing business unit in particular. In Q4 2021, the reported Group EBIT figure reached 72.1 million euros (Q4 2020: 80.3 million euros). Yet another excellent performance in the fourth quarter, with the result clearly exceeding the last pre-coronavirus Q4 earnings of 58.8 million euros achieved in 2019.

Changes in individual P&L items largely reflect (coronavirus-influenced) business trend

The contributions which the various business units have provided to the profit and loss account has varied in structural terms: in the Photofinishing business unit, the trend towards value-added products generally means a lower volume of material expenditure but an increasing volume of personnel expenses and other operating expenses. Commercial Online Printing is generally characterised by a higher cost of materials and slightly lower personnel expenses and other operating expenses than in the Photofinishing business unit. On the other hand, Retail entails a significantly higher cost of materials but lower personnel expenses and other operating expenses than in the other two business units.

On average, the CEWE Group had 3,846 employees in 2021 (2020: 4,016). Of this number, 2,534 employees or approx. 66% (2020: 2,652 employees or 66%) worked at the Group's domestic plants and 1,312 employees or 34% (2020: 1,364 employees or 34%) at the CEWE Group's foreign plants.

Consolidated profit and loss account

Increased income from maintenance costs for CEWE Photostations passed on to business partners and from recyclable residual materials arising during the production process in the consumables segment.

Personnel expenses decline in absolute terms, especially due to the lower number of employees in Commercial Online Printing and Retail. This is counteracted by pay scale adjustments and recruitment for central functions increasing this item.

Scheduled reduction due to smaller depreciation base over time; in the previous year, restructuring accruals were also recognised for the optimisation of the branch structure in the Retail business unit.

in millions of euros	2020	**2021**	Change as %
Revenues	**727.3**	**692.8**	**−4.7**
Change in inventories	−0.4	0.3	–
Other own work capitalised	1.3	1.3	−2.3
Other operating income	23.0	27.1	+17.7
Cost of materials	−170.1	−159.9	+6.0
Gross profit	**581.1**	**561.6**	**−3.4**
Personnel expenses	−196.1	−194.9	+0.6
Other operating expenses	−249.9	−242.0	+3.2
EBITDA	**135.1**	**124.6**	**−7.7**
Depreciation	−55.4	−52.4	+5.3
EBIT	**79.7**	**72.2**	**−9.4**
Financial income	0.0	2.0	>1,000
Financial expenses	−3.4	−1.5	+55.3
EBT	**76.4**	**72.7**	**−4.8**
Income taxes	−24.4	−23.8	+2.5
Group earnings after taxes	**51.9**	**48.9**	**−5.8**

Slightly slower decline in finished and unfinished goods due to the volume of incoming orders at the end of December 2021 and the production capacities available at the time.

Cost of materials decreases in line with the turnover trend The trend towards value-added products results in a slightly improved cost of materials ratio; in addition, the value of Retail inventories was adjusted in the previous year.

Reduction of cost types relative to turnover (e.g. logistics and selling expenses), slight increase in marketing costs; additionally, higher expenses from exchange rate differences in the previous year.

Proceeds from the sale of financial interests (Juniqe.de) raises financial income, previous year saw higher financial expenses due to the valuation of a put-call option (Cheerz).

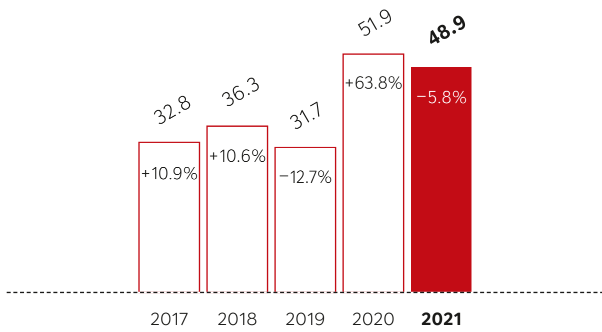
The slight overall decrease in the average number of employees is due, in particular, to the integration of LASERLINE at SAXOPRINT's printing plant in Dresden and the related decline in the number of positions. In addition, in the Commercial Online Printing business unit SAXOPRINT itself likewise has fewer employees than in the previous year. The same is true of the Retail business unit, due to the optimisation of its branch structure.

Group tax rate at expected, normal level of 32.7%
At 32.7%, the Group's tax rate for the reported EBT is at the expected, normal level (Group's tax rate for 2020: 31.9%).

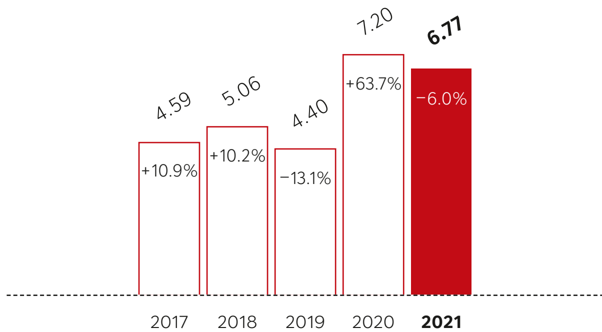
Earnings after tax of 48.9 million euros result in earnings per share of 6.77 euros
The CEWE Group realised earnings after tax of 48.9 million euros in the financial year 2021, a decrease of 3.0 million euros (2020: 51.9 million euros). On this basis, (undiluted) earnings per share amount to 6.77 euros (2020: 7.20 euros).

The Group's tax rate for the reported EBT amounts to 32.7% for the financial year 2021 and is thus at the expected, normal level.

Earnings after taxes in millions of euros / change on previous year as %



Earnings per share in euros / change on previous year as %



The 2021 earnings per share are also significantly above the pre-coronavirus level of 2019.

BALANCE SHEET

In 2021, the equity ratio rises to a healthy 56.0%.
In addition to the equity ratio, which rose to a healthy 56.0%, other balance sheet ratios also followed a very positive trend. The Group's debt (the total of current and non-current liabilities) has declined by 60.8 million euros to 263.7 million euros. This has been partially made up for by the strong 34.8 million euros increase in equity to 335.8 million euros. The debt ratio decreased from 54.1% to just 44.0%. In compliance with the golden balance-sheet rule, non-current assets in the amount of 361.8 million euros are covered by long-term capital (total of equity and non-current liabilities) of 421.1 million euros.

- Following what was already a very solid level in the previous year (December 31, 2020: 48.1%), the equity ratio has once again risen, to the current 56.0%
- Capital employed rises, above all, due to fading impact of coronavirus, which results in 23.9 million euros increase in net working capital

Fading impact of coronavirus causes decline in total assets but rise in capital employed.

End of the coronavirus-related one-off upswing causes total assets to decline by 25.9 million euros to 599.5 million euros
On the assets side, the main driver of the decrease in total assets is the cash and cash equivalents item under current assets, which is down 18.2 million euros. This is mainly attributable to the tax payments subsequently made on account of coronavirus, due to the tax reductions and deferrals in 2020. In addition, trade receivables fell by 6.4 million euros, given the lack of a coronavirus-related one-off upswing in the fourth quarter of 2021. Income tax receivables which exceed the volume of tax expense by 5.1 million euros due to the tax prepayments – as a result of the lower earnings figure on account of coronavirus – have had the opposite effect.

The liabilities side shows a decline in current liabilities of 52.3 million euros to 178.4 million euros, which is mainly due to the above-mentioned discharge of tax liabilities relating to the previous year in the amount of 19.9 million euros. In addition, as a result of the lower volume of business in the fourth quarter, in the absence of the coronavirus-related one-off upswing, trade payables have declined by 14.6 million euros. The remainder of this decrease – which is not attributable to coronavirus – reflects the purchase of the remaining shares in Cheers for 9.8 million euros, in the current financial liabilities item, as well as non-current liabilities which have fallen by 8.5 million euros. This is due, on the one hand, to the discharge of lease liabilities and, on the other, to lower pension accruals resulting from actuarial gains. Equity has increased by 34.8 million euros, showing CEWE's significant earnings growth (even after the end of the coronavirus-related one-off upswing) in the form of comprehensive income of 56.1 million euros, which clearly more than compensates for the other changes in equity.

56.0%

equity ratio has once again increased

Balance sheet Dec. 31

Operating fixed assets
(−10.1 million euros): scheduled depreciation and asset sales

Deferred tax assets
(−2.2 million euros): use of loss carry-forwards

Financial assets
(+2.8 million euros): fair value measurement of financial investments

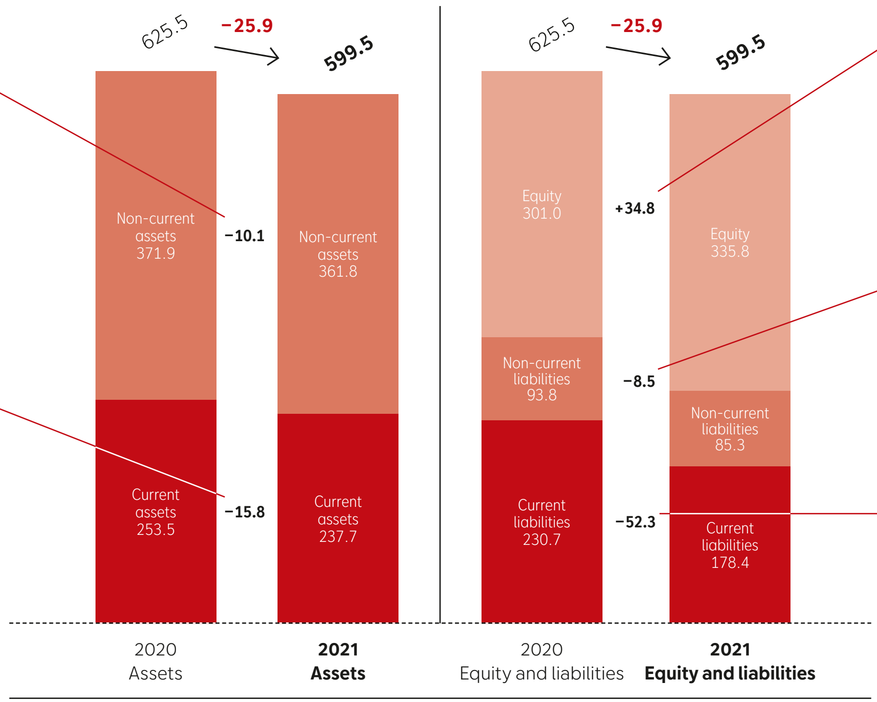
Trade receivables
(−6.4 million euros)

Inventories (+5.6 million euros): build-up of on-site finishing inventory, reduction in Retail

Income tax receivables
(+5.1 million euros)

Cash and cash equivalents
(−18.2 million euros)

Balance sheet Dec. 31, 2021 in millions of euros



Comprehensive income
(+56.1 million euros)

Dividend (−16.6 million euros)

Other equity changes
(−4.7 million euros)

Non-current lease liabilities
(−5.3 million euros)

Pension accruals
(−1.8 million euros)

Tax liabilities
(−19.9 million euros)

Trade payables
(−14.6 million euros)

Current financial liabilities
(−10.8 million euros)

The management balance sheet shows total assets of 599.5 million euros (previous year: 625.5 million euros) reduced by current, non-interest-bearing operating liabilities in the total amount of 168.3 million euros (previous year: 219.9 million euros), as well as the debt and equity elements subject to interest and dividends totalling 431.2 million euros (previous year: 405.6 million euros).

Capital employed rises by 25.6 million euros due to the increase in net working capital which is mainly attributable to the fading impact of coronavirus

Fading impact of coronavirus significantly increases net working capital. The main driver of the 25.6 million euros increase in capital employed is the tax item (income tax receivables and tax liabilities). This tax item increased by 25.1 million euros due to subsequent tax payments made for 2020 as well as the tax prepayments which exceeded the volume of tax expense for 2021, given the lack of a coronavirus-related one-off upswing in the fourth quarter of 2021. As a result of the end of the coronavirus-related one-off upswing, the lower trade payables have likewise led to an increase in capital employed of 14.6 million euros. This reflects the decrease in liabilities to suppliers as well as business partners. As of the end of the year, CEWE owes the latter their share of online mail-order sales which CEWE collects and which accounted for an exceptionally high proportion in the coronavirus year 2020. Fading impact of coronavirus reduces liabilities to very considerable extent and thus noticeably increases net working capital (+ 54.2 million euros). To finance this decline in liabilities, the cash position has decreased by 18.2 million euros. In overall terms, capital employed has thus only risen by 25.6 million euros.

Solid equity causes the volume of capital invested to increase by 25.6 million euros

The 25.6 million euros rise in the volume of capital invested is mainly attributable to the 34.8 million euros increase in equity. In equity, the comprehensive income item of 56.1 million euros reflects CEWE's earnings strength, which more than compensates for the dividend payment and the other changes in equity. Gross financial liabilities have decreased by 6.4 million euros due to the decline in lease liabilities, thus reducing the volume of capital invested. This also reflects the 2.8 million euros decrease in non-operating liabilities, which mainly relates to pension accruals which have decreased due to actuarial gains. Coronavirus has thus had hardly any impact on the capital invested figure.

+ 25.6

million euros increase in capital employed

Management balance sheet Dec. 31

Operating fixed assets
(−10.1 million euros): scheduled depreciation and asset sales

Deferred tax assets
(−2.2 million euros): use of loss carry-forwards

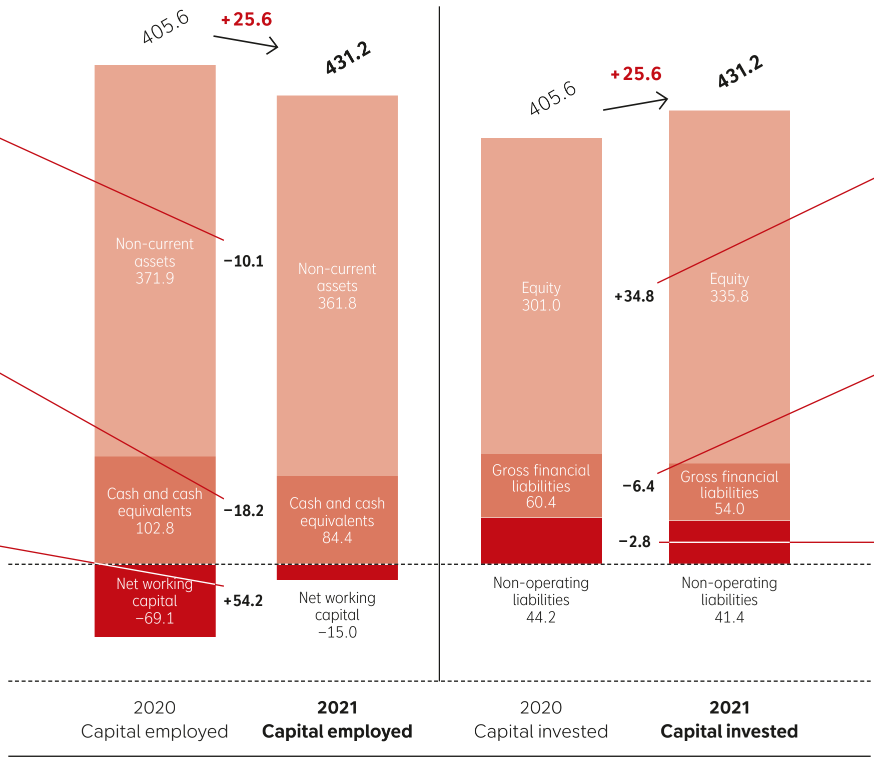
Financial assets
(+2.8 million euros): fair value measurement of financial investments

Cash and cash equivalents
(−18.2 million euros)

Net operating working capital
(+13.8 million euros)
Trade payables
(−14.6 million euros)

Other net working capital
(+40.4 million euros)
- **Tax payments** (−25.1 million euros): income tax receivables (+5.1 million euros), tax liabilities (−19.9 million euros)
- **Purchase of the remaining Cheerz shares** (−9.8 million euros).

Management balance sheet Dec. 31, 2021 in millions of euros



Comprehensive income
(+56.1 million euros)

Dividend
(−16.6 million euros)

Other equity changes
(−4.7 million euros)

In particular, **lease liabilities**
(−5.9 million euros)

Pension accruals
(−2.8 million euros)

CASH FLOW

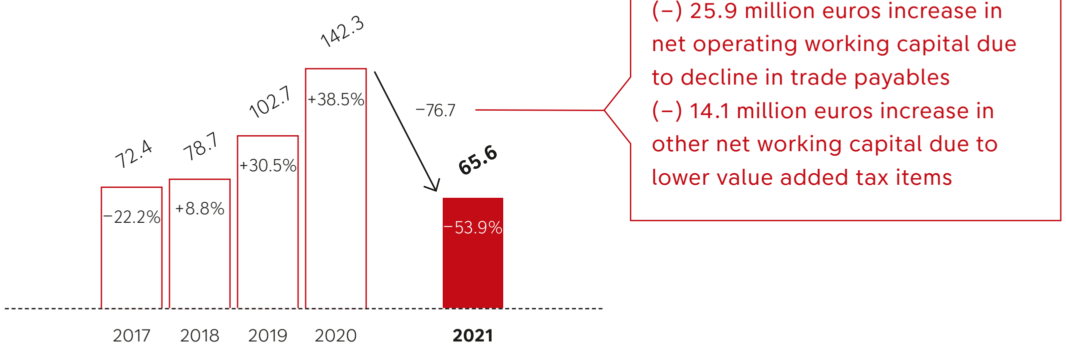
- The coronavirus pandemic causes operating cash flow to fall by 76.7 million euros to 65.6 million euros
- 81.8 million euros decrease in free cash flow, above all due to tax payments and net working capital which has increased on account of the lower volume of business
- Free cash flow in 2021 (adjusted for coronavirus effects in particular) of 63.7 million euros mainly due to EBITDA decrease (−10.5 million euros) is lower than the adjusted previous year's level (76.9 million euros)

The coronavirus pandemic causes operating cash flow to fall by 76.7 million euros to 65.6 million euros
The fading impact of the coronavirus pandemic is reflected in three different items in the operating cash flow and thus accounts for more or less all of its 76.7 million euros decrease. First of all, the tax payments which were partially postponed in the financial year 2020 by means of deferrals and reductions until 2021, in order to establish a liquidity cushion, increased by a strong 36.3 million euros. Secondly: in the net operating working capital item, the positive effects on cash flow in 2020 resulting from the increase in liabilities to business partners from mail-order business for the 2020 Christmas season gave rise to cash outflows in the first quarter of 2021. In the fourth quarter of 2021, this positive effect no longer occurred to the same extent as in the previous year. Together with the decrease in the overall volume of business due to the end of the coronavirus-related one-off upswing, this led to a significant reduction in trade payables, meaning that net operating working capital absorbed 25.9 million euros more in cash. Thirdly, the customer payments attributable to value added tax also decreased and the VAT liabilities paid over in the first quarter of 2021 were thus not offset by a corresponding increase in Christmas business. Mainly for this reason, other net working capital absorbed 14.1 million euros more cash than in the previous year.

65.6

million euros cash flow from operating activities

Cash flow from operating activities
in millions of euros / change on previous year as %



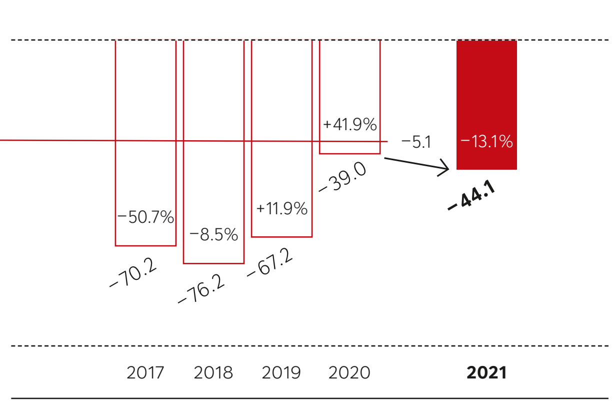
Net cash used in investing activities increases to −44.1 million euros due to acquisition of remaining shares in Cheerz
With operational investment activity largely constant, net cash used in investing activities has increased due to the acquisition of the remaining shares in Cheerz.

Free cash flow down by a significant 81.8 million euros, mainly due to fading impact of the coronavirus pandemic, but …
Overall, free cash flow decreased by 81.8 million euros to 21.5 million euros. This resulted from the 76.7 million euros decrease in cash flow from operating activities to 65.6 million euros – which declined due to the fading impact of the coronavirus pandemic – as well as the increase in net cash used in investing activities to 44.1 million euros as a result of the acquisition of the remaining shares in Cheerz.

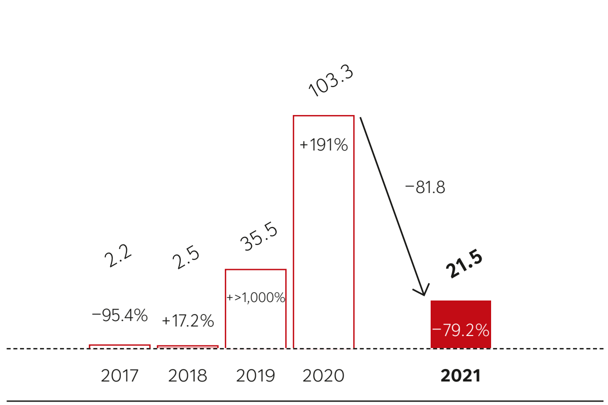
… but free cash flow in 2021 (adjusted for coronavirus effects in particular) of 63.7 million euros mainly due to EBITDA decrease (−10.5 million euros) is lower than the adjusted previous year's level (76.9 million euros)
In the financial year 2020, the operating cash flow was boosted by 18.9 million euros thanks to the deferral of tax payments to the following year. Furthermore, in 2020 an additional (relative to a "normal" year) approx. 7.5 million euros was collected through customer payments transferrable to business partners via online/mail-order business. In overall terms, in 2020 the cash flow from operating activities and the free cash flow were both strengthened in equal measure, by an amount of 26.4 million euros, due to the coronavirus situation. In the financial year 2021, both effects resulted in additional cash outflows in this precise amount. In addition, tax payments of 6.3 million euros exceeded the tax expense for the year 2021. The end of the coronavirus-related one-off upswing caused the EBITDA figure to decline by 10.5 million euros. The cash flow from operating activities was thus subject to an outflow of 40.2 million euros, due to the coronavirus situation

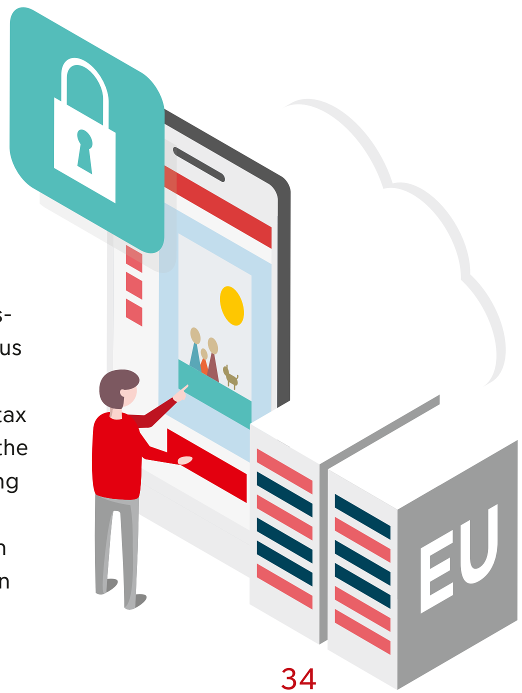
Increase of 5.1 million euros due to the acquisition of the remaining shares in Cheerz (9.8 million euros) and, on the other hand, returns from financial assets and asset disposals. Payments for fixed asset investments have not changed compared to the previous year.

Net cash used in investing activities in millions of euros / change on previous year as %

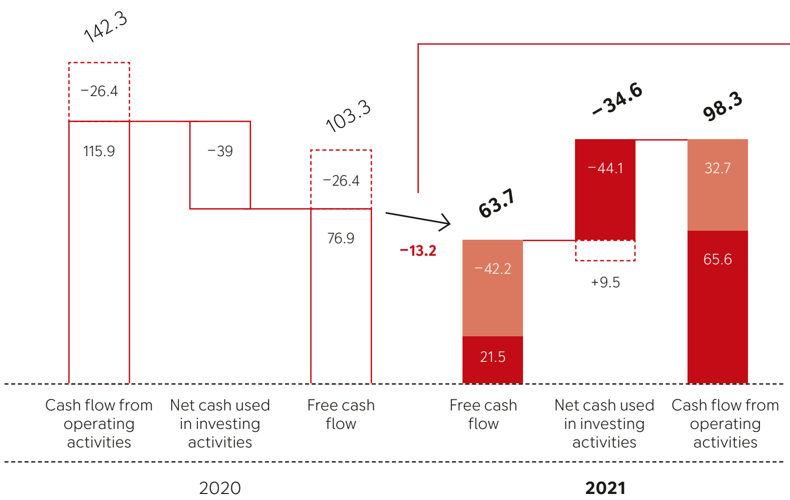


Free cash flow in millions of euros / change on previous year as %





Normalised cash flow 2020 vs. 2021 in millions of euros



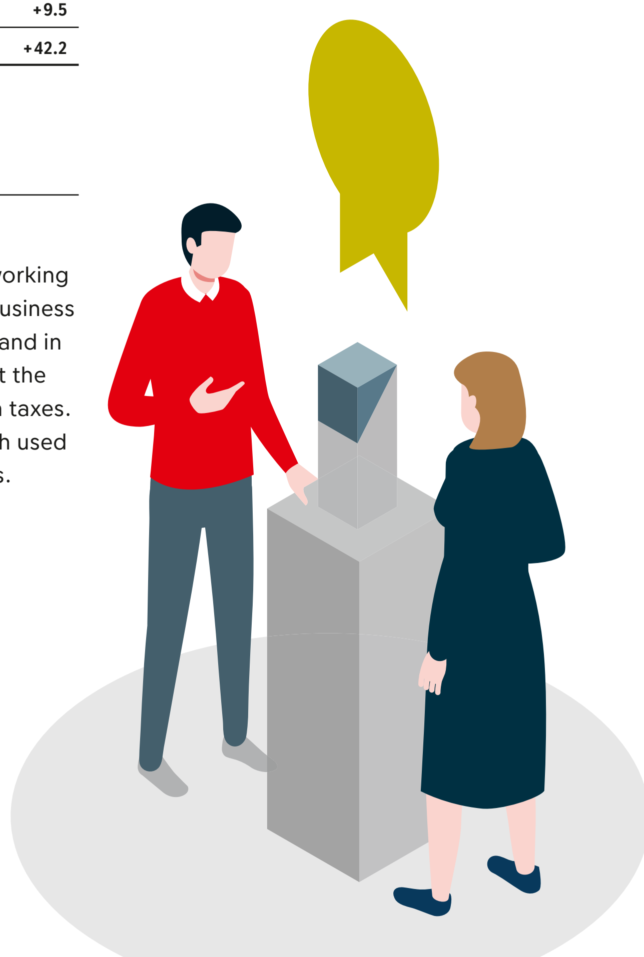
2020	Normalisation account	2021
−18.9	Tax payments postponed in 2020	+18.9
−7.5	Advance debt collection by business partners	+7.5
	Tax payments exceeding 2021 tax expense	+6.3
−26.4	**Normalisation of cash flow from operating activities**	**+32.7**
	Acquisition of remaining Cheerz shares	+9.5
0	**Normalisation of net cash used in investing activities**	**+9.5**
−26.4	**Normalisation of free cash flow**	**+42.2**

Of which 10.5 million euros EBITDA decrease, above all due to stronger “stay-at-home” effect in the previous year, 2020.

especially. Within the net cash used in investing activities, the acquisition of the remaining shares in Cheerz generated an additional funding requirement of 9.7 million euros. In overall terms, free cash flow was thus reduced by 49.7 million euros. Without these mainly coronavirus-related effects, the free cash flow of 2020 would have amounted to 76.9 million euros and that of the current financial year to 63.7 million euros, which is lower due to EBITDA decrease of −10.5 million euros.

End of the coronavirus-related one-off upswing causes free cash flow in fourth quarter to decline by 21.8 million euros relative to the same quarter in the previous year

Free cash flow in the fourth quarter of 2021 decreased by 21.8 million euros to 99.8 million euros. Compared to the same quarter of the previous year, cash flow from operating activities accounted for 20.2 million euros of this decline, showing a drop in earnings of 9.6 million euros in EBITDA, as well as net working capital which includes fewer customer payments due to business partners, owing to the lower business volume that went hand in hand with a lower volume of value added tax collected. At the same time, the company paid an extra 4.4 million euros in taxes. Another factor impacting the free cash flow is the net cash used in investing activities, which increased by 1.7 million euros.



RETURN ON CAPITAL EMPLOYED

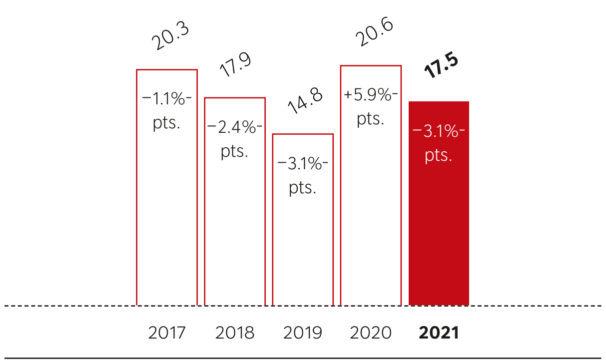
17.5%

ROCE at pre-coronavirus level

» Even after the end of the coronavirus-related upswing: at 17.5% ROCE is significantly higher than the 14.8% level seen in the last year prior to the coronavirus pandemic, 2019

Even after the end of the coronavirus-related upswing: at 17.5% ROCE is significantly higher than the 14.8% level seen in the last year prior to the coronavirus pandemic, 2019
The return on capital employed (ROCE) has decreased from 20.6% to 17.5%. This is well above the 14.8% registered in the last year before coronavirus, 2019 The value of 17.5% reflects the twelve-month EBIT figure of 72.2 million euros and the average volume of capital employed of 411.6 million euros over the four quarterly reporting dates. This development is attributable in equal measure to the reduction in 12-month EBIT and the increase in average capital employed.

ROCE as % /
change on previous year in percentage points

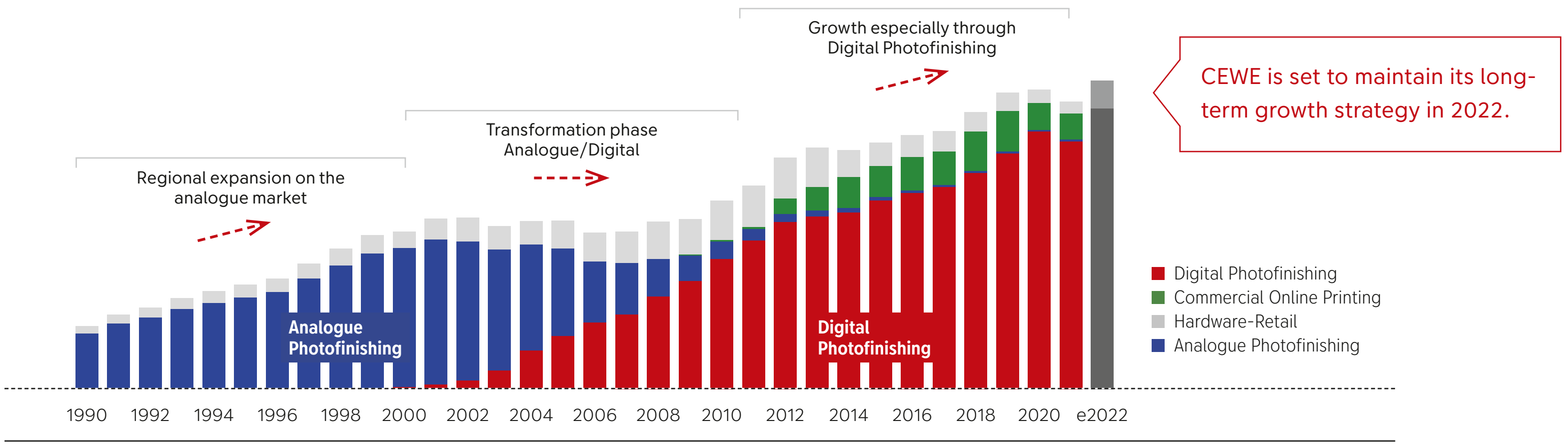


OUTLOOK FOR 2022

Exogenous uncertainties expressed in 2022 target ranges
The financial year 2022 will be shaped by exogenous uncertainties: on the one hand, the continuing coronavirus situation may have a potential impact on photographic and ordering activity, on the other hand, high inflation with a general increase in prices that has already materialised and has not yet ended will have an influence on costs and the cost of sales. Necessary and compensatory price increases may have to be implemented. To take account of these external framework conditions and reflect their potential effects on CEWE's business development in its planning, CEWE has also defined ranges for all its relevant target figures for the financial year 2022. The ranges for these targets for 2022 represent approximate target figures and reflect the current uncertainties.

At present, it is difficult to foresee at what point the current high inflation rates might drop off. For CEWE, inflation is relevant in two respects: On the one hand, inflation on the expense side arises "virtually of its own accord" – accelerated, for instance, by logistics-related delivery problems, shortages of raw materials or labour shortages. We are currently seeing an increase in the price of many production materials and raw materials, and the cost prices for energy costs, logistics costs and other cost types are also rising. Companies must tackle the full range of production factors in case of any requests for price increases and find a mutually satisfactory and adequate solution. On the other hand, on the turnover side CEWE is responsible for passing on the inflation suffered, or still to be suffered, to the expenses side, in order to protect its own business. Here, too, companies must adopt a sensitive approach and find a solution that customers

Long term revenue



can likewise understand and accept. In addition, we face the considerable challenge of maximising the synchronisation of changes on the expense and turnover side, to ensure that there is no time lag which could negatively affect the company's earnings. Many companies are currently faced with this situation. CEWE is working on these tasks, carrying out analyses and weighing up different factors.

Since the end of the financial year, the Ukraine conflict has escalated and a war has broken out between Russia and Ukraine. CEWE does not expect that this conflict will have any direct impact on its business, either in terms of procurement or sales. At the present time, there are no indications of any negative impact on consumer sentiment and thus on the development of turnover. However, CEWE's planning for 2022 does not reflect the possible effects of a prolonged or widening Ukraine war – above all, on consumer sentiment.

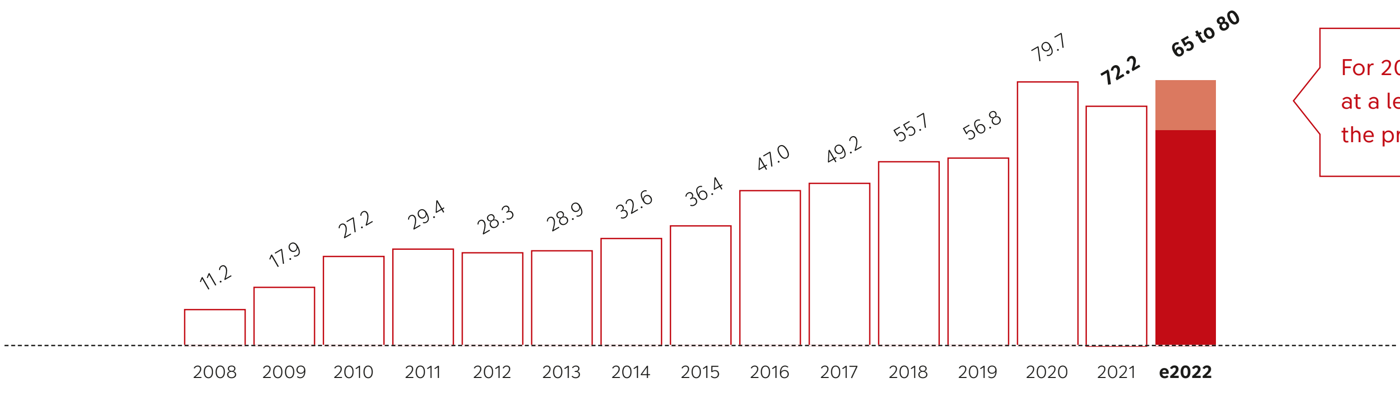
CEWE maintains long-term growth strategy
On average, Group turnover will increase slightly in 2022, from 692.8 million euros in the previous year, 2021, to between 680 million euros and 740 million euros. The turnover trend for the core Photofinishing business unit will improve slightly, on average. The Retail business unit is expected to once again register a slight decline in turnover generated by photo hardware, while Commercial Online Printing will likely achieve slight turnover growth in most markets once the coronavirus situation eases.

EBIT earnings target range in 2022: 65 to 80 million euros
Following 72.2 million euros in the previous year, 2021, Group EBIT for the financial year 2022 will fall within a range of between 65 million euros and 80 million euros, the EBT figure will amount to between 62 million euros and 77 million euros and earnings after tax to between 42 million euros and 52 million euros.

65–80

million euros EBIT planned for 2022

EBIT development in millions of euros



For 2022, CEWE again projects EBIT at a level significantly above that of the pre-coronavirus year 2019.

Goal for 2022 CEWE Group

		2022	Change as %
Photos	billion units	2,0 to 2,3	−7 to 4
CEWE PHOTOBOOK	million units	5,4 to 5,8	−4 to 3
Operational investments[1]	millions of euros	60	
Turnover	millions of euros	680 to 740	−2 to 7
EBIT	millions of euros	65 to 80	−10 to 11
Earnings before taxes (EBT)	millions of euros	62 to 77	−15 to 6
Earnings after taxes	millions of euros	42 to 52	−14 to 6
Earnings per share	euros/share	5,89 to 7,32	−13 to 8

1 Outflows from investments in property, plant and equipment and intangible assets less inflows from the sale of property, plant and equipment and intangible assets; excl. business and company acquisitions

The ranges for these targets for 2022 reflect the uncertainties currently associated with the coronavirus situation, the general increase in prices as well as the looming wave of inflation and its potential impact on CEWE's course of business. Nor does this planning reflect the possible effects of a prolonged or widening Ukraine war – above all, on consumer sentiment.

Operational investments planned at normal level

The operational investments planned for 2022 (i.e. outflows from investments in property, plant and equipment and intangible assets less inflows from the sale of property, plant and equipment and intangible assets; excluding business and company acquisitions) are expected to amount to approx. 60 million euros. This includes overall around 20 million euros of investments in real estate, such as the purchase of an additional property at CEWE's Oldenburg headquarters and various maintenance and renovation measures for existing properties.

Minimum goal of dividend continuity

In general, CEWE pursues the goal of dividend continuity. Where this appears possible in view of the company's economic situation, the available investment opportunities as well as the effects of the current coronavirus pandemic, this entails a dividend which is at least unchanged in absolute terms, and ideally an increased dividend. This policy clearly focuses on the absolute dividend value, with the payout ratio as a secondary element.

INTERVIEW

DR CHRISTIAN FRIEGE
Chairman of the Board of Management of
Neumüller CEWE COLOR Stiftung

A year ago you were still celebrating a free cash flow of more than 100 million euros, now it's just under 25 million euros – that's barely a quarter of what it was in the previous year. The 2021 EBIT figure may be healthy and the second-best ever achieved by CEWE, but the important "free cash flow" metric has suffered a very significant setback. What has happened?
Well, that's quite a start to this interview …

It's the most discussion-worthy trend we could identify.
(Laughs) Fair enough … but let me put things in perspective … and also set the record straight a little: first of all, we did not actually celebrate 103.3 million euros in free cash flow last year. On the contrary, when we mentioned this figure, we always pointed out that a number of coronavirus-related special factors had driven this cash flow to unnatural peaks in 2020. The lockdowns resulted in an excellent Christmas business season in Photofinishing which, for the same reason, also had a higher online share than usual. This meant that we had collected much more money from customers through our online business, of which our business partners had yet to be paid their share. We made these payments in January 2021, hence in the new year, thereby "artificially" strengthening the cash flow for the year 2020. Tax prepayments should be perceived in a similar way. Although we had made numerous tax prepayments during 2020 – which we were allowed to withhold for "safety reasons" in what, at the start of the pandemic, looked like a very difficult year – here again, not all of this had yet been returned to the tax office. This then likewise occurred in Q1 2021, thus "artificially" strengthening the 2020 cash flow.

When we presented the 103.3 million euros figure, we therefore always mentioned that, without the above effects, the figure would have been closer to 77 million euros. Please don't get me wrong, that's still a great number, but it's not above 100.

OK. But why is it not even 25 now? That is still a drop to one third.
Well, that's the other side of the story. Precisely these outflows which I have just described as effects from the year 2020, but which only occurred at the beginning of the year 2021, now constituted what was, once again, an "artificial" reduction of our 2021 cash flow. This alone puts us at around 50 million euros in free cash flow. And then there are other effects, such as the higher tax payments deriving from the previous year's earnings that also applied to the business in 2021, the cash-out for the acquisition of the remaining shares in our subsidiary Cheerz, the cash flow reduction from the overall reduction in earnings in 2021 compared to 2020. So we see that the two cash flows are quite comparable.

This was a backward-looking question. But we are actually more interested in the future. Where do you see opportunities in Commercial Online Printing, for example?
What we can say now is that the market clearly hasn't returned to pre-pandemic profitability yet. Although we have actually posted a decline in turnover from 67.8 million euros in 2020 to 66.0 million euros in 2021, this can be explained by the fact that the first quarter of 2020 was still mostly normal, whereas in 2021, COP was hit by a lockdown in the first quarter. Turnover has increased in all subsequent quarters in 2021 compared to 2020, but it is still far from pre-pandemic levels or even above that mark. We will clearly have to wait a little longer here. In any case, we have done our homework, which is reflected by the significant increase in COP earnings, despite lower turnover, with an EBIT figure rising from −3.7 to +1.2 million euros. This is where increased efficiency has shown its effect. So we're ready to generate more profit again, once the pandemic subsides and demand picks up. For now, we are keeping our cool and remained focussed. Keep calm, and carry on.

> "We are hard at work to ensure that 2022 is another successful year for CEWE. The easing of coronavirus measures may mean that more holiday travel is once again possible, which would provide plenty of good reasons to take photos – and that should be good for the order volume in CEWE's Photofinishing business unit."

And where are things heading in your main business unit, Photofinishing? Have you already returned to "normality" there?
No … you certainly can't call this situation normal. Of course, we had a rather successful Christmas season, but one in which our customers obviously had less up-to-date photo material at their disposal. This is why our CEWE PHOTOBOOK – the multi-photo product par excellence – suffered a slight decline in volume. Customers are switching to other products that require fewer photos, e.g. calendars or phone cases. This means that we receive a reduced volume of orders. So, yes, customers still have photos. And there is demand for photo products. However, new photo material from recent travels and visits from friends and family could certainly add fresh momentum.

When can we travel again?
(Laughs) Well, you're asking the wrong person. I know just as much as you. It seems that there is a tendency towards a relaxation in spring. In previous years, the "outdoor season" has often been a time when the restrictions are lifted – at least slightly. That should be beneficial as far as travel is concerned – and beneficial for the mind. It will also be good for the order volume in CEWE's Photofinishing business. Unless of course a prolonged war in Ukraine upsets our calculations here.

You are now presenting 2020 as a special year, especially due to the „stay-at-home“ effect, and are integrating the results of 2021 quite harmoniously into the series of years prior to 2019 … with regard to various key indicators: EBIT generated by the CEWE Group, operating EBIT margin in the Photofinishing business segment, etc. And 2022 is expected to represent a continuation of this trend. What makes you so sure of that?
That's a question we have asked ourselves, of course … and it's a very legitimate question. You know our motto: "Businesses which don't trouble themselves about the future will end up in trouble!" We are including these forecast data for 2022 in the time series, since they are the result of detailed bottom-up and top-down planning. We therefore want to communicate this in all honesty to the public. Can we be sure? No. One can never be sure, especially not now in view of the remaining challenges posed by the pandemic and the added effects of inflation and, above all, the terrible war "right on our doorstep". At the present time, no one is in a position to assess the impact of this war. Of course, it is also true that trends are rarely linear and usually come in waves. Such is life. Above all, we are aware that Q1, at least, will be challenging by comparison with the previous year 2021, which was a very strong year for our Photofinishing business unit. As is so often the case, it will ultimately be the dominant Christmas quarter that decides the outcome. In other words, 2022 too is not a foregone conclusion. But we are hard at work to ensure that 2022 is another successful year. The forecast we present to the public is given to the best of our knowledge. We stand by that. That is what we are aiming for.

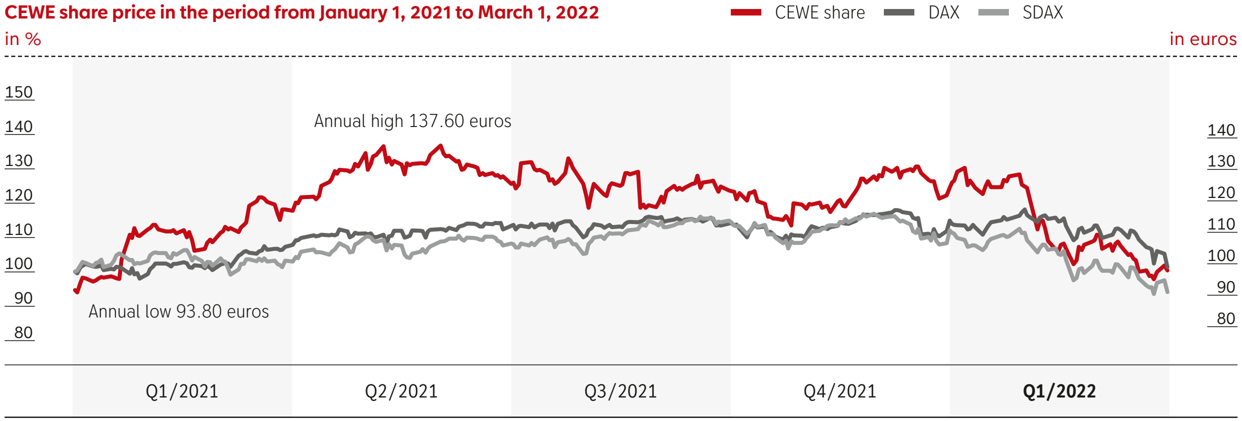
And what does that mean for your work at CEWE? What does your new normal look like?
That is a very important question. And the answer I would like to give you is just as important: I don't know. What we do know is that the new normal will be different from the old normal. With this knowledge firmly in mind, we have started experimenting. We know that we want to work side by side again. Most of our employees suffer from a sense of isolation when working remotely, be it at home or elsewhere. To counter this, we will find space/opportunities for creative collaboration. At the same time, we will find solutions to facilitate quiet, concentrated and productive silent work. From an investor point of view: what does that mean for costs? Will we end up using more or less space per person? Some companies were very quick to announce plans to reduce office space by 30 %. Others are looking to do the opposite and feel that they need even more space to make the office attractive again. We believe that the time for such decisions has not yet arrived. We are all still in the process of learning about the new possibilities. We are talking a lot with one another and seeking out further possible solutions. When the time is right, we will define CEWE's path into this new working world, together with our employees.

Sounds exciting. Dr Friege, thank you very much for this interview.
You're most welcome. My pleasure, as always.

CEWE SHARE

Stock markets deliver robust performance in 2021
In 2021, capital markets continued to be impacted by the coronavirus pandemic and the emergence of various coronavirus mutations, while rising inflation rates, global supply shortages, and increased commodity and energy prices also slowed down the global economic recovery. Given the different monetary policy measures taken by the central banks in the USA and the Eurozone in response to higher inflation, the euro dropped −7.3% against the US dollar over the course of the year. Despite these numerous challenges throughout the year, the stock markets worldwide delivered a robust performance in 2021 and recorded healthy overall gains.

CEWE share price in the period from January 1, 2021 to March 1, 2022



Key share information

Type of security	No-par value share
Market segment	Geregelter Markt PRIME STANDARD
Index	SDAX (from March 23, 2009)
ISIN	DE 0005403901
Symbol	CWC
Reuters	CWCG.DE
Bloomberg	CWC GR
Date of initial quotation	March 24, 1993
Number of shares	7,442,003 units
Daily volume (2021 average)	6,998 units
Annual high in 2021	137.60 euros
Annual low in 2021	93.80 euros
Year-end price 2021	128.40 euros

CEWE share performs well in 2021
The CEWE share posted a performance of +38.8% in the past year, 2021: closing the year at 128.40 euros, it was up 35.90 euros on the reporting date (year-end price in 2020: 92.50 euros). CEWE thus ranked 22nd among the top performers of the 70 SDAX companies. At +15.8%, +14.1% and +11.2% respectively, the DAX, MDAX and SDAX benchmark indexes underperformed the CEWE share in the same period. The average monthly volume of trading of the CEWE share on the XETRA index was 17.4 million euros in 2021 (monthly average in 2020: 20.3 million euros). The slightly weaker trading turnover of the CEWE share went hand in hand with a total order book turnover of 1.555 trillion euros in 2021 for all listed companies in XETRA trading (combined XETRA trading volume for all companies in 2020: 1.707 trillion euros).

CEWE still solidly positioned in the SDAX
Since the DAX's reform in July 2021, only a company's level of "market capitalisation" will determine whether it is featured in an index. The only other check implemented is whether a company fulfils a certain level of minimum liquidity. The "trading volume" criterion which was previously always also checked is no longer applied for the composition of the index. The CEWE share clearly exceeds the minimum liquidity requirements; in terms of market capitalisation, CEWE moved up to 143th position at the end of 2021 (December 31, 2020: 149th position). The CEWE share has thus strengthened its position on the SDAX index, which normally features shares with a ranking of 165 or higher.

Dividend for 2021 to rise for a thirteenth consecutive occasion

With a goal of dividend continuity, CEWE seeks to issue a dividend every year which is at least unchanged in absolute terms, and ideally an increased dividend where this appears possible in view of the company's economic situation, the available investment opportunities as well as the effects of the current coronavirus pandemic. For the financial year 2021, the Board of Management and the Supervisory Board of CEWE Stiftung & Co. KGaA will propose to the general meeting an increase in the dividend to 2.35 euros for each share conferring a dividend entitlement (dividend for the financial year 2020: 2.30 euros). On the basis of the 2021 year-end price of 128.40 euros, this corresponds to a dividend yield of 1.8%. If the general meeting which will be held on June 15, 2022 agrees to this proposal, this will be the thirteenth consecutive dividend increase and also the highest dividend in the company's history. Since 2008, the dividend issued by CEWE has risen continuously, year-on-year, from 1.00 euros per share to the current figure of 2.35 euros.

All analysts recommend buying the CEWE share

The analysts who follow CEWE concur in their positive investment analysis and are signalling "buy" for the CEWE share. For an overview of these analysts and their recommendations, please go to the Investor Relations section of CEWE's website at **ir.cewe.de**.

Overview of current analysts' assessments

	Analysts' assessment	Date
GSC Research	Buy	Feb. 10, 2022
FMR Research	Buy	Feb. 9, 2022
Hauk & Aufhäuser	Buy	Feb. 4, 2022
Baader Bank	Buy	Feb. 3, 2022
Kepler Cheuvreux	Buy	Feb. 3, 2022
Warburg Research	Buy	Feb. 3, 2022
montega	Buy	Jan. 21, 2022

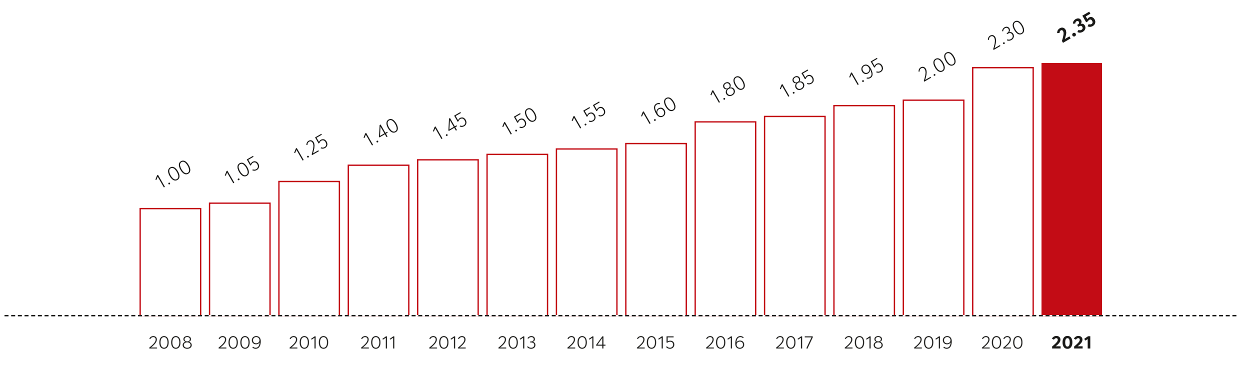
CEWE share registers

+38.8%

performance in 2021

All analysts recommend buying the CEWE share.

CEWE dividend (euros per share)



The dividend for the financial year 2021 is set to climb to 2.35 euros per share: a 13th consecutive dividend rise!

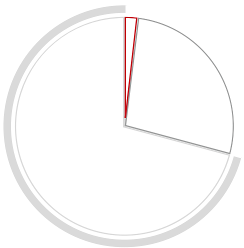
Stable shareholder structure strengthens management's strategy

The heirs of the company's founder Heinz Neumüller – Alexander Neumüller (AN Assets GmbH & Co. KG, Oldenburg) and Dr Caroline Neumüller (CN Assets GmbH & Co. KG, Oldenburg) – are CEWE's largest shareholders, with a combined interest of 27.1%, and the company has thus enjoyed a high level of ownership stability for many years now. The group of notifiable investors with shareholdings in excess of 3% or 5% also includes Union Investment Privatfonds GmbH, Lupus Alpha Investment GmbH and Allianz Global Investors GmbH. With their small and mid-cap orientation, they make an ideal fit for CEWE.

The CEWE equity story: dependable stability, consistent rise in profitability, market leader and steady growth

What makes investing in CEWE particularly attractive? CEWE's equity story can be summed up in terms of the following four aspects:

Shareholder structure as %
(100% = 7.4 million shares)



CEWE Stiftung & Co. KGaA, Oldenburg	3.0
The heirs of the company's founder, Heinz Neumüller	27.1
Other shareholders	69.9

(1) Dependable stability

Thanks to its strong equity ratio of more than 50%, a very solid net cash position at the end of the year, and demand which is largely independent of the general economic situation (above all in Photofinishing), CEWE is built on reliable and stable foundations.

(2) Consistent rise in profitability

Having steadily risen over the years and protected by a strong brand with a high level of brand recognition, the profit margin in the Photofinishing core business unit promises further growth in earnings for the entire CEWE Group in the future.

(3) Market leader with steady growth

As a market leader and thus natural consolidator in the photofinishing sector, CEWE enjoys growth opportunities in many European countries. Moreover, the continuous development of new products and innovations is in CEWE's DNA. The trend towards smartphone photography and the use of artificial intelligence in product configuration and ordering underpins this growth.

For many years, CEWE has enjoyed a high degree of stability in terms of ownership.

(4) Strong results

With earnings rising consistently for many years (as explained in the "Long-term trend" section above) and a very respectable return on capital employed (ROCE), CEWE has proven to be an extremely reliable payer of dividends: CEWE's dividend proposal for the financial year 2021 represents a 13th consecutive dividend increase for its shareholders.

CEWE is there for its shareholders

The clear objective of investor relations activities at CEWE is to notify all market participants promptly, comprehensively and equally in line with the principles of "Fair Disclosure", while achieving a high level of overall transparency.

CEWE thus naturally also publishes all of its annual and interim reports and capital market information online at ir.cewe.de/publications. All analyst telephone conferences are made available as webcasts and audiocasts on CEWE's website. The current version of CEWE's company presentation is also available here.

The Board of Management and the Investor Relations team present the company at key capital market conferences and attend road shows in European and US financial centres. In view of the coronavirus situation, in 2021 almost all of these events once again took place virtually, as online conferences and road shows. For details of the dates currently scheduled for 2022, please refer to the financial calendar on page 206 of this report or visit our IR website at ir.cewe.de.

REPORT
OF THE SUPERVISORY BOARD

OTTO KORTE
Chairman of the Supervisory Board of CEWE Stiftung & Co. KGaA and Member of the Board of Trustees of Neumüller CEWE COLOR Stiftung

DEAR SHAREHOLDERS,

The financial year 2021 was again significantly shaped by the coronavirus crisis. The constantly changing legal and economic framework conditions – from lockdown to travel liberalisation – was reflected in our customers' behaviour and demanded an extra degree of flexibility and risk assessment skills from the Board of Management. Despite reduced turnover, we took the right measures and turned the slump in the financial year 2020 in our Commercial Online Printing and Retail business units into positive earnings contributions in 2021. The Photofinishing segment recorded a moderate decline in turnover. All in all, as a shareholder you can take pleasure in what is ultimately a strong result for the year. This is a performance which certainly can't be taken for granted in the prevailing economic environment.

The Supervisory Board would like to sincerely thank all of the Group's employees and the Board of Management team for their combined efforts and their ability and willingness to successfully meet the fresh demands of the year under review.

In the year under review, the Supervisory Board duly performed the tasks required of it by law, the company's articles of association and the Supervisory Board's rules of procedure as well as the German Corporate Governance Code. In particular, we carefully and regularly monitored the work of the Board of Management and advised it on its management and its strategic development of the company and in case of key decisions.

Supervisory Board meetings, general meeting

The Supervisory Board met in full five times in the year under review, on February 17, March 17 (balance sheet meeting), June 9, September 15 and November 10. While all of the members were present in person at the meetings held in September and November, the other meetings took place virtually.

The members of the Board of Management attended the Supervisory Board's meetings. Where necessary, the Supervisory Board met internally following these meetings.

The general meeting was held in virtual form on June 9, 2021.

Core issues dealt with by the Supervisory Board

At all of the Supervisory Board's meetings, the Board of Management presented the Group's results of operations and its net assets and financial position for the individual segments of the corporate group, with a breakdown for Germany and other countries and including the previous-year figures and the planning figures. Once per quarter, the Supervisory Board was provided with an outline of the risk report as well as the effects of the disruptions caused by coronavirus (which varied in their intensity) and the countermeasures implemented.

At the meeting held on February 17, 2021, the corporate planning was discussed in detail with the Board of Management. In addition, the Board of Management presented the company's corporate planning and the Supervisory Board discussed this in detail, while taking into consideration the uncertainties associated with the pandemic.

At the balance sheet meeting held on March 17, 2021, those present approvingly noted the audit findings for the annual financial statements and the consolidated financial statements, the sustainability report and the consolidated non-financial statement, corporate governance and risk management as well as the report on related parties.

The Board of Management's proposal for the appropriation of profits was approved, as was the draft invitation to the virtual general meeting, which specifically provides for an amendment to the articles of association regarding Supervisory Board remuneration (item 6) and the creation of authorised capital for employee shares (item 7).

Based on a recommendation of the Audit Committee, the Supervisory Board resolved to propose to the general meeting the appointment of BDO AG, Wirtschaftsprüfungsgesellschaft, Hamburg, as auditors of the financial statements and consolidated financial statements for the financial year 2021.

The Supervisory Board's report was discussed and approved.

The Board of Management reported on the status of the S/4HANA project.

During the internal part of the meeting, the Supervisory Board discussed the results of the self-evaluation carried out among all of the Board's members. Various members suggested enhancing the work of the Supervisory Board through more training opportunities and presentations by external experts.

Following the general meeting on June 9, 2021, a meeting was held to discuss the course of the general meeting.

The Supervisory Board authorised the Board of Management to implement the Stock Option Plan 2021 in accordance with the proposed terms and conditions.

Finally, the Board of Management reported on the very encouraging results of the staff survey that had been conducted in conjunction with the consulting firm Great Place to Work.

The meeting of September 15, 2021 took place in the physical presence of all Supervisory Board members, on the business premises of SAXOPRINT GmbH in Dresden. Presentations and the discussion mainly focused on the Commercial Online Printing business unit, in particular the impact of coronavirus and the measures arising therefrom.

At the meeting held on November 10, 2021, the Board of Management provided a detailed overview of the market situation in France. Ms Patricia Geibel-Conrad reported on the results of the Audit Committee meeting of the previous day.

The Supervisory Board also discussed the changes in case law on the value added tax treatment of remuneration. During a factory tour, employees of the Oldenburg production department gave a demonstration of CEWE's Advent calendar manufacturing process.

With the exception of one member who was absent on one occasion due to illness (Ms Petra Adolph), all of the members of the Supervisory Board were present in person, or else participated digitally, at all of its meetings.

Due to new legal requirements, the Supervisory Board and the Board of Management discussed internal processes for the identification and evaluation of related party transactions. There were no transactions requiring approval or notification in the year under review.

To enhance education and training, the company has entered into a user agreement with a digital platform. This gives all members of the Supervisory Board access to legal texts, digital presentations and publications relating to their work for a listed company limited by shares.

Committee meetings

As in the previous year, the Nomination Committee did not meet in the year under review. Mr Otto Korte (Chairman), Dr Hans-Henning Wiegmann and Mr Paolo Dell'Antonio serve on this committee.

The members of the Audit Committee are Ms Patricia Geibel-Conrad (Chairwoman), Mr Markus Schwarz (Deputy Chairman), Mr Otto Korte and Ms Marion Gerdes. The Audit Committee met on March 16, August 3 and November 9, 2021 with all of its members present as well as various members of the Board of Management and the auditor. The core aspects of its activities were monitoring the financial reporting process and the preparatory audit of the annual financial statements and the consolidated financial statements as well as the combined management report and the consolidated non-financial reporting for the past financial year 2021. The Audit Committee agreed on the preparatory recommendations for the Supervisory Board regarding the related resolutions. In the presence of the auditor, its report on its review of the semi-annual financial statements as of June 30, 2021 as well as the interim management report was discussed in detail with the Board of Management. Where necessary, the Chairwoman of the Audit Committee also discussed matters with the auditor between these meetings. The managers in charge of relevant central functions were also available at the committee meetings to provide reports and to answer any questions regarding specific items of the agenda.

One of the key topics of the meeting on March 16, 2021 was the risks that Covid-19 has posed, or is likely to pose, to the Group's business model. Discussions were held on the requirements and measures resulting from the adjusted risk detection system for risk-bearing capacity, risk aggregation and risk documentation, which has been in effect since January 1, 2021.

The Audit Committee undertook preliminary planning for the audit of the separate financial statements and the consolidated financial statements of CEWE Stiftung & Co. KGaA with the combined management report for the financial year 2020, the proposal for appropriation of unappropriated profits as well as the report on related parties. The Chairman of the Board of Management, the Chief Financial Officer and the auditor were present at this meeting. The Audit Committee was provided with detailed information on the audit activities and findings of the auditors for the parent company as well as its German and foreign subsidiaries, particularly in relation to the key audit matters and the defined core audit areas. The audit of the accounting-related internal control system and the early risk detection system were also discussed in depth.

According to the auditor's findings, neither the early risk detection system nor the accounting-related internal control system have given rise to any objections.

Furthermore, discussions were held on the statutory, professional and risk-related core audit areas. As special core areas, the auditor presented the inventory of property, plant and equipment as well as a self-assessment of the managing directors of all companies on the topics of the internal control system, the declaration of completeness, taxes and recording of risks arising from decentralised contracts. This was followed by related comments from the Board of Management members.

The draft resolutions associated with the financial statements were prepared for the Supervisory Board.

By way of preparation for the audit, the Supervisory Board also tasked BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, with a review of the contents of the non-financial reporting, with a limited degree of certainty, and the issuance of a related review certificate. The auditor also provided a detailed report on this review, followed by an in-depth discussion of its key results and findings.

The Board of Management and the auditor reported on the auditor's non-audit services provided in 2020 and planned for 2021; no objections were raised and it was determined that the resolved amounts had not been fully drawn upon.

The Audit Committee ensured that the auditor was rotated and that the auditor in question had the necessary level of independence and qualifications. It provided the Supervisory Board with a recommendation for its proposal to the general meeting on the appointment of the auditor for the financial year 2021.

At the meeting on August 3, 2021, the IT Security Officer delivered his first report on his activities, the IT infrastructure and the various security-related incidents that had occurred in recent months.

The auditor reported on its review of the semi-annual financial statements as of June 30, 2021. According to its findings, no matters have come to light such as would suggest that the condensed interim consolidated financial statements and interim consolidated management report are not consistent with the requirements of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG).

Due to Covid-19, an impairment test was carried out over the course of the year for the Commercial Online Printing business unit. According to the auditor‘s findings, balance sheet goodwill and intangible assets are not affected.

The auditor also reported on the internal audit as part of the internal control system and on the effects of the new German Act Strengthening the Integrity of the Financial Market.

The Audit Committee discussed the core audit areas in 2021, in particular the measurement of property, plant and equipment and various balance sheet and tax issues for the subsidiaries. "Lessons learned" with respect to improving the quality of the audit were discussed with the auditor.

At the meeting on November 10, 2021, the auditor reported on the outcome of its preliminary audit for 2021. The core areas for the audit of the financial statements for the financial year 2021 were discussed and agreed with the auditors. The internal auditing department gave a detailed presentation of the organisational structure and workflow management as well as its annual activity report. The Board of Management provided an update on the S/4HANA project.

Finally, the Audit Committee also approved the 2021 budget for the non-audit services and authorised this budget for 2022.

In the year under review, the Audit Committee once again ensured that it was kept regularly informed of any changes to the regulatory environment and discussed the measures required of CEWE due to the European Single Electronic Format Regulation, the changes to CSR reporting, the German Act Strengthening the Integrity of the Financial Market (Finanzmarktintegritätsstärkungsgesetz – FISG) and the German Act on Supply Chains (Lieferkettengesetz – LkSG).

Corporate governance

In the year under review, the Supervisory Board included seven female members and thus continued to fulfil the quota which is required by law.

At its internal meeting on February 17, 2021, the Supervisory Board discussed the remuneration system stipulated in § 14 of the company's articles of association and determined that the previous model, which provides for fixed remuneration and a significant amount of variable remuneration, no longer reflects current opinion, particularly in light of the amended GCGC. It was therefore decided at the next general meeting to propose an amendment to the articles of association stipulating fixed remuneration plus reimbursement of expenses.

For the financial year 2021, the Board of Management and the Supervisory Board have submitted an updated declaration of conformity in accordance with § 161 of the German Stock Corporation Act (Aktiengesetz – AktG), which is available on the company's website. In addition, in the management report – which the Supervisory Board adopts as its own – the Board of Management reports on corporate governance at CEWE (available at ir.cewe.de).

Conflicts of interest

There were no conflicts of interest on the part of members of the Board of Management or the Supervisory Board which must be immediately disclosed to the Supervisory Board and notified to the general meeting. All of the current members of the Supervisory Board are independent within the meaning of Recommendation C.7 of the GCGC, as amended on December 16, 2019.

Efficiency review

In January 2021, an internal efficiency review was conducted by means of questionnaires for each Supervisory Board member.

Changes to the makeup of the executive bodies

There were no changes to the makeup of the Supervisory Board in the year under review. Mr Frank Zweigle retired from the Board of Management of Neumüller CEWE COLOR Stiftung on December 31, 2021. Ms Christina Sontheim-Leven was appointed Board Member for Human Resources and Organisational Development with effect from January 1, 2022.

Annual financial statements and consolidated financial statements, audit

The annual financial statements of CEWE Stiftung & Co. KGaA have been prepared by the Board of Management in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch – HGB), while the consolidated financial statements and the consolidated management report have been prepared in compliance with the International Financial Reporting Standards (IFRS), as applied in the European Union (EU), as well as the provisions of German law which apply in addition under § 315e (1) HGB.

BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg – which was appointed as the auditor for the financial year 2021 by the general meeting – audited the annual financial statements and the consolidated financial statements as well as the consolidated management report including the management report for CEWE Stiftung & Co. KGaA for the financial year 2021, including the accounting, and issued an unqualified auditor's opinion in each case. Jörg Sabath and Christoph Hyckel have acted as the company's auditors since the financial year 2019. Christoph Hyckel has served as the auditor with responsibility for the audit since the financial year 2021. The auditor also determined that the Board of Management has established an appropriate information and monitoring system which is suitable in order to identify early on any developments which jeopardise the continuation of the company as a going concern.

At its meeting held on March 22, 2022, the Audit Committee initially verified on the basis of the audit reports and the Board of Management's report that these two sets of financial statements and the combined management report provide a true and fair view of the net assets, financial position and results of operations in compliance with applicable accounting regulations. At this meeting, the auditor discussed in detail the process as well as the key findings of its audit of the separate financial statements and the consolidated financial statements and of the combined management report – including the key audit matters and core audit areas and its audit of the non-financial reporting – and was available to respond to any additional questions. In particular, it reported on the structure of the accounting-related internal controls and the risk management system. The chair of the Audit Committee reported to the Supervisory Board on the outcomes of these discussions.

For its part, the Supervisory Board also audited the annual financial statements, the proposal for appropriation of the unappropriated profits for 2021 and the consolidated financial statements as well as the consolidated management report for the financial year 2021. All of these documents were provided in good time. Representatives of the auditor were also present at the balance sheet meeting of the Supervisory Board held on March 23, 2022 and were available to provide further information. Additional questions from the members of the Supervisory Board prompted an in-depth discussion of the results.

The Supervisory Board was able to verify the appropriateness of the general partner's proposal for appropriation of unappropriated profits in relation to the company's net assets, financial position and results of operations – while taking into consideration the adverse impact on the company's business situation as a result of Covid-19 – and agreed to this proposal, following a discussion in the presence of the auditor. Finally, the Supervisory Board complied with its audit obligation under § 171 (1) clause 4 AktG in relation to the consolidated non-financial statement and did not raise any objections.

Following a preliminary audit by the Audit Committee at a meeting held on March 22, 2022, at its meeting of March 23, 2022 the Supervisory Board endorsed the annual financial statements and the consolidated financial statements of CEWE Stiftung & Co. KGaA as well as the combined management report, and found that there were no grounds for objections. Following a discussion at its balance sheet meeting held on March 23, 2022, the Supervisory Board agreed to the general partner's proposal to the general meeting for approval of the annual financial statements of CEWE Stiftung & Co. KGaA and moreover issued its consent for the general partner's proposal for the appropriation of profits, with the distribution of a dividend of 2.35 euros.

Report on related parties

The Supervisory Board's independent audit likewise covered the report prepared by the general partner pursuant to § 312 AktG on relationships with affiliates (report on related parties) for the year under review. The report on related parties has also been audited by the auditor, which has issued the following audit opinion for this report:

"Upon due completion of our audit and assessment, we hereby confirm that

1. the factual statements provided in the report are accurate,
2. the company has not made any disproportionately large payment for any of the legal transactions listed in the report."

The report on related parties and the audit report of the auditor on the report on related parties were available to the Audit Committee at its meeting held on March 22, 2022 and to all of the members of the Supervisory Board at its balance sheet meeting held on March 23, 2022. Even after consultation with the auditor and the Board of Management following the final outcome of its audit, the Supervisory Board has not raised any objections in relation to the general partner's declaration at the end of its report on related parties. The Supervisory Board has approvingly noted the outcome of the auditor's audit of the report on related parties.

Oldenburg, March 23, 2022

The Supervisory Board of CEWE Stiftung & Co. KGaA

Otto Korte, Chairman

COMBINED MANAGEMENT REPORT

2

BASIC INFORMATION ON THE GROUP

BUSINESS MODEL

CEWE operates in three strategic business units: Photofinishing, Retail and Commercial Online Printing. Its segment reporting by business unit also reflects these strategic business units (together with a further business unit, Other Activities).

The core business unit: Photofinishing
Photofinishing is the name we give to our photo products business. CEWE is the European market leader in photofinishing, previously based on analogue film and now replaced by digital data. CEWE PHOTOBOOK has established itself as the key product in this field. CEWE has also rigorously expanded its product range.

Through its product management strategy, CEWE is not only developing new products but also strengthening demand and sales through its product and brand communication activities. Consumers can purchase CEWE's photofinishing products from business partners supplied by CEWE and also from CEWE directly. For almost all of the photofinishing products ordered from CEWE, CEWE also handles acceptance of orders and customer communication.

Europe accounts for almost 100 % of CEWE's Photofinishing business.

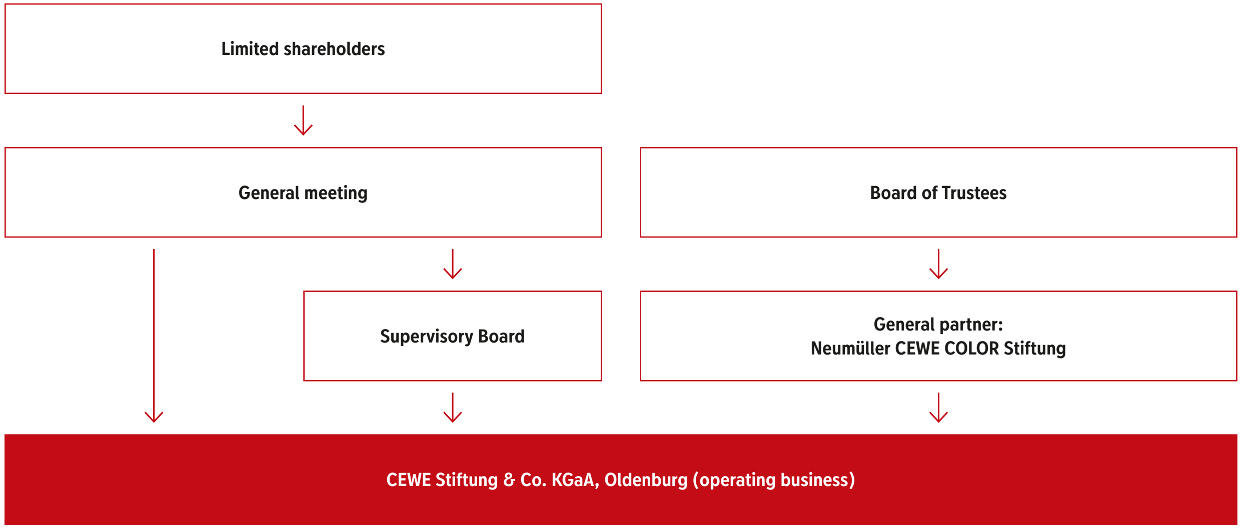
CEWE RETAIL: proprietary hardware retail business is also a distribution channel for photofinishing products
CEWE has multichannel retailing operations for photo hardware and photofinishing products in Poland, the Czech Republic, Slovakia and Scandinavia. In addition to selling photo hardware, over-the-counter outlets and online shops are a key channel for distributing CEWE photo products directly to end-consumers. Turnover and income from photofinishing products are shown in the Photofinishing business unit.

Commercial Online Printing: printing products for the commercial sector
CEWE is active in its Commercial Online Printing business unit through the production and marketing of printed advertising media via the distribution platforms SAXOPRINT, viaprinto and LASERLINE. CEWE operates its Commercial Online Printing business unit for printed advertising media in Germany and other European countries, where local websites are present. The depth of added value in Commercial Online Printing is very similar to Photofinishing. However, CEWE provides less software here for the creation of printed products (unlike in the case of CEWE PHOTOBOOK, for instance).

ORGANISATION AND MANAGEMENT SYSTEMS

Organisational structure

The CEWE business group has the following structure:



see Board of Management, page 2

In 2021, Neumüller CEWE COLOR Stiftung was represented by seven members of the Board of Management. The Group's remaining 3,895 staff (2021 average) were employed by CEWE Stiftung & Co. KGaA and the subordinate Group companies.

Legal structure combines the advantages of the capital market and a family approach

The legal form of a partnership limited by shares enables the CEWE Group to combine the typical strengths of capital-market-oriented companies with those of family firms.

The company's founder, Senator h.c. Heinz Neumüller, intended to ensure that his entrepreneurial principles would remain permanently established within the company. He also aimed to ensure the company's long-term future. This is safeguarded through Neumüller CEWE COLOR Stiftung and the large interest held by AN Assets GmbH & Co. KG and CN Assets GmbH & Co. KG (the heirs of the company's founder, Heinz Neumüller, and the company's largest shareholders with a combined 27.1% stake, see Shareholder Structure, page 45). The former ensures that the business group continues to be managed true to the legacy of Heinz Neumüller and thus upholds the character of the family firm. It stands for a long-term orientation in terms of the company's business policy. For this reason, it is also responsible for its management.

The company's founder always demanded that the CEWE business group should operate innovatively, while optimising income. The capital market effectively promotes these entrepreneurial objectives. The decision-making of the company's executive bodies – i.e. its management and its Supervisory Board – reflects its shareholders' interest in an attractive investment, with the goal of solid and sustainable long-term growth in the value of the company and thus of their investment.

see Results, from page 63

In our view, the combination of these two advantages enables an innovative company which is managed on the basis of an income-oriented and sustainable economic model which also lives up to its social responsibility as an employer and as an economic engine.

As its general partner, Neumüller CEWE COLOR Stiftung is entitled to receive reimbursement from CEWE Stiftung & Co. KGaA or for CEWE Stiftung & Co. KGaA to bear any expenses resulting in connection with its management activities. For its management activities and to cover its personal liability Neumüller CEWE COLOR Stiftung receives annual remuneration – irrespective of any profit or loss – in the amount of 50,000 euros plus any value added tax applicable.

CEWE operates through a total of 32 subsidiaries

CEWE Stiftung & Co. KGaA is the parent company which manages all of the CEWE Group's activities. Retail is directly combined with Photofinishing in countries where a production plant is present. Otherwise, it operates independently. From an operational point of view, photo products are also sold through the Group's retail companies. However, in terms of strategic management they form part of the Photofinishing business unit, since they follow an entirely different growth path and their strategic significance differs from that of photo hardware, which is reported in the Retail business unit.

Management of the CEWE Group

The Board of Management of Neumüller CEWE COLOR Stiftung is responsible for overall planning and fulfilment of the goals of the CEWE Group. The allocation of responsibilities is set out in the "Other disclosures" section of the Notes, see page 172.

Regular strategic planning: economic forecast reflects identifiable trends

The Board of Management of Neumüller CEWE COLOR Stiftung determines the long-term strategy of the CEWE Group. This reflects trends in CEWE's competitive, market and technological environment. The Board of Management reviews the company's strategic orientation several times a year and discusses the resulting tactical and operational measures. External experts also take part in these meetings, where necessary. At least once a year, the company's current strategy is discussed with its supervisory bodies as well as its executives, and the core aspects of this strategy are communicated within the company.

Investments on the basis of profitability calculations

Investments which consistently assume profitability calculations and which entail continuous as well as follow-up monitoring also form part of the company's corporate planning.

Close monitoring through monthly target/actual comparisons

Every month, a target/actual comparison is implemented for the strategic business units and for each of the profit centres as well as for the CEWE Group as a whole. These target/previous year/actual comparisons enable close monitoring of the level of goal achievement and an early response by the Board of Management and the management. At the same time, these and other operating indicators of the production plants and the distribution companies are passed on to all of the managers of these profit centres, for internal benchmarking and discussion. The key financial performance indicators used at CEWE are outlined in the "Goals and strategies" section, see page 56.

GOALS AND STRATEGIES

Findings derived from market research and strategic activities are factored into CEWE's long-term forecast model and provide CEWE's management with a perspective on possible future profit and loss accounts, balance sheets, cash flows and the company's enterprise value.

Continuous business development: CEWE defines initiatives and consistently follows through on them

On the basis of this forecast, CEWE defines initiatives so as to drive forward its future development in the interest of the company and its various stakeholders. The effect of these initiatives is also factored into CEWE's forecast model. Within the scope of the structures outlined above, the company's management thus continuously monitors the implementation of these initiatives. In this way, CEWE is evolving all the time.

A focus on long-term profit and enterprise value

Through these measures, CEWE clearly focuses on optimising its long-term business performance. Earnings for a single quarter or even for an entire year are viewed within the perspective of the company's long-term development. CEWE thinks in terms of decades.

The goal: profitable and capital-efficient growth, which will boost enterprise value

The supreme long-term goal of the CEWE Group is continuously profitable and capital-efficient growth. For this purpose, CEWE uses both financial and non-financial performance indicators, for which annual target figures are published. No target figures are published for the additional, balance-sheet-related performance indicators.

Non-financial performance indicators: number of photos and CEWE PHOTOBOOKS

CEWE uses the total number of photos as a non-financial performance indicator in the Photofinishing business unit. These photos also include all of the images which are used in value-added products (e.g. CEWE PHOTOBOOK, photo calendars, wall art, greeting cards and other photo gifts). Due to the key significance of this product, the number of CEWE PHOTOBOOKS produced is shown as a separate indicator. CEWE's management analyses all of these indicators at least weekly, and in some cases daily. CEWE also provides information on its development in its annual report, by means of a target/actual comparison, and discusses this in the "Results" chapter see page 63. A target figure for the following year is indicated in the forecast. Non-financial performance indicators do not play such a significant role in Commercial Online Printing and thus are not discussed in external communications.

CEWE performance indicators

		Internal reporting	External reporting	Forecast for the year
Non-financial indicators	Total number of photos	Week	Quarter	yes
	CEWE PHOTOBOOKS			yes
Financial indicators	Turnover	Day	Quarter	yes
	EBIT	Month		yes
	EBT			yes
	Investments	Month /quarter	Quarter	yes
	Earnings after tax	Quarter	Quarter	yes
	Earnings per share			yes
Additional indicators	ROCE	Quarter	Quarter	–
	Free cash flow			–
	Operating WC			–
	Equity ratio			–
	Dividend	Year	Year	–

Turnover and EBIT/EBT are very closely monitored for operational purposes

CEWE analyses its turnover trend every day in all of its units (but not for the consolidated Group) and conducts a monthly review of its earnings (incl. EBT) as key variables. The financial statements prepared by all of the Group's companies are likewise consolidated and analysed in a target/actual/previous-year comparison. Deviations from target figures and previous-year figures are assessed in terms of their effect on financial goals. The responsible individuals already account for any such discrepancies through comments during preparation of the company's reports. The Board of Management discusses every month both earnings in the strategic business units and for the Group as a whole and the detailed figures for the individual profit centres. Turnover, EBIT and EBT are presented in the annual report in terms of a target/actual comparison and are discussed in the results; a forecast figure is notified for the following year.

Investments
Investments are an important indicator, since they have a significant impact on the volume of capital employed (which is practically irreversible over the useful life of the capital item) and (besides the earnings figure) have the largest impact on free cash flow. The situation differs for the additional indicator "Operating working capital", as outlined below. CEWE therefore monitors investments very closely. Beyond the volume already authorised, subsequent increases in these areas are not possible without further authorisation from the responsible investment managers. Consolidated investment reporting is provided at least quarterly in the first half of the year. During the phase of larger investments – i. e. in preparation for year-end business – the management reviews this indicator every month.

Additional indicators: ROCE, free cash flow and operating working capital
In each quarterly statement and every quarterly and annual report, CEWE analyses its ROCE figure to determine the rate of return on its capital employed. For many years now, CEWE has achieved figures above the 10% mark. Since CEWE's pre-tax capital cost rate has been clearly below 10% for some years now, according to analysts' calculations in their research reports, CEWE is certainly delivering increasing value. The long-term goal is an ROCE figure which continues to clearly exceed the capital costs.

Free cash flow is a key variable determining the company's enterprise value and is therefore transparently analysed in the annual report. As well as investments – which are closely monitored, as already mentioned – and EBIT, the development of operating working capital is a key factor affecting capital employed and the free cash flow. This figure is therefore explained together with the ROCE and the free cash flow. As already outlined above, more frequent assessment of this figure is not necessary, since undesirable effects on working capital as of the reporting date can generally be compensated for on a short-term basis. For instance, a business partner's year-end payment which is delayed by just a few days can easily reduce the company's free cash flow by several million euros. While any such development will naturally be closely monitored, in operational terms it is generally meaningless, particularly since other operational monitoring systems highlight such delays much more directly than the cash flow statement does. Moreover, from the point of view of its outflow of liquidity, CEWE's liquidity is so strong that the company is able to exploit an earnings opportunity, even on a short-term basis, to the detriment of its liquidity.

Solid balance sheet: equity ratio as a further indicator
CEWE aims to ensure the company's continuous and sustainable development. For instance, the indicators of a strong balance sheet include sufficient cash reserves, available lines of credit and a solid equity ratio. At the present time, CEWE considers its level of capitalisation to be stable, with an equity ratio in excess of 50%. In CEWE's opinion, sufficient liquidity or sufficient lines of credit and an extremely solid equity capital position (also by comparison with the competition) not only boost the company's stability and resilience in the event of a crisis, they also enable it to purposefully exploit any strategic options which become available, such as attractive acquisition opportunities.

The company's ROCE, free cash flow, working capital and equity ratio are analysed in further detail in the quarterly financial statements. Due to possible short-term setbacks which may arise for the company's cash flow or working capital, as outlined above, no precise planning variables are stated for these additional indicators. Due to their significance, these indicators are discussed in detail in the "Results" chapter see page 63.

Target: as far as possible, stable dividend or even dividend growth
CEWE has the declared goal of offering its shareholders a dividend on the basis of its earnings figure which is at least constant or even shows slight dividend growth, if the company's economic situation permits this. The distribution ratio is explicitly not a control variable, and is rather the outcome of this dividend policy.

RESEARCH & DEVELOPMENT

Consumers use either smartphones or traditional digital cameras to take the pictures in the photo products which they order from CEWE. Images on smartphones remain the largest source of data for all of CEWE's ordering channels. CEWE supports the full range of ordering channels, from computers and smartphones via apps to web browsers.

The applications developed at CEWE's "Mobile and Artificial Intelligence Campus" (MAIC) were rolled out to additional ordering channels during the year under review and, in the Board of Management's view, were enhanced. CEWE received the EISA Award 2021–22 for its mobile app – CEWE PHOTOWORLD for smartphones. Changes were incorporated in the various ordering channels and a customer service chatbot was launched for the 2021 season which represented a significant improvement, in the company's view.

These and all of CEWE's other artificial intelligence applications (as well as traditional algorithms) are transparently presented in CEWE's customer charter at **www.cewe.ai**, and a number of additional applications were added in 2021. The benefit for customers and protection of their privacy are always the prime considerations. Images will not be transferred to public albums or to servers outside the scope of the GDPR or else to third parties for marketing purposes. Consumers retain full control over the whereabouts of their images.

My CEWE PHOTOWORLD

Consumers generally use our software "My CEWE PHOTOWORLD" to produce CEWE PHOTOBOOKS. This software is available for Windows, Mac and Linux computers and for Android and iOS smartphones. Many CEWE customers are therefore transferring their images from their smartphones to their computers. New MAIC functions have been introduced for this purpose. This has brought further improvements to the design process for individual pages, but also to the auto-suggest function in the CEWE PHOTOBOOK assistant.

New products have been integrated in every category. CEWE PHOTOBOOK has been equipped with additional designs and templates for the yearbook campaign as well as finishes, while CEWE Calendar has gained attractive designs in particular. In the Board of Management's opinion, consumers very rapidly responded to these additional offerings, in order to produce even more attractive gifts for Christmas. This software was launched in Germany in time for Christmas. This software was launched in Germany in time for Christmas.

COPS – the CEWE ONLINE PRINTING SYSTEM

Following its successful rollout in 2020 in Germany, the CEWE ONLINE PRINTING SYSTEM has now been successfully rolled out for almost all CEWE's international markets in 2021.

Further optimisation of high-performance back-end system and addition of AI-based function

All of the above-mentioned applications and orders placed at the retail outlets of CEWE's business partners through CEWE Photostations deliver finalised jobs to CEWE's back-end system. This back-end system continues to be distributed across two independent and redundant data centres. To ensure rapid transmission of these data volumes from the central data centres to the company's production plants, the necessary additional servers were installed ahead of the Christmas season. In addition, the company's automated monitoring system for processes and related hardware was further expanded. The bandwidth between CEWE's headquarters and its plants has once again been significantly expanded, so that the plants receive the data even faster and in order to keep delivery times as low as possible.

The company also implemented further measures in order to optimise the sustainability of its IT processes. CEWE has once again reduced the volume of racks required in its data centres and thus their level of electricity consumption by means of further virtualisation as well as new higher-capacity servers and storage devices. For instance, in the data centre at its Oldenburg site CEWE is using new innovative cooling techniques in order to reduce its energy requirements.

ECONOMIC REPORT

MARKETS

World economy shows signs of recovery, despite continuing pandemic

According to the latest estimate from the International Monetary Fund (IMF), global economic output recovered slightly from its sharp drop in the previous year, despite the ongoing Covid-19 pandemic and the global supply chain problem. The IMF experts assume a growth rate of 5.9% relative to 2020.[1]

This is a global trend. Positive economic growth has been registered in every world region. China and India are experiencing the strongest growth levels, but other economies are likewise growing at a rate between 4.7% and 7.2%. Only in Japan (1.6%) and Germany (2.7%) is the level significantly lower – however, in the past year both of these countries had once again suffered comparatively minor falls in growth.[2]

The rate of unemployment has fallen in Germany, particularly from the spring of 2021 onwards, and is thus likewise demonstrating slight signs of recovery from the pandemic. Unemployment averaged 5.7% over the course of the year (December 2020: 5.9%).[3] While gross wages and salary had developed negatively in the past year – due to the pandemic – for the first time since 2005, the positive trend for 2021 is once again reflected here, with growth of 3.4% (2020: –0.7%).[4]

Strong inflationary pressure due to energy prices

The overall world economy is currently suffering due to huge price pressure which mainly relates to the high energy prices. This increase is chiefly attributable to the rise in global demand, as the world's economies recover from the pandemic. According to the ECB, over the course of 2021 inflation will average 2.6% in the OECD countries. If energy and food are excluded, then the rate of inflation for 2021 is 1.4%.[5] The key interest rate set by the ECB's Governing Council remained unchanged in 2021 at 0.0%. The European Central Bank is gradually reducing its asset purchases due to the current inflation level.[6] In Germany, at an average annual rate of 3.1% inflation was even significantly higher than the OECD average and hugely above the previous year's level (2020: 0.5%).[7] While the euro weakened against the dollar over the course of the year, the exchange rate fluctuations against CEWE's key non-Eurozone currencies were limited.[8]

Despite the pandemic, CEWE remains almost entirely independent of cyclical trends

Even in times of the coronavirus pandemic, CEWE was almost entirely independent of cyclical trends, particularly in its Photofinishing core business unit. During the lockdown phase, the company in some cases actually experienced a particularly high level of demand for photo products ("stay-at-home effect"), which then levelled off as the restrictions were phased out. The pandemic has essentially demonstrated that people appreciate high-quality photo products and that it is increasingly second nature for them – across every age group – to create these in digital form.

1 IMF: World Economic Outlook, January 2022, p. 3
2 Ibid., p. 5
3 German Federal Employment Agency: Press Release no. 2: "End-of-Year Review 2021", January 2022
4 German Federal Statistical Office: National Accounts, Special Series 18, Series 1.1, January 2022
5 European Central Bank: Economic Bulletin 8/2021, January 2022, p. 35
6 Ibid., p. 7
7 Federal Statistical Office, Press Release: "Inflation rate for 2021: +3.1% year-on-year", January 2022
8 Deutsche Bundesbank: Exchange Rate Statistics, p. 8 ff., January 2022

PHOTOFINISHING MARKET

More photos have been created than ever before over the past few years. The number of images taken increased significantly, due to mobile devices. While 660 billion photos were taken worldwide in 2013, this number had already increased to 1,200 billion in 2017.[1] Sales of smartphones, which peaked at 26.2 million units in 2015, remained at a high stable level of approx. 22 million units in 2020 and 2021.[2] The number of German citizens who own smartphones continues to rise. In 2021, approx. 79% were smartphone users, while in 2020 the figure was 76%. This represents around 56 million people.

Many people thus see their smartphones as an integral part of their everyday lives: 95% see their smartphone as making their everyday lives considerably easier, while 82% simply cannot imagine living without a smartphone.[3]

This development also demonstrates the German population's interest in photography: in 2019, 36.49 million people aged 14 years or older in the German-speaking population stated that they were (particularly) interested in photography. In 2021, this figure was 37.09 million.[4]

Besides the increase in the level of interest in photography, the coronavirus situation has resulted in a change in the status of photos which customers take themselves: 31% of the participants in a representative survey carried out by Forsa indicated that they now ascribed heightened personal significance to photos of friends and relatives who they were unable to meet up with in close proximity.[5]

Due to the long amount of time which they have spent at home, Germans are longing for a change and for some distraction. Around two thirds (65%) use their photos as a creative way of spending time. In particular, that includes looking at their photos (45%), arranging images (27%), and creating a photo product, e.g. a photo book or calendar (11%).[5]

The lockdown, the social distancing measures and travel restrictions are also reflected in the choice of photo themes: nature-based themes have increased by 20%. The volume of photos taken of family celebrations or of sightseeing highlights has in each case declined by over 30%, and the same is true of portraits of friends. The reviews of the past year captured in a CEWE PHOTOBOOK and the experiences shared through personal photos are thus gaining an entirely new meaning – closeness at a distance. Out of consideration for their loved ones, 37% of Germans are enabling them to participate in their lives through photos and are sending photos to friends and family. Among families with children, as many as 52% are using this opportunity to overcome physical distance.[5]

ONLINE PRINTING MARKET

While the business climate of the German printing and media industries slightly improved at the end of 2021, it then deteriorated in January 2022. In January 2021, the business climate index produced by the German Federal Printing and Media Association (Bundesverband Druck und Medien – BVDM) fell by 2.5% on the previous month on a seasonally adjusted basis to 99.3 points. It was thus clearly higher year-on-year. However, it remained below its pre-crisis level of January 2020. Significant bottlenecks resulted in the relevant raw materials markets over the course of 2021. In particular, the availability of printing paper, packaging materials and toner was limited in some cases. 86% of the companies surveyed indicated that they had been affected by production constraints. Of these, 83% complained about the lack of commodities and primary materials – a rise of 78 percentage points year-on-year. Due to these production constraints, capacity utilisation declined in January 2022 and was at 81.2% 1.1 percentage point lower than the long-term average for January.

1 Bitkom Research
2 IDC; EITO, 2021
3 bitkom 2021
4 IfD Allensbach, AWA 2021
5 Forsa, 2020

Continuing supply bottlenecks for intermediate goods visibly affected printing and media companies' production activities at the start of 2022. Due to the uncertainty over the duration of the supply bottlenecks, printing and media companies are less confident now than they were in December in terms of their business outlook for the next six months. In January 2022, the seasonally-adjusted business forecast index declined by 1.6% to 100.5 points. The index is thus 3.4% higher than in the previous year. Only around 10% of these companies are thus expecting their production activities to increase over the coming three months. Around 14% expect their production activities to decline. Most of those surveyed are not expecting to see any change in their current production level and are therefore likewise not expecting to see any significant decrease in supply bottlenecks over the course of the next three months. These companies are accordingly cautious about new hirings and are planning overall to leave their number of employees unchanged in the coming months.[1]

RETAIL MARKET

In 2021, average annual retail turnover in the EU increased by 5.5% by comparison with the previous year, 2020. In the Eurozone, the increase in the average annual level of retail turnover in 2021 was at 5% slightly weaker than in 2020.[2]

In our view, the coronavirus pandemic has once again underlined the importance of integrating over-the-counter and online business. Despite declining customer frequency, customers greatly appreciate the ability to pick up products and to try them out, or try them on. In an age of digitalisation, in CEWE's view ever more frequently retail outlets therefore serve as an experience venue and showroom to provide information and inspiration, while their significance as an actual point-of-sale is declining – a trend which has been accelerated by coronavirus. In our view, over-the-counter retail feeds off local frequency and needs to develop this by means of an active product range policy, through which it meets customers' needs while suggesting shopping ideas.

The trend of rising average prices in the camera segment, which has been apparent over the past few years, continued in 2021. While compact cameras (with a built-in lens) and digital reflex cameras (DSLR) continue to decline in terms of the quantities sold, sales of higher-quality mirrorless system cameras (CSC) remain at a high level. In CEWE's view, specialist photographic retailers are benefitting particularly strongly from this trend, since they are able to provide advice (both offline and online) for these models.

1 BVDM Economic Telegram, December 2021
2 Eurostat

RESULTS

GROUP PROFIT AND LOSS ACCOUNT

Consolidated profit and loss account in millions of euros

		2020	2021	Change in millions of euros
Revenues	(1)	**727.3**	**692.8**	**−34.5**
Decrease/increase in finished and unfinished goods		−0.4	0.3	0.7
Other own work capitalised		1.3	1.3	0.0
Other operating income	(2)	23.0	27.1	4.1
Cost of materials	(3)	−171.1[1]	−160.7	10.3
Gross profit		**580.1[1]**	**560.7**	**−19.5**
Personnel expenses	(4)	−196.1	−194.9	1.2
Other operating expenses	(5)	−249.0[1]	−241.2	7.9
EBITDA		**135.1**	**124.6**	**−10.5**
Amortisation of intangible assets, depreciation of property, plant and equipment	(6)	−55.4	−52.4	3.0
EBIT		**79.7**	**72.2**	**−7.5**
Financial income	(7)	0.0	2.0	2.0
Financial expenses	(7)	−3.4	−1.5	1.9
Financial result		−3.3	0.5	3.9
EBT		**76.4**	**72.7**	**−3.6**
Income taxes	(8)	−24.4	−23.8	0.6
Group earnings after taxes		**51.9**	**48.9**	**−3.0**
Group earnings per share (in euros)				
Undiluted		**7.20**	**6.77**	**−0.43**
Diluted		**7.15**	**6.72**	**−0.43**

1 The figures for the previous year have been restated.

Revenues

Group turnover (1) decreased slightly in the financial year 2021, by −4.7%, and amounted overall to 692.8 million euros (previous year: 727.3 million euros). This decline in turnover is present in every business unit, with the exception of the “Other Activities” business unit. The trend for the Group has been shaped by revenues in Photofinishing in particular, which have decreased by 29.9 million euros. The revenues achieved are slightly below the expected range.

In the financial year 2021, the CEWE Group produced 2.18 billion photos (previous year: 2.34 billion photos). This was slightly short of the forecast range. Moreover, the volume of CEWE PHOTOBOOKS declined in the year under review, at 5.65 million units (previous year: 6.52 million), and is thus slightly lower than the predicted range.

Change in individual P&L items

Other operating income (2) has increased by 4.1 million euros, or 17.7%, by comparison with the previous year. This trend is mainly attributable to revenues from maintenance fees passed on to business partners as well as other revenues from sales to third parties.

The cost of materials (3) has declined, in line with the slight drop in turnover. The material expense ratio has improved slightly, by approx. 0.3 percentage points, and amounts to 23.2% in the year under review (previous year: 23.5%[1]), which is mainly due to the fact that Retail has a higher material expense ratio and that turnover has decreased in this business unit.

The CEWE Group's personnel expenses (4) declined slightly year-on-year (1.2 million euros, or 0.6%) and amount to 194.9 million euros (previous year: 196.1 million euros). On average, the CEWE Group had 3,846 employees in 2021 (previous year: 4,016).

Other operating expenses (5) decreased in the financial year 2021 and at 241.2 million euros, or 34.8% of turnover, are lower than in the previous year, on business-related grounds (previous year: 249.0 million euros[1], or 34.2%[1] of turnover).

Depreciation and amortisation (6) have decreased by 3.0 million euros year-on-year. This mainly comprises scheduled depreciation and amortisation.

The financial result (7) is significantly stronger year-on-year. The previous year had been affected by extraordinarily high expenditure in connection with the valuation of a put/call option, while financial interests provided a high level of income in the year under review.

The Group's tax rate for the reported EBT amounts to 32.8% for the financial year 2021 and is thus slightly higher than in the previous year (31.9%). Income taxes (8) have decreased in absolute terms and amounted to 23.8 million euros in 2021 (previous year: 24.4 million euros).

Earnings trend

The Group EBIT figure has decreased year-on-year, in line with the development of turnover, by approx. −9.4%, or 7.5 million euros, to 72.2 million euros (previous year: 79.7 million euros) (cf. the comments on the individual business units page 65). The EBIT figure is thus within the predicted range.

In line with the EBIT figure, the EBT trend was also marginally negative year-on-year and is at 72.7 million euros 4.8% lower than in the previous year (76.4 million euros) (cf. the comments on the individual business units page 65). An EBT figure was thus achieved within the predicted range.

At EUR 48.9 million euros, in the financial year 2021 the CEWE Group realised earnings after tax which were 3.0 million euros lower (cf. comments on income taxes) and thus within its forecast range.

(Undiluted) earnings per share were at 6.77 euros slightly lower than in the previous year (7.20 euros). The EPS forecast was thus achieved.

1 The figures for the previous year have been restated.

BUSINESS UNITS

2021 in millions of euros

	Photofinishing	Retail	Commercial Online Printing	Other Activities	Inter-business unit turnover[1]	CEWE Group
Revenues	590.1	31.2	66.0	7.6	−2.1	692.8
Change on previous year (as %)	−4.8	−8.7	−2.6	15.9	74.1	−4.7
Change on previous year	−29.9	−3.0	−1.8	1.0	−0.9	−34.5
EBIT	71.2	0.2	1.2	−0.4		72.2
Change on previous year (as %)	−19.7	−104	−133	−64.5		−9.4
Change on previous year	−17.4	4.3	4.9	0.7		−7.5
EBIT margin (in %)	**12.1**	**0.6**	**1.8**	**−5.1**		**10.4**

2020 in millions of euros

	Photofinishing	Retail	Commercial Online Printing	Other Activities	Inter-business unit turnover[1]	CEWE Group
Revenues	620.0[2]	34.1	67.8	6.6	−1.2	727.3
EBIT	88.6	−4.2	−3.7	−1.1		79.7
EBIT margin (in %)	**14.3**	**−12.2**	**−5.4**	**−16.6**		**11.0**

1 The inter-business unit turnover relates to the consolidation of turnover between two different business units.
2 Previous-year figure adjusted by + 1.2 million euros due to the separate reporting of inter-business unit turnover.

Comments on the segments
Photofinishing includes turnover and earnings from CEWE photo products from own retail activities.
Retail only consists of merchandise business, excl. CEWE's photography products.
Other Activities comprises holding/structural costs (mainly Supervisory Board and IR costs), real estate, futalis.

Photofinishing

Revenues in the Photofinishing business unit decreased by 29.9 million euros year-on-year to 590.1 million euros. This corresponds to a 4.8% decrease in turnover. At 71.2 million euros (previous year: 88.6 million euros), the EBIT figure for Photofinishing is continuing to make a significant contribution to the Group EBIT figure. The coronavirus-related "stay-at-home" effect had a greater impact on the level of demand for photo products in the previous year. Only 958 thousand euros of social security benefits were provided through the short-term allowance scheme. These benefits partly compensated for the personnel costs which CEWE incurred without any work being performed (2020: 1,307 thousand euros).

Retail

Retail turnover has likewise declined year-on-year. Revenues in the year under review amount to 31.2 million euros and are thus 2.9 million euros below those in the previous year, which mainly reflects the reduced number of branches. At 0.2 million euros (previous year: −4.2 million euros), the EBIT figure in the Retail business unit has developed positively. The improvements in earnings directly reflect an optimised branch structure. Only 736 thousand euros of social security benefits were provided through the short-term allowance scheme. These benefits partly compensated for the personnel costs which CEWE incurred without any work being performed (2020: 1,205 thousand euros).

Commercial Online Printing

Revenues in the Commercial Online Printing business unit have at 66.0 million euros decreased only slightly by comparison with the previous year (previous year: 67.8 million euros). This decline in turnover is due, in particular, to coronavirus-related factors such as the lockdown in the first quarter of 2021. However, the optimised production and cost structure for Commercial Online Printing will result in a long-term improvement in the income situation. The EBIT figure is thus at 1.2 million euros significantly higher than the previous year's figure of −3.7 million euros. Only 693 thousand euros of social security benefits were provided through the short-term allowance scheme. These benefits partly compensated for the personnel costs which CEWE incurred without any work being performed (2020: 1,286 thousand euros).

Other Activities

In particular, structural and company costs as well as the result of real estate holdings and equity investments are reflected in the Other Activities business unit. The earnings generated by the Group company futalis continue to be reported here.

CEWE realised revenues in the amount of 7.6 million euros in its Other Activities business unit in the financial year 2021 (previous year: 6.6 million euros). The EBIT figure in this business unit is −0.4 million euros and has thus increased year-on year (−1.1 million euros). The turnover and EBIT trend are mainly attributable to futalis.

BALANCE SHEET

Total assets have decreased year-on-year by 4.1% and amounted to 599.5 million euros at the end of the year (previous year: 625.5 million euros).

Assets

On the assets side, this trend mainly reflects the decrease in cash and cash equivalents, current trade receivables and fixed assets. The rise in the level of inventories and a higher volume of receivables associated with income tax refunds than in the previous reporting period had the opposite effect on the balance sheet total.

in thousands of euros

ASSETS	Dec. 31, 2020	Dec. 31, 2021	Change in millions of euros
Property, plant and equipment	216.7	212.4	−4.3
Investment properties	17.4	17.1	−0.3
Goodwill	77.8	77.8	0.0
Intangible assets	31.5	26.0	−5.5
Financial assets	7.0	9.8	2.8
Non-current financial assets	1.5	1.2	−0.3
Non-current other receivables and assets	1.2	0.9	−0.3
Deferred tax assets	18.9	16.7	−2.2
Non-current assets	**371.9**	**361.8**	**−10.1**
Inventories	50.9	56.5	5.6
Current trade receivables	85.3	78.9	−6.4
Current receivables from income tax refunds	1.0	6.2	5.1
Current financial assets	3.2	2.9	−0.2
Other current receivables and assets	10.3	8.8	−1.5
Cash and cash equivalents	102.8	84.4	−18.4
Current assets	**253.5**	**237.7**	**−15.8**
Assets	**625.5**	**599.5**	**−25.9**

Non-current assets mainly comprise property, plant and equipment, goodwill, intangible assets, investment properties as well as deferred tax assets.

Property, plant and equipment decreased by 4.3 million euros year-on-year and amount to 212.4 million euros as of the reporting date. This trend is mainly due to scheduled depreciation. Operational investments (outflows from investments in property, plant and equipment and intangible assets less inflows from the sale of property, plant and equipment and intangible assets; excluding business and company acquisitions) in the financial year 2021 amount to 36.8 million euros and are thus lower than the expected range.

Goodwill is unchanged on the previous year. This is mainly attributable to Commercial Online Printing for SAXOPRINT (17.8 million euros), to Photofinishing for Cheerz (31.2 million euros), and to Photofinishing for Whitewall (18.0 million euros).

Intangible assets have decreased by 5.5 million euros, or 17.6%, on the previous year. They largely consist of customer bases, lists and trademark rights as well as acquired software. In terms of the book value trend, additions in the amount of 3.9 million euros contrast with scheduled amortisation of 9.4 million euros.

The investment properties are commercial properties not used for CEWE's own operations. The change on the previous year is mainly due to additions in the amount of 0.2 million euros and scheduled depreciation of 0.5 million euros.

Of the deferred tax assets, 7.9 million euros (previous year: 7.2 million euros) relates to loss carry-forwards and 8.8 million euros (previous year: 11.7 million euros) to temporary differences resulting from different valuations under IFRS and tax law rules for pension accruals and property, plant and equipment.

Current assets mainly comprise cash and cash equivalents, current trade receivables and inventories.

Cash and cash equivalents declined by 17.9% year-on-year and amounted to 18.4 million euros.

As of the reporting date, current trade receivables are 6.4 million euros lower than in the previous year. This mainly reflects weaker revenues from the fourth quarter.

Inventories increased by 11.0%, or 5.6 million euros, in the year under review.

Equity and liabilities

At the level of equity and liabilities, the reduction in the balance sheet total is mainly due to the decrease in current liabilities in relation to tax liabilities, trade payables and financial liabilities. However, non-current liabilities have declined on account of lease liabilities. On the other hand, the CEWE Group's equity has developed positively, due to the profit for the year especially.

Equity increased by 34.8 million euros, or 11.6%, by comparison with December 31, 2020. The equity ratio at the end of the year was at 56.0% higher than the previous year's level of 48.1%.

Non-current lease liabilities are 5.3 million euros weaker year-on-year and contrast with the rights of use reported under property, plant and equipment.

Current tax liabilities mainly comprise tax liabilities from corporate income tax, trade tax and foreign income taxes. The negative trend is attributable, in particular, to tax payments due for the year 2020 as well as tax prepayments that exceeded the volume of tax expense for the year 2021.

Current trade payables decreased by 14.6 million euros year-on-year. This is mainly due to the lower level of business activity in the fourth quarter.

in thousands of euros

EQUITY AND LIABILITIES	Dec. 31, 2020	Dec. 31, 2021	Change in millions of euros
Subscribed capital	19.3	19.3	0.0
Capital reserve	75.1	76.1	1.1
Treasury shares at acquisition cost	−8.5	−14.2	−5.7
Retained earnings and unappropriated profits	215.1	254.6	39.4
Equity	**301.0**	**335.8**	**34.8**
Non-current accruals for pensions	40.1	38.3	−1.8
Non-current deferred tax liabilities	2.8	2.2	−0.6
Non-current other accruals	0.5	0.4	−0.1
Non-current interest-bearing financial liabilities	0.8	0.4	−0.4
Non-current lease liabilities	48.8	43.4	−5.3
Non-current financial liabilities	0.3	0.0	−0.3
Non-current other liabilities	0.6	0.6	−0.1
Non-current liabilities	**93.8**	**85.3**	**−8.5**
Current tax liabilities	23.9	4.0	−19.9
Current other accruals	6.0	3.0	−3.0
Current interest-bearing financial liabilities	0.4	0.3	−0.1
Current lease liabilities	10.4	9.8	−0.6
Current trade payables	122.1	107.5	−14.6
Current financial liabilities	10.9	0.1	−10.8
Current other liabilities	56.9	53.6	−3.3
Current liabilities	**230.7**	**178.4**	**−52.3**
Equity and liabilities	**625.5**	**599.5**	**−25.9**

In previous years, the current financial liabilities item included, in particular, put/call options measured at fair value in connection with acquisitions. These options were exercised in the year under review.

RETURN ON CAPITAL EMPLOYED

The return on capital employed (ROCE) has decreased from 20.6% to 17.5%. The value of 17.5% reflects the twelve-month EBIT figure of 72.2 million euros and the average volume of capital employed of 411.6 million euros over the four quarterly reporting dates in 2021. This development is attributable in equal measure to the reduction in the 12-month EBIT figure and the increase in average capital employed.

CASH FLOW

In the past financial year 2021, the CEWE Group achieved a positive cash flow from operating activities in the amount of 65.6 million euros (previous year: 142.3 million euros). Its cash flow is thus 76.7 million euros lower than in the previous year.

The decline in cash flow from operating activities reflects several different factors. A 10.5 million euros effect is attributable to the EBITDA figure and has thus arisen due to the general course of business. A further 40.0 million euros has been induced by net operating working capital – on the one hand, due to a build-up of inventories and, on the other, due to the business-related decline in trade payables and other current liabilities. As a result of deferrals and other measures in the financial year 2020, 36.3 million euros more in tax was paid in the financial year 2021 than in the previous year.

At 44.1 million euros, cash outflows from investing activities in the year under review 2021 are 5.1 million euros higher than in the previous year. Operational fixed asset investments remain at the same level as in the previous year. The purchase of the remaining shares in Cheerz for a price of 9.8 million euros resulted in a significant cash outflow. On the other hand, distributions made by financial interests resulted in a cash inflow of 2.0 million euros.

Overall, at 21.5 million euros free cash flow is lower than in the previous year (103.3 million euros), for the reasons set out above.

Moreover, cash outflows from financing activities increased slightly, by 40.1 million euros, compared to 33.2 million euros in the previous year. In the year under review 2021, in particular the dividend paid in the amount of 16.6 million euros (previous year: 14.5 million euros), the acquisition of treasury shares in the amount of 6.7 million euros (previous year: 2.4 million euros) and the cash portion of the stock option plans in the amount of 2.6 million euros (previous year: 0.8 million euros) resulted in cash outflows.

With its available financial resources, CEWE was able at all times to fulfil its liquidity requirements which arose over the course of the year due to the seasonal nature of its business, as usual.

Condensed cash flow statement in millions of euros

	2020	2021	Change in millions of euros
Cash flow from operating activities	142.3	65.6	−76.7
Cash flow from investing activities	−39.0	−44.1	−5.1
Free cash flow	103.3	21.5	−81.8
Cash flow from financing activities	−33.2	−40.1	−6.9
Cash and cash equivalents at the start of the reporting period	33.0	102.8	+69.9
Net change in cash and cash equivalents	70.1	−18.6	−88.7
Exchange-rate-related change in cash and cash equivalents	−0.2	0.2	+0.5
Cash and cash equivalents at the end of the reporting period	**102.8**	**84.4**	**−18.4**

OVERALL STATEMENT ON THE ECONOMIC SITUATION

On the basis of the Group's development in the financial year 2021, the Board of Management considers that its economic situation remains positive.

The "Results" chapter presents the developments in terms of turnover and earnings in the Group's various business units, its P&L structure, its balance sheet and financing structure and its cash flow and return on capital employed see Results, page 63.

In our Photofinishing core business unit, the trend of a changing product mix – fewer simple photo prints and more value-added products: CEWE PHOTOBOOK, photo calendars, wall art, greeting cards and other photo gifts – remains intact to some degree. CEWE achieves a stronger level of value creation with these value-added products, which consumers purchase from various business partners and also directly from CEWE. The company's preparations for its Christmas business over the course of the first ten months of each year entail very high "outlays". CEWE thus has the opportunity here to realise a slightly increased margin. CEWE sees an opportunity in the use of smartphones as a high-quality camera as well as an ordering device, and every area of the company is continuing to adapt to this process of change.

As outlined in the description of the related business model, Retail plays a key role in this trend, but not primarily in the photographic hardware business (whose development is reported in the Retail business unit). Its locations increasingly serve as a distribution channel for photofinishing products (which are reported in the Photofinishing business unit) – here too, directly to consumers. This is reflected in the rising level of turnover involving photofinishing products which are sold via the Retail business unit, through CEWE's online stores or its branches.

Commercial Online Printing is CEWE's third business unit. In CEWE's view, thanks to highly automated and highly efficient production at SAXOPRINT in Dresden, CEWE has a good chance of further success in this market, once we move beyond the coronavirus pandemic and the related increase in the level of demand for business stationery.

At the start of 2022, CEWE's business development continued to match the Board of Management's expectations. All in all, this has strengthened the Board of Management's resolve in terms of the targets which it has indicated for the financial year 2022 in the "Report on expected developments" chapter see Report on Expected Developments, page 74.

EVENTS AFTER THE BALANCE SHEET DATE

EVENTS OF PARTICULAR SIGNIFICANCE AFTER THE BALANCE SHEET DATE

An administrative building at CEWE's Oldenburg location was acquired at the start of 2022 for a purchase price of 8 million euros.

Apart from the coronavirus pandemic which continues as of the start of 2022, since the end of the financial year the Ukraine conflict has escalated and a war has broken out between Russia and Ukraine.

The potential effects of the coronavirus pandemic on CEWE's course of business have been factored into the forecast, opportunities and risk report on the basis of the information currently available.

On February 24, 2022, Russia invaded Ukraine. CEWE does not expect that this conflict will have any direct impact on its business, either in terms of procurement or sales. At the present time, there are no indications of any negative impact on consumer sentiment and thus on turnover.

On March 17, 2022, the Chairman of the Board of Trustees of Neumüller CEWE COLOR Stiftung, Dr Rolf Hollander, provided notice that, owing to a difference of opinion concerning the company's management, on the basis of a majority decision the Board of Trustees would not renew the contract of the Chairman of the Board of Management, Dr Christian Friege, beyond December 31, 2022.

FORECAST, OPPORTUNITIES AND RISK REPORT

RISK REPORT

Taking opportunities and the ability to identify and analyse risks and to reduce them through suitable strategies are key aspects of its corporate activities. The Board of Management is continuously responsible for systematic management of risks and opportunities, which is a management task in each of its areas of responsibility.

Management's overall assessment of risks and opportunities
Risks and opportunities are regularly separately identified and outlined. They are assessed together with an evaluation of their maximum impact, the probability of their realisation and the level of expectation determined on this basis. The individual measures are registered for the purpose of risk management; finally, the indicators implemented for the purpose of early identification are also documented.

The coronavirus pandemic represents a major event. It may mean that individual risks are amplified through their combination or interaction with one another or their impact on one another. CEWE has given particular consideration to this in its risk assessment and evaluation.

Its regular risk assessment as of December 31, 2021 has established that, despite the impact of the coronavirus pandemic, individual risks – or risks arising in conjunction with others – do not point to any impairment of the net assets, financial position and results of operations of the CEWE Group in a manner which would jeopardise its existence.

Since the end of the financial year, the Ukraine conflict has escalated and a war has broken out between Russia and Ukraine. CEWE does not expect that this conflict will have any direct impact on its business, either in terms of procurement or sales. At the present time, there are no indications of any negative impact on consumer sentiment and thus on the development of turnover. As things currently stand, it is not possible to arrive at any conclusive assessment of the risks involved.

The following section initially sets out the risk categories listed within the scope of its risk management system:

Strategic risks
The core business units of Photofinishing, Commercial Online Printing and Retail entail strategic risks.

Within the scope of our core business, the key strategic risks comprise the technology and innovation risk, the risks associated with the Commercial Online Printing business unit, the risks associated with the CEWE brand and the risk associated with investing in core business-related start-ups. Negative Brexit-related effects had already proved non-material for CEWE in the previous financial year. In response to the change associated with mobile devices and the key importance of the Internet as an ordering channel, CEWE has reinforced its programming and development capacities in this area. Investments in core business-related start-ups are measures to support core business over the medium and long term. The company's management closely monitors these investments.

In the Commercial Online Printing business unit, opportunities for further partnerships are continuously reviewed for the purpose of risk management. The company's management closely monitors the development of this business unit.

Operating risks
In the Photofinishing and the Commercial Online Printing business units, the key operating risks relate to general price risks as well as various risks associated with technical infrastructure and the functionality of production- and customer-related systems. Consistent price controlling plays a key role in all of CEWE's activities in relation to price risk.

As a rule, the technical infrastructure is safeguarded by means of IT structures standardised throughout the Group, high-availability technologies, back-up data centres as well as back-up connections for the transmission of data. Virus and access protection as well as encryption systems are important technologies which protect against unauthorised external and internal access. Production capacities are likewise safeguarded through redundant processes at various locations. The possibility of central management of capacities also plays a key role. We are certainly aware of the general risk associated with the supply of materials and procurement, but do not consider this to be particularly significant and certainly do not see it as jeopardising the company's continuing existence. In all procurement lines, a multiple-supplier strategy and multiple-year contracts are considered to be adequate measures.

Risks associated with various types of cyber crime have become increasingly prominent in recent months and years. A core focus of CEWE is preventing targeted ransom attacks by hackers. CEWE has taken this into account by incorporating this aspect in its risk matrix. The company's responsible IT departments have stepped up their precautions and are continuing to expand these, based on a centrally managed approach.

In the area of environmental risk, no violations of environmental standards were identified in 2021. This risk is monitored by means of regular internal checks at all of the company's production plants; it is classified as low.

The risk associated with recruiting and retaining qualified specialists and executives is more significant indirectly rather than directly. The presence of the CEWE umbrella brand also plays an important role in the labour market here. Closely supported by the company's management, initial and advanced training are consistently offered and cover employees' specialist fields as well as personal and leadership skills.

Financial risks

The risks resulting from interest rate changes, currency fluctuations, the supply of credit, the risk associated with the resale of recyclable residual materials arising during the production process and the risk of default fall within the scope of CEWE's financial risks and do not jeopardise its existence. Due to the low level of interest-bearing debt funding and the high volume of cash and cash equivalents resulting from the seasonal business trend, even a strong rise in market interest rates would not represent a threat. Where capital flows occur outside of the Eurozone, they almost entirely relate to local business which is handled in the same currency, so that exchange rate fluctuations do not have any significant negative impact. The CEWE Group's long-term supply of credit is safeguarded by means of centrally negotiated medium- to long-term credit agreements.

The risk of default is continuing to decline in significance due to the constant growth in the volume of consumer business too. Receivables from business partners are closely monitored and are subject to normal and adequate insurance arrangements. Consumer receivables do not in themselves constitute a risk and are covered by a professional debt collection management system.

Other receivables apply in relation to the public sector, employees and insurance firms, etc.; the risk of potential loss-related impairment is of minor significance at CEWE. This risk is reduced by means of continuous monitoring of debtors' credit ratings and payment behaviour, in close coordination with all of the company's affected departments. Any individual risks resulting are taken into consideration by means of adequate valuation adjustments, insofar as the realisation of this loss is sufficiently probable.

Legal risks

Legal risks include very significant internal and external malicious acts as well as risks associated with data protection and industrial property rights. These risks are covered by means of measures and processes within the scope of the company's rigorous corporate governance system, its internal control system, internal auditing as well as its Group controlling function. In addition, information and training sessions are regularly held in order to identify risks and implement measures.

REPORT ON OPPORTUNITIES

The CEWE Group's risks and opportunities management systems are closely integrated. Possible future developments or events which may result in a positive deviation from planning are seen as opportunities.

With its business units, CEWE operates in dynamic market segments which are enjoying rapid growth. Exploiting opportunities in these business units by means of innovation, consolidation or organic growth and identifying further opportunities in adjacent and related new business units while avoiding unnecessary risks serve as the foundations of the CEWE Group's long-term growth. Opportunities may entail both internal and external potential.

Opportunities whose realisation is probable have been factored into CEWE's corporate planning and outlook for 2022. This report on opportunities therefore relates to events which may potentially give rise to a positive deviation from these planning figures.

CEWE sees management of opportunities as a core aspect of its corporate activities. Identifying, weighing up and seizing opportunities is a key and ongoing management task. Management of opportunities thus includes documentation of concepts and minutes of meetings.

Opportunities in the Photofinishing business unit

CEWE sees opportunities in terms of increased income due to the additional turnover provided by new or improved ordering applications for mobile devices, should these gain even stronger acceptance among end-consumers.

Opportunities in the Commercial Online Printing business unit

During the coronavirus pandemic, in its Commercial Online Printing business unit CEWE focused even more strongly on the efficiency of its customer-related processes and its cost structures. Following the end of the coronavirus pandemic and the winding-up of government coronavirus measures, the likely recovery of general business life will probably also strengthen the level of demand for business stationery and printed advertising media. This offers opportunities to achieve turnover and income beyond the scope of the current planning.

Opportunities in the Retail business unit

CEWE operates photo retail stores through its own Retail operations in Norway, Sweden, Poland, the Czech Republic and Slovakia. In principle, it aims to further optimise its Retail presence through its own stores on the market, in line with end-consumers' purchasing behaviour. In Norway, Sweden and Poland, CEWE has established online stores for photography-related articles. Optimisation of these stores is expected to generate opportunities for further turnover increases and income in the online segment.

REPORT ON EXPECTED DEVELOPMENTS

At the start of 2022, the international community continues to be shaped by the global spread of coronavirus. Government measures and restrictions to contain the virus are continuing to affect everyday life in many countries. Due to its responsibility to counter the spread of the virus where possible, CEWE has likewise implemented extensive measures so as to prevent the infection of employees and the outage of plants or business units.

Coronavirus-related restrictions of access to outlets may have a negative impact on POS-based turnover, such as Retail hardware business as well as CEWE Photostations. The number of photos taken by consumers – which serve as the basis for future photo product orders – may likewise be negatively influenced by the duration of potential lockdown situations and travel restrictions. In the Commercial Online Printing business unit, the decline in demand from business customers – e.g. due to the cancellation of events, trade fairs, concerts etc. – may mean the continuing loss of turnover. Border closures and lockdown situations may also disrupt supply chains for procurement purposes especially, but also in the area of sales. This might also result in liquidity problems for business partners, due to the interruption in operational finance options.

With the pandemic measures which it has taken, in the Board of Management's view CEWE remains well placed in order to provide all of its employees with the best possible protection and to ensure that its products can be ordered and delivered. With 13 Photofinishing production plants, CEWE is well organised throughout Europe. Even if one plant were unable to produce or were unable to do so in full, customer orders can be directly rerouted electronically to other production plants, and orders can be produced and sent from there. Even in case of potential restrictions affecting the business partners served by CEWE, customers will still be able to place online orders with these partners or else with CEWE directly. CEWE also delivers directly to customers' homes through its shipping partners.

At present, it is difficult to foresee at what point the current high inflation rates might drop off. For CEWE, inflation is relevant in two respects: On the one hand, inflation on the expense side arises "virtually of its own accord", accelerated for instance by logistics-related delivery problems, shortages of raw materials or labour shortages. We are currently seeing an increase in the price of many production materials and raw materials, and the cost prices for energy costs, logistics costs and other cost types are also rising. Companies should respond to any requests for price increases for the full range of production factors and find a mutually satisfactory and adequate solution. On the other hand, on the turnover side CEWE is responsible for passing on the inflation suffered, or still to be suffered, to the expenses side, in order to protect its own business. Here, too, companies must adopt a sensitive approach and find a solution that customers can also understand and accept. In addition, companies face the considerable challenge of maximising the synchronisation of changes on the expense and turnover side to ensure that there is no time lag which could negatively affect the company's earnings. Many companies are currently faced with this situation. CEWE is working on these tasks, carrying out analyses and weighing up different factors.

Three different components of long-term business development

Irrespective of the ongoing coronavirus pandemic, CEWE is continuing to pursue the ongoing development of the CEWE Group on the basis of the following three strategic priorities:

(1) Strengthening the company's brand and innovation leadership in its Photofinishing core business unit

In its Photofinishing business unit, as an omnichannel provider CEWE continues to focus on expanding its CEWE brands – positioned in the premium segment – in all of the other European countries supplied by CEWE as well as its core markets of Germany, Switzerland and Austria. The goal is to exploit the positive consumer response to CEWE PHOTOBOOK and its strong brand profile for the benefit of these other product groups as well as for CEWE in general. The advantages relating to product differentiation that are associated with the performance and quality standards maintained by the CEWE brand will be progressively exploited with respect to a growing product portfolio. In addition to the CEWE brand, other brands in the corporate group address specific customer groups/regions or offer specific products (e.g. WhiteWall, Cheerz and DeinDesign).

CEWE's products and services undergo continuous development. Innovations already served as the key source of momentum in the analogue/digital transformation. The company endeavours to keep up this innovation momentum, in all of its business units, in order to further consolidate its leading market position. For example, this includes extensive software updates, the ongoing development of mobile applications and various product improvements.

(2) Profitable growth in Commercial Online Printing

At CEWE, Commercial Online Printing offers the customer a series of advantages: increased quality and price advantages from state-of-the-art printing capacities, and also time savings thanks to user-friendly Internet ordering as well as fast production and rapid delivery. CEWE considers itself very well placed here in order to achieve the successful ongoing development of its Commercial Online Printing business unit, particularly thanks to what is, in the Board of Management's view, SAXOPRINT's highly-efficient and cost-optimised printing plant in Dresden.

(3) Development of business units

Above all, for potential investments CEWE is interested in online business models which – just like CEWE – produce customised, high-quality products with a substantial customer benefit and thus build a strong brand, while offering the potential of developing CEWE's business in future.

Continuing focus on Europe

Almost 100% of CEWE's business is located in Europe. At the present time, the company is not planning any changes in its regional presence.

World economy: post-pandemic recovery anticipated

The International Monetary Fund (IMF) expects the global economy to recover in 2022. Following an average economic growth rate of 5.9% in 2021, the experts anticipate further growth of 4.4% for 2022. However, the IMF emphasises that the pandemic continues to pose uncertainty for its forecasts – on the one hand, due to the spread of the virus itself and on the other on account of the pandemic-related difficulties affecting global supply chains.[1] The IMF expects the developed economies to achieve a slightly lower global economic growth level of 3.9% in 2022. (2021: 5.0%). For the Eurozone, the authors likewise predict a rate of 3.9% for 2022 – which is a little weaker than in the previous year (2021: 5.2%). The IMF's experts consider the emerging economies and the developing countries to have somewhat stronger growth potential. They predict a growth rate of 4.8% for 2022 (2021: 6.5%). For Germany, the experts see a slightly different trend: here, the rate of economic growth in 2022 will at 3.8% be higher than in the previous year (2021: 2.7%).[2]

1 IMF: World Economic Outlook, January 2022, p. 3
2 Ibid., p. 5

Assessment of CEWE's management regarding the overall economic conditions

Even during pandemic conditions, CEWE has demonstrated that it is almost entirely independent of cyclical trends. In the "lockdown" phase, the company registered an additional increase in demand for its high-quality photo products, due to the "stay-at-home effect". This then levelled off as restrictions were eased. In principle, the management assumes that the company's core business unit will continue to develop positively. The high current inflation rates, which may adversely affect consumers' purchasing power, might prove to be a limiting factor. In addition, the pandemic-related loss of travel opportunities or family occasions and the related drop in the number of chances to take photos might reduce the level of demand for photo products.

The pandemic has also affected the Commercial Online Printing and Retail business units. Should the post-pandemic recovery continue, this is likely to have a positive impact on turnover for business stationary as well as the level of frequency in the Retail business unit.

The ECB is keeping its key interest rate at 0.0 % and continuing with its purchase programmes, albeit at a slightly weaker level. This provides CEWE with low-cost debt funding options for possible acquisitions as well as safeguarding its operational liabilities. In future, all investments in organic growth as well as CEWE's dividend – which will continue to rise, where possible – are to be funded via the company's operating cash flow alone.

Photofinishing is expected to continue to develop positively

Thanks to CEWE PHOTOBOOK and CEWE's other brand products and its strong Internet expertise, as in previous years CEWE considers itself well placed to actively promote this process of ongoing change in its product mix, away from simple photo prints to value-added products such as photo books, photo calendars, wall art, greeting cards and other photo gifts. The upshot of this is that this trend of value-added products should continue to strengthen Photofinishing in 2022.

Retail is continuing to focus on sales of photofinishing products as well as online business

In 2022, the Retail business unit is expected to once again provide a significant turnover contribution through sales of CEWE photo products. Turnover and earnings for these photofinishing products – which CEWE distributes through its own retail operations – are reported in the Photofinishing business unit. For a few years now, CEWE has deliberately reduced the hardware turnover which is reported in its Retail business unit and which is generated by means of cameras, lenses, photo equipment, etc. The company continues to consistently optimise this in order to increase its earnings margins.

Commercial Online Printing well placed

Thanks to rigorous cost management, the Commercial Online Printing business unit is well placed for the financial year 2022. The merger of LASERLINE's production operations with SAXOPRINT's printing plant in 2020 has improved the overall level of production efficiency; and the streamlining of the brand portfolio, so as to concentrate on the SAXOPRINT, viaprinto and LASERLINE brands, is intended to enable target group-focused development of the market.

EBIT earnings target range in 2022: 65 to 80 million euros

On average, Group turnover will increase slightly in 2022, from 692.8 million euros in the previous year, 2021, to between 680 million euros and 740 million euros. The turnover trend for the core Photofinishing business unit will improve slightly, on average. The Retail business unit is expected to once again register a slight decline in turnover generated by photo hardware, while Commercial Online Printing will achieve slight turnover growth in most markets once the coronavirus situation eases. In 2022, Group EBIT will fall within a range of between 65 million euros and 80 million euros, the EBT figure will amount to between 62 million euros and 77 million euros and earnings after tax to between 42 million euros and 52 million euros.

The ranges for these targets for the financial year 2022 represent approximate target figures and reflect the current uncertainties associated with the general coronavirus situation, the increase in prices/inflation from the point of view of costs, and the cost of sales, and their potential impact on CEWE's course of business.

Since the end of the financial year, the Ukraine conflict has escalated and a war has broken out between Russia and Ukraine. CEWE does not expect that this conflict will have any direct impact on its business, either in terms of procurement or sales. At the present time, there are no indications of any negative impact on consumer sentiment and thus on the development of turnover. However, CEWE's planning for 2022 does not reflect the possible effects of a prolonged or widening Ukraine war – above all, on consumer sentiment.

The operational investments planned for 2022 (i.e. outflows from investments in property, plant and equipment and intangible assets less inflows from the sale of property, plant and equipment and intangible assets; excluding business and company acquisitions) are expected to amount to approx. 60 million euros. This includes overall around 20 million euros of investments in real estate, such as the purchase of an additional property at CEWE's Oldenburg headquarters and various maintenance and renovation measures for existing properties.

Minimum goal of dividend continuity

In general, CEWE pursues the goal of dividend continuity. Where this appears possible in view of the company's economic situation, the available investment opportunities as well as the effects of the current coronavirus pandemic, this entails a dividend which is at least unchanged in absolute terms, and ideally an increased dividend. This policy clearly focuses on the absolute dividend value, with the payout ratio as a secondary element.

In this annual report, CEWE is publishing a combined management report for the CEWE Group and for the individual company CEWE Stiftung & Co. KGaA. This means that a forecast is necessary for the individual company CEWE Stiftung & Co. KGaA, as required by law: for the financial year 2022, CEWE expects that CEWE Stiftung & Co. KGaA will realise turnover of between 335 and 385 million euros. Earnings before interest and taxes of between 52 million euros and 67 million euros are expected for 2022. Earnings before interest and taxes of between 52 million euros and 67 million euros are expected for 2022.

Goal for 2022 CEWE Group

		2022	Change as %
Photos	billion units	2.0 to 2.3	−7 to 4
CEWE PHOTOBOOK	million units	5.4 to 5.8	−4 to 3
Operational investments[1]	millions of euros	60	
Turnover	millions of euros	680 to 740	−2 to 7
EBIT	millions of euros	65 to 80	−10 to 11
Earnings before taxes (EBT)	millions of euros	62 to 77	−15 to 6
Earnings after taxes	millions of euros	42 to 52	−14 to 6
Earnings per share	euros/share	5.89 to 7.32	−13 to 8

1 Outflows from investments in property, plant and equipment and intangible assets less inflows from the sale of property, plant and equipment and intangible assets; excl. business and company acquisitions

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

COMPLIANCE

The company strongly emphasises compliance in terms of measures to ensure conformity with applicable legislation and internal policies and their observance by the Group's companies. The Board of Management of the general partner has implemented various mechanisms in line with its responsibilities in this respect, which are intended to ensure optimal fulfilment of these compliance requirements.

The Compliance Officer appointed for this issue continuously addresses the maintenance and development of the compliance structure of the company and the Group, in line with applicable requirements and the needs of the company. In particular, his activities focus on training for employees and on legal risk management. He reports to the overall Board of Management of the general partner. In case of any specific issues, the Compliance Officer will consult the persons with responsibility in the company's respective divisions and obtain external legal advice, where necessary.

The company has also appointed an external lawyer as an ombudsman. Employees and also third parties may contact this person to point out possible violations of the law or policy violations within Group companies. Two reports were filed with the ombudsman in the reporting period and were also examined in detail internally. However, after careful reviews no compliance-related activities were identified.

RISK MANAGEMENT SYSTEM

Goals and strategy of the risk management system
As an internationally operative business group, CEWE Stiftung & Co. KGaA and its subsidiaries are exposed to various risks which may adversely affect their business activities as well as their net assets, financial position and results of operations. Accordingly, in compliance with industry standards and statutory provisions CEWE has established an internal control and risk management system for identification of potential opportunities, assessment of risks and, where necessary, implementation of appropriate countermeasures. This control and risk management system is incorporated within the information and communication system of the CEWE Group as an integral part of its business, planning, accounting and control processes and is a key element of the CEWE Group's management system. Its control and risk management system is based on a systematic risk identification, assessment and management process for the overall Group.

Organisation and structure of the risk management system
The Board of Management, the managers of the company's regional profit centres in Germany and other countries and its central departments and project managers are responsible for its control and risk management system. The Board of Management has overall responsibility for the handling of control and risk management.

The risk management system covers the risks and opportunities associated with the individual risk areas, within the scope of an annual, Group-wide risk inventory. The annual report on risks and opportunities has been produced on the basis of the risk inventory. In the course of a year, the company's risk and opportunity assessments are reviewed at least quarterly. The Supervisory Board is notified of these assessments at least quarterly. Following notification of the risk officer, new risks and opportunities are incorporated in the risk management system and assigned to a risk manager. Insofar as individual risk assessments have resulted in the establishment of corresponding accruals, these are taken into consideration in the risk assessment on a gross/net basis.

Key features of the internal control system
The internal control system (ICS) is an integral component of the business processes of the CEWE Group, encompasses a variety of different monitoring and control mechanisms and is essentially based on five principles:

» Dual-control principle
» Signature guidelines
» IT authorisation concept
» Separation of functions
» Integrated reporting

The dual-control principle is safeguarded by means of rules and regulations such as articles of association, policies, rules of procedure, instructions and powers of representation and authorisations to sign. The operationally effective signature guidelines are an important aspect of these rules and regulations. The CEWE Group's coordinated IT authorisation concept is a further management and control mechanism. This regulates the activities of individual persons and groups of persons and their access to the Group's generally SAP-based applications and their functional competences.

To ensure the integrity of procedures and thus the quality of individual processes, the CEWE Group maintains a strict separation of functions for critical business processes. In addition, specific departments handle central tasks and thus have reciprocal responsibility for supervision of the Group's activities. The integrated reporting system comprises a detailed planning, management and reporting concept covering the Group's current position and its outlook. The planning process is based on a combined bottom-up and top-down approach, in line with monthly planned figures. The existing Group information system relies on a monthly target/actual/prior-year comparison as well as supplementary multiple-location business reviews at the level of the individual profit centres and at Group level. Developments, risks, opportunities and measures are discussed there and documented accordingly.

The CEWE Group also monitors the fair value of its interests in subsidiaries within the scope of its control and risk management system. Its shareholdings undergo regular as well as ad hoc impairment tests.

Moreover, all of the Group's companies and profit centres regularly undergo specialised, in-depth audits covering the areas of finance and accounting, IT, technical security and insurance policies as well as other functional competences. These audits are carried out by external or internal specialists.

Key aspects of the internal control system, in relation to the Group accounting process

The accounting-related internal control system is embedded within the company-wide risk management system, as a component of the overall internal control system (ICS) of the CEWE Group. Its purpose is to minimise the risk of a material misstatement in the company's accounting and external reporting, to identify undesirable developments early on and to implement countermeasures. This ensures that the Group's affairs are presented in compliance with applicable legislation and standards in separate financial statements and in the consolidated financial statements.

The "Group balance sheets" unit, central Finance division, is responsible for preparing the consolidated financial statements including any consolidation measures. The preparation process for the financial statements of the CEWE Group is based on a uniform Group accounting policy which is regularly adjusted in line with applicable legal outline conditions. The Board of Management has sole responsibility in relation to this accounting policy.

The Group's accounting policy sets out its IFRS accounting standards for all of the Group's companies, in Germany and in other countries, to ensure the application of uniform recognition, measurement and reporting methods for its IFRS consolidated financial statements. Binding instructions have been laid down in relation to internal reconciliations and other tasks for preparation of the financial statements. All key dates have been specified throughout the Group in the Group's policy.

The local companies are responsible for compliance with the relevant rules and are supported and monitored by the Group Accounting unit. The Group Accounting unit handles consolidation of the separate financial statements of the Group companies – which are mainly prepared using SAP – centrally by means of a specific consolidation module.

The necessary work steps within the scope of the accounting process undergo a large number of automatic and manual checks and plausibility reviews. In addition, the effectiveness of accounting-related internal checks is continuously monitored through internal auditing. This task is handled by internal auditors as well as external auditors appointed by the company. A rolling process ensures that all of the companies within the scope of consolidation undergo this supervisory process. The Board of Management and the Supervisory Board are regularly notified of the results of these effectiveness reviews.

The separate financial statements included within the consolidated financial statements are audited by various local auditors. Compliance with applicable accounting rules and regulations and the accuracy and completeness of all other locally produced documents which are relevant for the consolidated financial statements are thus safeguarded. The external auditor of the consolidated financial statements summarises audit findings at the level of the separate financial statements and the consolidated financial statements regarding the effectiveness of the accounting-related internal control system of the CEWE Group and notifies the Supervisory Board accordingly.

ACQUISITION-RELATED DISCLOSURES

DISCLOSURES IN ACCORDANCE WITH § 315A (1) HGB

Composition of subscribed capital, restrictions relating to voting rights or the transfer of shares (§ 315a (1) nos. 1 and 2 HGB).
The subscribed capital of CEWE Stiftung & Co. KGaA, Oldenburg, comprises the following classes of shares:

Composition of subscribed capital

Type of share	ISIN	Form of share	Volume of this class of shares	Share of subscribed capital in euros	Share of subscribed capital as %	Rights and obligations
Bearer shares	DE 0005403901	No-par value shares	7,442,003	19,349,207.80	100.0	The shares confer full voting and dividend rights unless mandatory provisions of the German Stock Corporation Act stipulate otherwise (e. g. shares which the company holds as treasury shares)
			7,442,003	**19,349,207.80**	**100.0**	

In the year under review, the share capital was increased by 47,018.40 euros and by 18,084 no-par value shares within the scope of the existing Authorised Capital 2021. This increase was implemented for the purpose of the Employee Share Programme 2021. Shares issued to employees within the scope of employee share programmes are subject to holding periods. A total of 60,421 shares must be held until the employee shareholder has reached the age of 65 or begun to draw his statutory old-age pension (previous year: 42,681 shares). Due to the changes made to the offering to the company's employees, there are no longer any employee-held shares which must be held up to the end of the year following their transfer (previous year: 5 shares). The company is not aware of any more extensive restrictions of voting rights or transfer restrictions within the meaning of § 315a (1) no. 1 HGB.

Direct or indirect equity investments (§ 315a (1) no. 3 HGB)
According to the company's published notices and the available information, the following direct and indirect equity investments held in the company exceed 10 % of the voting rights:

Shareholder subject to reporting requirement

	Type of interest	Notified voting rights as a proportion of the subscribed capital as %
AN Assets GmbH & Co. KG and CN Assets GmbH & Co. KG, Oldenburg	Direct	27.1
Neumüller Beteiligungsgesellschaft mbH, Oldenburg	Indirect	27.1

Holders of shares conferring special rights (§ 315a (1) no. 4 HGB)
There are no shares conferring special rights.

Form of control of voting rights in case of employee participation (§ 315a (1) no. 5 HGB)
Insofar as employees of the CEWE Group are shareholders in CEWE Stiftung & Co. KGaA, Oldenburg, as far as the company is aware no specific requirements apply in relation to the possibility of their exercise of voting rights. Employees are not known to have any joint holdings of one or more shares (§ 69 (1) AktG), and nor are any voting trust agreements between employee shareholders known of.

Statutory regulations and provisions in the company's articles of association regarding the appointment and removal from office of members of the Board of Management and amendments of the articles of association (§ 315a (1) no. 6 HGB)
The company's general partner, Neumüller CEWE COLOR Stiftung, Oldenburg, is authorised to manage the affairs of CEWE Stiftung & Co. KGaA, Oldenburg, and to represent it (§ 8 of the articles of association of CEWE Stiftung & Co. KGaA). Unless imperatively stipulated in the articles of association or by law, the legal relationships between the company and its general partner will be regulated in a separate agreement; the company shall be represented by the Supervisory Board in this respect. Article 9 of the articles of association of CEWE Stiftung & Co. KGaA provides for the withdrawal of the company's general partner. Neumüller CEWE COLOR Stiftung thus assumes this role irrespective of any capital contribution; but the imperative statutory grounds for the withdrawal of the general partner remain unaffected (§ 9 (1) of the articles of association). It will not be entitled to any credit balance in case of partition in the event of its withdrawal (§ 9 (2) of the articles of association). In the event of Neumüller CEWE COLOR Stiftung's withdrawal from its position as the company's general partner or if its withdrawal is foreseeable, to prevent the liquidation of CEWE Stiftung & Co. KGaA, § 9 (3) includes the following provision: the Supervisory Board of CEWE Stiftung & Co. KGaA is entitled and obliged immediately/as of this withdrawal to appoint a company limited by shares – which are held in their entirety by CEWE Stiftung & Co. KGaA – as the new general partner of CEWE Stiftung & Co. KGaA with a sole authorisation for management of its business and a sole power of representation (clause 1). Should Neumüller CEWE COLOR Stiftung withdraw from its position as the company's general partner without the simultaneous appointment of a new general partner, CEWE Stiftung & Co. KGaA's limited shareholders will assume the continuing management of the company on a temporary basis (clause 2). In this case, the Supervisory Board shall immediately apply to the competent court for the appointment of a substitute representative to represent the company up to the appointment of a new general partner, particularly in the event that CEWE Stiftung & Co. KGaA need first acquire or establish a company limited by shares to serve as its general partner (clause 3). The Supervisory Board is authorised to adjust the wording of the articles of association in accordance with the replacement of the company's general partner (clause 4).

Neumüller CEWE COLOR Stiftung is represented by its Board of Management in and out of court. Its Board of Management is thus also responsible for the management of the business of CEWE Stiftung & Co. KGaA. The members of the Board of Management of Neumüller CEWE COLOR Stiftung are appointed by the Board of Trustees. A member of the Board of Management may be appointed by the beneficiaries of Neumüller CEWE COLOR Stiftung designated in its articles of association. The members of the Board of Management will be appointed for a term of office of up to five years. The Board of Trustees shall rule on any issues pertaining to service regulations.

The relevant statutory provisions (§§ 179 ff., 285 (2) and 181 AktG) apply in relation to any changes to the articles of association of CEWE Stiftung & Co. KGaA.

Powers of the Board of Management to issue and to repurchase shares (§ 315a (1) no. 7 HGB)

The general meeting held on May 31, 2017 authorised the buyback of treasury shares for up to 10% of the share capital as of the date of this resolution, in the period up to May 30, 2022. This authorisation has been granted to enable:

» the resale of the shares over the stock exchange or by means of an offer submitted to all of the shareholders, with the consent of the Supervisory Board and while complying with the principle of equal treatment (§ 53a AktG).

» the retirement of the shares, in whole or in part, on one or more occasions, with the consent of the Supervisory Board. The fact or the procedure of these shares' retirement will not require a further resolution to be passed by the general meeting. These shares may therefore be called in through simplified procedures, without any capital reduction, by adjusting the pro rata notional value of the other no-par value shares in the company's share capital.

» to dispose of the shares, with the consent of the Supervisory Board, in return for a payment in kind; in particular, these shares may be offered or granted to third parties within the scope of company mergers or at the acquisition of companies.

» to offer the shares for purchase to employees of the company or its affiliates within the meaning of §§ 15 ff. AktG, with the consent of the Supervisory Board, or to promise these shares or transfer them with a lockup period of not less than one year; the treasury shares may also be promised and transferred to eligible persons in fulfilment of dividend claims arising from shares of the company.

» with the consent of the Supervisory Board, to offer the shares for purchase to employees including the members of the Board of Management and the management of Neumüller CEWE COLOR Stiftung within the scope of a stock option plan. In this case, the waiting period is four years. The Supervisory Board will specify the details of share-based remuneration for the members of the Board of Management.

» In addition, authorisation has been granted, subject to the consent of the Supervisory Board, to dispose of the shares purchased in accordance with the above authorisation in a form other than via the stock exchange or by means of an offer submitted to all of the shareholders.

Material agreements which are subject to a change of control due to a takeover offer (§ 315a (1) no. 8 HGB)

The financing agreements concluded with the company's key bank partners include the usual change-of-control provisions; these may entail the need for the amendment, supplementation or revision of the existing credit agreements. Otherwise, CEWE Stiftung & Co. KGaA, Oldenburg, does not have any agreements with third parties which are subject to a change of control due to a takeover offer and which may have the following effects, either individually or in their totality.

Compensation agreements (§ 315a (1) no. 9 HGB)

CEWE Stiftung & Co. KGaA, Oldenburg, does not have any agreements which have been concluded with members of the Board of Management or the management of Neumüller CEWE COLOR Stiftung or employees, to cover the event of a takeover offer, and which may lead to an obligation for the company to provide compensation or other payments.

ANNUAL FINANCIAL STATEMENTS OF CEWE STIFTUNG & CO. KGAA

RESULTS OF OPERATIONS, ASSET AND FINANCIAL POSITION

RESULTS OF OPERATIONS

The operating business of CEWE Stiftung & Co. KGaA is only one part of the business activities of the overall CEWE Group. The following paragraphs only refer to the separate financial statements of CEWE Stiftung & Co. KGaA.

Revenues decreased by 23.4 million euros to 359.9 million euros in the financial year 2021. This was mainly due to lower turnover in the Photofinishing business unit in Germany and other countries.

Other operating income decreased by 1.2 million euros, from 7.8 million euros in the previous year to 6.6 million euros. This corresponds to 1.8% of turnover (previous year: 2.0%), due to lower income from the reversal of accruals.

The material expense ratio declined slightly, by 1.0 percentage point to 25.5% (previous year: 26.5%). In absolute terms, the cost of materials has decreased to 91.6 million euros (previous year: 101.7 million euros), analogously to the decline in turnover.

Accordingly, personnel expenses also decreased slightly, by 0.6 million euros to 102.9 million euros (previous year: 103.5 million euros). The personnel expense ratio amounted to 28.6%, a rise of 1.6 percentage points (previous year: 27.0%).

Depreciation and amortisation have decreased by 0.8 million euros on the previous year to 20.8 million euros (previous year: 21.6 million euros).

Other operating expenses increased slightly, by 1.7 million euros, to 107.6 million euros (previous year: 105.9 million euros). In proportion to turnover they likewise increased by 2.3 percentage points to 29.9% (previous year: 27.6%).

The financial result improved from 11.9 million euros in the previous year to 12.6 million euros. This is mainly due to earnings provided by affiliates.

Earnings before income taxes have decreased year-on-year to the current 56.5 million euros (previous year: 70.4 million euros) and amount to 15.7% of turnover (previous year: 18.4%).

Due to the lower earnings before tax figure, tax expenses have also decreased, to 18.6 million euros (previous year: 22.1 million euros), of which income taxes amount to 17.8 million euros (previous year: 22.0 million euros), with a slightly higher income tax ratio.

Net income for the year amounts to 37.9 million euros (previous year: 48.3 million euros), with a post-tax profit-to-turnover ratio of 10.5% (previous year: 12.6%).

ASSET POSITION

CEWE KGaA's total assets decreased by 9.0 million euros on the previous year to 615.1 million euros.

The proportion of fixed assets has increased slightly. At 293.2 million euros, it is higher than in the previous year (previous year: 272.1 million euros).

Current assets decreased by 29.3 million euros to 318.7 million euros. This is chiefly due to the 18.7 million euros decrease in receivables from affiliates to 179.2 million euros as well as the 14.1 million decrease in cash and cash equivalents to 59.6 million euros. Inventories moved in the opposite direction and amount to 24.2 million euros (previous year: 20.2 million euros).

Equity has increased by 16.4 million euros to 358.6 million euros, due to the unappropriated profits realised less the dividend paid in the financial year 2021 for 2020, with an equity ratio of 58.3% (previous year: 54.8%). Further information can be found in the Notes.

As in the previous year, in 2021 the development of tax accruals (– 15.9 million euros) and pension accruals (+ 3.6 million euros) once again shaped the accruals trend. Total accruals amount to 54.5 million euros as of the reporting date (previous year: 69.6 million euros).

Liabilities have declined by 10.2 million euros to 201.7 million euros. This is mainly due to the 8.7 million euros decrease in trade payables to 31.3 million euros as well as the 2.4 million decline in amounts owed to affiliates.

FINANCIAL POSITION

Investments

Of the investments in fixed assets excluding financial assets, throughout the various locations of CEWE Stiftung & Co. KGaA, 24.2 million euros consisted of property, plant and equipment while 1.9 million euros comprised intangible assets.

In the past financial year, with a figure of 9.7 million euros much of the company's investments in property, plant and equipment were made in the area of digital printing, followed by 8.6 million euros which was invested in point-of-sale presences and 2.4 million euros in IT infrastructure. Further investments were allocated to buildings, the fleet of vehicles and other installations.

Financial assets have increased by 21.1 million euros on the previous year. This mainly reflects a capital contribution made by means of the assignment of a claim to Saxoprint GmbH, which has increased the book value of this investment by 17.5 million euros, as well as the purchase of all of the shares in Laserline GmbH. This resulted in a book value of 7.9 million euros for this investment.

As of December 31, 2021, commitments amounted to 12.8 million euros. Of this amount, 10.9 million euros consisted of property, plant and equipment (of which 8.0 million euros for the purchase of a plot of land), while 1.8 million euros comprised intangible assets.

Financing

CEWE's existing credit facilities provide it with additional financial leeway. The total credit line of the CEWE Group amounted to 155.0 million euros at the end of the year (previous year: 180.0 million euros); this decrease is attributable to the repayment according to schedule of lines of credit no longer required on a long-term basis. After deducting the total loan volume drawn down (0.81 million euros, previous year: 2.1 million euros) – this does not involve a drawdown which is relevant for liquidity purposes and instead comprises the amount deducted by the credit institutions for the guarantees provided – and allowing for the company's existing liquidity (84.39 million euros, previous year: 102.8 million euros), its liquidity potential totalled 238.59 million euros (previous year: 280.7 million euros). As well as drawn-down fixed-rate loans (0 million euros, previous year: 0 million euros), the company has long-term revolving credit lines which have been granted for up to four years as well as continuously renewed one-year lines whose overall purpose is financing of the company's liquidity requirements, which fluctuate strongly over the course of a given year due to seasonal factors. In principle, no restrictions apply in relation to the use of credit lines. This ensures that CEWE will be able to fulfil its payment obligations.

All long-term credit commitments are subject to normal bank agreements. No financial covenants have been agreed. No significant collateral was provided. The interest terms for current account loans are based on €STR (Euro Short-Term Rate) as the base interest rate plus a normal margin in Germany; the interest terms for almost all of the other financing arrangements are based on the one- to three-month EURIBOR as the base interest rate plus a normal margin in Germany. For further details, please see the comments on current interest-bearing financial liabilities (item D64, page 164).

For CEWE Stiftung & Co. KGaA, the cash flow from operating activities calculated according to GAS 21 decreased to 32.1 million euros in the financial year 2021 (previous year: 98.6 million euros). It thus exceeded the cash flow from investing activities of – 18.6 million euros (previous year: – 17.2 million euros). Cash flow from financing activities amounts to – 27.7 million euros (previous year: – 21.7 million euros). Overall, cash and cash equivalents have thus decreased to 59.6 million euros (previous year: 73.7 million euros).

REPORTS ON THE COMPANY'S MANAGEMENT

MANAGEMENT DECLARATION

This management declaration under § 289f and § 315d of the German Commercial Code includes the declaration of conformity in accordance with § 161 AktG; a reference to the company's website on which the remuneration report for the last financial year and the auditor's report pursuant to § 162 AktG and the most recent resolution as regards remuneration pursuant to § 113 (3) AktG have been made public; relevant details of corporate governance practices beyond the scope of applicable statutory requirements; and a description of the procedures of the Board of Management and the Supervisory Board and the makeup and procedures of their committees. It also includes information concerning the stipulations in § 76 (4) AktG and § 111 (5) AktG, information on whether the company has appointed at least one woman and at least one man during the reference period, and a description of the company's diversity concept.

Declaration of conformity under § 161 of the German Stock Corporation Act

CEWE Stiftung & Co. KGaA attributes great importance to the principles of sound corporate governance.

The Board of Management of the general partner of CEWE Stiftung & Co. KGaA and the Supervisory Board of CEWE Stiftung & Co. KGaA confirm, in accordance with § 161 AktG, their compliance, now and in the future, with the recommendations of the German Corporate Governance Code government commission, as notified by the German Federal Ministry of Justice and Consumer Protection in the official section of the German Federal Gazette (Bundesanzeiger), as amended on December 16, 2019 ("GCGC"), with the following exceptions:

Modifications due to CEWE Stiftung & Co. KGaA's legal form as a stock-market-listed partnership limited by shares

CEWE Stiftung & Co. KGaA is a stock-market-listed partnership limited by shares (Kommanditgesellschaft auf Aktien – KGaA). In the case of a stock-market-listed partnership limited by shares, the general partner has the responsibilities which are handled by the board of management of a stock corporation (Aktiengesellschaft – AG). The sole general partner of CEWE Stiftung & Co. KGaA Neumüller CEWE COLOR Stiftung is Neumüller CEWE COLOR Stiftung, whose Board of Management manages the business of CEWE Stiftung & Co. KGaA.

The rights and obligations of the supervisory board of a stock-market-listed partnership limited by shares are limited by comparison with those of the supervisory board of a stock corporation. In particular, the Supervisory Board of CEWE Stiftung & Co. KGaA does not have the power to appoint the Board of Management of the general partner, to prescribe the contractual terms for the Board of Management of the general partner, to issue rules of procedure for the Board of Management or to stipulate transactions subject to approval. Those tasks are performed by the Board of Trustees of Neumüller CEWE COLOR Stiftung.

The Board of Management of the general partner and the Supervisory Board of CEWE Stiftung & Co. KGaA are of the opinion that, where the GCGC includes recommendations regarding the tasks and competences of the Supervisory Board which are performed by the Board of Trustees of Neumüller CEWE COLOR Stiftung on account of the company's legal form, these recommendations are not applicable to CEWE Stiftung & Co. KGaA either directly or analogously. This applies for the recommendations of the GCGC concerning the makeup of the Board of Management (Recommendations B.1 to B.5) and its remuneration (Recommendations G.1 to G.16). Insofar as the company will deviate from these recommendations in the future on account of its legal form, this is not explicitly disclosed in this declaration of conformity since these recommendations do not apply for the company. This is without prejudice to applicable statutory provisions.

Taking into consideration the above-mentioned details specific to its legal form, the company complies with all of the recommendations set out in the GCGC, with the following exceptions:

Elections to the Supervisory Board: attachment of curricula vitae and their contents (deviation from Recommendation C.14 GCGC)

In case of impending elections to the Supervisory Board, including the curricula vitae of all of the candidates in the invitation to the general meeting would mean that many additional pages would be unnecessarily added to what is already a very long document, which would then be unwieldy. For this reason, the company does not intend to follow the Code's recommendation that curricula vitae be "attached" to candidate proposals. The improvement in the quality of the information for shareholders which this recommendation envisages will be more efficiently achieved by providing the curricula vitae of all candidates on the company's website and by additionally pointing out this opportunity to obtain further information in the invitation.

Nor do we comply with the recommendation to list the "key activities" of candidates in their curricula vitae in this respect. §§ 124 (3) clause 4 and 125 (1) clause 5 AktG include definitive and sufficient stipulations regarding the information to be provided for proposed Supervisory Board candidates. The candidate's current profession and seats on other executive boards must be declared; these details will provide a more detailed impression of the nature and scope of this candidate's other activities and his or her technical qualifications. To require further details would go beyond the text of the law and ultimately result in increased legal uncertainty, also because the term "key activities" is too imprecise and can be variously interpreted given the wide range of available life choices.

Rules of procedure of the Supervisory Board: making the rules of procedure accessible on the company's website (deviation from Recommendation D.1 GCGC)
The Supervisory Board of CEWE Stiftung & Co. KGaA has established rules of procedure for its activities. These rules of procedure are a key instrument in the organisation of the Supervisory Board which regulates procedural issues arising on the Supervisory Board. We are therefore of the view that these rules of procedure are an internal document of the Supervisory Board which is not suitable for publication.

Remuneration system for Supervisory Board/remuneration report
The resolution passed by the general meeting on June 9, 2021 pursuant to § 113 (3) AktG on the remuneration received by the members of the Supervisory Board is publicly available at **https://ir.cewe.de**. The remuneration report and the auditor's report pursuant to § 162 AktG have been made publicly available via the same website. Given the lack of direct or analogous applicability of § 87a AktG to the Board of Management of the general partner of a partnership limited by shares, no remuneration system has been established for the Board of Management of the general partner and there is therefore not any need for the publication of such system.

Disclosures on management practices
The CEWE Group has an established tradition of conducting its business affairs in compliance with national and international legislation as well as generally acknowledged ethical principles.

Commitment to social responsibility as a part of CEWE's corporate culture
CEWE Stiftung & Co. KGaA is aware of its social responsibility, which it considers to be an important factor in the company's long-term success. In this respect, the CEWE Group has developed a mission statement which sets out its corporate culture, which is characterised by integrity, trustworthiness and responsibility. The basic values and principles of this mission statement may be viewed online at **https://company.cewe.de/en/about-us/responsibility/compliance.html.**

CEWE Stiftung & Co. KGaA has also summarised its key principles in a Code of Conduct which is based on ethical values and related business principles that reflect integrity and loyalty. This Code of Conduct applies for all of the Group's employees and requires compliance with the following operating principles:

- Our activities are defined by integrity and lawful behaviour.
- We aim to safeguard and to expand the CEWE Group's leading position as Europe's foremost provider of photo services.
- We pursue appropriate business relationships, which are free of any dishonest practices.
- We avoid any conflicts between the interests of the CEWE Group and private interests.
- We treat business information and trade secrets confidentially.
- We will not tolerate any abuse of employees' positions for personal advantage, for the benefit of third parties or to the detriment of the CEWE Group.

Further information on our Code of Conduct is publicly available on the following website: **https://company.cewe.de/en/about-us/responsibility/compliance.html**

CEWE Stiftung & Co. KGaA also supports the principles of the compliance initiative of the German Association for Supply Chain Management, Procurement and Logistics. Further information on the principles of the German Association for Supply Chain Management, Procurement and Logistics is available at **www.bme.de/Compliance.**

Procedures of the management and the Supervisory Board and makeup and procedures of the Supervisory Board's committees
Due to the provisions of the German Stock Corporation Act, the articles of association of CEWE Stiftung & Co. KGaA and the rules of procedure of the company's various committees, rules are in place at CEWE Stiftung & Co. KGaA for its management and for supervision of its management which comply with the requirements of the GCGC. The company fulfils the GCGC's requirement of protection for investors bearing entrepreneurial risk.

The Board of Management, the Board of Trustees of Neumüller CEWE COLOR Stiftung and the Supervisory Board maintain a close and trusting working relationship, while safeguarding the interests of the company. All key business transactions are discussed together with the competent committees. In particular, the details of the relationship between the Board of Management, the Board of Trustees of Neumüller CEWE COLOR Stiftung and the Supervisory Board and issues for which the Board of Management requires approval are laid down in the rules of procedure of the Board of Management and the Supervisory Board.

Management
The general partner Neumüller CEWE COLOR Stiftung ("the management") holds 20,020 no-par value bearer shares in the share capital of CEWE Stiftung & Co. KGaA and thus approx. 0.27%, while the limited shareholders hold the remainder of the shares. Neumüller CEWE COLOR Stiftung manages the company's business through its Board of Management in accordance with applicable legislation, the articles of association of CEWE Stiftung & Co. KGaA and its own articles of association and also the rules of procedure for its Board of Management. Due to its unlimited personal liability, Neumüller CEWE COLOR Stiftung has a considerable interest in the orderliness and efficiency of the business activities of CEWE Stiftung & Co. KGaA, which it accordingly encourages. The rules of procedure approved by the Board of Trustees of Neumüller CEWE COLOR Stiftung for the Board of Management set out the allocation of duties and cooperation on the Board of Management. The Board of Management passes resolutions at its meetings, which are normally held once a week. Each member of the Board of Management notifies the other members in good time of important events and transactions within his area of business. Specific tasks are assigned to individual members of the Board of Management by means of a schedule of responsibilities.

The management determines the strategic orientation of the company, plans and specifies the company's budget, is responsible for the allocation of financial resources and supervises the company's business development. It is responsible for the preparation of the annual financial statements of CEWE Stiftung & Co. KGaA, the consolidated financial statements as well as the quarterly and semi-annual financial statements. The management also ensures compliance with statutory, official and internal regulations and ensures that all of the companies of the CEWE Group comply with these regulations. The management notifies the Supervisory Board of the course of business and the company's position at least once a quarter. The management also notifies the Supervisory Board at least once per year regarding the annual planning and the company's strategy. Moreover, the management notifies the Supervisory Board regularly, promptly and comprehensively regarding any strategy, planning, business development, risk position, risk management and compliance issues which are relevant for the company and thus comprehensively complies with its reporting obligation. In addition, the management reports regularly, promptly and comprehensively – in writing or orally – on any matters which are of material significance for the company. Further details are stipulated in the rules of procedure for the Board of Management and the Supervisory Board and in the articles of association of Neumüller CEWE COLOR Stiftung.

Supervisory Board
The Supervisory Board supervises the Board of Management of Neumüller CEWE COLOR Stiftung in its management of the company and advises it accordingly. The competences of the Supervisory Board are laid down in its rules of procedure. The key tasks of the Supervisory Board include its review of the company's quarterly reports, its auditing of the annual financial statements and the consolidated financial statements of CEWE Stiftung & Co. KGaA and its preparation of the resolution to be passed by the general meeting for approval of the annual financial statements. The members of the Supervisory Board of CEWE Stiftung & Co. KGaA are appointed in accordance with the provisions of the German Codetermination Act (Mitbestimmungsgesetz – MitbestG).

On the basis of the information provided by the company's management, the Supervisory Board considers the course of business and the company's position at least once a quarter. The members of the Board of Management of Neumüller CEWE COLOR Stiftung are invited to attend the meetings of the Supervisory Board, unless the Supervisory Board resolves otherwise in an individual instance. For part of each Supervisory Board meeting, the Supervisory Board deliberates on its own without the members of the Board of Management of Neumüller CEWE COLOR Stiftung being present. Moreover, at each of its meetings the Supervisory Board systematically discusses the following issues:

» Corporate governance
» Compliance
» The company's risk situation

The Supervisory Board and the Board of Trustees are notified of key decisions of the Board of Management early on. The management and the Supervisory Board also regularly discuss issues of strategy and planning as well as current business developments outside of these meetings. The Supervisory Board maintains regular contact with the management, so as to obtain early notification of the company's current business development as well as significant business transactions. The Supervisory Board regularly assesses whether conflicts of interest may apply for members of the Board of Management or the Board of Trustees of Neumüller CEWE COLOR Stiftung in relation to the work which they perform for CEWE Stiftung & Co. KGaA.

In the period under review, an Audit Committee performed the tasks assigned to it under the rules of procedure approved by the overall Supervisory Board.

The Audit Committee prepares the Supervisory Board's discussions and resolutions concerning the approval of the annual financial statements and the consolidated financial statements and of the proposal to be made to the general meeting on the appointment of the auditor. It is also concerned with monitoring the financial reporting process, the effectiveness of the internal control system, the risk management system, compliance and the internal audit system as well as the external audit, in particular the selection and independence of the auditor, the quality of its audit and the additional services provided by the auditor.

Ms Patricia Geibel-Conrad chairs this committee. She is a financial expert in the audit field. As a lawyer and tax adviser, Mr Otto Korte has relevant expertise and serves as a financial expert in the area of financial reporting. Ms Marion Gerdes and Mr Markus Schwarz are the other members of the Audit Committee.

The Audit Committee met on three occasions during the period under review. All of the members of the Audit Committee were present at these meetings. As well as the Board of Management of the general partner, the auditors were also invited to attend these meetings and were available at all times to provide relevant information to the members of the Audit Committee.

The Supervisory Board has also established a Nomination Committee. The Nomination Committee prepares the resolutions to be passed by the Supervisory Board on nominations which are to be submitted to the general meeting regarding the appointment of Supervisory Board members provided by the limited shareholders. It follows the criteria specified by the Supervisory Board on its makeup as well as the competence profile resolved by the Supervisory Board. The Nomination Committee is chaired by Mr Otto Korte. Dr Hans-Henning Wiegmann and Mr Paolo Dell'Antonio are additional members. The Nomination Committee did not meet in the period under review.

The Supervisory Board and its committees regularly undergo an efficiency review of their own and incorporate the findings in their future activities. At its meeting of March 17, 2021, the Supervisory Board carried out a self-evaluation of the effectiveness of its functioning as a supervisory board within the meaning of Recommendation D.13 of the GCGC. Various members suggested enhancing the work of the Supervisory Board through more training opportunities and presentations by external experts.

For further information, please refer to the report of the Supervisory Board (pages 46 ff. of this annual report and online at https://company.cewe.de/en/about-us/responsibility/compliance.html).

Board of Trustees of Neumüller CEWE COLOR Stiftung

Some of the tasks which are performed by a public limited company's supervisory board are handled by Neumüller CEWE COLOR Stiftung at CEWE, specifically by the Board of Trustees of Neumüller CEWE COLOR Stiftung. Accordingly, the details of the Board of Trustees are outlined below.

The Board of Trustees has six members. The Board of Trustees advises and supervises the Board of Management. It keeps up-to-date regarding the affairs of Neumüller CEWE COLOR Stiftung and CEWE Stiftung & Co. KGaA and may inspect and audit the commercial books and other documents of the company and also its assets for this purpose. According to § 7 (2) of the articles of association of CEWE Stiftung & Co. KGaA, the management requires the consent of the Supervisory Board for certain transactions beyond the scope of normal business. The articles of association of Neumüller CEWE COLOR Stiftung also stipulate the consent of the Board of Trustees for certain extraordinary measures enacted by the management. The Board of Trustees is convened as required, but meets at least four times a year.

The general meeting of CEWE Stiftung & Co. KGaA
In particular, the annual general meeting passes resolutions regarding the approval of the annual financial statements, appropriation of unappropriated profits, ratification of the actions of the general partner and the members of the Supervisory Board, and the appointment of the auditor. The general meeting is also entitled to resolve amendments to the articles of association. The limited shareholders of CEWE Stiftung & Co. KGaA exercise their rights at the general meeting.

Target figures pursuant to § 76 (4) and § 111 (5) AktG and minimum proportions for the makeup of the Board of Management and the Supervisory Board
Since the company does not have any Board of Management pursuant to § 278 AktG, the provision laid down in § 111 (5) AktG concerning the makeup of the Board of Management does not apply for the company. Moreover, the obligation to determine a target size for the Board of Management is not applicable insofar as the requirement under § 76 (3a) AktG concerning the membership of this Board of Management is applicable (§ 111 (5) clause 9 AktG). In accordance with the statutory requirements, no target quota has been specified for the Board of Management.

The German Stock Corporation Act, as amended by the Second German Act on Management Positions (Zweites Führungspositionen-Gesetz – FüPoG II), prescribes that stock-market-listed companies which consist of equal numbers of representatives and which have a board of management comprising more than three members must appoint at least one woman and at least one man to their board of management. Irrespective of the legal question of whether § 76 (3a) AktG is at all applicable to CEWE Stiftung & Co. KGaA, either directly or analogously, the company complies with this requirement, since Ms Christina Sontheim-Leven was appointed to the Board of Management of Neumüller CEWE COLOR Stiftung with effect as of January 1, 2022.

For the first management level below the top management, the management had resolved a target of women holding 20% of the positions at this level by June 30, 2017. For the second management level, the management had resolved a target of women holding 35% of the positions at this level by June 30, 2017. In the period under review, these goals were not yet achieved on account of the existing employment law framework as well as the business group's organisational structure. The management has resolved a further implementation period of five years in order to achieve these goals. This period will thus end on June 30, 2022.

The Supervisory Board has twelve members, of whom half are appointed by the company's shareholders and half by its employees. The shareholders most recently appointed members at the general meeting held on June 6, 2018, and the employees likewise routinely appointed new members of the Supervisory Board. The Supervisory Board currently has three female members appointed by the shareholders and four female members appointed by the employees. The members appointed by the shareholders have resolved to fulfil the prescribed women's quota independently of the employees' representatives. For their part, the employees have agreed an analogous goal. The statutory targets have thus been fulfilled.

Diversity concept in regard to the makeup of the Board of Management, the general partner and the Supervisory Board
Recommendations A.1, B.1 and C.1 clause 2 of the GCGC deal with the issue of diversity in terms of appointments to the Board of Management and management positions within the company as well as the makeup of the Supervisory Board. With the goal of sound corporate governance, the management and the Supervisory Board of CEWE Stiftung & Co. KGaA have considered this issue in detail within the scope of their responsibilities. The Supervisory Board has not therefore considered the makeup of the Board of Management.

Makeup of the Board of Management
The Board of Management of Neumüller CEWE COLOR Stiftung consisted of seven male members in the reporting period. All of the members of the Board of Management have international experience. Ms Christina Sontheim-Leven was appointed to the Board of Management of Neumüller CEWE COLOR Stiftung with effect as of January 1, 2022. Mr Frank Zweigle retired from the Board of Management with effect as of December 31, 2021.

The company seeks to ensure the adequate representation of women and in general to reflect diversity in its appointments of members of the Board of Management.

Makeup of the Supervisory Board
The Supervisory Board of CEWE Stiftung & Co. KGaA consists of twelve members. It traditionally comprises members with international experience.

An age limit is stipulated for the members of the Supervisory Board of CEWE Stiftung & Co. KGaA in § 2.1 of the rules of procedure for the Supervisory Board. In principle, membership of the Supervisory Board is to end on December 31 in the year in which the respective Supervisory Board member reaches the age of 71. In deviation from this principle, the other members of the Supervisory Board may resolve with a three-quarters majority to extend this person's membership, but not beyond the end of the year in which the member in question reaches the age of 75.

Goals and competence profile of the Supervisory Board
In November 2018, the Supervisory Board defined its competence profile and published this on the company's website **https://company.cewe.de/en/about-us/corporate-group.html**. The current members of the Supervisory Board match this competence profile. Ms Geibel-Conrad, an auditor and financial expert, serves as the chairwoman of the Audit Committee.

Independence of the Supervisory Board members
With its current makeup, the Supervisory Board almost entirely complies with the requirements set out in Recommendations C.1 to C.12 of the GCGC. The Supervisory Board has reviewed the independence of its members. To be sure, Mr Otto Korte has served on the Supervisory Board for a period of more than 12 years. However, through his actions over the course of this long period of service he has demonstrated his independence to the other members of the Supervisory Board and the Board of Management of the general partner. All of the other members of the Supervisory Board of CEWE Stiftung & Co. KGaA are likewise considered to be independent within the meaning of Recommendations C.6 to C.12 of the GCGC.

Period of service on the Supervisory Board
The individual members' period of service on the Supervisory Board is as follows:

Supervisory Board member	Since
Otto Korte	2/2007
Professor Dr rer pol. habil Christiane Hipp	6/2012
Patricia Geibel-Conrad	6/2018
Paolo Dell'Antonio	1/2017
Dr Birgit Vemmer	6/2018
Dr Hans-Henning Wiegmann	6/2012
Markus Schwarz	10/2015
Petra Adolph	6/2018
Marion Gerdes	6/2018
Insa Lukaßen	6/2018
Alexander Oyen	6/2018
Elwira Wall	6/2018

Compliance with the minimum proportions of male and female members of the Supervisory Board
The Supervisory Board includes three female representatives of the shareholders and four female representatives of the employees. The company has thus more than fulfilled the statutory requirement of 30% female representation on its Supervisory Board. While fulfilling applicable statutory requirements, in any future nominations the Supervisory Board will also appropriately consider whether candidates have the necessary skills, competences and technical experience which are required for service on the Supervisory Board.

Appointments to management positions
In compliance with Recommendation A.1 of the GCGC, CEWE Stiftung & Co. KGaA has already implemented a large number of measures which are intended to promote diversity – in particular, a greater share of women – in management positions.

For instance, CEWE Stiftung & Co. KGaA has enacted the following specific measures to encourage a better balance between career and family needs:

» Contract with "AWO Eltern- und Seniorenservice" in Oldenburg to provide free consultations for employees needing to arrange placements for their children or for their parents;
» Nursery at CEWE Stiftung & Co. KGaA's site in Oldenburg.

The Board of Management of CEWE COLOR Holding AG also resolved the following at its meeting held on January 31, 2011:

The company seeks to ensure the adequate representation of women and in general to reflect diversity in its appointments to management positions. As well as the existing measures enacted in support of this criterion, the following measures are to be implemented in addition:

Drafting and implementation of a programme which considers the issues of "Women in management positions", "Promotion of women as junior executives" and "International approach at the management level".

This resolution remains valid for appointments to management positions.

In regard to proposed appointments to management positions, CEWE Stiftung & Co. KGaA also takes into consideration factors including candidates' age, gender, cultural origin and educational and professional backgrounds and seeks to achieve the greatest possible level of diversity.

FINAL DECLARATION BY THE BOARD OF MANAGEMENT

of the general partner on the report on relationships with affiliates

The status of Neumüller CEWE COLOR Stiftung as the general partner of CEWE Stiftung & Co. KGaA means that, in principle, CEWE Stiftung & Co. KGaA is dependent on Neumüller CEWE COLOR Stiftung within the meaning of § 17 AktG. Since no control agreement has been concluded with Neumüller CEWE COLOR Stiftung in accordance with § 291 AktG, as the management body of CEWE Stiftung & Co. KGaA pursuant to § 312 AktG the Board of Management of the general partner Neumüller CEWE COLOR Stiftung has prepared a report on relationships with affiliates. At the end of this report, the Board of Management has presented the following declaration:

"We hereby declare that our company has received an appropriate consideration for each of the legal transactions listed in this report on relationships with affiliates, in accordance with the circumstances known to us as of the execution of these transactions. No measures have been implemented or waived at the instigation or in the interest of the controlling company or an affiliate."

TRANSACTIONS WITH RELATED PARTIES

Neumüller CEWE COLOR Stiftung is the company's managing partner. It does not have any interest in the company's capital. Neumüller CEWE COLOR Stiftung has concluded a contract with CEWE Stiftung & Co. KGaA regulating its management duties as managing partner and the assumption of expenses. Under this contract, Neumüller CEWE COLOR Stiftung is to be reimbursed for any expenses arising in connection with its management activities, particularly those incurred by its Board of Management, its management and its Board of Trustees. Neumüller CEWE COLOR Stiftung is also entitled to receive appropriate annual remuneration, irrespective of any profit or loss, for its management and representational duties and for the assumption of its personal liability risk.

CONSOLIDATED NON-FINANCIAL STATEMENT

The consolidated non-financial statement under § 289b (1) and (3) HGB and § 315b (1) and (3) HGB is presented in the annual report. This is published on the company's website at the same time as the combined management report.

Oldenburg, March 23, 2022

CEWE Stiftung & Co. KGaA
For the general partner
Neumüller CEWE COLOR Stiftung
– The Board of Management –

Dr Christian Friege
(Chairman of the Board of Management)

Patrick Berkhouwer

Dr Reiner Fageth

Carsten Heitkamp

Dr Olaf Holzkämper

Thomas Mehls

Christina Sontheim-Leven

DESCRIPTION OF KEY INDICATORS

Definition of key indicators used in this report

Borrowed capital
The total value reported as non-current and current liabilities under equity and liabilities

Capital employed (CE)
Net working capital plus non-current assets and cash and cash equivalents

Capital invested (CI)
Equity plus non-operating liabilities and gross financial liabilities

Days working capital
Term of net working capital in days, measured in relation to turnover in the past quarter

EBIT
Earnings before interest and taxes

EBITDA
Earnings before interest, taxes, depreciation and amortisation

EBT
Earnings before taxes

Equity
The residual claim to the net assets remaining after deduction of liabilities according to IAS 32

Equity ratio
Equity as a share of total capital; the ratio of equity to the balance sheet total

Free cash flow
Cash flow from operating activities less cash flow from investing activities (both according to the cash flow statement)

Free float
The proportion of the company's freely tradable shares on the market

Fixed assets
Property, plant and equipment plus investment properties, goodwill, intangible assets and financial assets

Gross cash flow
Earnings after taxes plus amortisation on intangible assets and depreciation on property, plant and equipment

Gross financial liabilities
Total of non-current interest-bearing financial liabilities and current interest-bearing financial liabilities; cf. interest-bearing financial liabilities

Gross working capital
Current assets without cash and cash equivalents

Interest-bearing financial liabilities
Non-current and current interest-bearing financial liabilities shown as such, without rights to repayment subject to interest shown in the balance sheet under other credit lines

Liquidity ratio
Ratio of cash and cash equivalents versus the balance sheet total

Net cash flow
Gross cash flow less investments

Net cash position/net financial liabilities
Non-current interest-bearing financial liabilities plus current interest-bearing financial liabilities less cash and cash equivalents; this represents a net cash position in case of a negative difference, and otherwise net financial liabilities

Net operating working capital
Inventories plus current trade receivables less current trade payables

Net working capital
Current assets excl. cash and cash equivalents less current liabilities excl. current special items for investment grants and excl. current interest-bearing financial liabilities

Non-operating liabilities
Current and non-current special items for investment grants, non-current pension accruals, non-current deferred tax liabilities, other non-current accruals, non-current financial liabilities and other non-current liabilities

NOPAT
EBIT less income taxes and other taxes

Operational investments
Outflows from investments in property, plant and equipment and intangible assets less inflows from the sale of property, plant and equipment and intangible assets; excluding business and company acquisitions

Other current liabilities
Current tax accruals, other current accruals, other current financial liabilities and current other liabilities

Other gross working capital
Assets held for sale, current receivables from income tax refunds, other current financial assets and other current receivables and assets

Other net working capital
Other gross working capital less other current liabilities

Other operating cash flows
Changes resulting from taxes paid as well as proceeds from interest received

POS
The points of sale are the retail outlets of the company's business partners and also its own retail branches

P&L
Profit and loss account

Return on capital employed
See return on capital employed (ROCE)

Return on capital employed (ROCE)
The ratio of earnings before interest and taxes (EBIT) versus the capital employed; in general, the twelve-month perspective is chosen for the calculation of a rolling annual return on investment

Return on capital employed (ROCE) before restructuring
The ratio of earnings before interest and taxes (EBIT) – adjusted for restructuring expenses – versus the capital employed

Working capital-induced cash flow
Changes resulting from net working capital

Please note:

Where digital photos are referred to in this interim report, figures include CEWE PHOTOBOOK prints and the images featured in photo gifts.

As a rule, all figures are calculated as precisely as possible and are rounded off in the tables in line with applicable commercial procedures. This rounding-off may give rise to discrepancies, e.g. particularly for totals.

REMUNERATION

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REMUNERATION SYSTEM

CEWE Stiftung & Co. KGaA (CEWE-KGaA), with its specific legal form, is legally represented by its general partner, Neumüller CEWE COLOR Stiftung (CEWE-Stiftung). This operates through its Board of Management, which thus also manages CEWE-KGaA. CEWE-Stiftung makes decisions regarding the remuneration system for the Board of Management, on the basis of the rules applicable for CEWE-Stiftung. The Board of Management of CEWE-Stiftung and the Supervisory Board of CEWE-KGaA are responsible for the remuneration reporting – i.e. the voluntary publication of the remuneration system for the members of the Board of Management of CEWE-Stiftung – and the publication and presentation of the remuneration report pursuant to §§ 162 and 120 a (4) AktG.

BASIC FEATURES OF THE REMUNERATION SYSTEM FOR MEMBERS OF THE BOARD OF MANAGEMENT OF NEUMÜLLER CEWE COLOR STIFTUNG

The remuneration system for the members of the Board of Management is clearly designed and easy to understand. The Board of Trustees of CEWE-Stiftung is responsible for drafting the contracts of the members of the Board of Management. The Board of Trustees assumes that all of the members of the Board of Management will make equal contributions to the success of the CEWE Group. However, the remuneration paid to the Chairman of the Board of Management differs to an appropriate degree, on account of his greater level of responsibility. The remuneration system is moreover in keeping with international practice and the necessary level of flexibility for what is, to a considerable extent, a seasonal business model. The current system has been simplified vis-à-vis the previous remuneration system. This remuneration continues to comprise fixed and performance-related variable components. As well as the tasks handled by the members of the Board of Management, the criteria for determination of overall remuneration are the economic success of the CEWE Group and its peer group. The company's remuneration structure is intended to promote its sustainable and positive long-term development.

Determination, implementation and review of the remuneration system

The remuneration paid over to the members of the Board of Management is determined by the Board of Trustees of CEWE-Stiftung. It thereby complies with the requirements of the German Act on the Appropriateness of Management Board Remuneration (Gesetz zur Angemessenheit der Vorstandsvergütung – VorstAG). Insofar as a remuneration consultant is involved in the process of drafting the remuneration system, the Board of Trustees will ensure that this consultant is independent of the Board of Management and the company. No external remuneration expert has been consulted for the current remuneration system.

The Board of Trustees ensures that the overall remuneration of the members of the Board of Management is, on the one hand, proportionate to their tasks and performance while, on the other, appropriately reflecting the CEWE Group's economic and financial position. In addition, the Board of Management's remuneration has been designed with the company's long-term and sustainable development in mind.

The Board of Trustees continuously reviews the appropriateness of this remuneration. Within the scope of its review, in a horizontal comparison remuneration levels of companies of a similar size and level of complexity are compared. In a vertical comparison, the remuneration paid to the management levels below the Board of Management and the average remuneration paid to the workforce of the CEWE Group are considered. Finally, the development of these variables over time is also taken into consideration.

The remuneration system safeguards the company's long-term development by ensuring a balance between performance-related and non-performance-related remuneration components, thus preventing the members of the Board of Management from entering into disproportionately high risks in order to achieve bonuses.

Overall context for the remuneration system

The members of the Board of Management receive fixed remuneration and variable remuneration for their service. Their variable remuneration consists of a bonus plus long-term incentive components.

The contracts concluded with the members of the Board of Management all contain the same terms regarding remuneration; this relates to the contractual provisions as well as the structure of remuneration, with the exception of the maximum remuneration in the case of bonus II. The Chairman of the Board of Management enjoys superior remuneration-related conditions to those of the other Board of Management members.

Fixed gross remuneration

The fixed gross remuneration consists of a fixed monthly amount (fixed remuneration) in the amount of 420,000 euros for the Chairman of the Board of Management and 270,000 euros for each further ordinary member of the Board of Management as well as non-cash remuneration (fringe benefits). Fixed remuneration is paid out regardless of performance in equal monthly instalments. The fixed remuneration of the members of the Board of Management has been adjusted so that – with the exception of the Chairman of the Board of Management – each member of the Board of Management receives the same fixed remuneration; this consistency is maintained irrespective of the durations of the individual contracts.

The members of the Board of Management also receive non-cash remuneration, which is reported on the basis of the taxable amounts. This mainly consists of the use of a company car and occupational insurance premiums; the members of the Board of Management are entitled to receive the non-cash remuneration in the same way and pay tax on it. They are also entitled to the reimbursement of entertainment expenses and travel costs at the maximum rates permitted for tax purposes, insofar as such expenses and costs are exclusively incurred in the interests of Neumüller CEWE COLOR Stiftung.

CEWE-KGaA bears the member of the Board of Management's relocation costs. On a one-time basis, it will refund standard estate agent's fees for an appropriate, rented residence in Oldenburg or the local area. In the event of the member of the Board of Management purchasing a home, CEWE-KGaA will pay the equivalent of two monthly rent instalments on the basis of this property's rented value.

The company maintains a Group financial loss liability insurance policy (D&O insurance) for the members of the Board of Management. Cover for the members of the Board of Management and the Supervisory Board of CEWE-KGaA complies with the requirements of the German Act on the Appropriateness of Management Board Remuneration. The insured member of the Board of Management thus bears 10% of a potential loss, up to one-and-a-half times their fixed annual remuneration.

Insurance cover also applies through third-party liability insurance for managers as well as insurance covering legal expenses under criminal law for all of the company's employees. The members of the Board of Management are also jointly insured against any violations which they commit, or are alleged to have committed, in the performance of their duties. The company has moreover taken out an accident insurance policy for all of its executives. This includes all of the members of the Board of Management.

Pension scheme

Pension obligations apply in relation to the members of the Board of Management in the form of a direct commitment. The value of their pension entitlements is calculated on the basis of the fixed remuneration most recently paid for their service on the Board of Management of CEWE-Stiftung. The pension entitlement will have been vested following a period of 15 years (in one case, 20 years) of service on the Board of Management and will not exceed between 50% and two-thirds of the fixed remuneration last received by the member of the Board of Management in question. The structure of the pension scheme applies equally for all of the members of the Board of Management of CEWE-Stiftung. The pension benefit will be paid in twelve equal monthly instalments and shall be due on the last day of each month. As a rule, the commitments entered into do not include provision for dependants; however, provision has been made for dependants in some individual cases, with no effect on expenses. In individual cases, if the member of the Board of Management served as a managing director in the CEWE Group prior to his appointment to the Board of Management, as part of the company's pension scheme the company also maintains life insurance policies with a capital payment in the event of premature death as provision for dependants or, in case of survival, as a pension.

Variable remuneration

The members of the Board of Management receive variable, performance-related remuneration. The variable remuneration components are divided up into three different components and consist of one-year variable remuneration – i.e. a bonus share, payable annually (bonus I) – multi-year variable remuneration – in the form of a multi-year bonus share (bonus II) – and a long-term, share-based remuneration component (stock option plan). These remuneration components consist of the following core components:

Bonus I and bonus II are calculated separately from one another.

Bonus I reflects earnings before taxes (EBT) as well as depreciation of property, plant and equipment and amortisation of intangible assets of the CEWE Gruppe (1.1 ‰ of EBT plus 1.15 ‰ of annual depreciation of fixed assets for the Chairman of the Board of Management and 0.9 ‰ of EBT plus 0.85 ‰ of annual depreciation of fixed assets for each further ordinary member of the Board of Management; calculated on the basis of the consolidated financial statements of the CEWE Group). Overall, it is limited to a maximum of 100% of the fixed remuneration in a given year. This only includes bonus shares which are relevant for depreciation purposes and which have been earned through earnings before tax (earned depreciation). Bonus I will be calculated and paid out in the following year, within ten days of the consolidated financial statements having acquired binding force.

Bonus II with its multi-year component relates to earnings before taxes (EBT) (1.1 ‰ of EBT for the Chairman of the Board of Management and 0.9 ‰ of EBT for each further ordinary member of the Board of Management); it will be calculated on the basis of the total EBIT over the term of the employment contract of the member of the Board of Management in question; the multi-year bonus II will not attract any interest. In three cases, it is limited to a maximum of 100% of the fixed remuneration. The balance resulting from bonus II is retained for the multi-year term of the contract of the respective member of the Board of Management and will be paid out six months after the end of this person's employment contract.

In the event of a member of the Board of Management retiring over the course of a year, bonus I and bonus II will be calculated pro rata temporis and paid out in the following year within ten days of the consolidated financial statements acquiring binding force.

Stock option plans were established in the years 2014 to 2017, in 2019 and in 2021 in which the members of the Board of Management who held office at that time were permitted to participate in the same way and to the same extent. These plans are intended to reward the members of the Board of Management for the long-term improvement in the company's value via its share price. All of these stock option plans (SOP 2015, SOP 2016, SOP 2017, SOP 2019 and SOP 2021) had (and have) essentially the same terms. However, the SOP 2019 and the SOP 2021 are designed in such a way that, if the options are successfully exercised, the economic benefit will accrue in the form of CEWE-KGaA shares rather than in cash form. Participation in these plans and the volume of options purchased are subject to the discretion of the members of the Board of Management, up to a maximum total. They do not have any contractual entitlement for the implementation of these plans or for their participation in them. No holding period has been stipulated for participating members of the Board of Management in regard to shares arising from the stock option plans. The underlying prices, the performance targets and the fair value of the options within the scope of the currently applicable option programmes are indicated below. Please see pages 152 ff. for further details of these programmes.

No non-financial performance targets have been agreed. The contracts of the members of the Board of Management do not include any clawback provisions.

Extraordinary developments (such as the disposal of shares in the company and the realisation of hidden reserves) are not included in the calculation of bonus I and bonus II. In the event of a deterioration in the position of CEWE-KGaA, CEWE-Stiftung may reduce these amounts appropriately, if their continued grant would otherwise be unreasonable.

Stock option plans: fair values, underlying prices and performance targets

		Number of participants	Number of rights issued	Fair value euros/opt.	Fair value in euros	Underlying price euros/opt.	Performance premium as %	Performance target euros/opt.
AOP 2021	Board of Management	7	8,400	22.63	190,092.00	121.00	120	145.20
AOP 2019	Board of Management	7	8,400	12.82	107,688.00	81.00	125	101.25
AOP 2017	Board of Management	7	8,400	20.20	169,680.00	74.00	125	92.50
Total	**Board of Management**		**25,200**		**467,460.00**			

Due to the extremely high level of motivation in the overall Board of Management, the Board of Trustees of CEWE-Stiftung does not see any need for specific provisions or for overall target remuneration for individual members of the Board of Management. No distinctions have been made for different areas of business.

Overall, the remuneration has been designed such that the fixed remuneration components account for around 50% to 70% of overall remuneration and the variable remuneration components for around 30% to 50% of overall remuneration.

Other remuneration-related arrangements

The contracts with members of the Board of Management are exclusively term contracts which, according to the articles of association of CEWE-Stiftung, may be concluded for a period of up to five years. There is no provision for regular termination of a contract. The contracts are currently of equal duration for every member of the Board of Management, but apply for different financial years.

The following arrangements apply in the event of the premature termination of the contracts of the members of the Board of Management: in case of dismissal for good cause, their contracts will have been terminated as of the date of dismissal. In case of a dismissal which is not made for good cause or which is made on grounds lying outside of the responsibility of the member of the Board of Management, their fixed remuneration will be paid up to the end of the term of their contract. In addition, in this case this member of the Board of Management will receive a settlement in the amount of half of their fixed remuneration in case of a period of at least twelve months before he begins to draw a pension, and otherwise a pro rata compensation amount. Pro rata payment rules apply for the payment of any positive bonus II balance. The company has not concluded any compensation agreements with the members of the Board of Management to cover the event of a takeover offer (§ 315a (1) no. 9 HGB).

In the event of a member of the Board of Management giving notice to quit due to a change of control, this member's fixed remuneration and bonuses I and II will be paid pro rata temporis. No settlement will be paid for the loss of future fixed remuneration or bonuses.

The Board of Trustees of CEWE-Stiftung reserves the right to agree a post-contractual non-compete clause.

No remuneration is granted by other companies in the CEWE Group. Nor has the company concluded any agreements on discretionary or guaranteed bonus payments.

THE REMUNERATION SYSTEM FOR MEMBERS OF THE SUPERVISORY BOARD OF CEWE STIFTUNG & CO. KGAA

The remuneration of the Supervisory Board members merely consists of fixed remuneration; the company's long-term development is thus promoted, since the Supervisory Board's decisions are not influenced by the achievement of bonus targets. The new remuneration system was drafted for the members of the Supervisory Board, separately resolved by the Board of Management of the general partner and the Supervisory Board and then resolved by the general meeting on June 9, 2021. § 14 of the articles of association of CEWE-KGaA was revised in this respect. This new system applies from the financial year 2021 onwards.

The following detailed provisions apply: the basic remuneration of a member of the Supervisory Board is 48,000 euros. A higher level of remuneration is envisaged for the Chairman and Deputy Chairman of the Supervisory Board and for the Chairman of the Audit Committee. This amounts to twice the level of basic remuneration for the Chairman of the Supervisory Board and one-and-a-half times this amount for the Deputy Chairman and for the Chairman of the Audit Committee. In addition, each Supervisory Board member receives an attendance fee of 1,000 euros for their personal attendance of a meeting of the Supervisory Board or one of its committees, regardless of whether this is in person, in virtual form or over the telephone. Half of the fixed gross remuneration will fall due for payment as of June 30 of the current financial year and the other half, plus the attendance fees, within one month of the end of the financial year to which this remuneration relates.

CEWE-KGaA reimburses the members of the Supervisory Board any value added tax payable on their remuneration. Members of the Supervisory Board are covered by the company's D&O insurance policy. A deductible of 10% of the possible damage applies for them, up to a total amount of one-and-a-half times their fixed Supervisory Board remuneration.

REMUNERATION REPORT

The Board of Management of Neumüller CEWE COLOR Stiftung (CEWE-Stiftung) and the Supervisory Board of CEWE-KGaA hereby provide the following remuneration report pursuant to § 162 AktG within the scope of their remuneration reporting. The Board of Management and the Supervisory Board are to present it to the general meeting of CEWE-KGaA in order for a resolution to be passed on its approval (§ 120a (4) AktG). This report covers the remuneration of the members of the Board of Management of CEWE Stiftung & Co. KGaA, the Supervisory Board members of CEWE-KGaA as well as former members of the Board of Management of the old CEWE COLOR Holding AG, which underwent a change of form in 2013 to become CEWE Stiftung & Co. KGaA, and CEWE-Stiftung.

Individual remuneration of the members of the Board of Management of Neumüller CEWE COLOR Stiftung for 2021
The following reporting of remuneration for the year under review and financial year 2021 is in accordance with § 162 AktG. The tables distinguish between the remuneration actually received (remuneration granted within the meaning of § 162 (1), clause 1 AktG) and remuneration which is already due but which has not yet been paid out (remuneration owed within the meaning of § 162 (1) clause 1 AktG); in addition, a distinction is made – and reported on a voluntary basis – between remuneration which is owed and promised but is not yet due and, finally, other benefits paid to a member of the Board of Management in the event of regular termination of their service (benefits within the meaning of § 162 (2), item 3 AktG).

Mr Frank Zweigle has resigned from the Board of Management with effect as of December 31, 2021, while Ms Christina Sontheim-Leven has joined the Board of Management as a new member as of January 1, 2022. The reporting on Ms Sontheim-Leven's remuneration will thus only be provided in the following reporting year. The breakdown of this remuneration is as follows for the individual members of the Board of Management:

The fixed remuneration of the serving members of the Board of Management was adjusted in individual cases, so that all of the members of the Board of Management (with the exceptions of Dr Friege and Mr Zweigle) received the same amount of fixed remuneration as of January 1, 2020, irrespective of their terms of their individual employment contracts. This remuneration remained unchanged in the period up to December 31, 2021. Mr Zweigle was exclusively granted fixed remuneration; he was not a beneficiary of bonus arrangements or of a pension commitment as is normally granted for Board of Management members. Fringe benefits include the costs assumed or the benefit in money's worth associated, for example, with provision of a company car or the conclusion of insurance policies.

Remuneration actually received in euros

	Dr Christian Friege Chairman of the Board of Management and Head of National and International Distribution, Neumüller CEWE COLOR Stiftung		**Patrick Berkhouwer** Head of Foreign Markets and Expansion, Neumüller CEWE COLOR Stiftung		**Dr Reiner Fageth** Head of Technology and R&D, Neumüller CEWE COLOR Stiftung		**Carsten Heitkamp** Head of German Plants, Neumüller CEWE COLOR Stiftung		**Dr Olaf Holzkämper** Head of Finance and Controlling, Neumüller CEWE COLOR Stiftung		**Thomas Mehls** Head of Marketing and Acquisitions, Neumüller CEWE COLOR Stiftung		**Frank Zweigle** Head of Administration, Neumüller CEWE COLOR Stiftung		**Total** Remuneration granted to the Board of Management of Neumüller CEWE COLOR Stiftung	
	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**
Fixed gross remuneration																
Fixed remuneration	420,000	420,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	96,000	96,000	1,866,000	1,866,000
Fringe benefits	14,621	14,723	15,308	14,870	17,328	17,389	16,806	15,738	15,512	11,345	15,985	15,985	9,301	9,294	104,861	99,344
Total fixed gross remuneration	**434,621**	**434,723**	**285,308**	**284,870**	**287,328**	**287,389**	**286,806**	**285,738**	**285,512**	**281,345**	**285,985**	**285,985**	**105,301**	**105,294**	**1,970,861**	**1,965,344**
in % of total remuneration received	64	67	61	46	64	62	53	61	64	45	53	60	63	65	60	57
Variable remuneration																
One-year variable remuneration	143,376	149,762	112,390	144,078	97,086	117,498	112,390	117,498	97,086	117,498	112,390	117,498	0	0	674,718	763,832
in % of total remuneration received	21	23	24	23	22	25	21	25	22	19	21	25	0	0	20	22
Multi-year variable remuneration																
Bonus II	103,504	0	0	146,456	0	0	81,469	0	0	170,488	81,469	0	0	0	266,443	316,944
Stock option plan	0	60,330	66,420	48,885	64,260	60,678	58,680	64,380	63,420	54,090	64,260	70,020	62,535	57,723	379,575	416,106
in % of total remuneration received	15	9	14	31	14	13	26	14	14	36	27	15	37	35	20	21
Total variable remuneration	**246,880**	**210,092**	**178,810**	**339,419**	**161,346**	**178,176**	**252,539**	**181,878**	**160,506**	**342,076**	**258,119**	**187,518**	**62,535**	**57,723**	**1,320,736**	**1,496,882**
in % of total remuneration received	36	33	39	54	36	38	47	39	36	55	47	40	37	35	40	43
Total remuneration (GCGC)	**681,501**	**644,815**	**464,118**	**624,289**	**448,674**	**465,565**	**539,345**	**467,616**	**446,018**	**623,421**	**544,104**	**473,503**	**167,836**	**163,017**	**3,291,597**	**3,462,226**

Neither in the year under review nor in the previous year was there any remuneration which was due, but had not yet been paid out (remuneration owed within the meaning of § 162 (1) clause 1 AktG).

None of the members of the Board of Management has been promised or granted third-party payments in relation to their service on the Board of Management. The remuneration of the members of the Board of Management of CEWE-Stiftung for the financial year 2021, which will be paid out in 2022 (bonus I), will amount to 690 thousand euros and thus be lower than the figure for 2021 (764 thousand euros). The detailed picture is as follows:

Bonus I for the year under review – paid out in 2022 in euros

	Dr Christian Friege Chairman of the Board of Management and Head of National and International Distribution, Neumüller CEWE COLOR Stiftung		**Patrick Berkhouwer** Head of Foreign Markets and Expansion, Neumüller CEWE COLOR Stiftung		**Dr Reiner Fageth** Head of Technology and R&D, Neumüller CEWE COLOR Stiftung		**Carsten Heitkamp** Head of German Plants, Neumüller CEWE COLOR Stiftung		**Dr Olaf Holzkämper** Head of Finance and Controlling, Neumüller CEWE COLOR Stiftung		**Thomas Mehls** Head of Marketing and Acquisitions, Neumüller CEWE COLOR Stiftung		**Frank Zweigle** Head of Administration, Neumüller CEWE COLOR Stiftung		**Total** Remuneration granted to the Board of Management of Neumüller CEWE COLOR Stiftung	
	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**
	149,762	**140,291**	**144,078**	**110,017**	**117,498**	**110,017**	**117,798**	**110,017**	**117,498**	**110,017**	**117,498**	**110,017**	**0**	**0**	**763,832**	**690,376**

In the case of remuneration which is owed, but not yet due, multi-year variable remuneration comprises the bonus II shares as well as the expenses registered in the waiting period for the stock option plans pursuant to IFRS 2.10 ff., due to initial measurement of share-based remuneration; the fair value as of the grant date is key in this respect. The remuneration which is owed, but not yet due, is as follows:

Remuneration owed in euros

	Dr Christian Friege Chairman of the Board of Management and Head of National and International Distribution, Neumüller CEWE COLOR Stiftung		**Patrick Berkhouwer** Head of Foreign Markets and Expansion, Neumüller CEWE COLOR Stiftung		**Dr Reiner Fageth** Head of Technology and R&D, Neumüller CEWE COLOR Stiftung		**Carsten Heitkamp** Head of German Plants, Neumüller CEWE COLOR Stiftung		**Dr Olaf Holzkämper** Head of Finance and Controlling, Neumüller CEWE COLOR Stiftung		**Thomas Mehls** Head of Marketing and Acquisitions, Neumüller CEWE COLOR Stiftung		**Frank Zweigle** Head of Administration, Neumüller CEWE COLOR Stiftung		**Total** Remuneration granted to the Board of Management of Neumüller CEWE COLOR Stiftung	
	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**
Variable remuneration owed																
Multi-year variable remuneration															0	0
Bonus II	86,074	79,999	36,019	65,453	70,424	65,453	70,424	65,453	70,424	65,453	70,424	65,453	0	0	403,790	407,264
Stock option plan	**15,324**	**9,906**	**15,324**	**9,906**	**15,324**	**9,906**	**15,324**	**9,906**	**15,324**	**9,906**	**15,324**	**9,906**	**15,324**	**9,906**	**107,268**	**69,342**
Total variable remuneration owed	**101,398**	**89,905**	**51,343**	**75,359**	**85,748**	**75,359**	**85,748**	**75,359**	**85,748**	**75,359**	**85,748**	**75,359**	**15,324**	**9,906**	**511,058**	**476,606**

A total of 417 thousand euros (previous year: 404 thousand euros) has been paid over to the accounts holding the Board of Management members' personal bonus II entitlements. As of December 31, 2021, the accounts of the members of the Board of Management had the following balances:

Bonus II in euros

	Opening balance Jan. 1, 2020	Amount added 2020	Amount paid out 2020	End balance Dec. 31, 2020	**Amount added 2021**	**Amount paid out 2021**	**End balance Dec. 31, 2021**
Dr Christian Friege (Chairman)	98,856	86,074	–103,504	81,426	79,999	0	161,425
Patrick Berkhouwer	101,900	36,019	0	137,920	73,990	–146,456	65,453
Dr Reiner Fageth	48,826	70,424	0	119,251	65,453	0	184,704
Carsten Heitkamp	78,201	70,424	–81,469	67,156	65,453	0	132,609
Dr Olaf Holzkämper	99,254	70,424	0	169,678	66,263	–170,488	65,453
Thomas Mehls	78,201	70,424	–81,469	67,156	65,453	0	132,609
Frank Zweigle	0	0	0	0	0	0	0
Total active members of the Board of Management	**505,238**	**403,790**	**–266,443**	**642,585**	**416,611**	**–316,944**	**742,253**

All of the members of the Board of Management fully participated in the SOP 2016, SOP 2017, SOP 2019 and SOP 2021 plans, in line with their respective entitlements. Upon expiry of the waiting period of four years, the SOP 2016 was wound up in the year under review, 2021. The underlying prices, the performance targets and the fair value of the options within the scope of the currently applicable option programmes are as indicated below. Please see pages 152 ff. for further details of these programmes.

Stock option plans – fair values, underlying prices and performance targets

		Number of participants	Number of rights issued	Fair value euros/opt.	Fair value in euros	Underlying price euros/opt.	Performance premium as %	Performance target euros/opt.
AOP 2021	Board of Management	7	8,400	22.63	190,092.00	121.00	120	145.20
AOP 2019	Board of Management	7	8,400	12.82	107,688.00	81.00	125	101.25
AOP 2017	Board of Management	7	8,400	20.20	169,680.00	74.00	125	92.50
Total	**Board of Management**		**25,200**		**467,460.00**			

The company's long-term development is safeguarded by ensuring a balance between performance-related and non-performance-related remuneration components, thus preventing the members of the Board of Management from entering into disproportionately high risks in order to achieve bonuses.

The variable remuneration components bonus I and bonus II are based on the EBT figure as well as depreciation and amortisation in the CEWE Group. In accordance with the remuneration system, they do not reflect individual performance criteria or target agreements concluded with the members of the Board of Management.

In the case of the other benefits paid to a member of the Board of Management, in the event of regular termination of this member's service these other benefits will constitute pension obligations in the form of a direct commitment.

Other benefits in the event of regular termination of service in euros

	Dr Christian Friege Chairman of the Board of Management and Head of National and International Distribution, Neumüller CEWE COLOR Stiftung		**Patrick Berkhouwer** Head of Foreign Markets and Expansion, Neumüller CEWE COLOR Stiftung		**Dr Reiner Fageth** Head of Technology and R & D, Neumüller CEWE COLOR Stiftung		**Carsten Heitkamp** Head of German Plants, Neumüller CEWE COLOR Stiftung		**Dr Olaf Holzkämper** Head of Finance and Controlling, Neumüller CEWE COLOR Stiftung		**Thomas Mehls** Head of Marketing and Acquisitions, Neumüller CEWE COLOR Stiftung		**Frank Zweigle** Head of Administration, Neumüller CEWE COLOR Stiftung		**Total** Remuneration granted to the Board of Management of Neumüller CEWE COLOR Stiftung	
	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**
Pension expenses	**427,897**	**465,892**	**321,720**	**378,605**	**316,390**	**359,488**	**301,718**	**326,824**	**331,749**	**381,721**	**356,769**	**396,281**	**0**	**0**	**2,056,243**	**2,308,811**

The Board of Management pensions for CEWE-Stiftung are presented below. The value of their pension entitlements is calculated on the basis of the fixed remuneration most recently paid for their service on the Board of Management of CEWE-Stiftung.

Pensions of the members of the Board of Management of Neumüller CEWE COLOR Stiftung in thousands of euros

	2020				2021			
	Vested pension entitlements	Pension entitlements Dec. 31, 2020	Service cost for pensions	Provision for pension liabilities	Vested pension entitlements	Pension entitlements Dec. 31, 2021	Service cost for pensions	Provision for pension liabilities
Members of the Board of Management of Neumüller CEWE COLOR Stiftung								
Dr Christian Friege (Chairman)	26	84	428	2,321	17	101	466	2,526
Patrick Berkhouwer	14	50	322	1,889	10	60	379	2,014
Dr Reiner Fageth	13	100	316	3,130	11	111	359	3,161
Carsten Heitkamp	17	84	302	2,281	12	96	327	2,384
Dr Olaf Holzkämper	12	76	332	2,903	10	86	382	2,894
Thomas Mehls	16	76	357	2,766	10	86	396	2,766
Frank Zweigle	0	0	0	0	0	0	0	0
Total active members of the Board of Management	**98**	**470**	**2,057**	**15,290**	**70**	**540**	**2,309**	**15,745**
Dr Rolf Hollander (to June 30, 2017)	12	324	0	7,230	0	324	0	6,523
Andreas F. L. Heydemann (to Dec. 31, 2015)	0	97	0	2,086	0	97	0	1,958
Harald H. Pirwitz (to Dec. 31, 2015)	0	110	0	2,135	7	117	0	2,047
Total former members of the Board of Management	**12**	**531**	**0**	**11,451**	**7**	**538**	**0**	**10,528**
Total for CEWE Stiftung & Co. KGaA	**110**	**1,001**	**2,057**	**26,741**	**77**	**1,078**	**2,309**	**26,273**

In principle, the commitments entered into do not include provision for dependants. The present values shown for the service cost and deferred pension commitments include those which have been made in individual cases for potential dependants; such cases remain within the scope of the remuneration system for members of the Board of Management of CEWE-Stiftung, since they have been designed in a cost-neutral format. Provision has been made for the dependants of Dr Reiner Fageth, Dr Olaf Holzkämper and Patrick Berkhouwer in deviation from the pension arrangement outlined above. This is cost-neutral from an actuarial point of view, through a reduction in retirement benefits by comparison with the arrangements which apply in principle.

The service cost for pensions in 2021 is as shown below, subject to an actuarial interest rate of 1.2% (previous year: 0.7%) and use of the projected unit credit method in accordance with the IFRS.

Finally, for Dr Reiner Fageth and Dr Olaf Holzkämper as part of the company's pension scheme the company maintains life insurance policies with a capital payment in the event of premature death as provision for dependants or, in case of survival, as a pension, with an insured sum of 38 thousand euros. The related annual expenses for each member of the Board of Management amount to 1 thousand euros (previous year: 1 thousand euros).

Company pension scheme in thousands of euros

	2020			2021		
	Vested pension entitlements	Pension entitlements Dec. 31, 2020	Service cost for pensions	Vested pension entitlements	Pension entitlements Dec. 31, 2021	Service cost for pensions
Members of the Board of Management of Neumüller CEWE COLOR Stiftung						
Dr Christian Friege (Chairman)	0.0	0.0	0.0	0.0	0.0	0.0
Patrick Berkhouwer	0.0	0.0	0.0	0.0	0.0	0.0
Dr Reiner Fageth	0.0	0.0	0.0	0.0	0.0	0.0
Carsten Heitkamp	0.0	0.0	0.0	0.0	0.0	0.0
Dr Olaf Holzkämper	0.0	0.0	0.0	0.0	0.0	0.0
Thomas Mehls	0.0	0.0	0.0	0.0	0.0	0.0
Frank Zweigle	0.0	0.0	0.0	0.0	0.0	0.0
Total active members of the Board of Management	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Andreas F. L. Heydemann (to Dec. 31, 2015)	0.0	3.0	0.0	0.0	3.0	0.0
Total former members of the Board of Management	**0.0**	**3.0**	**0.0**	**0.0**	**3.0**	**0.0**
Total for CEWE Stiftung & Co. KGaA	**0.0**	**3.0**	**0.0**	**0.0**	**3.0**	**0.0**

No loans or advance payments have been granted. Moreover, nor has the company entered into any contingent liabilities for the benefit of the members of the Board of Management. Insofar as contractual provisions on maximum remuneration are applicable, these were reviewed; they were not violated or exceeded in any case. No early termination of employment contracts was agreed in the year under review. Mr Zweigle, who resigned from the Board of Management on December 31, 2021, has retained the options which he acquired from the SOP 2017, SOP 2019 and SOP 2021 programmes. In addition, no commitments were made to a former member of the Board of Management in connection with the termination of this person's service in the previous financial year which were granted in the previous financial year (§ 162 (2) no. 2 AktG). Finally, nor were any temporary deviations from the existing remuneration system agreed or resolved in the year under review.

Remuneration of the Supervisory Board of CEWE Stiftung & Co. KgaA

The Supervisory Board consists of twelve members. To date, fixed and variable remuneration components were envisaged as remuneration for the Supervisory Board. In this context, a new remuneration system was drafted for the members of the Supervisory Board, separately resolved by the Board of Management of the general partner and the Supervisory Board and then finally resolved by the general meeting on June 9, 2021.

The remuneration of the Supervisory Board members now merely comprises fixed remuneration. The related provision is a new provision and has replaced the old stipulations in § 14 of the articles of association of CEWE-KGaA. This change applies from the financial year 2021 onwards.

The following detailed provisions apply: the basic remuneration of a member of the Supervisory Board is 48,000 euros. A higher level of remuneration is envisaged for the Chairman and Deputy Chairman of the Supervisory Board and for the Chairman of the Audit Committee. This amounts to twice the level of basic remuneration for the Chairman of the Supervisory Board and one-and-a-half times this amount for the Deputy Chairman and for the Chairman of the Audit Committee. In addition, each Supervisory Board member receives an attendance fee of 1,000 euros for their personal attendance of a meeting of the Supervisory Board or one of its committees, regardless of whether this is in person, in virtual form or over the telephone. Half of the fixed gross remuneration will fall due for payment as of June 30 of the current financial year and the other half, plus the attendance fees, within one month of the end of the financial year to which this remuneration relates.

The members of the Supervisory Board received remuneration according to the previously applicable provisions for the year 2020. This comprised a fixed component and three variable components. The fixed gross remuneration amounted to 6,000 euros per annum. The Chairman of the Supervisory Board received twice this amount and the Deputy Chairman one-and-a-half times this amount. Each Supervisory Board member also received an attendance fee of 1,000 euros for each meeting attended. These amounts were payable upon expiry of the financial year.

Each Supervisory Board member additionally received performance-related and dividend-linked annual remuneration. Performance-related remuneration was determined on the basis of the undiluted earnings per limited partner's share, calculated according to the IFRS rules, and amounted to 250.00 euros for each 0.05 euros portion of earnings exceeding earnings of 0.25 euros per limited partner's share. The dividend-linked remuneration was calculated as follows: if a dividend of more than 0.25 euros per limited partner's share was resolved, the remuneration amounted to 500.00 euros for each 0.05 euros portion of the dividend which exceeded the dividend of 0.25 euros per limited partner's share. Here too, the Chairman of the Supervisory Board received twice the performance-related and dividend-linked remuneration and the Deputy Chairman one-and-a-half times this amount. For each member of the Supervisory Board, this remuneration was payable ten days after the general meeting which ratified the actions of the Supervisory Board for the financial year in question. Supervisory Board members who had only served on the Supervisory Board for part of the financial year received remuneration pro rata temporis.

The following remuneration has been paid over to the members of the Supervisory Board in 2021:

Supervisory Board remuneration, shareholdings, options in thousands of euros

	2020[1]							2021[2]						
	Fixed remuneration	Attendance fees	Performance-related remuneration	Dividend-linked remuneration	Total remuneration	Shareholdings number	Options number	**Fixed remuneration**	**Attendance fees**	**Performance related remuneration**	**Dividend-linked remuneration**	**Total remuneration**	**Shareholdings number**	**Options number**
Supervisory Board of CEWE Stiftung & Co. KGaA														
Otto Korte (Chairman)	12.0	8.0	41.5	35.0	96.5	550	0	96.0	8.0	69.5	41.0	214.5	550	0
Paolo Dell' Antonio	6.0	4.0	20.8	17.5	48.3	0	0	48.0	5.0	34.8	20.5	108.3	0	0
Patricia Geibel-Conrad	6.0	8.0	20.8	17.5	52.3	0	0	72.0	8.0	34.8	20.5	135.3	0	0
Prof Dr Christiane Hipp	6.0	5.0	20.8	17.5	49.3	0	0	48.0	5.0	34.8	20.5	108.3	0	0
Dr Birgit Vemmer	6.0	5.0	20.8	17.5	49.3	0	0	48.0	5.0	34.8	20.5	108.3	0	0
Dr Hans-Henning Wiegmann	6.0	5.0	20.8	17.5	49.3	0	0	48.0	5.0	34.8	20.5	108.3	0	0
Subtotal	**42.0**	**35.0**	**145.3**	**122.5**	**344.8**	**550.0**	**0.0**	**360.0**	**36.0**	**243.3**	**143.5**	**782.8**	**550.0**	**0.0**
Petra Adolph	6.0	5.0	20.8	17.5	49.3	0	0	48.0	4.0	34.8	20.5	107.3	0	0
Marion Gerdes	6.0	8.0	20.8	17.5	52.3	40	1,100	48.0	8.0	34.8	20.5	111.3	27	350
Insa Lukaßen	6.0	5.0	20.8	17.5	49.3	31	0	48.0	5.0	34.8	20.5	108.3	38	0
Alexander Oyen	6.0	5.0	20.8	17.5	49.3	0	0	48.0	5.0	34.8	20.5	108.3	0	0
Markus Schwarz (Deputy Chairman)	9.0	8.0	31.1	26.3	74.4	45	0	72.0	8.0	52.1	30.8	162.9	49	0
Elwira Wall	6.0	5.0	20.8	17.5	49.3	48	0	48.0	5.0	34.8	20.5	108.3	54	0
Subtotal	**39.0**	**36.0**	**134.9**	**113.8**	**323.6**	**164**	**1,100**	**312.0**	**35.0**	**225.9**	**133.3**	**706.1**	**168**	**350**
Supervisory Board of CEWE Stiftung & Co. KGaA	**81.0**	**71.0**	**280.1**	**236.3**	**668.4**	**714**	**1,100**	**672.0**	**71.0**	**469.1**	**276.8**	**1,488.9**	**718**	**350**

1 Fixed remuneration and attendance fees for 2020, payable after the end of the financial year in 2021; performance-related and dividend-linked remuneration for the financial year 2019, payable 10 working days after the general meeting in 2020.
2 Fixed remuneration and attendance fees for 2021, payable after the end of the financial year in 2022; performance-related and dividend-linked remuneration for the financial year 2020, payable 10 working days after the general meeting in 2021.

CEWE-KGaA reimburses the members of the Supervisory Board any value added tax payable on their remuneration. The above amounts are exclusive of value added tax. None of the members of the Supervisory Board has received or been granted third-party payments in relation to their service. Finally, none of the members of the Supervisory Board has been granted or paid remuneration or benefits for personal services, in particular advisory or mediation services.

The members of the Supervisory Board are also covered by the company's D&O insurance policy. A deductible of 10% of the possible damage has been agreed for them, up to a total amount of one-and-a-half times their fixed Supervisory Board remuneration. No loans or advance payments have been granted to members of the Supervisory Board. Nor has the company entered into any contingent liabilities for their benefit.

Remuneration paid to former members of the Board of Management and Supervisory Board of the old CEWE COLOR Holding AG and the Board of Management of Neumüller CEWE Color Stiftung

The former members of the Board of Management Andreas F. L. Heydemann and Harald Pirwitz retired from the Board of Management on December 31, 2015. The former member of the Board of Management Dr Rolf Hollander retired from the Board of Management on June 30, 2017. In accordance with the terms of the stock option plans, Dr Hollander, Mr Heydemann and Mr Pirwitz received their options under the SOP 2015 and fully exercised them in 2020. Dr Hollander had retained his rights from the SOP 2016 and fully exercised them in 2021. The multi-year variable remuneration is reported in the waiting period for the stock option plans pursuant to IFRS 2.10 ff., in the amount of the expenses registered due to initial measurement of share-based remuneration. The remuneration from stock option plans received by former members of the Board of Management is as follows:

Remuneration granted former members of the Board of Management in euros

	Dr Rolf Hollander Chairman of the Board of Management, Neumüller CEWE COLOR Stiftung to Jun. 30, 2017		**Andreas F. L. Heydemann** Head of IT and Legal, Neumüller CEWE COLOR Stiftung to Dec. 31, 2015		**Harald H. Pirwitz** Head of Distribution, Neumüller CEWE COLOR Stiftung to Dec. 31, 2015		**Total** Remuneration granted to the Board of Management of Neumüller CEWE COLOR Stiftung	
	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**
Fixed gross remuneration								
Fixed remuneration	0	0	0	0	0	0	0	0
Fringe benefits	0	0	0	0	0	0	0	0
Total fixed gross remuneration	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Variable remuneration								
One-year variable remuneration	0	0	0	0	0	0	0	0
Multi-year variable remuneration								0
Bonus bank	0	0	0	0	0	0	0	0
Stock option plan	63,720	68,640	64,900	0	61,823	0	190,443	68,640
Sonstiges	0	0	0	0	0	0	0	0
Total variable remuneration	**63,720**	**68,640**	**64,900**	**0**	**61,823**	**0**	**190,443**	**68,640**
Pension expenses	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total remuneration (GCGC)	**63,720**	**68,640**	**64,900**	**0**	**61,823**	**0**	**190,443**	**68,640**

The inflows from the stock option plans are indicated in the amount of the respective benefits in money's worth.

Pension commitments and pensions paid to former members of the Board of Management of Neumüller CEWE COLOR Stiftung or the old CEWE COLOR Holding AG
For former members of the Board of Management of the old CEWE COLOR Holding AG and CEWE-Stiftung, as of December 31, 2021 the company had made pension accruals in the amount 17,482 thousand euros (previous year: 19,136 thousand euros). Pension payments for the financial year 2021 amounted to 1,050 thousand euros (previous year: 1,034 thousand euros). With effect as of April 1, 2007, the pension obligations for the former members of the Board of Management who had already retired as of this date were transferred to CEWE COLOR Versorgungskasse e.V., Wiesbaden. They are included in the consolidated financial statements. The company's pension commitments for the other retired members of the Board of Management were maintained in the form of a direct commitment. Loans, advance payments or contingent liabilities have not been granted for former members of the executive bodies (i.e. the Board of Management or Supervisory Board, where applicable) of CEWE-Stiftung, the old CEWE COLOR Holding AG or the current CEWE-KGaA.

The company has not paid any remuneration to retired members of the Supervisory Board.

Comparative presentation of the remuneration and earnings trend for the current and former members of the Board of Management and the Supervisory Board of CEWE Stiftung und Co. KGaA, the old CEWE Color Holding AG and Neumüller CEWE Color Stiftung
The following comparative presentation shows the annual change in the remuneration granted and owed for the current and former members of the Board of Management and the Supervisory Board, the earnings trend for CEWE-KGaA and the CEWE Group and the remuneration received by employees on a full-time equivalent basis. The remuneration of employees is calculated on the basis of the average wages and salaries of employees of CEWE-KGaA in the financial year in question. The internal peer group has been deliberately limited to CEWE-KGaA, on the one hand due to the external comparison of the remuneration paid to CEWE's Board of Management with that of SDAX companies and, on the other, because CEWE-KGaA accounts for most of the Group's employees.

Comparative presentation of the remuneration and earnings trend in thousands of euros

	2021	2020	2021/2020 in %	2020/2019 in %	2019/2018 in %	2018/2017 in %	2017/2016 in %
Current members of the Board of Management							
Dr Christian Friege	645	682	−5.4	34.4	2.8	13.0	55.8
Patrick Berkhouwer	624	464	34.5	14.5	14.3	−1.1	14.3
Dr Reiner Fageth	466	449	3.8	−15.4	51.3	0.4	6.9
Carsten Heitkamp	468	539	−13.3	32.4	12.3	−17.0	34.8
Dr Olaf Holzkämper	623	446	39.8	14.2	−14.2	31.9	6.1
Thomas Mehls	474	544	−13.0	33.8	12.9	−16.7	31.9
Frank Zweigle	163	168	−2.9	17.7	32.8	−0.1	21.7
Former members of the Board of Management							
Dr Rolf Hollander	69	64	7.7	91.1	−83.0	−72.3	−5.3
Andreas F. L. Heydemann	0	65	−100.0	115.9	−81.2	−29.8	−24.8
Harald Pirwitz	0	62	−100.0	70.0	−41.1	−64.9	0.0

Comparative presentation of the remuneration and earnings trend in thousands of euros

	2021	2020	2021/2020 in %	2020/2019 in %	2019/2018 in %	2018/2017 in %	2017/2016 in %
Current members of the Supervisory Board							
Otto Korte	215	97	122.3	−4.5	5.8	4.9	20.5
Paolo Dell' Antonio	108	48	124.2	−7.1	16.9	270.8	0.0
Patricia Geibel-Conrad	135	52	158.7	41.7	392.0	0.0	0.0
Prof. Dr Christiane Hipp	108	49	119.7	−5.2	5.5	8.4	15.8
Dr Birgit Vemmer	108	49	119.7	41.3	436.9	0.0	0.0
Dr Hans-Henning Wiegmann	108	49	119.7	−5.2	5.5	3.8	24.0
Petra Adolph	107	49	117.6	45.4	516.4	0.0	0.0
Marion Gerdes	111	52	112.8	41.7	392.0	0.0	0.0
Insa Lukaßen	108	49	119.7	41.3	436.9	0.0	0.0
Alexander Oyen	108	49	119.7	41.3	436.9	0.0	0.0
Markus Schwarz	163	74	119.0	7.8	32.7	11.8	156.9
Elwira Wall	108	49	119.7	41.3	534.5	0.0	0.0
Former members of the Supervisory Board							
Vera Ackermann	0.0	0.0	0.0	−100.0	−60.0	−33.3	9.9
Prof. Dr Hans-Jürgen Appelrath	0.0	0.0	0.0	0.0	0.0	−100.0	−26.9
Dr Christina Debus	0.0	0.0	0.0	−100.0	−59.1	−10.1	156.9
Angelika Eßer	0.0	0.0	0.0	−100.0	−60.0	−8.0	21.4
Corinna Linner	0.0	0.0	0.0	−100.0	−61.0	−9.7	17.4
Philipp Martens	0.0	0.0	0.0	−100.0	−61.0	−9.7	168.0
Prof. Dr Michael Paetsch	0.0	0.0	0.0	−100.0	−60.0	−5.9	19.7
Thorsten Sommer	0.0	0.0	0.0	−100.0	−60.1	29.5	19.9
Employees							
Average number of employees of CEWE Stiftung & Co. KGaA (CEWE-KGaA)	57	58	−0.9	3.4	4.9	3.8	2.1
Earnings trend							
Earnings before taxes of CEWE-KGaA	60,629	69,509	−12.8	15.9	14.3	−32.4	109.8
Earnings before taxes of CEWE Group	72,726	76,365	−4.8	43.4	−0.1	9.1	5.8

CONSOLIDATED FINANCIAL STATEMENTS

4

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE FINANCIAL YEAR 2021 OF CEWE STIFTUNG & CO. KGAA

in thousands of euros

	Notes	2020	2021	Change as %
Revenues	C27	727,258	692,761	−4.7
Increase/decrease in finished and unfinished goods		−401	257	–
Other own work capitalised		1,332	1,301	−2.3
Other operating income	C28	23,032	27,117	17.7
Cost of materials	C29	−171,074[1]	−160,700	6.0
Gross profit		**580,147**[1]	**560,736**	**−3.4**
Personnel expenses	C30	−196,101	−194,949	0.6
Other operating expenses	C31	−248,974[1]	−241,173	3.2
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**135,072**	**124,614**	**−7.7**
Amortisation of intangible assets, depreciation of property, plant and equipment	C32	−55,381	−52,428	5.3
Earnings before interest and taxes (EBIT)		**79,691**	**72,186**	**−9.4**
Financial income	C33	38	2,045	>1,000
Financial expenses	C33	−3,364	−1,505	55.3
Financial result		**−3,326**	**540**	**116**
Earnings before taxes (EBT)		**76,365**	**72,726**	**−4.8**
Income taxes	C34	−24,429	−23,826	2.5
Group earnings after taxes		**51,936**	**48,900**	**−5.8**
Group earnings per share (in euros)				
Undiluted	C35	7.20	6.77	−6.0
Diluted	C35	7.15	6.72	−6.0

1 The figures for the previous year have been restated.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR 2021 OF CEWE STIFTUNG & CO. KGAA

in thousands of euros

	Notes	2020		2021		Change as %
Group earnings after taxes			**51,936**		**48,900**	**−5.8**
Difference resulting from currency translation	A5	−2,339		1,939		–
Amounts which may be reclassified to the profit and loss account in future periods			**−2,339**		**1,939**	**–**
Actuarial profits and losses	D54, D55	−2,945		3,291		–
Income taxes on income and expenses not affecting net income		893		−902		–
Other comprehensive income from equity instruments measured at fair value		1,518		2,827		–
Other comprehensive income not subsequently reclassified to the profit and loss account			**−534**		**5,216**	**–**
Other comprehensive income			**−2,873**		**7,155**	**–**
Comprehensive income			**49,063**		**56,055**	**−14.3**

CONSOLIDATED BALANCE SHEET

AS OF DECEMBER 31, 2021 OF CEWE STIFTUNG & CO. KGAA

in thousands of euros

ASSETS	Notes	Dec. 31, 2020	Dec. 31, 2021	Change as %
Property, plant and equipment	D36	216,654	212,383	−2.0
Investment properties	D37	17,368	17,091	−1.6
Goodwill	D38	77,758	77,758	–
Intangible assets	D39	31,532	25,991	−17.6
Financial assets	D40	7,038	9,789	39.1
Non-current financial assets	D41	1,540	1,194	−22.5
Non-current other receivables and assets	D41	1,175	882	−24.9
Deferred tax assets	D42	18,875	16,723	−11.4
Non-current assets		**371,940**	**361,811**	**−2.7**
Inventories	D43	50,885	56,504	11.0
Current trade receivables	D44	85,342	78,916	−7.5
Current receivables from income tax refunds	D45	1,034	6,165	496
Current financial assets	D46	3,153	2,910	−7.7
Other current receivables and assets	D47	10,300	8,837	−14.2
Cash and cash equivalents	D48	102,809	84,389	−17.9
Current assets		**253,523**	**237,721**	**−6.2**
Assets		**625,463**	**599,532**	**−4.1**

in thousands of euros

EQUITY AND LIABILITIES	Notes	Dec. 31, 2020	Dec. 31, 2021	Change as %
Subscribed capital	D49, D50	19,302	19,349	0.2
Capital reserve	D51, D52	75,065	76,123	1.4
Treasury shares at acquisition cost	D53	−8,491	−14,206	−67.3
Retained earnings and unappropriated profits	D54	215,127	254,568	18.3
Equity		**301,003**	**335,834**	**11.6**
Non-current accruals for pensions	D55	40,051	38,268	−4.5
Non-current deferred tax liabilities	D56	2,779	2,202	−20.8
Non-current other accruals	D57	464	398	−14.2
Non-current interest-bearing financial liabilities	D58	771	407	−47.2
Non-current lease liabilities	D59	48,769	43,430	−10.9
Non-current financial liabilities	D60	293	5	−98.3
Non-current other liabilities	D61	626	576	−8.0
Non-current liabilities		**93,753**	**85,286**	**−9.0**
Current tax liabilities	D62	23,945	4,013	−83
Current other accruals	D63	6,015	3,020	−49.8
Current interest-bearing financial liabilities	D64	407	276	−32.2
Current lease liabilities	D59	10,442	9,846	−5.7
Current trade payables	D65	122,099	107,528	−11.9
Current financial liabilities	D66	10,933	114	−99.0
Current other liabilities	D67	56,866	53,615	−5.7
Current liabilities		**230,707**	**178,412**	**−22.7**
Equity and liabilities		**625,463**	**599,532**	**−4.1**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

OF CEWE STIFTUNG & CO. KGAA

in thousands of euros

	Subscribed capital	**Capital reserve**	Generated Group equity	Actuarial profits and losses	Compensating item from currency translation	Income taxes not affecting net income	**Retained earnings and unappropriated profits**	**Total**	**Treasury shares at acquisition cost**	**Group equity**
As of Jan. 1, 2020	**19,279**	**76,491**	**195,921**	**−16,183**	**−4,487**	**5,278**	**180,529**	**276,299**	**−6,655**	**269,644**
Comprehensive income	**–**	**–**	**53,454**	**−2,945**	**−2,339**	**893**	**49,063**	**49,063**	**–**	**49,063**
Capital increase	23	–	–	–	–	–	–	23	–	23
Dividend paid out	–	–	−14,465	–	–	–	−14,465	−14,465	–	−14,465
Purchases of treasury shares	–	–	–	–	–	–	–	–	−2,431	−2,431
Stock option plans	–	−1,426	–	–	–	–	–	−1,426	595	−831
Owner-related equity changes	**23**	**−1,426**	**−14,465**	**–**	**–**	**–**	**−14,465**	**−15,868**	**−1,836**	**−17,704**
As of Dec. 31, 2020	**19,302**	**75,065**	**234,910**	**−19,128**	**−6,826**	**6,171**	**215,127**	**309,494**	**−8,491**	**301,003**
Comprehensive income	**–**	**–**	**51,727**	**3,291**	**1,939**	**−902**	**56,055**	**56,055**	**–**	**56,055**
Capital increase	47	–	–	–	–	–	–	47	–	47
Dividend paid out	–	–	−16,614	–	–	–	−16,614	−16,614	–	−16,614
Purchases of treasury shares	–	–	–	–	–	–	–	–	−6,669	−6,669
Stock option plans	–	1,058	–	–	–	–	–	1,058	954	2,012
Owner-related equity changes	**47**	**1,058**	**−16,614**	**–**	**–**	**–**	**−16,614**	**−15,509**	**−5,715**	**−21,224**
As of Dec. 31, 2021	**19,349**	**76,123**	**270,023**	**−15,837**	**−4,887**	**5,269**	**254,568**	**350,040**	**−14,206**	**335,834**

See D49 – D54 for details

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR 2020 OF CEWE STIFTUNG & CO. KGAA

in thousands of euros

	2020		2021		Change as %
EBITDA		**135,072**		**124,614**	**−7.7**
+/− Non-cash factors		−1,574		8,416	–
+/− Decrease (+)/Increase (−) in operating net working capital		12,158		−13,764	–
+/− Decrease (+)/Increase (−) in other net working capital (excl. income tax items)		8,552		−5,514	–
− Taxes paid		−11,955		−48,216	−303
+ Interest received		33		75	127
= Cash flow from operating activities		**142,286**		**65,611**	**−53.9**
− Outflows from investments in property, plant and equipment and intangible assets		−38,519		−38,464	0.1
− Outflows from purchases of consolidated interests/acquisitions		−3,454		−9,779	−183
+ Inflows from investments in financial assets		69		2,045	>1,000
+/− Outflows (−)/Inflows (+) from investments in non-current financial instruments		−71		346	–
+ Inflows from the sale of property, plant and equipment and intangible assets		2,949		1,710	−42.0
= Cash flow from investing activities		**−39,026**		**−44,142**	**−13.1**
= Free cash flow		**103,260**		**21,469**	**−79.2**
− Dividends paid	−14,465		−16,614		−14.9
− Purchases of treasury shares	−2,431		−6,669		−174
− Amounts paid out for stock option plans	−808		−2,600		−222
= Outflows to shareholders		**−17,704**		**−25,883**	**−46.2**
− Outflows from change in financial liabilities		−14,079		−11,674	17.1
− Interest paid		−1,382		−2,549	−84.4
+ Other financial transactions		0			
= Cash flow from financing activities		**−33,165**		**−40,106**	**−20.9**
Cash and cash equivalents at the start of the reporting period		**32,958**		**102,809**	**212**
+ Exchange-rate-related changes in cash and cash equivalents		−244		217	–
+ Cash flow from operating activities		142,286		65,611	−53.9
− Cash flow from investing activities		−39,026		−44,142	−13.1
− Cash flow from financing activities		−33,165		−40,106	−20.9
= Cash and cash equivalents at the end of the reporting period		**102,809**		**84,389**	**−17.9**

SEGMENT REPORTING BY BUSINESS UNIT[1]

FOR THE FINANCIAL YEAR 2021 OF CEWE STIFTUNG & CO. KGAA

in thousands of euros

		Photofinishing	Retail	Commercial Online Printing	Other Activities	Inter-business unit turnover[2]	**CEWE Group**
External revenues	**2021**	**590,103**	**31,157**	**66,030**	**7,607**	**−2,136**	**692,761**
	2020	619,994[3]	34,135	67,791	6,565	−1,227	727,258
External revenues, adjusted for currency effects	**2021**	**257**	**−498**	**29**	**–**	**–**	**−212**
	2020	1,911	1,998	−144	–	–	3,765
EBIT prior to restructuring	**2021**	**71,186**	**187**	**1,200**	**−387**	**–**	**72,186**
	2020	89,340	−1,250	−3,673	−1,091	–	83,326
Restructuring	**2021**	**–**	**–**	**–**	**–**	**–**	**–**
	2020	−728	−2,907	–	–	–	−3,635
EBIT	**2021**	**71,186**	**187**	**1,200**	**−387**	**–**	**72,186**
	2020	88,612	−4,157	−3,673	−1,091	–	79,691
Scheduled depreciation	**2021**	**41,071**	**3,475**	**6,926**	**821**	**–**	**52,293**
	2020	43,594	2,765	7,467	789	–	54,615
Non-scheduled depreciation	**2021**	**68**	**30**	**26**	**11**	**–**	**135**
	2020	487	279	–	–	–	766

1 Segment reporting by business unit is an integral part of the notes.
2 The inter-business unit turnover relates to the consolidation of turnover between two different business units.
3 Previous-year figure adjusted by + 1,227 thousand euros due to the separate reporting of inter-business unit turnover.

Comments on the segments

» Photofinishing includes turnover and earnings from CEWE photo products from own retail activities.
» Retail only consists of merchandise business, excl. CEWE's photography products.
» Other Activities comprises holding/structural costs (mainly Supervisory Board and IR costs), real estate, futalis.

NOTES

A. GENERAL DISCLOSURES

1 CORPORATE INFORMATION

CEWE Stiftung & Co. KGaA (hereinafter: CEWE KGaA), is a stock-market-listed partnership limited by shares (Kommanditgesellschaft auf Aktien – KGaA) under German law and is seated in Germany (Meerweg 30 – 32, 26133 Oldenburg).

CEWE KGaA is the parent company of the CEWE Group (hereinafter: CEWE). CEWE is an internationally active group which focuses on photofinishing, commercial online printing and photo retail business as a technology and market leader.

These consolidated financial statements and the combined management report for the financial year 2021 have been prepared by the Board of Management of CEWE KGaA and submitted to and duly published in the German Federal Gazette (Bundesanzeiger).

2 PRINCIPLES FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of CEWE KGaA for the year under review from January 1, 2021 to December 31, 2021 have been prepared in compliance with the International Financial Reporting Standards (IFRS) effective as of the reporting date and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as applied in the EU, as well as the supplementary rules prescribed by § 315a (1) of the German Commercial Code (Handelsgesetzbuch – HGB).

The following standards, revisions and interpretations were applicable for the first time in the year under review:

Amendment/standard

	Date of publication	Date of endorsement within the scope of EU law	Date of adoption (EU)
IFRS 16 “Leases”: Amendment to IFRS 16: Covid-19-Related Rent Concessions after June 30, 2021	March 31, 2021	Aug. 30, 2021	April 01, 2021
Amendments of IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16: Interest Rate Benchmark Reform – Phase 2	Aug. 27, 2020	Dec. 15, 2020	Jan. 01, 2021
Amendment to IFRS 4 “Insurance Contracts” and IFRS 9 “Financial Instruments”: Extension of the Temporary Exemption from Applying IFRS 9	June 25, 2020	Dec. 15, 2020	Jan. 01, 2021

These standards are mandatorily applicable for the first time in the year under review.

In the financial year 2020, the practical relief granted through the amendment to IFRS 16 "Covid-19 Related Rent Concessions" was adopted for the reporting of all Covid-19-related rent concessions which lessors have granted CEWE as a lessee. Covid-19-related rent concessions were thus treated as though no modification had occurred in the respective lease. This relief was originally limited to rent concessions which resulted in a reduction in lease payments which were due on or before June 30, 2021. The IASB extended this time limit until June 30, 2022 through the early adoption of the amendments to IFRS 16 of March 31, 2021 "Covid-19-Related Rent Concessions beyond 30 June 2021". Since the original exemption had already been made use of, the extension was also applied for leases with similar characteristics and similar terms and conditions. The amount recognised in profit or loss is 482 thousand euros.

The following IFRS endorsed in EU law had been issued up to the balance sheet date but are only mandatorily applicable in subsequent reporting periods.

Amendment/standard

	Date of publication	Date of endorsement within the scope of EU law	Date of adoption (EU)
IFRS 17 Insurance Contracts incl. Amendments to IFRS 17 as of June 25, 2020	Nov. 23, 2021	Nov. 19, 2021	Jan. 01, 2023
Annual Improvements to the IFRS (AIP) Cycle 2018-2020	May 14, 2020	Jun.28, 2021	Jan. 01, 2022
IAS 1: "Presentation of Financial Statements": Disclosure of Accounting Policies	Feb. 12, 2021	March 02, 2022	Jan. 01, 2023
IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors": Definition of Accounting Estimates	Feb. 12, 2021	March 02, 2022	Jan. 01, 2023
Additions to IFRS 3 "Business Combinations", IAS 16 "Property, Plant and Equipment", IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"	May 14, 2020	Jun. 28, 2021	Jan. 01, 2022

Standards and amendments which had already been resolved as of the balance sheet date are listed here. However, they have not yet come into force, and their effects will only become apparent in a subsequent reporting year.

The new standards and amendments of existing standards are not expected to have any significant impact on the Group's net assets, financial position and results of operations.

The following standards and interpretations and amendments of existing standards which have also been issued by the IASB as of the balance sheet date are not yet mandatorily applicable in the consolidated financial statements as of December 31, 2021. They will become applicable following their adoption within the scope of the EU's endorsement of the IFRS.

Amendment/standard

	Date of publication	Date of endorsement within the scope of EU law	Date of adoption (EU)
IAS 1 "Presentation of Financial Statements": Classification of Liabilities as Current or Non-current (incl. Amendments to IAS 1 as of July 15, 2020)	Jan. 23, 2020	open	Jan. 01, 2023
IAS 12: "Income Taxes": Deferred Tax related to Assets and Liabilities arising from a Single Transaction	May 07, 2021	open	Jan. 01, 2023
IFRS 17 "Insurance Contracts": Initial Application of IFRS 17 and IFRS 9 – Comparative Information	Dec. 09, 2021	open	Jan. 01, 2023

Standards and interpretations which are not yet mandatorily applicable in the EU are listed here. However, they have been resolved with mandatory effect and are currently being transposed into national law within the scope of an EU endorsement process.

Apart from the extension of the amendments to IFRS 16 concerning Covid-19-related rent concessions, no further new standards which are not yet valid for 2021 have been adopted voluntarily. The future effects on the Group's net assets, financial position and results of operations resulting from implementation of the standards issued as of the reporting date but not yet mandatorily applicable are still being reviewed. Several standards may necessitate additional notes. The new standards will be adopted in the EU upon completion of the endorsement procedure.

Determination of fair values

As far as possible, CEWE uses data observable on the market in order to determine the fair value of an asset or a liability. On the basis of the input factors used within the scope of the valuation techniques, the fair values have been assigned to the different levels of the fair value hierarchy:

» Level 1: quoted prices (unadjusted) on active markets for identical assets or liabilities.

» Level 2: valuation parameters which do not involve the quoted prices included in Level 1 but which are observable for the asset or the liability either directly (i.e. as a price) or indirectly (i.e. derived from prices).

» Level 3: valuation parameters for assets or liabilities which are not based on observable market data.

With the exception of the derivatives carried in the balance sheet at fair value, in these annual financial statements all assets and liabilities are measured at amortised cost. For assets and liabilities carried at amortised cost, the book values of the financial assets and liabilities in the balance sheet represent a reasonable approximation of the fair value.

Derivatives reported in the balance sheet are carried at fair value. The market values determined by credit institutions are arrived at by discounting the expected future cash flows throughout the remaining term of the contracts on the basis of individual, non-observable input parameters (Level 3 according to IFRS 7). The effects are of minor significance.

The profit and loss account has been prepared in accordance with the nature of expense method. Unless otherwise indicated, all figures refer to thousands of euros.

3 SCOPE OF CONSOLIDATION

Apart from CEWE Stiftung & Co. KGaA, the consolidated financial statements as of December 31, 2021 include domestic and foreign companies over which CEWE Stiftung & Co. KGaA has a direct or indirect controlling interest. The Group has control over a company if it is exposed to risk in relation to fluctuating yields, or is entitled to receive these yields, from its holdings in the company in question, and if the Group also has the ability to use its power of control over the investee so as to affect the value of the yield granted by this investee. The financial statements of subsidiaries are incorporated into the consolidated financial statements as of the point in time at which the relationship of control begins, and remain so until the relationship of control ends.

As in the previous year, as of December 31, 2021 apart from CEWE Stiftung & Co. KGaA, Oldenburg, as the parent company, the scope of consolidation includes 11 German and 20 foreign companies (cf. E69, page 172). The pension commitments transferred to the pension fund CEWE COLOR Versorgungskasse e.V., Wiesbaden, according to IAS 19 are also included in the scope of consolidation. No contractual trust arrangement (CTA) is applicable, since the pension commitments remain attributable to CEWE KGaA from a legal point of view. Insofar as this pension fund is unable to meet its obligations on the basis of its own resources, resources are provided by CEWE KGaA.

Bilderplanet.de GmbH, Cologne, is not operationally active. As in the previous year, it has not been included in the scope of consolidation due to its economic insignificance.

4 CONSOLIDATION PRINCIPLES

The consolidated financial statements have been prepared on the basis of the incorporated German and foreign financial statements of the subsidiaries, on the basis of uniform accounting and measurement methods. For all of the companies included in the consolidated financial statements, the reporting date for the separate financial statements is the same as the reporting date for the consolidated financial statements, i.e. December 31, 2021.

Acquired subsidiaries are accounted for using the acquisition method. The acquisition costs correspond to the fair value of the assets provided, the equity instruments issued and the liabilities arising or assumed as of the transaction date. They also include the fair values of any recognised assets or liabilities resulting from a contingent consideration agreement. Assets, liabilities and contingent liabilities which are identifiable within the scope of a company merger are measured at their fair values as of the date of their acquisition when first included in the scope of consolidation.

Any costs associated with their acquisition are recognised as expenses as of their date of their accrual.

Any contingent considerations are measured at fair value as of the date of their acquisition. Subsequent adjustments to the fair value of an asset or a contingent consideration classified as a liability are measured within the scope of IFRS 9 and any resulting profit or loss is recognised either in profit or loss or in other comprehensive income.

Goodwill is the value resulting from the surplus of the acquisition costs plus the value of the non-controlling interests in the acquired company and the fair value of any equity interests previously held as of the date of acquisition divided by the Group's interest in the net assets measured at fair value.

In case of the additional purchase of interests in companies already fully included in the scope of consolidation, this does not affect net income. This does not lead to any changes in the recognition of assets, liabilities and goodwill of the company already included in the scope of consolidation. The annual goodwill impairment tests are performed using the discounted cash flow method. This is calculated on the basis of future expected cash flows from the latest management planning, updated with long-term turnover growth rates as well as assumptions regarding margin and earnings trends and discounted in the value of the capital costs for the corporate unit. Testing is carried out at the level of the cash-generating unit. In the course of the year, an impairment test is also performed in case of events suggesting a permanent fall in value.

Intragroup turnover, expenses and income and also loans, receivables and liabilities between the consolidated companies are eliminated. Interim profits from intragroup deliveries are consolidated insofar as they are significant for presentation of the actual net assets, financial position and results of operations. Intragroup deliveries and services are calculated on the basis of market prices and also on the basis of transfer prices determined according to the arm's length principle. Where necessary, deferred taxes are calculated for consolidation entries affecting earnings.

Stock option plans have been measured at fair value as issued equity instruments for future work, in accordance with IFRS 2. The resulting effects have been apportioned as expense throughout the period, recognised in personnel expenses and entered against equity. Insofar as the terms of options are not fulfilled, this item is reversed directly within equity.

Companies which are no longer classifiable as companies to be included in the scope of consolidation have been excluded accordingly. The relevant date is determined on the basis of the date of this company's withdrawal, i.e. the date of loss of control over its financial and business policy. Expenses and income resulting for the consolidated company up to its disposal are included in the consolidated profit and loss account. All of the assets and liabilities representing the consolidated company immediately prior to its withdrawal from the scope of consolidation will be considered as the disposal value. The effect on income of removal from the scope of consolidation is calculated by comparing the disposal or liquidation proceeds and the disposal value. The same consolidation methods have been used as in the previous year.

5 CURRENCY TRANSLATION

The annual financial statements of the foreign Group companies have been translated into euros according to the functional currency concept. Since the subsidiaries conduct their business independently in financial, economic and organisational terms, in principle the respective functional currency is identical with the national currency of the company in question. The reporting currency and functional currency of the Group is the euro.

Assets and liabilities of foreign companies included in the scope of consolidation are translated at the mid-market spot rates on the balance sheet date (balance sheet exchange rate), while income and expenses are translated at the average annual mean rates of exchange (profit and loss account exchange rate).

Goodwill resulting for foreign subsidiaries as a result of capital consolidation is carried at historical cost.

Equity is also translated at historical exchange rates. Any resulting translation differences are not shown in the profit and loss account and are instead presented in a separate equity item. Currency differences resulting from the translation of non-current loans to Group companies are likewise recognised directly in equity.

The following key exchange rates apply for currency translation:

Currency translation

		2020		**2021**	
		Balance sheet exchange rate	Profit and loss account exchange rate	**Balance sheet exchange rate**	**Profit and loss account exchange rate**
CHF	Swiss franc	1.08020	1.07052	1.03310	1.08115
CZK	Czech crown	26.24500	26.45885	24.86000	25.64617
DKK	Danish krone	7.44090	7.45421	7.43640	7.43703
GBP	British pound sterling	0.89903	0.88970	0.84028	0.85960
HUF	Hungarian forint	365.13000	351.16579	369.00000	358.51767
NOK	Norwegian krone	10.47030	10.72279	9.98880	10.16333
PLN	Polish zloty	4.52720	4.44606	4.59150	4.56704
SEK	Swedish krona	10.03430	10.48475	10.25030	10.14646
USD	US dollar	1.22710	1.14220	1.13260	1.18274

B. ACCOUNTING AND MEASUREMENT PRINCIPLES

6 GENERAL DISCLOSURES

In principle, as in the previous year the annual financial statements of the companies included in the scope of consolidation are prepared on the basis of uniform accounting and measurement methods. Accounting and measurement options are exercised in the consolidated financial statements in the same way as in the separate financial statements.

For preparation of the consolidated financial statements, the Board of Management requires a series of assessments and estimates and makes assumptions affecting the application of accounting principles within the Group and also recognition of assets and liabilities as well as income and expenses. The actual amounts may deviate from these estimates. Estimates and underlying assumptions are continuously reviewed. The following estimates and associated assumptions may affect the consolidated financial statements.

If items of property, plant and equipment and intangible assets are acquired within the scope of company mergers, the fair value of these assets as of the date of acquisition and the expected useful life are estimated. Fair values and useful lives are calculated on the basis of the management's assessments.

Impairments of property, plant and equipment, intangible assets and goodwill are determined on the basis of estimates regarding the cause, the date and the value of these impairments and, where permissible, revaluations. Indications of impairments, estimates of future cash flows and fair values of assets are evaluated on the basis of assessments regarding expected cash flows, useful lives, discount rates and residual values. The development of future cash flows is mainly determined by the future demand trend for products. If the actual demand trend falls short of expectations, this would negatively affect turnover and cash flows. Further expenses for valuation adjustments might thus result which would negatively affect future results of operations.

To deal with the default risk for receivables, as well as provisioning for credit risk (expected credit loss) valuation adjustments are established for doubtful accounts. Provisioning for credit risk is determined on the basis of the maturity structure, the current market situation and past experience. In the event of a deterioration in customers' financial situation, the actual bad debts may exceed the expected bad debts.

The CEWE Group is obliged to pay income taxes in various countries (chiefly in Europe). Material assumptions are therefore necessary for calculation of Group-wide income tax liabilities. Income taxes are determined by calculating for each taxable entity the expected actual amount of income tax and the deferred taxes resulting from temporary differences between the balance sheet items in the consolidated financial statements and the accounts prepared for tax purposes. This requires assumptions for interpretation of applicable tax regulations in Germany and other countries. This also requires an assessment of the possibility of realising a sufficiently high level of taxable income for each type of tax and in each tax jurisdiction. For some transactions and calculations, the final level of taxation cannot be conclusively determined. The Group assesses the value of accruals for expected tax audits on the basis of estimates of whether additional income taxes may fall due and the respective amount. Insofar as the final level of taxation for these transactions deviates from the initially assumed level of taxation, this will affect the actual and deferred taxes in the period in which the level of taxation is conclusively determined. If the final values (in the areas affected by estimates) were to deviate from the management's estimates by 10%, the Group would be required to increase its tax liabilities by 401 thousand euros and its deferred tax liability by 220 thousand euros, in case of a negative deviation, or reduce its tax liabilities by 401 thousand euros and its deferred tax liability by 220 thousand euros in case of a positive deviation. Pensions and similar obligations are measured on the basis of actuarial procedures. These measurements are mainly based on assumptions regarding discount factors, salary and pension trends and life expectancies. Pensions and similar obligations may be subject to significant changes if these assumptions significantly deviate from actual trends due to changes in the market and economic environment.

The recognition and measurement of other accruals and contingent liabilities are highly dependent on the complexity of the underlying transaction as well as estimates. This requires assumptions regarding the probability of realisation and the value of the claim. This in turn depends on past experience, assessments of cost trends and the assessment of other information. Changes in these estimates may have a significant effect on results of operations.

Individual items have been summarised in the profit and loss account and the balance sheet. They are reported separately in the notes. The Group classifies assets and liabilities as current if they are expected to be realised or settled within twelve months of the balance sheet date.

7 RECOGNITION OF INCOME AND EXPENSES

The ordinary activities of the CEWE Group comprise photofinishing and other printing services and trading of photographic hardware as well as photofinishing products and services. CEWE mainly realises revenues from the sale of goods and does so only marginally from the provision of services. Any income associated with the Group's ordinary activities is presented as revenue in the profit and loss account. All other income is presented as other operating income (cf. C28, page 134). Revenues are recognised on the basis of a five-step model. Amounts which are expected as consideration for the transfer of goods to or for the provision of services for a customer must thus be recognised as revenues. Turnover will be realised where (or once) the power of disposal over goods or services has been transferred to a customer, either over a period of time or at a point in time. Operating expenses are recognised in profit or loss upon use of the service or as of the time at which they are incurred. In principle, turnover-related expenses or accruals are measured as of the date of realisation of the corresponding revenues; this includes estimated amounts for rebates and discounts and other sales deductions. Interest income and expenses are recognised on an accrual basis.

8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognised at cost and, in case of wear and tear, less scheduled straight-line depreciation. In the Commercial Online Printing business unit, the units-of-production depreciation method is used for offset printing machines. Production costs comprise all directly attributable costs as well as appropriate portions of the production-related overheads. Financing costs are capitalised. The profits or losses resulting from the write-off of the asset are calculated as the difference between the net disposal proceeds and the book value and are recognised in profit or loss as other operating income or expenses in the period in which this item is written off.

9 LEASE ACCOUNTING

For leases, as of initial recognition CEWE recognises a liability in the amount of the present value of the existing payment obligation, restated for lease payments reported as assets or liabilities. Variable lease payments only arise to a minor extent. The effective interest method is applied for subsequent accounting. For the present value calculation, discounting is implemented by means of a risk- and term-equivalent incremental borrowing rate of interest if it is not possible to determine the implicit interest rate. The short-term portion of the lease liability which is shown separately in the balance sheet is calculated by means of the repayment portion of the lease payments over the next twelve months.

CEWE measures all rights of use resulting from leases at amortised cost. Straight-line depreciation is recognised over the shorter of the lease term and the useful life of the identified asset. If events or changed circumstances point to the possibility of impairment, impairment testing will be implemented according to IAS 36.

Lease accounting is mainly influenced by the assessment of the term. All facts and circumstances which provide an economic incentive for the exercise of existing options are taken into consideration in order to determine the term of the lease. The assumed term therefore includes periods covered by extension options if the exercise of options can be assumed to be reasonably probable.

10 INVESTMENT PROPERTIES

Investment properties comprise land and buildings which are held in order to generate rental income or for capital appreciation and are not used for separate production, for delivery of goods or provision of services, for administrative purposes or for sale within the scope of ordinary activities.

As of their first-time measurement these assets are measured at amortised cost, including incidental costs. Within the scope of subsequent measurement, investment properties are recognised at amortised cost.

Investment properties are written off if they are sold or permanently no longer used and if no future economic benefit is expected as of their disposal. Profits or losses resulting from the shutdown or disposal of investment properties are recognised in the year of this shutdown or disposal.

Items of real estate are assigned to the portfolio of investment properties in case of a change of use involving the end of the Group's own use or the beginning of an operating lease as a landlord with another party.

11 GOODWILL

Goodwill does not undergo scheduled amortisation and is tested for impairment once a year. It is also tested whenever events occur which indicate potential impairment.

12 INTANGIBLE ASSETS

Intangible assets comprise industrial property rights and similar rights, software acquired for consideration, proprietary software, customer bases and lists, trademark rights and advance payments made on such assets. Acquired and proprietary intangible assets are capitalised subject to the conditions laid down in IAS 38 "Intangible Assets".

Intangible assets acquired for consideration are capitalised at cost, as are proprietary intangible assets which are expected to provide a future benefit for the Group and which can be reliably determined and measured. Both types of intangible assets undergo scheduled straight-line depreciation over their expected useful life. Production costs comprise all directly attributable costs as well as appropriate portions of the production-related overheads. Financing costs are not capitalised, since the Group does not have any assets which involve a protracted production/manufacturing phase. Other development costs are likewise not capitalised, since the conditions for capitalisation are not generally fulfilled. Intangible assets undergo impairment if the recoverable amount – the higher of the fair value less disposal costs and the asset's value in use – is less than the book value. Impairment is recognised under "Amortisation of intangible assets, depreciation of property, plant and equipment". Proprietary intangible assets mainly comprise new developments in the field of distribution- and production-specific software systems which can be used throughout the Group.

13 IMPAIRMENT

Average useful life in years

	Dec. 31, 2020	Dec. 31, 2021
Asset		
Customer base and customer lists	5	5
Software and other intangible assets	3 to 8	3 to 8
ERP software	5	5
Buildings	25 to 50	25 to 50
Machinery		
Adhesive binding equipment and machinery	8	8
Offset printing machines	8 to 10	8 to 10
Digital printing machines	4 to 7	4 to 7
Sorting systems	5 to 8	5 to 8
IT equipment	3 to 7	3 to 7
Motor vehicles	5	5
Office furniture	13	13

Average useful lives are determined on the basis of past experience of use of this asset, current and envisaged possibilities for its use and related technical development.

The book values of property, plant and equipment and intangible assets are tested for impairment on each balance sheet date. In case of any such indications, the recoverable amount of the asset is estimated in order to determine the scope of any impairment loss. The recoverable amount is determined for each individual asset, unless an asset results in cash inflows which are not largely independent of those of other assets or other groups of assets (cash-generating units). In this case, the calculation will be performed at the level of the cash-generating unit to which the respective asset has been assigned. The respective value will be assigned to the individual cash-generating units or to the smallest group of cash-generating units on an appropriate and consistent basis.

In case of intangible assets with indefinite useful lives or intangible assets which cannot be used yet, an impairment test is performed at least annually and in case of any indication of impairment. The recoverable amount is the higher of the fair value less disposal costs and the value in use.

For calculation of the value in use, the future cash flows resulting from continued use of the cash-generating units are discounted by a risk-adjusted interest rate. The cash flows are determined on the basis of the planning which has been approved by the Board of Management and is valid at the time of the impairment test. This planning is based on expectations of future market shares, growth on the respective markets and products' profitability. Cash flow forecasts beyond the detailed planning period are calculated on the basis of suitable growth rates. These include both the current market assessment regarding the fair value of the money and the risks to which the respective asset is exposed, if these factors have not already been reflected in the estimate of the cash flows. Before taxes, the risk-adjusted interest rates used for discounting of cash flows amount to between 5.3% and 11.0% in the Photofinishing business unit, to between 7.5% and 9.5% in the Retail business unit and to 7.5% in the Commercial Online Printing business unit. The risk-adjusted interest rate for the cash-generating units is based on the weighted average cost of capital (WACC). This is determined on the basis of the capital asset pricing model (CAPM), with due consideration of current market expectations. Specific peer group information for beta factors, capital structure data and the cost of borrowing are used to calculate the risk-adjusted interest rate for the purpose of the impairment test. Periods not included in the planning are reflected by means of a terminal value. Various sensitivity analyses are also performed. If the recoverable amount of an asset or a cash-generating unit falls below its book value, impairment is recognised in the amount of the difference. If the value in use is less than the book value, for the calculation of the recoverable amount the fair value less the disposal costs will also be determined. The impairment loss is immediately recognised in profit or loss. In the event of a recovery of the impairment loss, the book value of the asset or the cash-generating unit will be increased to the newly determined recoverable amount. However, the increased book value may not exceed the book value which would have been determined (less scheduled depreciation) if no impairment loss had been recognised in previous years. A recovery in value is immediately recognised in profit or loss.

Goodwill does not undergo any scheduled amortisation and is tested for impairment on the basis of the recoverable amount for the cash-generating unit to which it has been assigned. For this purpose, the goodwill acquired through a merger will be assigned to each individual cash-generating unit which is expected to realise synergies as a result of the merger. The maximum size of the respective cash-generating unit corresponds to the operating business unit which is included in internal reporting submitted to the main decision-making entity and thus reflects the internal reporting structure. The impairment test is performed at least once a year and also in case of any indication of impairment of the cash-generating unit.

In the event that the book value of the cash-generating unit to which this goodwill has been assigned exceeds its recoverable amount, amortisation will be recognised on this assigned goodwill in the value of the difference determined. Goodwill amortisation already recognised may not be reversed. If the difference determined for the cash-generating unit exceeds the book value of the assigned goodwill, the book values of the assets assigned to the cash-generating unit will undergo pro rata impairment in the value of the remaining impairment loss.

14 FINANCIAL ASSETS

Financial assets have been measured at fair value. CEWE reviews whether objective indications of impairment are applicable on each balance sheet date. Reinsurance policies included in financial assets are recognised at their actuarial present value. This does not involve plan assets.

15 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale comprise assets or groups of assets whose book values within the next twelve months are expected to be mainly realised through their disposal and not through their operational use. They are measured at the lower of their book value and their fair value less disposal costs. In the event of a subsequent increase in their fair value, a revaluation will be made in the value of the impairment recognised.

16 INVENTORIES

Inventories are recognised at cost. Manufacturing costs include individual material and production costs as well as pro rata material and production overheads. Administrative costs are included where attributable to production. Acquired inventory items are measured on the basis of the average value method, at the weighted average value. If the net disposal value is lower on the balance sheet date, this will be recognised. Inventories rarely used due to obsoleteness or technical progress are subject to marketability discounts. The Group does not have any long-term production orders.

17 PRIMARY FINANCIAL INSTRUMENTS

Primary financial instruments comprise financial assets (receivables, other assets, loans extended and cash and cash equivalents) as well as financial liabilities (interest-bearing financial liabilities, trade payables and other liabilities). They are accounted for and measured in accordance with the provisions of IFRS 9. A financial instrument is thus recognised if a consideration is provided in the form of cash and cash equivalents or financial assets. In principle, it will be recognised and written off at fair value, allowing for the transaction costs. Non-interest-bearing receivables and other assets are discounted if they are non-current. In accordance with IFRS 9, subsequent measurement will depend on the following categorisation of the financial instruments.

Financial assets
Financial interests recognised as financial assets are measured at fair value, with changes in value recognised in other comprehensive income.

In principle, loans and receivables not quoted on an active market are measured at amortised cost. This includes non-current financial receivables, trade receivables and other current financial receivables and assets. In case of any doubt regarding the collectability of individual receivables, they will be recognised at the lower realisable amount. Objective defaults will result in a write-off of the relevant receivable. Otherwise, receivables are measured according to the expected loss method. Foreign-currency receivables are translated at the exchange rate as of the reporting date.

Cash and cash equivalents are recognised at fair value. Cash in hand and balances in foreign currencies are translated at the exchange rate as of the reporting date.

Financial liabilities
Financial liabilities regularly establish an obligation for delivery in the form of cash and cash equivalents or another financial asset. This includes, in particular, trade payables, amounts owed to credit institutions, derivative financial liabilities and other financial liabilities.

Financial liabilities are measured at amortised cost.

18 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments such as interest rate and foreign currency options, interest rate swaps, combined interest rate and foreign currency swaps and commodities futures transactions for hedging of exchange rate, interest rate and commodity price risks are used within narrowly defined limits. In accordance with the Group's risk management principles, no derivative financial instruments are held for trading purposes. Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently at their market value. Profit and loss are recognised on the basis of the type of position to be hedged. Recognised measurement models are used in order to determine the market value. Derivatives for which no hedge accounting is applied are recognised at fair value.

19 DEFERRED TAXES

In accordance with IAS 12, deferred tax assets and liabilities are established for any temporary discrepancies in terms of assets and liabilities in the tax and IFRS balance sheets, for tax credits and loss carry-forwards and for consolidation measures recognised in profit or loss. The national tax rates applicable as of the balance sheet date or applicable in future will be used for calculation purposes. The effect of changes in tax rates on deferred taxes is recognised as of the respective change in the law coming into effect. Deferred tax assets resulting from loss carry-forwards are only included insofar as their realisation is sufficiently concrete and probable. In principle, changes in deferred taxes recognised in the balance sheet will result in deferred tax expenses or income. Insofar as items resulting in changes to deferred taxes are directly entered against equity, the change in deferred taxes will also be directly recognised in equity.

Deferred tax liabilities are shown within the scope of accruals. They are calculated on the basis of the standard international balance sheet-based liability method and show the tax effects resulting from the valuation differences between the tax balance sheets of the individual companies and the consolidated financial statements. Neither deferred tax assets nor deferred tax liabilities are discounted.

The deferral amounts are calculated at the tax rates which may currently be expected in case of a reversal of the temporary differences.

Deferred tax receivables and liabilities will be netted if they apply in relation to the same tax authority.

Average tax rates for calculation of deferred taxes in %

	2020	2021
Germany	32.00	32.00
Belgium	25.00	25.00
Denmark	22.00	22.00
France	28.00	28.00
United Kingdom	19.00	19.00
Netherlands	22.55	25.80
Norway	22.00	22.00
Austria	25.00	25.00
Poland	19.00	19.00
Sweden	20.60	20.60
Switzerland	25.00	25.00
Slovak Republic	21.00	21.00
Czech Republic	19.00	19.00
Hungary	9.00	9.00
USA	21.00	21.00

20 EQUITY

Subscribed capital is recognised within equity at its nominal value. The premium resulting from the first-time share issue is measured as a capital reserve on the basis of the difference between the nominal value of the ordinary bearer shares issued and the realised issue amount.

The subscribed capital and the capital reserve relate to CEWE Stiftung & Co. KGaA, Oldenburg, and are recognised as if held by this company. Through the treasury shares item deducted from equity on the face of the balance sheet, treasury shares are reported as a deduction at the value of their full, original acquisition costs and incidental acquisition costs at the time of their buyback (see item D53, pages 156 f.). Retained earnings and unappropriated profits are determined by law and in accordance with the articles of association of CEWE Stiftung & Co. KGaA, Oldenburg, and are reported at nominal value. As well as earnings calculated according to provisions of commercial law, these items include the discrepancies in relation to IFRS accounting standards. Effects resulting from fair value measurement of equity instruments, fair value measurement of hedging transactions and stock option plans (see item D51, pages 152 ff.) are also shown, as are the currency translation differences recognised directly in equity and actuarial gains and losses. The change in hidden reserves recognised within the scope of successive share purchases is apportioned to retained earnings.

21 PENSION COMMITMENTS

Pension accruals are calculated in accordance with the actuarial projected unit credit method prescribed in IAS 19 for defined-benefit pension obligations. The future obligation is discounted to its present value on the basis of the vested rights acquired up to the balance sheet date, while allowing for additional parameters. Discrepancies between estimates made and actual trends and changes in actuarial assumptions will result in actuarial gains and losses. These will be directly recognised in equity in the year of their occurrence. The current service cost and the interest expenses included in pension expenses are recognised in personnel expenses.

These figures only refer to the group of employees entitled to pensions for which a pension liability must be carried.

The biometric probabilities are calculated according to the current “Heubeck reference tables 2018 G” or similar foreign mortality tables. Reinsurance policies have been concluded to a minor extent for some of the reported pension commitments. Pension commitments in France are covered by plan assets which may be used to settle the Group’s pension obligations in that country.

22 ACCRUALS

Accruals are established insofar as a legal or constructive obligation has resulted from a past event. This is subject to the requirement that this obligation is expected to lead to a future outflow of assets which can be reliably estimated. In case of a level of probability which is greater than 50 %, the respective item will be recognised on the basis of the settlement amount with the highest possible probability of realisation. Accruals for obligations which are not expected to already result in an outflow in the following year are recognised in the amount of the present value of the expected outflow, if such accruals are significant. The discount rates correspond to the normal capital market rates. The value of the accruals is reviewed on each balance sheet date.

23 SHARE-BASED PAYMENT

IFRS 2 is complied with in respect of the balance-sheet treatment of stock option plans. The fair value of the options as of the grant date is determined upon the basis of market prices (prices of Deutsche Börse AG, Frankfurt) with consideration of the terms of issue as well as generally recognised valuation techniques for financial instruments. The exercise price, the respective term, the current market value of the option instrument (the CEWE share), the expected level of volatility for the market price, the expected dividends on the shares and the risk-free interest rate for the terms of the options are included for the purpose of this valuation. Moreover, as specific requirements for the exercise of the option the beneficiaries comply with the necessary waiting period (lockup period) and, where applicable, exercise the option as early as possible. In the following financial reporting, the determined value of the stock options is apportioned to the term as expense, with consideration of the assumed service period and the level of fluctuation in the beneficiaries. Option premiums received within the scope of the options issued are recognised in retained earnings.

24 RESEARCH AND NON-CAPITALISABLE DEVELOPMENT COSTS

Research and non-capitalisable development costs are recognised in profit or loss at the time of their occurrence.

25 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities are liabilities resulting from a possible obligation on account of a past event and whose existence depends on the occurrence or non-occurrence of one or more uncertain future events over which the company lacks complete control. Contingent liabilities may also result from a present obligation which is attributable to past events but has not been recognised in the balance sheet because

- the outflow of resources providing an economic benefit upon fulfilment of this obligation is not probable or
- the value of this obligation cannot be estimated sufficiently reliably.

If the outflow of resources providing an economic benefit for the company is not probable, no contingent liability will be disclosed.

Contingent assets are not shown in the balance sheet and will only be indicated if the accrual of an economic benefit is probable. They include possible assets which result from past events and whose existence on account of the occurrence or non-occurrence of uncertain future events – over which the company lacks complete control – is yet to be confirmed.

26 GOVERNMENT GRANTS

Government grants which are paid by way of compensation for expenses or losses already incurred or by way of immediate financial support, without related future expense, are recognised in the consolidated profit and loss account in the period in which the relevant entitlement arises.

C. COMMENTS ON THE PROFIT AND LOSS ACCOUNT

27 REVENUES

Revenues by business unit in thousands of euros

	2020	Share in %	2021	Share
Revenues Photofinishing	619,994	85.3	590,103	85.2
Change on previous year (as %)	8.9		−4.8	
Revenues Retail	34,135	4.7	31,157	4.5
Change on previous year (as %)	−21.8		−8.7	
Revenues Commercial Online Printing	67,791	9.3	66,030	9.5
Change on previous year (as %)	−34.3		−2.6	
Other Activities	6,565	0.9	7,607	1.1
Change on previous year (as %)	19.3		15.9	
Inter-business unit turnover	−1,227	−0.2	−2,136	−0.3
Change on previous year (as %)	19.3		74.1	
Total revenues	**727,258**	**100.0**	**692,761**	**100.0**

Turnover largely results from sales of CEWE products and is therefore shown by business unit in the above table.

The breakdown of turnover by geographical region is as follows. Turnover realised with external customers has been allocated on the basis of the geographical location of the customer's business activities.

Turnover by geographical region in thousands of euros

	2020	2021
Germany	397,688	376,364
Other countries	329,570	316,397
Total	**727,258**	**692,761**

Turnover with business partners is shown net of any sales deductions. Retrospectively applicable discounts are frequently agreed here which are based upon the overall turnover within a given period. The proceeds from these sales are recognised at the price stated in the contract, less the agreed discounts. A reimbursement liability (reported under trade payables) is recognised for discounts which are expected to be payable to the customer for sales completed up to the end of the reporting period. Sales via mail-order shipping are recognised in Photofinishing and Commercial Online Printing, mainly on the basis of prepayment. The retail stores operated by CEWE sell photographic hardware as well as photofinishing products. Payment of the transaction price is due immediately upon the customer's purchase of the product and acceptance of delivery in the retail store. Other revenues which have not resulted from the delivery or provision of typical goods, merchandise and services (the ordinary activities of the CEWE Group) are shown as other operating income. As of the reporting date, there are no contracts where the period between the transfer of the promised asset or services to the customer and the payment made by the customer is greater than one year. Accordingly, the promised consideration has not been restated on the basis of the time value of money.

28 OTHER OPERATING INCOME

Other operating income in thousands of euros

	2020	2021
Income from the reversal of accruals	2,720	5,468
Income from currency translation	2,776	3,904
Income from pass-through expenses	2,525	3,171
Other revenues from sales to third parties	3,519	2,755
Rental income	3,036	2,167
Reimbursement of costs own personnel	944	1,623
Income from the receipt of impaired receivables	1,075	1,183
Income from default charges	510	502
Income from insurance indemnification	168	86
Additional other operating income	5,759	6,258
Total other operating income	**23,032**	**27,117**

Other revenues from sales to third parties comprise revenues from sales of aluminium from the resale of the printing plates used in offset printing and revenue from the sale of property, plant and equipment.

In particular, income from pass-through expenses includes passed-on charges for sales aids, advertising services and logistics and other transport services.

Income from the release of accruals comprises various individual items within the scope of ordinary activities. Accruals are reversed if, in view of the circumstances prevailing as of the balance sheet date, they are no longer expected to be used or are only expected to be used to a marginal degree.

Income from currency translation mainly comprises profits resulting from exchange rate changes between the time of accrual and the time of payment or from measurement of monetary items at the exchange rate as of the reporting date. Exchange rate losses resulting from such transactions are shown under other operating expenses (see item C31, pages 136 f.).

The additional other operating income includes non-period income as well as additional positions not allocable to other items referred to in the notes.

29 COST OF MATERIALS

Cost of materials in thousands of euros

	2020	2021
Expenses for raw materials and supplies and for purchased merchandise	–147,321	–137,428
Expenses for purchased services	–23,753[1]	–23,272
Total cost of materials	**–171,074**[1]	**–160,700**

1 The previous-year figures have been restated in relation to the reporting of licence fees which are now shown under expenses for purchased services.

Expenses for raw materials and supplies and for purchased merchandise comprise, in particular, supplies of photographic paper, photo bags, chemicals and other packaging in the Photofinishing business unit, while in the Commercial Online Printing business unit expenses are mainly reported for printing plates, paper and freight costs. For the Retail business unit, this item comprises supplies of merchandise.

Expenses for purchased services include third-party work in the Photofinishing and Commercial Online Printing business units.

30 PERSONNEL EXPENSES

Personnel expenses in thousands of euros

	2020	2021
Wages and salaries	–161,882	–160,676
Social security contributions	–30,797	–30,923
Expenses for pensions and support	–3,422	–3,350
Total personnel expenses	**–196,101**	**–194,949**

Employees number of

	2020	2021
Non-manual employees	2,418	2,336
Manual employees	1,434	1,350
Total employees	**3,852**	**3,686**

Employees by business unit number of

	2020	2021
Photofinishing	2,701	2,754
Retail	515	424
Commercial Online Printing	583	453
Other Activities	53	55
Total employees	**3,852**	**3,686**

The above figures are annual averages. As of December 31, 2021, the Group had a total of 4,025 employees (December 31, 2020: 4,182 employees).

Wages paid to manual workers amount to 58,538 thousand euros (previous year: 56,470 thousand euros), while salaries of non-manual employees amount to 102,138 thousand euros (previous year: 105,412 thousand euros).

The personnel expenses include restructuring costs in the amount of 0 thousand euros (previous year: 1,905 thousand euros).

Expenses for pensions and support mainly comprise allocations to pension accruals; pension accruals for members of the executive bodies of the general and managing partner Neumüller CEWE COLOR Stiftung, Oldenburg, have increased by 455 thousand euros (previous year: increase of 3,729 thousand euros). Please also see the comments regarding non-current accruals for pensions (see item D55, page 158 ff.).

Initial measurement of the stock option plans is on the basis of the parameters outlined in the following table:

Parameters for stock option plans

		2017	2019	2021
Fair value	in thousands of euros	1,856	357	631
Other personnel expenses p.a.	in thousands of euros	464	89	158
End of lockup period		Dec. 31, 2021	Dec. 31, 2023	Dec. 31, 2025
Performance target	as % of underlying price	125	125	120
Exit rate	in %	3.00	3.00	3.00
Risk-free interest rate	in %	−0.20	−0.70	−0.42
Historical volatility	in %	28.17	27.90	28.29

The fair values resulting from the initial measurement of the stock option plans (IFRS 2.10 ff.) are accrued pro rata temporis up to the end of the relevant lockup period and recognised as “other personnel expenses”. Reserves are entered for them in equity. On the structure of the stock option plans, we refer to the comments regarding the Group’s equity (see item D51, pages 152 ff.). A Monte Carlo simulation has been used for these measurements. A log-normal distribution-based process has been simulated for the price of the CEWE share so as to map the performance target in the form of an increase in the average closing price on the underlying price on ten consecutive trading days.

The simulations also included the possibility of early exercise – with due consideration of the respective exercise windows – and also the beneficiaries’ early exercise behaviour, in line with a modified version of the approach proposed by Hull and White. The simulation assumed that, upon expiry of the lockup period, every year through a percentage exit rate stock options are exercised immediately upon this becoming possible due to the beneficiary leaving the company. A risk-free interest rate was assumed for the period up to the key date of December 30 of the relevant year. The calculation used discrete dividends; publicly available estimates were used as the basis for calculation. Finally, the historical level of volatility was considered and recognised for December 30 of the current year. The Group did not make any direct support payments.

31 OTHER OPERATING EXPENSES

Other operating expenses in thousands of euros

	2020	2021
Selling expenses	−164,642[1]	−161,485
Administrative expenses	−33,902	−34,163
Costs of premises	−10,280	−12,468
Operating costs	− 11,773	−11,111
Currency translation expenses	−3,605	−2,209
Motor vehicle costs	−2,111	−1,963
Depreciation and valuation adjustments for current assets	− 3,592	−1,237
Additional operating expenses	−19,069	−16,537
Total other operating expenses	**−248,974**[1]	**−241,173**

1 The previous-year figures have been restated in relation to the reporting of licence fees which are now shown under expenses for purchased services.

Selling expenses comprise, in particular, transport service expenses, shipping costs for branch and mail-order business in the Photofinishing business unit and marketing expenses. Valuation adjustments on current assets mainly comprise individual valuation adjustments on receivables (2021: 794 thousand euros, 2020: 2,581 thousand euros), which have resulted from an assessment of the loss of future returns.

The indicated exchange rate losses mainly comprise currency losses resulting from exchange rate changes between the time of accrual and the time of payment and from measurement at the exchange rate as of the reporting date. Exchange rate gains resulting from such transactions are shown under other operating income (see item C28, pages 134 f.).

In the year under review, as well as the costs of external services and personnel in the amount of 3,812 thousand euros (previous year: 3,345 thousand euros), other operating expenses include losses from the disposal of fixed assets in the amount of 476 thousand euros (previous year: 945 thousand euros) and restructuring costs in the amount of 0 thousand euros (previous year: 1,174 thousand euros).

Auditor's fees in thousands of euros

	2020	2021
Audit services for financial statements	298	393[1]
Other confirmation services	83	39
Total	**381**	**432**

[1] Of which for the previous year 16 thousand euros

The fees for auditing of financial statements mainly comprise payments for the audit of the consolidated financial statements and the separate financial statements of CEWE Stiftung & Co. KGaA, Oldenburg, and its German subsidiaries. The fees for other confirmation services relate to the auditor's review of the quarterly financial statements and of the consolidated non-financial statement.

32 AMORTISATION OF INTANGIBLE ASSETS, DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

The breakdown of depreciation and amortisation and non-scheduled depreciation and amortisation is shown in the analysis of fixed assets. No non-scheduled goodwill amortisation was recognised in the financial year 2021 or in the previous year.

33 FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial income/financial expenses in thousands of euros

	2020	2021
Income from equity investments	5	1,970
Other interest and similar income	33	75
Financial income	**38**	**2,045**
Interest and similar expenses	−2,246	−460
Interest expenses resulting from lease liabilities	−1,118	−1,045
Financial expenses	**−3,364**	**−1,505**

Income from equity investments includes profits distributed from equity investments in start-up companies in the amount of 1,970 thousand euros (previous year: 5 thousand euros). Interest and similar expenses include expenses recognisable in profit or loss from the fair value measurement of put options in the amount of 0 thousand euros (previous year: 1,881 thousand euros).

34 INCOME TAXES

Current and deferred expenses for income taxes in thousands of euros

	2020	2021
Current German taxes[1]	−27,440	−22,149
Current foreign taxes[2]	−1,435	−960
Current total taxes	**−28,875**	**−23,109**
Deferred German taxes	4,094	−1,215
Deferred foreign taxes	352	498
Deferred total taxes	**4,446**	**−717**
Total income taxes	**−24,429**	**−23,826**
[1]Of which not relating to the period – Germany	−20	−196
[2]Of which not relating to the period – other countries	95	−85

In Germany, income taxes include corporate income tax plus the solidarity surcharge and trade tax. In other countries, this item comprises similar income taxes of the subsidiaries.

No significant effects have resulted from tax rate changes or from the introduction of new German or foreign taxes.

The volume of income tax expenses shown can be calculated on the basis of the expected income tax expenses as follows:

Reconciliation of income tax expenses in thousands of euros

	2020	2021
Earnings before taxes	76,365	72,726
Theoretical tax rate (as %)	30.0	30.0
Expected income tax expenses	22,910	21,818
Increase/reduction of income tax burden due to:		
Deviation resulting from application of local tax rate	1,149	−37
Deviation resulting from different assessment bases		
– Tax-free income (–)	−169	−441
– Other tax additions and deductions	397	761
– Non-deductible expenses (+)	809	1,294
– Depreciation of items not deductible for tax purposes	0	0
Recognition and measurement of deferred taxes		
– Non-recognition of deferred tax assets on loss carry-forwards	1,478	387
– Revaluation/subsequent recognition of deferred taxes	−1,849	−390
Non-period effects		
– Use of loss carry-forwards not reported in the balance sheet (–)	−285	−407
– Other non-period effects	60	791
Other effects	−71	50
Income tax expenses shown	**24,429**	**23,826**

For the overall income tax burden, a theoretical tax rate of 30.0% (previous year: 30.0%) is assumed. This comprises a tax rate of 15.0% for corporate income tax (previous year: 15.0%), 5.5% for the solidarity surcharge levied on the corporate income tax liability (previous year: 5.5%) and a lump-sum average of approx. 14% for trade tax (previous year: 14.0%) plus marginal rounding-off.

Deferred tax assets and liabilities shown in the balance sheet resulted for discrepancies in value for the following balance sheet positions and for loss carry-forwards:

Classification of deferred taxes items in thousands of euros

	Dec. 31, 2020		Dec. 31, 2021	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Loss carry-forwards and tax credits	7,199		7,970	
Property, plant and equipment	154	−8,302	160	−9,368
Intangible assets	2,189	−4,150	1,875	−2,089
Financial assets	405	−962	369	−1,001
Inventories	379		270	
Receivables and other assets	469	−193	306	−218
Special item for investment grants (investment subsidies)	91	−85	23	−73
Pension accruals	8,730		7,606	
Other accruals	616		413	
Financial liabilities			6,051	
Other liabilities	9,588		2,289	−49
Deferred income and accrued expenses		−32		−13
Deferred taxes on temporary differences	**29,820**	**−13,724**	**27,332**	**−12,811**
Netting	**−10,945**	**10,945**	**−10,609**	**10,609**
Balance sheet item	**18,875**	**−2,779**	**16,723**	**−2,202**

In the past financial year and the previous year, with the exception of a portion of the deferred tax assets any changes in deferred tax assets and liabilities were measured in profit and loss in the pension accruals item. In the past financial year, the change in deferred tax assets not affecting net income amounted to 901 thousand euros (previous year: −893 thousand euros) for the pension accruals.

The total amount carried forward for tax losses not yet used is 71,877 thousand euros (previous year: 70,757 thousand euros) and mainly relates to CEWE's subsidiaries in France. Deferred tax assets have been reported in the balance sheet for tax loss carry-forwards in the total amount of 32,020 thousand euros (previous year: 26,784 thousand euros). For the capitalisation of deferred taxes on loss carry-forwards, future realisability is key. This mainly depends on future taxable profits in periods in which tax loss carry-forwards can be claimed. For the purpose of capitalisation, profit expectations are assumed which are considered to be probable. On the basis of the approved budgets and business plans, CEWE assumes that the deferred tax assets are realisable while applying the estimated future taxable income. Of these loss carryforwards, 71,877 thousand euros (previous year: 70,412 thousand euros) may be carried forward without any limit.

Total income tax expense recognised in equity in thousands of euros

	2020	2021
Income tax expense recognised in profit and loss account	−24,429	−23,826
Tax expense directly recognised in equity	893	−901
Total income tax expense recognised in equity	**−23,536**	**−24,727**

35 EARNINGS PER SHARE

Group earnings per share

		Q4 2020	2020	Q4 2021	2021
Earnings after taxes	in thousands of euros	52,053	51,936	49,609	48,900
Weighted average number of shares, undiluted	in units	7,210,636	7,212,257	7,200,898	7,226,596
Undiluted earnings per share	**in euros**	**7.22**	**7.20**	**6.89**	**6.77**
Consolidated profits after minority interests	in thousands of euros	52,053	51,936	49,609	48,900
Weighted average number of shares, diluted	in units	7,210,636	7,212,257	7,200,898	7,226,596
Diluting effect of stock options issued	in thousands of euros	38,813	48,166	47,132	45,867
Diluted earnings per share	**in euros**	**7.18**	**7.15**	**6.84**	**6.72**

Undiluted earnings per share are calculated as the ratio of earnings after taxes and the weighted average number of shares outstanding during the financial year less treasury shares.

For purposes of comparison, diluted earnings per share as of December 31, 2021 have been indicated. Treasury shares are not included in the calculation of diluted earnings per share.

D. COMMENTS ON THE BALANCE SHEET

TOTAL FIXED ASSETS OF CEWE STIFTUNG & CO. KGAA

Development in 2021 in thousands of euros

	Property, plant and equipment	Investment properties	Goodwill	Intangible assets	Non-current financial assets	Total
Acquisition and production costs						
As of Jan. 1	**537,311**	**32,967**	**120,146**	**154,000**	**7,696**	**852,120**
Currency translation adjustments	3,042	–	–	201	–	3,243
Additions	45,141	171	–	3,920	4,754	53,986
Disposals	–31,835	–	–	–10,355	–2,003	–44,193
Transfers	–77	42	–	35	–	0
As of Dec. 31	**553,582**	**33,180**	**120,146**	**147,801**	**10,447**	**865,156**
Depreciation						
As of Jan. 1	**320,657**	**15,599**	**42,388**	**122,468**	**658**	**501,770**
Currency translation adjustments	1,495	–	–	205	–	1,700
Scheduled additions	42,453	487	–	9,353	–	52,293
Non-scheduled additions	107	–	–	28	–	135
Disposals	–23,261	–	–	–10,244	–	–33,505
Transfers	–3	3	–	–	–	–
Revaluations	–249	–	–	–	–	–249
As of Dec. 31	**341,199**	**16,089**	**42,388**	**121,810**	**658**	**522,144**
Book value on Dec. 31	**212,383**	**17,091**	**77,758**	**25,991**	**9,789**	**343,012**

Development in 2020 in thousands of euros

	Property, plant and equipment	Investment properties	Goodwill	Intangible assets	Non-current financial assets	**Total**
Acquisition and production costs						
As of Jan. 1	**516,732**	**32,400**	**120,146**	**154,278**	**6,136**	**829,692**
Currency translation adjustments	−3,807	–	–	−397	–	−4,204
Additions	46,916	1,087	–	3,913	1,966	53,882
Disposals	−22,980	–	–	−3,864	−406	−27,250
Transfers	450	−520	–	70	–	–
As of Dec. 31	**537,311**	**32,967**	**120,146**	**154,000**	**7,696**	**852,120**
Depreciation						
As of Jan. 1	**294,189**	**15,160**	**42,388**	**115,195**	**557**	**467,489**
Currency translation adjustments	−1,828	–	–	−340	–	−2,168
Scheduled additions	43,185	467	–	11,063	–	54,715
Non-scheduled additions	524	–	–	141	101	766
Disposals	−15,386	–	–	−3,589	–	−18,975
Transfers	30	−28	–	−2	–	–
As of Dec. 31	**320,657**	**15,599**	**42,388**	**122,468**	**658**	**501,770**
Book value on Dec. 31	**216,654**	**17,368**	**77,758**	**31,532**	**7,038**	**350,350**

36 PROPERTY, PLANT AND EQUIPMENT

On the development of the fixed assets, please see the attached analysis of fixed assets. The scheduled depreciations indicated here and the non-scheduled depreciations of fixed assets are shown in the profit and loss account under amortisation of intangible assets and depreciation of property, plant and equipment. On the basis of impairment tests, non-scheduled depreciation on equipment with limited usability for technical reasons has been recognised in the amount of 107 thousand euros (previous year: 245 thousand euros).

Non-scheduled depreciation was recognised in the previous year in the amount of 279 thousand euros in connection with restructuring in the Retail business unit.

The book value of property, plant and equipment used only temporarily is of lesser importance. The same applies for property, plant and equipment which is definitively no longer used. It is assumed that the fair value of property, plant and equipment does not significantly deviate from its book value. The Group does not have any pledged property, plant and equipment. Obligations for the purchase of property, plant and equipment (commitments) amount to 15,017 thousand euros (previous year: 1,434 thousand euros).

Development of property, plant and equipment in 2021 in thousands of euros

	Land, leasehold rights and buildings, incl. buildings on third-party land	Technical equipment and machinery	Other equipment, furniture and fixtures	Advance payments and assets under construction	Total
Acquisition and production costs					
As of Jan. 1	**162,608**	**275,035**	**97,653**	**2,015**	**537,311**
Currency translation adjustments	1,553	804	685	–	3,042
Additions	10,984	20,668	10,138	3,351	45,141
Disposals	−9,732	−15,251	−6,816	−36	−31,835
Transfers	757	1,004	120	−1,958	−77
As of Dec. 31	**166,170**	**282,260**	**101,780**	**3,372**	**553,582**
Depreciation					
As of Jan. 1	**49,734**	**194,738**	**76,185**	**–**	**320,657**
Currency translation adjustments	502	483	510	–	1,495
Scheduled additions	10,758	22,148	9,547	–	42,453
Non-scheduled additions		68	39	–	107
Disposals	−2,951	−13,783	−6,527	–	−23,261
Transfers	−3	–	–	–	−3
Revaluations	−249	–	–	–	−249
As of Dec. 31	**57,791**	**203,654**	**79,754**	**–**	**341,199**
Book value on Dec. 31	**108,379**	**78,606**	**22,026**	**3,372**	**212,383**

Development of property, plant and equipment in 2020 in thousands of euros

	Land, leasehold rights and buildings, incl. buildings on third-party land	Technical equipment and machinery	Other equipment, furniture and fixtures	Advance payments and assets under construction	Total
Acquisition and production costs					
As of Jan. 1	**157,346**	**261,571**	**95,113**	**2,702**	**516,732**
Currency translation adjustments	−1,960	−846	−986	−15	−3,807
Additions	13,961	20,018	10,917	2,020	46,916
Disposals	−7,433	−8,010	−7,537	–	−22,980
Transfers	694	2,302	146	−2,692	450
As of Dec. 31	**162,608**	**275,035**	**97,653**	**2,015**	**537,311**
Depreciation					
As of Jan. 1	**40,453**	**180,417**	**73,319**	**–**	**294,189**
Currency translation adjustments	−423	−700	−705	–	−1,828
Scheduled additions	11,904	21,069	10,212	–	43,185
Non-scheduled additions	7	127	390	–	524
Disposals	−2,233	−6,121	−7,032	–	−15,386
Transfers	26	3	1	–	30
Revaluations	–	−57	–	–	−57
As of Dec. 31	**49,734**	**194,738**	**76,185**	**–**	**320,657**
Book value on Dec. 31	**112,874**	**80,297**	**21,468**	**2,015**	**216,654**

As of December 31, 2021, property, plant and equipment include the following amounts where the Group was a lessee according to IFRS 16:

Additions, depreciation and other changes to leased property, plant and equipment 2021
in thousands of euros

	Land, leasehold rights and buildings, incl. buildings on third-party land	Technical equipment and machinery	Other equipment, furniture and fixtures	Advance payments and assets under construction	Total
Acquisition costs					
As of Jan. 1	**70,565**	**1,514**	**5,316**	**–**	**77,395**
Currency translation adjustments	1,065	4	6	–	1,075
Additions	9,429	12	1,329	–	10,770
Disposals	−9,577	−625	−1,182	–	−11,384
As of Dec. 31	**71,482**	**905**	**5,469**	**–**	**77,856**
Depreciation				**–**	
As of Jan. 1	**16,420**	**742**	**2,357**	**–**	**19,519**
Currency translation adjustments	264	−1	0	–	263
Scheduled additions	8,056	379	2,035	–	10,470
Disposals	−2,817	−556	−1,099	–	−4,472
As of Dec. 31	**21,923**	**564**	**3,293**	**–**	**25,780**
Book value on Dec. 31	**49,559**	**341**	**2,176**	**–**	**52,076**

Additions, depreciation and other changes to leased property, plant and equipment 2020
in thousands of euros

	Land, leasehold rights and buildings, incl. buildings on third-party land	Technical equipment and machinery	Other equipment, furniture and fixtures	Advance payments and assets under construction	Total
Acquisition costs					
As of Jan. 1	**67,794**	**1,669**	**4,534**	**–**	**73,997**
Currency translation adjustments	−1,251	−59	−41	–	−1,351
Additions	10,838	–	2,559	–	13,397
Disposals	−6,816	−96	−1,736	–	−8,648
As of Dec. 31	**70,565**	**1,514**	**5,316**	**–**	**77,395**
Depreciation					
As of Jan. 1	**8,985**	**439**	**1,828**	**–**	**11,252**
Currency translation adjustments	−163	−54	−20	–	−237
Scheduled additions	9,298	417	2,090	–	11,805
Disposals	−1,700	−60	−1,541	–	−3,301
As of Dec. 31	**16,420**	**742**	**2,357**	**–**	**19,519**
Book value on Dec. 31	**54,145**	**772**	**2,959**	**–**	**57,876**

Breakdown of property, plant and equipment owned and leased in 2021
in thousands of euros

	Land, leasehold rights and buildings, incl. buildings on third-party land	Technical equipment and machinery	Other equipment, furniture and fixtures	Advance payments and assets under construction	Total
Owned property, plant and equipment	58,820	78,265	19,850	3,372	160,307
Leased property, plant and equipment	49,559	341	2,176	–	52,076
Book value on Dec. 31, 2021	**108,379**	**78,606**	**22,026**	**3,372**	**212,383**

Breakdown of property, plant and equipment owned and leased in 2020
in thousands of euros

	Land, leasehold rights and buildings, incl. buildings on third-party land	Technical equipment and machinery	Other equipment, furniture and fixtures	Advance payments and assets under construction	Total
Owned property, plant and equipment	58,729	79,525	18,509	2,015	158,778
Leased property, plant and equipment	54,145	772	2,959	–	57,876
Book value on Dec. 31, 2020	**112,874**	**80,297**	**21,468**	**2,015**	**216,654**

The following amounts have arisen for leasing activities during the reporting period:

in thousands of euros

	2020 Amount	2021 Amount
Expenses for current lease liabilities	0	0
Expenses for lease liabilities relating to low-value assets	200	200
Expenses for variable lease payments not included in the measurement of lease liabilities	262	95
Cash and cash equivalents outflows for leases as part of cash flow from operating activities	462	295
Cash and cash equivalents outflows for repayments of lease liabilities	10,668	10,442
Cash and cash equivalents outflows for interest in connection with lease liabilities	1,118	1,045

The amount recognised in profit or loss as a result of the application of the Covid-19 amendment is 482 thousand euros (previous year: 326 thousand euros).

Intragroup deliveries and services (e.g. digital printing machines, CEWE Photostations) are calculated on the basis of market prices and also on the basis of transfer prices determined according to the arm's length principle. Fixed assets resulting from intragroup deliveries are adjusted for interim results. For consolidation measures recognised in profit or loss, the income tax effects are considered and deferred taxes are recognised accordingly.

37 INVESTMENT PROPERTIES

Investment properties comprise commercial properties in Bad Schwartau and Berlin as well as the parts of the Dresden production plant site which are leased to third parties and are no longer used by the Group. In accordance with IAS 40, these buildings no longer used by the Group are measured at amortised cost. The underlying expected useful lives for scheduled straight-line depreciation are between 25 and 50 years. Additions in the financial year relate to subsequent acquisition costs in the amount of 171 thousand euros (previous year: 1,087 thousand euros). In the financial year, rent income amounted to 2,119 thousand euros (previous year: 1,909 thousand euros). Including depreciation, maintenance and incidental costs, expenses for the leased properties amounted to 1,587 thousand euros (previous year: 1,612 thousand euros).

The fair value of these investment properties is 26,178 thousand euros (previous year: 20,353 thousand euros). The fair value was calculated internally.

Development of investment properties in thousands of euros

	2020	2021
Acquisition and production costs		
As of Jan. 1	**32,400**	**32,967**
Additions	1,087	171
Transfers	−520	42
As of Dec. 31	**32,967**	**33,180**
Depreciation		
As of Jan. 1	**15,160**	**15,599**
Scheduled additions	467	487
Transfers	−28	3
As of Dec. 31	**15,599**	**16,089**
Book value on Dec. 31	**17,368**	**17,091**

38 GOODWILL

Goodwill results from the acquisition of businesses. The figures for each business unit have developed as follows:

Development of goodwill in 2021 in thousands of euros

	Photofinishing	Retail	Commercial Online Printing	Total
Acquisition and production costs				
As of Jan. 1	**55,234**	**366**	**22,158**	**77,758**
As of Dec. 31	**55,234**	**366**	**22,158**	**77,758**

Development of goodwill in 2020 in thousands of euros

	Photofinishing	Retail	Commercial Online Printing	**Total**
Acquisition and production costs				
As of Jan. 1	**55,234**	**366**	**22,158**	**77,758**
As of Dec. 31	**55,234**	**366**	**22,158**	**77,758**

For the CEWE Group, key items of goodwill have been assigned to the following business units as of the balance sheet date:

Business unit and cash-generating unit in thousands of euros

	Dec. 31, 2020	**Dec. 31, 2021**
Commercial Online Printing SAXOPRINT	17,809	17,809
Commercial Online Printing LASERLINE	2,680	2,680
Commercial Online Printing viaprinto	1,668	1,668
Photofinishing Cheerz	31,198	31,198
Photofinishing WhiteWall	18,040	18,040
Photofinishing Diginet	2,874	2,874
Photofinishing DeinDesign	2,515	2,515

Within the scope of the impairment test, the recoverable amount is determined by calculating the value in use. Cash flow forecasts are used for this purpose which are based on the approved business planning figures. Cash flows are extrapolated beyond a period of five years on the basis of the growth rates indicated below.

In the following, the long-term growth rate and discount rate is indicated for the value-in-use calculation for each cash-generating unit with significant goodwill. The recoverable amount in case of valuation adjustments is also indicated.

2021 in %

	SAXOPRINT	**LASERLINE**	**viaprinto**	**Cheerz**	**WhiteWall**	**Diginet**	**DeinDesign**
Long-term growth rate	1.0	1.0	1.0	0.75	0.75	0.75	0.75
Pre-tax interest rate	8.12	7.11	7.53	6.27	6.73	7.90	7.09

2020 in %

	SAXOPRINT	LASERLINE	viaprinto	Cheerz	WhiteWall	Diginet	DeinDesign
Long-term growth rate	1.0	1.0	1.0	0.75	0.75	0.75	0.75
Pre-tax interest rate	8.0	8.0	8.0	7.88	7.3	7.3	7.3

The range of discount rates before taxes in the respective business units is as follows:

Business units 2021

	Goodwill in thousands of euros	**Range of discount rate as %**
Photofinishing	55,234	6.1 to 8.8
Retail	366	7.5 to 8.4
Commercial Online Printing	22,158	7.1 to 8.1
Total	**77,758**	**5.3 to 11.0**

Business units 2020

	Goodwill in thousands of euros	Range of discount rate as %
Photofinishing	55,234	6.8 to 12.9
Retail	366	7.3 to 10.1
Commercial Online Printing	22,158	8.0
Total	**77,758**	**6.8 to 12.9**

The estimates made are considered appropriate in relation to the expected useful life of specific assets, assumptions regarding the macroeconomic environment and developments in the industries in which CEWE is active and the estimated present values of future cash flows. Nonetheless, revised assumptions or changed circumstances may necessitate corrections which may lead to additional valuation adjustments or, in case of a reversal in the envisaged trends, reversals in value if this does not involve goodwill.

Within the scope of a sensitivity analysis for cash-generating units or groups of cash-generating units to which goodwill has been assigned, a 10 % reduction in EBIT margins for the perpetual annuity and a one percentage point increase in the discount rate have been assumed. For the cash-generating unit Cheerz, a reduction in the EBIT margins for the perpetual annuity would have resulted in a 1,417 thousand euros impairment of the book value for goodwill, while an increase in the discount rate would have resulted in a 2,388 thousand euros impairment of the book value for goodwill. On this basis, no impairment requirement applies for the cash-generating units or for the group of cash-generating units.

39 INTANGIBLE ASSETS

Software and similar industrial property rights comprise purchased ERP software, various office products for workstations and newly and subsequently capitalised items for proprietary intangible assets, for internal use and to support the market in the areas of production, distribution and Commercial Online Printing. Within the scope of the Group's proprietary software, own work has been capitalised at a value of 947 thousand euros (previous year: 990 thousand euros).

On the basis of impairment tests, non-scheduled amortisation reflecting new information has been recognised in the amount of 17 thousand euros (Commercial Online Printing business unit) and 11 thousand euros (Other Activities business unit) on internally generated intangible assets (previous year: 141 thousand euros (Photofinishing business unit)).

For intangible assets, the Group had commitments in the amount of 1,838 thousand euros (previous year: 177 thousand euros).

CEWE currently has customer bases, customer lists and trademark rights in its three business units Photofinishing, Retail and Commercial Online Printing. The other customer bases, customer lists and trademark rights derive from previous purchases of smaller competitors. In CEWE's opinion, while these items are important for the development of the company's business they are not decisive in any single instance. Non-capitalised research & development expenses for intangible assets amount to 14,011 thousand euros (previous year: 13,739 thousand euros). They mainly comprise personnel expenses and other operating expenses.

Development of intangible assets in 2021 in thousands of euros

	Purchased software	Proprietary intangible assets	Customer base, customer lists and trademark rights	Advance payments made	Total
Acquisition and production costs					
As of Jan. 1	**72,668**	**25,297**	**55,352**	**683**	**154,000**
Currency translation adjustments	118	–	83	–	201
Additions	1,825	947	2	1,146	3,920
Disposals	−722	−9,633	–	–	−10,355
Transfers	95	72	–	−132	35
As of Dec. 31	**73,984**	**16,683**	**55,437**	**1,697**	**147,801**
Depreciation					
As of Jan. 1	**61,672**	**22,870**	**37,926**	**–**	**122,468**
Currency translation adjustments	113	–	92	–	205
Scheduled additions	4,306	897	4,150	–	9,353
Non-scheduled additions	–	28	–	–	28
Disposals	−720	−9,524	–	–	−10,244
As of Dec. 31	**65,371**	**14,271**	**42,168**	**–**	**121,810**
Book value on Dec. 31	**8,613**	**2,412**	**13,269**	**1,697**	**25,991**

Development of intangible assets in 2020 in thousands of euros

	Purchased software	Proprietary intangible assets	Customer base, customer lists and trademark rights	Advance payments made	Total
Acquisition and production costs					
As of Jan. 1	**72,824**	**25,126**	**55,195**	**1,133**	**154,278**
Currency translation adjustments	−207	–	−190	–	−397
Additions	2,134	990	502	287	3,913
Disposals	−2,672	−1,037	−155	–	−3,864
Transfers	589	218	–	−737	70
As of Dec. 31	**72,668**	**25,297**	**55,352**	**683**	**154,000**
Depreciation					
As of Jan. 1	**58,698**	**23,019**	**33,478**	**–**	**115,195**
Currency translation adjustments	−190	–	−150	–	−340
Scheduled additions	5,550	839	4,674	–	11,063
Non-scheduled additions	141	–	–	–	141
Disposals	−2,525	−988	−76	–	−3,589
Transfers	−2	–	–	–	−2
As of Dec. 31	**61,672**	**22,870**	**37,926**	**–**	**122,468**
Book value on Dec. 31	**10,996**	**2,427**	**17,426**	**683**	**31,532**

40 FINANCIAL ASSETS

The Group's financial assets include interests in other equity investments in the amount of 9,442 thousand euros (previous year: 6,708 thousand euros). This includes the equity investments in the funds Capnamic United Venture Fund GmbH & Co. KG and High-Tech Gründerfonds GmbH & Co. KG.

This increase has mainly resulted from fair value adjustments recognised in OCI. (+4,220 thousand euros) as well as the disposal of an equity investment (−1,703 thousand euros).

Other loans in the amount of 347 thousand euros (previous year: 330 thousand euros) mainly comprise the repurchase value of the company's reinsurance policy.

Development of non-current financial assets in 2021 in thousands of euros

	Non-current interests in affiliates	Non-current equity investments	Non-current other loans	Total
Acquisition and production costs				
As of Jan. 1	43	7,323	330	7,696
Additions	–	4,737	17	4,754
Disposals	–	−2,003	–	−2,003
As of Dec. 31	43	10,057	347	10,447
Depreciation				
As of Jan. 1	18	640	–	658
As of Dec. 31	18	640	–	658
Book value on Dec. 31	25	9,417	347	9,789

Development of non-current financial assets in 2020 in thousands of euros

	Non-current interests in affiliates	Non-current equity investments	Non-current other loans	Total
Acquisition and production costs				
As of Jan. 1	43	5,763	330	6,136
Additions	–	1,966	–	1,966
Disposals	–	−406	–	−406
As of Dec. 31	43	7,323	330	7,696
Depreciation				
As of Jan. 1	18	539	–	557
Non-scheduled additions	–	101	–	101
As of Dec. 31	18	640	–	658
Book value on Dec. 31	25	6,683	330	7,038

41 NON-CURRENT RECEIVABLES AND ASSETS

Non-current financial assets comprise, in particular, deposits and collateral. Non-current other receivables and assets exclusively relate to prepaid expenses and accrued income.

42 DEFERRED TAX ASSETS

Deferred tax assets in 2021 – composition and development in thousands of euros

	From temporary differences	From tax loss carry-forwards	Total
As of Jan. 1	**11,676**	**7,199**	**18,875**
Currency translation adjustments	−1	0	−1
Amount added	122	683	805
Reversals	−2,956	0	−2,956
As of Dec. 31	**8,841**	**7,882**	**16,723**

Deferred tax assets in 2020 – composition and development in thousands of euros

	From temporary differences	From tax loss carry-forwards	Total
As of Jan. 1	**7,314**	**6,889**	**14,203**
Currency translation adjustments	−6	0	−6
Amount added	4,456	1,878	6,334
Reversals	−88	−1,568	−1,656
As of Dec. 31	**11,676**	**7,199**	**18,875**

Capitalised tax assets mainly comprise valuation differences for pensions and other accruals as well as effects on earnings resulting from consolidation. Deferred taxes resulting from existing tax loss carry-forwards are only capitalised where the earnings expectations of the respective Group company enable the use of a loss with a sufficient degree of probability and within a sufficiently close period of time. In the year under review, deferred taxes in the amount of 7,882 thousand euros (previous year: 7,199 thousand euros) have been capitalised on loss carry-forwards. Please see the comments on income taxes for further details (see item C34, pages 137 ff.).

43 INVENTORIES

Inventories in thousands of euros

	Dec. 31, 2020	Dec. 31, 2021
Raw materials and supplies	35,174	43,613
Unfinished goods, work in progress	795	1,082
Finished goods and merchandise	14,906	11,798
Advance payments made	10	11
Total	**50,885**	**56,504**

The writedown on inventories amounts to −541 thousand euros (previous year: revaluation of 284 thousand euros).

Depreciation of finished and unfinished goods and merchandise is included in the cost of materials item of the profit and loss account. In the past financial year, inventories of CEWE Norge AS, Oppegård, Norway, with a book value of 270 thousand euros (previous year: 258 thousand euros) were pledged as collateral for rent deposits.

44 CURRENT TRADE RECEIVABLES

Current trade receivables in thousands of euros

	Dec. 31, 2020	Dec. 31, 2021
Trade receivables not impaired	58,949	50,986
Thereof amount covered by insurance	53,093	47,180
Gross amount of impaired receivables	30,187	30,440
Valuation adjustments	3,794	2,510
Total	**85,342**	**78,916**

Directly trade-related receivables are all current in nature and are due from external third parties. Trade receivables underwent the following valuation adjustments in the course of the year:

Valuation adjustment on trade receivables in thousands of euros

	Dec. 31, 2020	Dec. 31, 2021
As of Jan. 1	**2,727**	**3,794**
Currency translation adjustments	−9	11
Amount added	2,594	777
Reversals	−910	−1,435
Use	−608	−637
As of Dec. 31	**3,794**	**2,510**

Additions to valuation adjustments are shown in the profit and loss account under the other operating expenses item, while reversals are shown within the scope of other operating income. Direct losses on trade receivables are also shown in the other operating expenses item; in the past financial year, they amounted to 443 thousand euros (previous year: 1,011 thousand euros).

CEWE applies the simplified approach according to IFRS 9 in order to measure the expected credit losses; accordingly, the credit losses envisaged over the course of the period are taken into consideration for all trade receivables. In order to measure the expected credit losses, trade receivables are aggregated on the basis of common credit risk characteristics and the number of days overdue. The expected loss rates are based on the payment profiles for turnover over a period of 36 months prior to December 31, 2021 and the related historical losses in this period. The historical loss rates are restated in order to reflect current and prospective information which affects customers' capacity to settle claims. In the past financial year, customer receivables of CEWE Norge AS, Oppegård, Norway, with a book value of 100 thousand euros (previous year: 96 thousand euros) were pledged. They will be finally written off once the write-off rules under IFRS 9 are fulfilled.

45 CURRENT RECEIVABLES FROM INCOME TAX REFUNDS

This mainly comprises refund claims for tax prepayments made in the current year for the year under review.

46 CURRENT FINANCIAL ASSETS

Current financial assets include the following items:

Current financial assets in thousands of euros

	Dec. 31, 2020	Dec. 31, 2021
Creditors with debit accounts	472	316
Receivables from employees	233	322
Other current financial receivables and assets	2,448	2,272
Total	**3,153**	**2,910**

47 OTHER CURRENT RECEIVABLES AND ASSETS

Other current receivables and assets in thousands of euros

	Dec. 31, 2020	Dec. 31, 2021
Current prepaid expenses	5,043	4,983
Tax refund claims	5,247	3,853
Current receivables from insurance firms	10	1
Total	**10,300**	**8,837**

48 CASH AND CASH EQUIVALENTS

This item comprises bank balances – all of which are due in the short term – and cash on hand. Euro balances held by various credit institutes attracted interest at a rate of 0.25% (previous year: 0.25%). Foreign-currency balances (2021: 31,933 thousand euros, previous year: 17,207 thousand euros) attracted interest at the specifically agreed rates; they have been measured at the exchange rate as of the balance sheet date.

49 SUBSCRIBED CAPITAL

The CEWE Group's subscribed capital and capital reserve relate to CEWE Stiftung & Co. KGaA, Oldenburg, and are recognised as if held by this company.

Following the capital increase, the company's share capital amounts to 19,349,207.80 euros and has been divided up into 7,442,003 bearer shares.

Each bearer share of CEWE Stiftung & Co. KGaA confers one vote. The total number of voting rights is 7,442,003.

Current shares in units

	Development in the financial year 2020	**Development in the financial year 2021**
As of Jan. 1	**7,214,140**	**7,209,198**
Purchases of treasury shares	−27,953	−55,520
Sales of treasury shares	14,031	19,436
Capital increase	8,980	18,084
As of Dec. 31	**7,209,198**	**7,191,198**

50 AUTHORISED CAPITAL

With the consent of the Supervisory Board, in the period to May 30, 2022 the general partner is authorised to increase the company's share capital one or more times by issuing new no-par value bearer shares in return for cash and/or non-cash contributions, by a total amount not exceeding 3,848,010.00 euros (Authorised Capital 2017). In principle, the shareholders must be granted a subscription right. The new shares may be purchased by one or more credit institutions, subject to an obligation to offer them to their shareholders for purchase. With the consent of the Supervisory Board, the general partner will decide on the rights embodied in the share certificates and the terms for issuance of shares. This includes an authorisation to issue ordinary shares and/or non-voting preferred shares, the details of which will be determined by the general partner with the consent of the Supervisory Board, particularly the amount of the advance dividend in case of preferred shares. Even if the capital increase is implemented in several steps, preferred shares may be issued in a later step which have priority over, or else equal status with, those issued during a previous step. The Supervisory Board is entitled to adjust the wording of the company's articles of association in accordance with the volume of the capital increase through authorised capital or upon expiry of the authorisation period.

In addition, the share capital has undergone a conditional increase of up to 650,000 euros, through the issue of up to 250,000 new no-par-value bearer shares (Contingent Capital 2020). A total of 18,084 new no-par-value bearer shares were issued out of this contingent capital in 2021.

51 STOCK OPTION PLANS

Stock option plans since 2014

The Board of Management has launched stock option plans since 2014 (SOP 2015, SOP 2016, SOP 2017, SOP 2019, SOP 2021). These plans are based on the resolution passed by the general meeting on June 4, 2014 and have complied with the terms indicated in this resolution. The company's Supervisory Board has passed resolutions granting the necessary consent.

All of these plans have the same structure. Each of these stock option plans has a term of five years. Upon expiry of a four-term waiting period (lockup period), the options may be exercised in the fifth year of the term. Their exercise is contingent upon achievement of the performance target, i. e. if the closing auction prices of the CEWE share in Deutsche Börse AG's Xetra trading system have at least reached (if not exceeded) the underlying price plus the applicable performance premium on ten consecutive stock exchange trading days.

The options are only exercisable and shares resulting from the option deal are only subsequently saleable within six four-week exercise periods. These exercise periods will begin as of publication of the earnings for the past financial year, as of the balance sheet press conference, as of the annual general meeting and as of the date of publication of the quarterly figures. The CEWE Group's Compliance Officer monitors compliance with these time limits.

These options were offered to a defined group of top-level managers and experts within CEWE Stiftung & Co. KGaA as well as other Group companies in Germany and other countries, at a premium of 0.50 euros per option. The number of options offered is limited. A maximum of 1,200 options are available for a member of the Board of Management, while for other executives and experts a lower number of options are available, depending on their management level and their proximity to the company's success.

The terms of the current stock option plans are as follows:

Structure of stock option plans

		Number of participants	Number of rights issued	Start of waiting period	End of waiting period	End of exercise period	Underlying price euros/option	Performance premium in %	Performance target euros/option
AOP 2021	Board of Management[1]	7	8,400	Jan. 01, 2022	Dec. 31, 2025	Dec. 31, 2026			
	Other executives	26	19,500						
	Total	**33**	**27,900**				**121.00**	**120**	**145.20**
AOP 2019	Board of Management[1]	7	8,400	Jan. 01, 2020	Dec. 31, 2023	Dec. 31, 2024			
	Other executives	26	19,500						
	Total	**33**	**27,900**				**81.00**	**125**	**101.25**
AOP 2017	Board of Management[1]	7	8,400	Jan. 01, 2018	Dec. 31, 2021	Dec. 31, 2022			
	Other executives	178	83,600						
	Total	**185**	**92,000**				**74.00**	**125**	**92.50**

1 Board of Management of Neumüller CEWE COLOR Stiftung

The stock option plans must be assessed in accordance with IFRS 2.10 ff. The fair value must be accrued during the waiting period (lockup period) pro rata temporis as other personnel expenses and reserves must be entered for this in equity. The values for the current plans are as follows:

Stock option plans – fair value and accrued expenses

		Fair value euros/option	Options awarded	Fair value in euros	Income premium (0,50 euros/option)	Accrued personnel expenses 2019 (in euros)	Accrued personnel expenses 2020 (in euros)	Accrued personnel expenses 2021 (in euros)	Accrued personnel expenses 2022 (in euros)
AOP 2021	Board of Management[1]	22.63	8,400	190,092	4,200				
	Other executives	22.59	19,500	440,505	9,750				
	Total		**27,900**	**630,597**	**13,950**	**0**	**0**	**0**	**157,649**
AOP 2019	Board of Management[1]	12.82	8,400	107,688	4,200				
	Other executives	12.79	19,500	249,405	9,750				
	Total		**27,900**	**357,093**	**13,950**	**0**	**89,273**	**89,273**	**89,273**
AOP 2017	Board of Management[1]	20.20	8,400	169,680	4,200				
	Other executives	20.17	83,600	1,686,212	41,800				
	Total		**92,000**	**1,855,892**	**46,000**	**463,968**	**463,968**	**463,968**	**0**
Total					**73,900**	**463,968**	**553,241**	**553,241**	**246,922**

1 Board of Management of Neumüller CEWE COLOR Stiftung

Supervisory Board members or members of other executive bodies of CEWE Stiftung & Co. KGaA tasked with the company's supervision were awarded stock options as of the issue dates as follows:

Stock option plans

	Number of stock options in units
2021	0
2019	0
2017	350

The number of stock options issued within the scope of the current plans is as follows:

Stock options issued number

	2020	2021
Outstanding as of Jan. 1	**313,650**	**206,250**
Expired over the course of the year	14,100	2,400
Exercised over the course of the year	93,300	91,550
Confirmed over the course of the year	0	27,900
Outstanding as of Dec. 31	**206,250**	**140,200**

The weighted average share price for the options exercised was 110.24 euros (previous year: 103.26 euros).

52 CAPITAL RESERVE

This shows the premium which resulted from the issuance of the 600,002 bearer shares (following the 1:10 share split implemented in 1999 for 6,000,020 bearer shares) in excess of the nominal value of the shares (29,144 thousand euros), the amount allocated from the capital reduction (1,560 thousand euros), the allocation within the scope of the conversion of the atypical silent partner shares (27,868 thousand euros) which were reduced by 2,375 thousand euros through the final statement for this conversion during the financial year 2007, the premium which resulted from the exercise of the share purchase right of CEWE Stiftung & Co. KGaA (415 thousand euros) and the profit from the sale of treasury shares (12,689 thousand euros).

The capital reserve includes the fair value of the stock options issued for the stock plans which have been added to the capital reserve pro rata between the issue date and the maturity of the stock option plans, plus the withheld premiums. It also includes the effects of the issuance of staff shares.

53 TREASURY SHARES AT ACQUISITION COST

Treasury shares

		Total	Sale	Total	Buyback	Sale	Total	Buyback	Sale	Total
Buyback period		Reporting date Dec. 31, 2018	Jan. 1, 2019 to Dec. 31, 2019	Reporting date Dec. 31, 2019	Jan. 1, 2020 to Dec. 31, 2020	Jan. 1, 2020 to Dec. 31, 2020	Reporting date Dec. 31, 2020	Jan. 1, 2021 to Dec. 31, 2021	Jan. 1, 2021 to Dec. 31, 2021	Reporting date Dec. 31, 2021
Treasury shares held	number	216,696	−15,897	200,799	27,953	−14,031	214,721	55,520	−19,436	250,805
Interest in share capital on reporting date	in thousands of euros	563	−42	521	71	−37	555	143	−50	647
Interest in share capital on reporting date	in %	2.93	−0.22	2.71	0.37	−0.19	2.89	0.74	−0.26	3.37
Average purchase price per share	in euros	33.11	32.74	33.14	86.97	42.42	39.54	120.12	49.12	56.64
Total value of shares bought back	in thousands of euros	7,176	−520	6,655	2,431	−595	8,491	6,669	−955	14,205

Treasury shares are shown in a separate line within equity as a “contra equity position”. They are measured at their original acquisition costs and incidental acquisition costs and thus reduce the company’s equity (cost method).

On the basis of the authorisation resolution passed by the general meeting on May 28, 2008, CEWE KGaA launched a share buyback programme on June 16, 2008.

The authorisation to purchase treasury shares was renewed by the resolution passed by the general meeting on May 31, 2017 and is now valid until May 30, 2022. The authorisation to purchase treasury shares which was resolved by the general meeting on June 4, 2014 expired once this new authorisation became effective.

In the financial year 2011, within the scope of the company’s employee shares programme a total of 10,890 no-par value shares were sold to employees and a further 248,787 no-par value shares were bought back in the period to October 28, 2011, pursuant to the general meeting’s authorisation resolution of June 2, 2010. This means that the company gained a total of 237,897 new treasury shares in 2011.

In the financial year 2012, a total of 15,489 no-par value shares were sold to employees as part of the company’s employee share programme. The necessary shares were provided out of the portfolio of CEWE KGaA.

In the financial year 2013, a total of 16,796 no-par value shares were sold to employees as part of the company’s employee share programme. The necessary shares were provided out of the portfolio of CEWE KGaA.

In the financial year 2014, a total of 10,654 no-par value shares were sold to employees as part of the company’s employee share programme. The necessary shares were provided out of the portfolio of CEWE KGaA. A total of 26,065 treasury shares were required in 2014 to exercise the Stock Option Plan.

In the financial year 2015, a total of 11,087 no-par value shares were sold to employees as part of the company’s employee share programme. The necessary shares were provided out of the portfolio of CEWE KGaA. A total of 3,800 treasury shares were required in 2014 for the exercise of the Stock Option Plan.

Moreover, in 2016 the Board of Management resolved to offer the employees of the German subsidiaries of CEWE KGaA shares in the company at a reduced price, as staff shares. A total of 8,410 shares were required for this purpose. The necessary shares were provided out of the portfolio of CEWE KGaA. A total of 21,500 treasury shares were repurchased in 2016 within the scope of the share buyback programme.

In the financial year 2017, a total of 16,548 no-par value shares were sold to employees as part of the company's employee share programme. The necessary shares were provided out of the portfolio of CEWE KGaA.

In the financial year 2018, 5,586 no-par value shares were used for the acquisition of Cheerz and a total of 17,758 no-par value shares were sold to employees as part of the company's employee shares programme. The necessary shares were provided out of the portfolio of CEWE KGaA.

In 2019, a total of 17,100 no-par value shares were issued free-of-charge to employees as part of the company's employee share programme. These shares were provided by means of a capital increase in return for a cash contribution as well as the issue of treasury shares out of the portfolio of CEWE KGaA.

In 2020, a total of 8,980 new no-par value shares were issued free-of-charge to employees as part of the company's employee share programme. These shares were provided by means of a capital increase in return for a cash contribution.

In 2021, a total of 18,084 new no-par value shares were issued free-of-charge to employees as part of the company's employee share programme. These shares were provided by means of a capital increase in return for a cash contribution.

CEWE KGaA's key portfolio of treasury shares under German company law as of December 31, 2021 amounted to 138,053 shares (previous year: 101,969 shares). The 112,752 shares held by CEWE COLOR Versorgungskasse e.V., Wiesbaden, are not considered treasury shares under German company law. In accordance with IAS 19, they must be included in the consolidated financial statements. The deduction for treasury shares under IAS 32 thus comprises 250,805 no-par value shares – at a total value of 14,205 thousand euros (previous year: 8,491 thousand euros).

CEWE's treasury shares developed as follows:

Development of treasury shares in units

	CEWE Stiftung & Co. KGaA		CEWE COLOR Versorgungskasse e.V.		CEWE Group	
	2020	2021	2020	2021	2020	2021
As of Jan. 1	**88,047**	**101,969**	**112,752**	**112,752**	**200,799**	**214,721**
Purchases of treasury shares	27,953	55,520	–	–	27,953	55,520
Sales of treasury shares	−14,031	−19,436	–	–	−14,031	−19,436
As of Dec. 31	**101,969**	**138,053**	**112,752**	**112,752**	**214,721**	**250,805**

54 RETAINED EARNINGS AND UNAPPROPRIATED PROFITS

Unappropriated profits correspond to the item "Generated Group equity" and comprise the respective earnings after taxes net of the dividend paid for 2021. The unappropriated profits of CEWE KGaA under commercial law are key for determination of the distribution. As of December 31, 2021, following the allocation to the retained earnings under § 58 (2) of the German Stock Corporation Act the unappropriated profits of CEWE KGaA amount to 37,980 thousand euros (previous year: 48,383 thousand euros). Payout freezes apply for the company's treasury shares (2021: 138,053 no-par value shares; previous year: 101,969 no-par value shares). In 2021, dividends were paid for a total amount of 16,614 thousand euros (previous year: 14,465 thousand euros). This corresponds to a distribution of 2.30 euros (previous year: 2.00 euros) per no-par value share conferring a dividend entitlement.

For the components of other retained earnings, please see the consolidated statement of changes in equity. The compensating item from currency translation relates to all of the foreign-currency differences resulting from translation of the financial statements of the Group's foreign enterprises. In the past financial year and in the previous year, income taxes not affecting net income exclusively related to the currency differences recognised without affecting net income that resulted from non-current loans between Group companies – which are included in the compensating item from currency translation – and also deferred taxes in relation to the actuarial result.

55 NON-CURRENT ACCRUALS FOR PENSIONS

Non-current pension accruals in thousands of euros

	Development in the financial year 2020	Development in the financial year 2021
As of Jan. 1	**35,546**	**40,051**
Use	–546	–1,680
Amount added	5,051	103
Reversals	0	–206
As of Dec. 31	**40,051**	**38,268**

CEWE has various types of company pension scheme commitments to its current and former employees and to their surviving dependants in Germany and France. The company's pension scheme is based on a defined-benefit system and also, to a marginal extent, on a defined-contribution system. Employees are also able to participate in schemes for the conversion of salary entitlements into pension entitlements. Accruals are measured on the basis of the projected unit credit method.

In the case of the defined-benefit scheme, the company or an external pension provider grants the beneficiaries a defined-benefit commitment; unlike in the case of defined contributions, the expenses incurred by the company are not determined in advance. In Germany, the company's commitments to the Board of Management are structured as final salary plans; in addition, several executives have been granted fixed-benefit commitments. In France, capital commitments in accordance with the employee's period of service are granted. Until 2021, these were in some cases covered by reinsurance policies. Expenses for these commitments are apportioned across the service period of the employees, on the basis of actuarial calculations, and must be broken down into the current service cost and interest expense (the balance of interest on the obligation and income from the cover funds) in accordance with IAS 19. On the respective balance sheet date (December 31 of each year), the interest rate is determined on the basis of current capital market data as well as assumptions regarding long-term trends, in accordance with the principle of the best possible estimate. CEWE has several defined-benefit plans. As a rule, it has provided aggregated details for these plans, since there are no significant deviations in terms of their respective risk exposure. Through its plans in Germany and France, the Group is generally exposed to the following actuarial risks: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk: the present value of the defined-benefit obligation under the plan is calculated by means of a discount rate which is determined on the basis of the yields provided by high-quality, fixed-interest corporate bonds. If the income from the plan assets is less than this interest rate, this will result in shortage of cover for the plan.

Interest rate risk: a decrease in the discount rate will result in an increase in the Group's liability under the plan.

Longevity risk: the present value of the defined-benefit obligation under the plan is determined on the basis of the best possible estimate of the probability of death of the beneficiary employees, both during the employment relationship and thereafter. An increase in the life expectancy of beneficiary employees will result in an increase in the liability under the plan.

Salary risk: the present value of the defined-benefit obligation under the plan is determined on the basis of the future salaries of beneficiary employees. An increase in the salaries of beneficiary employees will thus result in an increase in the liability under the plan.

No other benefits for these employees are envisaged upon termination of their employment relationships.

In Germany, the company does not have any plan assets within the meaning of IAS 19 to cover these benefits. In France, until 2021 the realisable pension benefit was partly covered through reinsurance policies (the risks in terms of assets and liabilities were thus directly linked).

On the other hand, in case of defined contributions firmly defined contributions (e.g. in relation to the applicable level of income) are confirmed and paid. The employer does not have any other constructive obligation beyond payment of the contributions. In case of defined contributions, it is not necessary to establish accruals in the balance sheet. Only the contribution payable by the company is shown in the profit and loss account as expense.

The key parameters for defined-benefit pensions are presented below.

Development of obligations in thousands of euros

	2020	2021
Present value of vested pension entitlements at start of financial year	35,641	40,119
Current service cost	2,379	2,547
Interest expense	342	270
Actuarial losses (+)	2,947	−3,107
Change of method of measurement	0	−184
Payment of benefits	−1,190	−1,377
Past service cost	0	0
Present value of vested pension entitlements at end of financial year	**40,119**	**38,268**
Of which directly confirmed (excl. plan assets)	38,094	38,268
Of which funded with plan assets	2,025	0

In summary, these assets developed as follows:

Development of plan assets in thousands of euros

	2020	2021
Fair value of plan assets at start of financial year	95	68
Actuarial profits (+)	2	0
Payment of benefits	−29	−68
Fair value of plan assets at end of financial year	**68**	**0**

Overall, the Group’s financing status is as follows:

Financing status in thousands of euros

	2020	2021
Present value of vested pension entitlements at end of financial year	40,119	38,268
Fair value of plan assets at end of financial year	−68	0
Balance sheet value at end of financial year	**40,051**	**38,268**
Restatement of present value of vested pension entitlements (DBO) on basis of past experience	1,006	326
Restatement of fair value of plan assets on basis of past experience	−2	0

The total expenses recognised in the profit and loss account for defined-benefit pension plans (expenses less income) are as follows:

Net pension expense in thousands of euros

	2020	2021
Current service cost	2,379	2,547
Interest expense	342	270
Total	**2,721**	**2,817**

In the financial year 2021, actuarial gains in the amount of 3,107 thousand euros resulted (previous year: actuarial losses in the amount of 2,947 thousand euros), which have been apportioned to other comprehensive income. The actuarial gains in 2021 are largely (with a share of 2,802 thousand euros) attributable to the increase in the IAS 19 interest rate. The assumptions for actuarial measurement of the present value of the vested pension entitlements and the net pension expenses reflect circumstances in the country in which the pension plan has been established.

The calculations are based on current, actuarially determined biometric probabilities. Assumptions regarding future fluctuations on the basis of age and years of service are also included, as are probabilities within the Group of employees reaching retirement and salary and pension trends.

The following weighted measurement assumptions have resulted in relation to the present value of the vested pension entitlements:

Weighted assumptions for calculation of the present value of vested pension entitlements in %

	Dec. 31, 2020	Dec. 31, 2021
Interest rate	0.70	1.20
Salary trend/development of vested rights	2.50	2.50
Pension trend	2.00	2.00
Fluctuation	1.50	1.50

The valid probabilities within the respective countries have been assumed as the level of biometric probability. The date of the earliest possible receipt of benefits has been assumed as the date of retirement.

Until 2021, the plan assets for the Group's French obligations consisted of reinsurance contracts (these plan assets have now been released through payments). The actual income from the plan assets totalled 0 thousand euros (previous year: 2 thousand euros).

Present value of obligations and fair value of plan assets in thousands of euros

	2018	2019	2020	2021
Present value of obligations	29,284	35,641	40,119	38,268
Fair value of plan assets[1]	134	95	68	0
Shortfall	**29,150**	**35,546**	**40,051**	**38,268**

1 Excl. the financial instruments of CEWE COLOR Versorgungskasse e.V., Wiesbaden

Restatements made on basis of past experience in thousands of euros

	2018	2019	2020	2021
Plan liabilities	113	445	1,006	326
Plan assets	−2	−1	−2	0

Sensitivity analysis

Assuming that the other assumptions remain constant, changes in one of the key actuarial assumptions of which there was a reasonable possibility as of the reporting date would have influenced the defined-benefit obligation in terms of the following amounts.

The following tables provide information on the levels of sensitivity regarding the key measurement parameters (effects on the scope of the commitment) and the expected pension benefits over the next ten financial years.

Sensitivity analysis in %

	Changes	Increase	Decrease
Discount rate	1.0	−15.8	19.7
Future salary increases	0.5	2.2	−2.1
Future pension increases	0.5	6.2	−5.6

Over the next ten financial years, the following payments of pension benefits are expected:

Payment of pension benefits in %

	Amount
2022	1,246
2023	1,173
2024	1,180
2025	1,263
2026	1,273
2027 to 2031	7,165

In the financial year 2021, the company incurred expenses for defined contributions in the amount of 2,809 thousand euros (previous year: 3,086 thousand euros). Contributions were paid to statutory or government defined-contribution plans in the amount of 14,143 thousand euros (previous year: 14,417 thousand euros). CEWE does not have any legal or constructive obligation for payment of these future benefits.

A similar volume of expenses is expected in 2022.

56 NON-CURRENT DEFERRED TAX LIABILITIES

Non-current deferred tax liabilities in thousands of euros

	Development in the financial year 2020	Development in the financial year 2021
As of Jan. 1	**3,500**	**2,779**
Currency translation adjustments	−5	0
Use	−1,123	−471
Amount added	458	0
Reversals	−51	−106
As of Dec. 31	**2,779**	**2,202**

The changes in deferred taxes mainly relate to the change in temporary differences. Deferred taxes have largely been deferred for periods of between one and five years.

57 NON-CURRENT OTHER ACCRUALS

This position comprises the asset retirement obligations relating to renovation measures in case of tenant installations. This item developed as follows:

Non-current other accrual 2021 in thousands of euros

	2020	2021
As of Jan. 1	**501**	**464**
Currency translation adjustments	−20	18
Use	−15	−50
Amount added	3	0
Reversals	−5	−34
As of Dec. 31	**464**	**398**

58 NON-CURRENT INTEREST-BEARING FINANCIAL LIABILITIES

The credit facilities negotiated in the financial year 2018 were agreed with a total of ten private banks and publicly owned banks. As of the reporting date, the loans taken up have a term of between one and four years (previous year: between one and five years). At the end of the year, the total credit line of the CEWE Group amounted to 155.0 million euros (previous year: 180.0 million euros); this decrease is attributable to the repayment according to schedule of lines of credit no longer required on a long-term basis. After deducting the total loan volume drawn down (0.81 million euros, previous year: 2.1 million euros) – this does not involve a drawdown which is relevant for liquidity purposes and instead comprises the amount deducted by the credit institutions for the guarantees provided – and allowing for the company's existing liquidity (84.39 million euros, previous year: 102.8 million euros), its liquidity potential totalled 238.59 million euros (previous year: 280.7 million euros). The company has long-term revolving credit lines which have been granted for up to four years as well as continuously renewed one-year lines whose overall purpose is financing of the company's liquidity requirements, which fluctuate strongly over the course of a given year due to seasonal factors. In principle, no restrictions apply in relation to the use of credit lines. This ensures that CEWE will be able to fulfil its payment obligations.

All long-term credit commitments are subject to normal bank agreements. No financial covenants have been agreed. No significant collateral was provided. The interest terms for current account loans are based on €STR (Euro Short-Term Rate) as the base interest rate plus a normal margin in Germany; the interest terms for almost all of the other financing arrangements are based on the one- to three-month EURIBOR as the base interest rate plus a normal margin in Germany. For further details, please see the comments on current interest-bearing financial liabilities (item D64, page 164) and the comments in the combined management report (page 84).

59 NON-CURRENT AND CURRENT LIABILITIES FROM LEASING

As of the balance sheet date December 31, 2021, the rights of use in the amount of 52,076 thousand euros (previous year: 57,876 thousand euros) contrast with lease liabilities with a present value of 53,276 thousand euros (previous year: 59,211 thousand euros). The non-current portion of the lease liabilities amounts to 43,430 thousand euros (previous year: 48,769 thousand euros). The current portion of the lease liability amounts to 9,846 thousand euros (previous year: 10,442 thousand euros). The payment obligations have the following maturity structure:

Discounted lease liabilities in thousands of euros

	Dec. 31, 2020	Dec. 31, 2021
Total future lease payments IFRS 16		
Due within a period of one year	10,442	9,846
Due within a period of between two and five years	28,725	24,620
Due after more than five years	20,044	18,810

60 NON-CURRENT FINANCIAL LIABILITIES

Non-current financial liabilities comprise liabilities to affiliates' residual old shareholders.

61 NON-CURRENT OTHER LIABILITIES

Non-current other liabilities mainly comprise accruals and deferrals resulting from investments.

62 CURRENT TAX LIABILITIES

This position includes provision for income tax obligations. This item developed as follows:

Current tax liabilities in 2021 in thousands of euros

	Income taxes
As of Jan. 1	**23,945**
Currency translation adjustments	47
Use	–20,477
Amount added	999
Transfer	–388
Reversals	–113
As of Dec. 31	**4,013**

The amount consumed for current tax liabilities relates to the discharge of tax liabilities for the previous year whose settlement was then required in the financial year 2021 due to deferrals and other measures.

Current tax liabilities in 2020 in thousands of euros

	Ertragsteuern
As of Jan. 1	**7,456**
Changes to the scope of consolidation	–15
Use	–1,182
Zuführung	17,686
As of Dec. 31	**23,945**

63 CURRENT OTHER ACCRUALS

Provision for additional other liabilities relates to current legal disputes and other obligations.

Current other accruals in 2021 in thousands of euros

	Supervisory Board remuneration	Auditing of annual financial statements incl. internal expenses for annual financial statements	Guarantee and ex gratia payments	Archiving costs	Liabilities in relation to employees	Expenses for members of the Board of Trustees	Provisions for contingent losses	Tax returns	Legal expenses	Additional other liabilities	Total
Balance as of Jan. 1, after restatements	**665**	**638**	**138**	**217**	**600**	**369**	**2,385**	**63**	**425**	**515**	**6,015**
Currency translation adjustments	–	6	–	–	–	–	–	–	–	63	69
Use	−665	−523	−130	–	−114	−369	−1,686	−33	−12	−88	−3,620
Amount added	–	507	79	2	121	–	–	29	36	614	1,388
Reversals	–	−80	−10	0	–	–	−318	−1	−413	−10	−832
As of Dec. 31	**0**	**548**	**77**	**219**	**607**	**0**	**381**	**58**	**36**	**1,094**	**3,020**

Current other accruals in 2020 in thousands of euros

	Supervisory Board remuneration	Auditing of annual financial statements incl. internal expenses for annual financial statements	Guarantee and ex gratia payments	Archiving costs	Liabilities in relation to employees	Expenses for members of the Board of Trustees	Provisions for contingent losses	Tax returns	Legal expenses	Additional other liabilities	Total
Balance as of Jan. 1	**638**	**858**	**49**	**219**	**448**	**355**	**2,829**	**63**	**29**	**859**	**6,347**
Currency translation adjustments	–	−5	–	–	–	–	–	–	–	−11	−16
Use	−516	−700	−40	–	−105	−287	−2,079	−22	−23	−385	−4,157
Amount added	665	586	129	4	272	369	2,191	25	420	195	4,856
Reversals	−122	−101	–	−6	−15	−68	−556	−3	−1	−143	−1,015
As of Dec. 31, after restatements	**665**	**638**	**138**	**217**	**600**	**369**	**2,385**	**63**	**425**	**515**	**6,015**

64 CURRENT INTEREST-BEARING FINANCIAL LIABILITIES

Current interest-bearing financial liabilities in thousands of euros

	Dec. 31, 2020	Dec. 31, 2021
Bank current accounts	407	276
Total	**407**	**276**

Reconciliation acc. to IAS 7 in 2021 in thousands of euros

	As of Jan. 1	Cash flow	Non-cash Acquisition	As of Dec. 31
Non-current liabilities	771	−364	0	407
Current liabilities	11,397	−131	0	11,266
Lease liabilities	59,119	−14,241	8,306	53,184
Total liabilities from financing activities	**71,287**	**−14,736**	**8,306**	**64,857**

Reconciliation acc. to IAS 7 in 2020 in thousands of euros

	As of Jan. 1	Cash flow	Non-cash Acquisition	As of Dec. 31
Non-current liabilities	1,115	−344	0	771
Current liabilities	11,822	−425	0	11,397
Lease liabilities	63,029	−13,310	9,400	59,119
Total liabilities from financing activities	**75,966**	**−14,079**	**9,400**	**71,287**

65 CURRENT TRADE PAYABLES

Trade payables amount to 107,528 thousand euros (previous year: 122,099 thousand euros).

66 CURRENT FINANCIAL LIABILITIES

Current financial liabilities include, in particular, the key date valuation of put options.

Current financial liabilities in thousands of euros

	Dec. 31, 2020	Dec. 31, 2021
Put option	9,806	0
Other financial liabilities	1,127	114
Total	**10,933**	**114**

67 CURRENT OTHER LIABILITIES

Current other liabilities in thousands of euros

	Dec. 31, 2020	Dec. 31, 2021
Liabilities for wages and salaries	21,090	19,553
Tax liabilities	30,486	29,449
Social security liabilities	3,118	3,243
Deferred liabilities	698	726
Other liabilities	1,474	644
Total	**56,866**	**53,615**

68 FINANCIAL RISK MANAGEMENT

The Group is exposed to financial risks within the scope of its operating activities. In particular, these risks comprise liquidity, currency, interest rate and credit risks. The Group's management manages and limits these risks. They are monitored by means of the Group-wide risk management system.

Liquidity risk is the risk of the Group being unable to fulfil its financial obligations. This risk is dealt with by means of liquidity planning and cash management, through continuous monitoring and management of cash inflows and outflows. The main sources of liquidity are operating business and external financing. Cash outflows are mainly used for financing of working capital and investments.

As of December 31, 2021, the CEWE Group had the following lines of credit:

Lines of credit in 2021 in millions of euros

	Germany	Other countries	Total as of Dec. 31
Remaining term of up to 1 year	70.00	0.00	70.00
Remaining term of more than 1 year	85.00	0.00	85.00
Total	**155.00**	**0.00**	**155.00**

Lines of credit in 2020 in millions of euros

	Germany	Other countries	Total as of Dec. 31
Remaining term of up to 1 year	95.00	0.00	95.00
Remaining term of more than 1 year	85.00	0.00	85.00
Total	**180.00**	**0.00**	**180.00**

Of these credit lines, as of the reporting date 154.2 million euros (previous year: 177.9 million euros) have not been drawn down. As well as cash and cash equivalents in the amount of 84.4 million euros (previous year: 102.8 million euros), this amount is available for coverage of future liquidity requirements. This does not involve a drawdown which is relevant for liquidity purposes and instead comprises the amount deducted by the credit institutions for the guarantees provided.

An overview of the maturities of the undiscounted cash flows for the Group's financial liabilities and its liabilities resulting from derivative financial instruments – including the related interest payments – shows the expected cash outflows as of the balance sheet date December 31, 2021:

Cash flows from financial liabilities in 2021 in thousands of euros

	Dec. 31, 2021 Book value	Up to 1 year	More than 1 year, up to 5 years	Total
Amounts owed to credit institutions	683	276	407	683
Trade payables	107,528	107,528	0	107,528
Other financial instruments	52,250	52,250	0	52,250
Total	**160,461**	**160,054**	**407**	**160,461**

Cash flows from financial liabilities in 2020 in thousands of euros

	Dec. 31, 2020 Book value	Up to 1 year	More than 1 year, up to 5 years	Total
Amounts owed to credit institutions	1,178	407	771	1,178
Trade payables	122,099	122,099	0	122,099
Other financial instruments	54,703	54,703	0	54,703
Total	**177,980**	**177,209**	**771**	**177,980**

Due to the international orientation of the CEWE Group, cash flows arise in various currencies. Currency risks result from turnover billed in a currency other than that of the related costs, the foreign-currency assets and liabilities shown in the balance sheet whose fair value may be negatively influenced by a change in exchange rates and from pending foreign-currency transactions whose future cash flows may have a negative effect due to exchange rate changes. The risk management system continuously monitors the risk positions resulting from currency risks. To limit these risks, outside the scope of deliveries and services where possible the Group reduces the volume of euro-denominated transactions for companies in non-Eurozone countries. Following a detailed review process, the company enters into non-euro hedging transactions with its house banks on a case-by-case basis.

The key market risk in the foreign-currency segment relates to currency positions which were open as of the reporting date. The Group's Swiss, Czech and British companies have significant foreign-currency items. For the purpose of the sensitivity analysis, the corresponding foreign-currency items are measured at hypothetical exchange rates. If these three foreign currencies were to depreciate against the euro by 20%, the following opportunities (positive values) or risks (negative values) would result:

Currency sensitivity in thousands of euros

	2020	2021
Financial assets	−27,248	−27,954
Financial liabilities	14,270	15,669

If these three foreign currencies were to appreciate against the euro by 20%, the following opportunities (positive values) or risks (negative values) would result:

Currency sensitivity in thousands of euros

	2020	2021
Financial assets	−12,589	−13,677
Financial liabilities	21,241	21,867

The CEWE Group does not have any particularly significant exposure to interest rate risks in relation to third parties. Interest-rate-sensitive assets comprise loans to customers and employees as well as current balances held by credit institutions. CEWE does not have any interest-rate-sensitive financial liabilities as of the balance sheet date. No significant risk positions have resulted on account of the current interest rate trend. The goal of CEWE's interest rate hedging strategy is the regular conclusion of new medium- to long-term credit agreements with fixed interest rates. If the interest rates for variable interest-rate financial assets and financial liabilities were in each case to fall by 10%, the following opportunities (positive values) or risks (negative values) would result:

Interest rate sensitivity in thousands of euros

	2020	2021
Interest income	−3.2	−7.5
Interest expense	0.0	0.0

If the interest rates for variable interest-rate financial assets and financial liabilities were in each case to increase by 10%, the following opportunities (positive values) or risks (negative values) would result:

Interest rate sensitivity in thousands of euros

	2020	2021
Interest income	3.2	7.5
Interest expense	0.0	0.0

No hedging transactions have been entered into.

In the financial year 2021, financial assets measured at amortised cost resulted in net income/losses of 386 thousand euros (previous year: -2,649 thousand euros). Net income/losses resulting from the financial instruments held comprise, in particular, valuation adjustments, income from written-down receivables and the results of the fair value measurement. Dividend income and interest are not included. Net income/losses resulting from financial liabilities measured at amortised cost amount to 1,505 thousand euros in the financial year 2021 (previous year: −3,263 thousand euros).

Interest income associated with financial instruments not measured in profit and loss at fair value amounts to 75 thousand euros (previous year: 33 thousand euros), while corresponding interest expenses amount to 187 thousand euros (previous year: 1,900 thousand euros). Impairment of financial instruments measured at amortised cost amounted to 443 thousand euros in the past financial year (previous year: 1,011 thousand euros); this was recognised due to depreciation of receivables.

Interest expense from lease liabilities is also included in the financial year, in the amount of 1,045 thousand euros (previous year: 1,118 thousand euros) (see item C33, page 137).

The reconciliation of the balance sheet items with these types of financial instruments as of December 31, 2021 is as follows:

Breakdown of financial instruments – Dec. 31, 2021 in thousands of euros

	Measured at amortised cost	Measured at fair value			Non-financial assets/liabilities	
		On basis of publicly quoted market prices (Level 1)	On basis of observable market data (Level 2)	On basis of individual non-observable input parameters (Level 3)		
	Book value	Book value	Book value	Book value	Book value	Book value in the balance sheet
Non-current assets						
Financial assets				9,789		9,789
FVTOCI				9,442		9,442
FVTPL				346		346
Non-current financial assets	1,194					1,194
AC	1,194					1,194
Current assets						
Trade receivables	78,916					78,916
AC	78,916					78,916
Current financial assets	2,910					2,910
AC	2,910					2,910
Cash and cash equivalents	84,389					84,389
Non-current liabilities						
Non-current interest-bearing financial liabilities	407					407
AC	407					407
Non-current liabilities from leasing	43,430					43,430
AC	43,430					43,430
Non-current other financial liabilities	5					5
AC	5					5
Current liabilities						
Current interest-bearing financial liabilities	276					276
AC	276					276
Current liabilities from leasing	9,846					9,846
AC	9,846					9,846
Current trade payables	107,528					107,528
AC	107,528					107,528
Current financial liabilities	114					114
AC	114					114
Measured at fair value						0
Current other liabilities						53,615
Non-financial liabilities						53,615
Derivatives excl. hedge accounting				0		0

AC: Measured at amortised cost; FVTOCI: At fair value through other comprehensive income; FVTPL: At fair value through profit or loss

Breakdown of financial instruments – Dec. 31, 2020 in thousands of euros

	Measured at amortised cost	Measured at fair value			Non-financial assets/liabilities	
		On basis of publicly quoted market prices (Level 1)	On basis of observable market data (Level 2)	On basis of individual non-observable input parameters (Level 3)		
	Book value	Book value	Book value	Book value	Book value	Book value in the balance sheet
Non-current assets						
Financial assets				7,038		7,038
FVTOCI				6,698		6,698
FVTPL				339		339
Non-current financial assets	1,540					1,540
AC	1,540					1,540
Current assets						
Trade receivables	85,342					85,342
AC	85,342					85,342
Current financial assets	3,153					3,153
AC	3,153					3,153
Cash and cash equivalents	102,809					102,809
Non-current liabilities						
Non-current interest-bearing financial liabilities	771					771
AC	771					771
Non-current liabilities from leasing	48,769					48,769
AC	48,769					48,769
Non-current other financial liabilities	293					293
AC	293					293
Current liabilities						
Current interest-bearing financial liabilities	407					407
AC	407					407
Current liabilities from leasing	10,442					10,442
AC	10,442					10,442
Current trade payables	122,099					122,099
AC	122,099					122,099
Current financial liabilities	10,933					10,933
AC	10,933					10,933
Measured at fair value						0
Current other liabilities						56,866
Non-financial liabilities					56,866	56,866
Derivatives excl. hedge accounting				0		0

AC: Measured at amortised cost; FVTOCI: At fair value through other comprehensive income; FVTPL: At fair value through profit or loss

Financial assets not measured in accordance with IFRS 9 comprise reinsurance policies. They are recognised at their actuarial present value. The book values of the other financial assets, trade receivables and cash and cash equivalents and the book values of current account liabilities, trade payables and other current financial liabilities each serve as a reasonable approximation of the respective fair values. This is mainly due to the short terms of these instruments. Risk-related valuation adjustments are considered for the calculation of book values. The Group does not have any financial receivables or liabilities held for trading purposes.

CEWE measures fixed-interest and variable-interest receivables with a remaining term of more than one year on the basis of various parameters, e.g. the interest rate and the borrower's credit rating. On the basis of this measurement, any necessary valuation adjustments are included in the calculation of the book value. A fixed-interest agreement applies for current and non-current interest-bearing financial liabilities (with the exception of current account liabilities), so that here too the book value corresponds to the fair value.

Book values are determined by means of normal bank methods.

Credit risk is the risk of a counterparty failing to fulfil its obligations, resulting in a bad debt loss. In some cases and to a not insignificant degree, factoring is used as an instrument to minimise the credit risk. Within the scope of the Group's receivables management system, as a component of its risk management system, receivables at the level of the individual companies are subject to comprehensive monthly analysis and are notified to the Group's central management, at the level of its headquarters, as part of its del credere reporting. Loan security agreements are concluded for medium-size and major customers. If the Group does not have any insurance cover or if a deductible is applicable, individual valuation adjustments are recognised on receivables in case of objective indications that it is overwhelmingly probable that this receivable is uncollectable, either in whole or in part. The general default risk is dealt with by means of individual valuation adjustments on the basis of past experience. On December 31, 2021, the maximum credit risk resulting from debtors' potential insolvency in relation to loans and receivables amounted to 83,020 thousand euros (previous year: 90,035 thousand euros) and has the following makeup:

Credit risk in thousands of euros

	Dec. 31, 2020	Dec. 31, 2021
Non-current financial assets	1,540	1,194
Trade receivables and other current receivables	88,495	81,826
Total	**90,035**	**83,020**

Impaired loans and receivables developed as follows:

Impaired loans and receivables developed in thousands of euros

	Dec. 31, 2020	Dec. 31, 2021
Gross value	30,187	30,440
Valuation adjustment	−3,794	−2,510
Total	**26,393**	**27,930**

A further amount of 12,968 thousand euros (previous year: 13,682 thousand euros) was already overdue but had not undergone a valuation adjustment. The age structure for the Group's overdue receivables is as follows:

Age structure of the overdue receivables in thousands of euros

	Dec. 31, 2020	Dec. 31, 2021
Up to 30 days	12,342	11,589
Between 30 and 90 days	687	775
More than 90 days	653	604
Total	**13,682**	**12,968**

These items are very closely monitored within the scope of the Group's receivables management system. On the basis of an assessment of the individual risks, partial valuation adjustments in the amounts indicated above are sufficient. Non-impaired financial assets are considered to be recoverable. Default risks are reduced by means of continuous monitoring of customers' credit ratings and payment behaviour, in close coordination with the company's market-oriented departments, and are covered by means of insurance, where possible. Moreover, in case of irregularities in customer relationships the volume of business is managed on the basis of individual decisions. Impairment of consumer receivables is minimised by means of a professional debt collection management system as well as risk avoidance and information-gathering parameters. These automatic system settings and the additional qualitative information serves as information which is used for calculation of individual valuation allowances.

The key equity items are presented below. Net interest-bearing financial liabilities have resulted from netting of gross interest-bearing financial liabilities against the Group's cash and cash equivalents as of the balance sheet date.

Key equity items in thousands of euros

	Dec. 31, 2020	Dec. 31, 2021
Total assets	625,463	599,532
Equity	301,003	335,834
Equity ratio (as %)	48.1	56.0
Non-current interest-bearing financial liabilities	771	407
Non-current liabilities from leasing	48,769	43,430
Current interest-bearing financial liabilities	407	276
Current liabilities from leasing	10,442	9,846
Cash and cash equivalents	102,809	84,389
Net interest-bearing financial liabilities	−42,420	−30,430

The primary goal of the CEWE Group's capital management system is to ensure that the Group remains capable of repaying its debts and maintains its financial resources. As well as safeguarding the long-term liquidity supply, the interest rate risk has been limited and a flexible credit structure has once again been maintained, to cover the seasonal nature of the Group's business performance over the course of the year. No collateral was provided. For further information, please see the comments in the risk report on pages 72 ff.

No capital requirements are prescribed in the articles of association of CEWE KGaA. In regard to authorised capital and the obligation to sell or issue shares in connection with stock option plans, please see the relevant passages in these notes (see item D49, D50, D51, D52, pages 152–155).

E. OTHER DISCLOSURES

69 SHAREHOLDINGS

CEWE's proportionate interests in all of its subsidiaries included in the consolidated financial statements are shown in the following table:

Shareholdings in %

	Dec. 31, 2020 Capital	Dec. 31, 2021 Capital
1. CEWE Beteiligungs GmbH, Oldenburg	100.00	100.00
2. CEWE S.A.S., Paris, France[1]	100.00	100.00
3. CEWE Belgium NV, Mechelen, Belgium[1]	100.00	100.00
4. CEWE Nederland B.V., Nunspeet, Netherlands[1]	100.00	100.00
5. CEWE Magyarország Kft., Budapest, Hungary[1]	100.00	100.00
6. CeWe Color a.s., Prag, Czech Republic[1]	100.00	100.00
7. CEWE a.s., Bratislava, Slovak Republic[1]	100.00	100.00
8. CEWE AG, Dübendorf, Switzerland[1]	100.00	100.00
9. CEWE Danmark ApS, Åbyhøj, Denmark[1]	100.00	100.00
10. CEWE Sp. z o.o., Koźle, Poland[1]	100.00	100.00
11. CEWE NORGE AS, Oslo, Norway[1]	100.00	100.00
12. CEWE-PRINT NORDIC A/S, Åbyhøj, Denmark[2]	100.00	100.00
13. CEWE Sverige AB, Göteborg, Sweden[3]	100.00	100.00
14. CEWE Limited, Warwick, United Kingdom[1]	100.00	100.00
15. Diginet GmbH & Co. KG, Cologne	100.00	100.00
16. Bilder-planet.de GmbH, Cologne[4, 7]	100.00	100.00
17. Diginet Management GmbH, Cologne	100.00	100.00
18. Wöltje GmbH & Co. KG, Oldenburg[5]	100.00	100.00
19. Wöltje Verwaltungs-GmbH, Oldenburg[5]	100.00	100.00
20. DIRON Wirtschaftsinformatik Beteiligungs-GmbH, Münster	100.00	100.00
21. CeWe Color Inc., Delaware, USA[1]	100.00	100.00
22. Saxoprint GmbH, Dresden	100.00	100.00
23. Saxoprint Ltd., London, United Kingdom[6]	100.00	100.00
24. Saxoprint AG, Zürich, Switzerland[6]	100.00	100.00
25. Saxoprint EURL, Paris, France[6]	100.00	100.00
26. Laserline GmbH, Berlin[8]	100.00	100.00
27. DeinDesign GmbH, Bad Kreuznach	100.00	100.00
28. futalis GmbH, Leipzig	81.64	81.64
29. Stardust Media and Communications, SAS, Paris, France[1]	87.90	100.00
30. CEWE Fotovertriebsesellschaft mbH, Wien, Austria[1]	100.00	100.00
31. WhiteWall Media GmbH, Frechen	100.00	100.00
32. Whitewall USA Inc., Delaware, USA[9]	100.00	100.00

1 Interest held through CEWE Beteiligungsgesellschaft mbH, Oldenburg
2 Interest held through CEWE Danmark ApS, Åbyhøj, Denmark
3 Interest held through CEWE Norge AS, Oslo, Norway
4 Interest held through Diginet GmbH & Co. KG, Cologne
5 Interest held through CEWE AG, Dübendorf, Switzerland
6 Interest held through Saxoprint GmbH, Dresden
7 Not included in the consolidated financial statements
8 Saxoprint GmbH sold Laserline GmbH to CEWE Stiftung & Co. KGaA on December 23, 2021
9 Interest held through WhiteWall Media GmbH, Frechen

70 EVENTS OF PARTICULAR SIGNIFICANCE AFTER THE BALANCE SHEET DATE

An administrative building at CEWE's Oldenburg location was acquired at the start of 2022 for a purchase price of 8,000 thousand euros plus land transfer tax. The coronavirus pandemic is still ongoing at the start of 2022. No other events of particular significance have occurred since the balance sheet date. The potential effects of the coronavirus pandemic on CEWE's course of business have been factored into the forecast, opportunities and risk report on the basis of the information currently available.

On February 24, 2022, Russia invaded Ukraine. CEWE does not expect that this conflict will have any direct impact on its business, either in terms of procurement or sales. At the present time, there are no indications of any negative impact on consumer sentiment and thus on turnover.

On March 17, 2022, the Chairman of the Board of Trustees of Neumüller CEWE COLOR Stiftung, Dr Rolf Hollander, provided notice that, owing to a difference of opinion concerning the company's management, on the basis of a majority decision the Board of Trustees would not renew the contract of the Chairman of the Board of Management, Dr Christian Friege, beyond December 31, 2022.

71 COMMENTS ON THE CASH FLOW STATEMENT

The cash flow statement shows how the Group's cash and cash equivalents have developed during the financial years 2021 and 2020. In accordance with IAS 7, this statement distinguishes between cash flow from operating activities, cash flow from investing activities and cash flow from financing activities. Cash and cash equivalents shown comprise the balance sheet items bank balances with a remaining term of up to three months and cash in hand including fixed deposit balances. This corresponds to the cash and cash equivalents item presented in the balance sheet.

The inflows and outflows resulting from the change in financial liabilities are attributable to repayments, reclassifications due to maturity periods and loans taken up as follows:

Change in financial liabilities in 2021 in thousands of euros

	Current interest-bearing financial liabilities	Non-current interest-bearing financial liabilities	**Gross financial liabilities**
As of Jan. 1	**407**	**771**	**1,178**
Repayment	−131	−364	−495
As of Dec. 31	**276**	**407**	**683**

Change in financial liabilities in 2020 in thousands of euros

	Current interest-bearing financial liabilities	Non-current interest-bearing financial liabilities	**Gross financial liabilities**
As of Jan. 1	**832**	**1,115**	**1,947**
Repayment	−425	−344	−769
As of Dec. 31	**407**	**771**	**1,178**

72 OTHER FINANCIAL OBLIGATIONS UNDER LEASE AGREEMENTS

Leases and tenancies exist which constitute operating lease arrangements in terms of their economic content, so that the leasing assets are attributable to the lessor rather than CEWE Stiftung & Co. KGaA, Oldenburg. This mainly comprises contracts for the use of production and office space, motor vehicles and also a few agreements for office equipment and IT hardware. The rents paid in the financial year amount to 542 thousand euros (previous year: 526 thousand euros). These contracts have terms of between one and six years.

Lease payments in thousands of euros

	Dec. 31, 2020	Dec. 31, 2021
Total future minimum lease payments	**1,349**	**1,040**
Due within a period of one year	448	510
Due within a period of between two and five years	812	466
Due after more than five years	89	64

Assets leased within the scope of operating leases have a total book value of 17,091 thousand euros (previous year: 17,368 thousand euros). The lease agreements do not include any clauses (e.g. extension, purchase or price adjustment options) which would give rise to an assumption of financial leasing for the lessee. Total future minimum lease income as the lessor under non-terminable operating lease agreements is as follows:

Lease income in thousands of euros

	Dec. 31, 2020	Dec. 31, 2021
Total future minimum lease payments	**15,624**	**23,299**
Due within a period of one year	2,157	2,980
Due within a period of between two and five years	8,145	11,600
Due after more than five years	5,322	8,719

This involves the leasing of commercial space as well as equipment leased to customers. The rent instalments collected in the financial year amount to 2,478 thousand euros (previous year: 1,926 thousand euros). They are shown under the item “Additional other operating income”, C 28, page 134. Any leasing components in existing contracts are registered and reported within the scope of a systematic contract management system.

73 SEGMENT REPORTING BY BUSINESS UNIT

As of these financial statements, the Group has four business units subject to mandatory reporting. Three of them are the Group’s strategic business units. They are the Photofinishing, Commercial Online Printing and Retail business units. The Group’s strategic business units offer various products and services and require different technologies as well as different investment and marketing strategies. Information on other business activities and business segments which are not subject to mandatory reporting is provided in summary form in the section of this report covering the Other Activities business unit. For each strategic business unit, the Group’s Board of Management reviews internal management reports at least once every quarter. The accounting and measurement methods used for the business units subject to mandatory reporting are those outlined in section B. In accordance with the internal reporting, revenues are reported according to consolidation effects.

Turnover corresponds to the breakdown by geographical region shown in section C 27, page 134.

These turnover categories are Photofinishing revenue, Retail revenue and revenue from Commercial Online Printing. A breakdown of these categories is provided in the segment reporting by business unit. Of the segment turnover, 376,364 thousand euros (previous year: 397,688 thousand euros) relates to German turnover and 316,397 thousand euros (previous year: 329,570 thousand euros) to foreign turnover.

In the past financial year and in the previous year, turnover with one key customer was in excess of 10%. Revenues generated with this customer are largely attributable to the Photofinishing business unit.

The breakdown of intangible assets and property, plant and equipment is as follows for the following geographical regions:

Breakdown of intangible assets and property, plant and equipment for geographical regions
in thousands of euros

	2020	2021
Germany	206,390	202,063
Other countries	41,796	36,311
Total	**248,186**	**238,374**

74 OTHER COMMENTS

Contingent liabilities resulted from the grant of suretyships and guarantees for third parties, possible litigation risks and other issues and amounted to 1,277 thousand euros (previous year: 1,098 thousand euros). The risk of a claim under these contingent liabilities is seen as either slight or not very probable. The assessment of the respective amounts and the probability of realisation are continuously monitored. The Group does not have any contingent assets. The CEWE Group received government grants in the amount of 1,307 thousand euros in the year under review. These grants were mainly provided due to the coronavirus pandemic. Of the above total amount, 715 thousand euros comprises grants for personnel expenses due to employees who were unable to work on account of coronavirus-related plant closures (Germany, Czech Republic, Slovak Republic). Government grants for closed retail branches were provided in the amount of 216 thousand euros (Czech Republic, Slovak Republic). General cost contributions were also granted in the amount of 11 thousand euros (Netherlands, Germany).

The following total remuneration has been paid to the active members of the Board of Management which handles management duties and to the Supervisory Board for the performance of their duties:

Remuneration received in thousands of euros

	Dec. 31, 2020	Dec. 31, 2021
Fixed gross remuneration		
Fixed remuneration	1,866	1,866
Fringe benefits	105	99
Total fixed gross remuneration	**1,971**	**1,965**
Variable remuneration		
One-year variable remuneration	675	764
Multi-year variable remuneration		
Bonus II	266	317
Stock Option Plan 2014 – 2015	380	416
Other items	0	0
Total variable remuneration	**1,321**	**1,497**
Total remuneration granted	**3,292**	**3,462**
Remuneration owed	511	477
Other benefits due to the termination of the employment relationship	2,056	2,309
Remuneration paid to Supervisory Board	668	1,489
Total remuneration paid to Board of Management and Supervisory Board	**6,527**	**7,737**

The table shows the inflow of cash in the past financial year and in the previous year as a result of fixed remuneration, fringe benefits and one-year and multi-year variable remuneration as well as pension expenses. Remuneration resulting from the bonus bank relates to claims which have fallen due, plus the contractually stipulated amount of interest. The current service cost has been calculated in accordance with IAS 19; it does not represent an inflow in the narrow sense of the term but has been included to clarify the total remuneration provided.

The remuneration paid to the members of the Supervisory Board for their service on this body is stipulated in the articles of association and comprises fixed and variable components. This remuneration is exclusively granted on a short-term basis.

Other than the remuneration outlined above, no further remuneration or claims have been granted in the past financial year or the previous year but not yet reported in consolidated financial statements.

Disclosures regarding the remuneration of the individual members of the Board of Management and the Supervisory Board are provided in the remuneration report (pages 96 ff.).

None of the active or retired members of the Board of Management has received third-party payments in relation to their service; the same applies for the members of the Supervisory Board. Loans or advance payments have not been granted in any case. Nor has the company entered into any contingent liabilities for the benefit of the members of the Board of Management or the Supervisory Board.

A member of the Supervisory Board provided consulting services with a value of 3 thousand euros in the financial year 2021. Members of the Supervisory Board have not provided any other advisory and mediation services or other personal services either in the year under review or in the previous year.

Remuneration was paid to retired members of the Board of Management in the amount of 69 thousand euros (previous year: 190 thousand euros). Pensions paid to former members of the Board of Management of Neumüller CEWE COLOR Stiftung, as the general partner of CEWE Stiftung & Co. KGaA, and the old CEWE COLOR Holding AG amount to 1,050 thousand euros (previous year: 1,037 thousand euros). Pension accruals established for these persons amount to 17,482 thousand euros (previous year: 19,175 thousand euros). CEWE does not have any obligations in relation to this group of persons for which it has failed to establish accruals.

The members of the Board of Management and the Board of Trustees of Neumüller CEWE COLOR Stiftung and the Supervisory Board are defined as related parties of the CEWE Group. Close family members and related parties of this group of persons are also related parties of the CEWE Group.

Transactions with related parties have been entered into on normal market terms, in line with the arm's length principle.

75 SUBSIDIARIES' USE OF EXEMPTIONS

The following subsidiaries fully included in these consolidated financial statements make use of the exemption from the disclosure requirements under § 325 HGB and the exemption from the obligation to prepare a management report and notes in accordance with § 264b HGB:

» Diginet GmbH & Co. KG, Cologne
» Wöltje GmbH & Co. KG, Oldenburg

76 EXECUTIVE BODIES OF THE COMPANY

SUPERVISORY BOARD

Including seats on supervisory boards and similar or foreign executive bodies of CEWE Stiftung & Co. KGaA

Otto Korte, Oldenburg (Chairman)
February 2007[1]
Lawyer/tax adviser/tax law specialist and partner of the law firm Hühne Klotz & Partner mbB, Oldenburg
» Chairman of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg
» Member of the Board of Trustees of Neumüller CEWE COLOR Stiftung, Oldenburg

Paolo Dell'Antonio, Düsseldorf
January 2017[1]
Spokesman of the board of management of Wilh. Werhahn KG, Neuss
» Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg
» Member of the shareholders' committee of Th. Simon GmbH & Co. KG (previously Bitburger Holding GmbH) and Bitburger Braugruppe GmbH, Bitburg[2]
» Spokesman of the board of management of Werhahn Industrieholding SE, Neuss
» Member of the supervisory board of Bankhaus Werhahn GmbH, Neuss[2,3]
» Member of the supervisory board of Bank11 für Privatkunden und Handel GmbH, Neuss[2,3]
» Member of the board of directors of abcfinance GmbH, Cologne[2,3]
» Member of the supervisory board of abcbank GmbH, Cologne[2,3]
» Chairman of the supervisory board of Zwilling J. A. Henckels AG, Solingen[2,3]
» Member of the supervisory board of Basalt-Actien-Gesellschaft, Linz[2,3]
» Member of the supervisory board of Yareto GmbH, Neuss[2,3]
» Member of the advisory board of Rathscheck Schiefer und Dachsysteme, Mayen[2,4]
» Chairman of the advisory board of ZWILLING Beauty Group GmbH, Düsseldorf[2,4]
» Member of the advisory board of FiberLean Technologies GmbH, Neuss[2,4]

1 Start of service on the Supervisory Board
2 Member of similar German and foreign executive bodies of business enterprises
3 Group mandate
4 Voluntary bodies

Patricia Geibel-Conrad, Leonberg
June 2018[1]
Accountant/tax consultant, management consultant
» Member of the Supervisory Board and Chair of the Audit Committee of CEWE Stiftung & Co. KGaA, Oldenburg
» Member of the supervisory board and the audit committee of HOCHTIEF Aktiengesellschaft, Essen[2]
» Member of the supervisory board and chair of the audit committee of DEUTZ AG, Cologne[2]

Professor Dr Christiane Hipp, Cottbus
June 2012[1]
Since February 1, 2020 Professor of Organisation and Corporate Governance
» Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg
» Member of the Board of Trustees of the German Federal Environmental Foundation (Deutsche Bundesstiftung Umwelt – DBU), Osnabrück
» Member of the supervisory board of Zukunft–Umwelt–Gesellschaft (ZUG) gGmbH, Berlin

Dr Birgit Vemmer, Bielefeld
June 2018[1]
Management consultant and coach
» Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg

Dr Hans-Henning Wiegmann, Schlangenbad
June 2012[1]
Business graduate
» Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg

Petra Adolph, Hanover
June 2018[1]
Deputy head of the northern branch of the Mining, Chemicals and Energy trade union (IG BCE)
» Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg
» Member of the supervisory board of K+S Aktiengesellschaft, Kassel[2]

Marion Gerdes, Berne
June 2018[1]
Industrial Manager/Head of Personnel, CEWE Stiftung & Co. KGaA, Oldenburg
» Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg

Insa Lukaßen, Oldenburg
June 2018[1]
Head of Mail-Order Shipping
» Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg

Alexander Oyen, Bremen
June 2018[1]
Head of the Oldenburg branch of the Mining, Chemicals and Energy trade union (IG BCE)
» Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg

Markus Schwarz, Oldenburg (Deputy Chairman)
June 2018[1]
Member of the works council (released from duties) of CEWE Stiftung & Co. KGaA, Oldenburg
» Deputy Chairman of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg

Elwira Wall, Hatten
June 2018[1]
Project manager, document management system (DMS), data protection
» Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg

General partner of CEWE Stiftung & Co. KGaA:
» Neumüller CEWE COLOR Stiftung

BOARD OF MANAGEMENT

Dr Christian Friege, Oldenburg
Chairman of the Board of Management of Neumüller CEWE COLOR Stiftung, Oldenburg
Responsible for National and International Distribution
» Member of the advisory board of enportal GmbH, Hamburg
» Member of the supervisory board of Vierol AG, Oldenburg

Patrick Berkhouwer, Bremen
Member of the Board of Management of Neumüller CEWE COLOR Stiftung, Oldenburg
Responsible for Foreign Markets and Expansion

Dr Reiner Fageth, Oldenburg
Member of the Board of Management of Neumüller CEWE COLOR Stiftung, Oldenburg
Responsible for Technology, IT and Research & Development
» Member of the supervisory board of CEWE COLOR Inc., Delaware, USA[2, 3]
» Member of the advisory board of ELA Container GmbH, Haren (Ems)

Carsten Heitkamp, Oldenburg
Member of the Board of Management of Neumüller CEWE COLOR Stiftung, Oldenburg
Responsible for the German Plants, SAXOPRINT, Logistics, Purchasing and Materials Management

Dr Olaf Holzkämper, Oldenburg
Member of the Board of Management of Neumüller CEWE COLOR Stiftung, Oldenburg
Responsible for Finance & Controlling, Business Development, Investor Relations, Corporate Information Management, Legal and On-Site Finishing
» Member of the supervisory board of Remmers Gruppe AG, Löningen

Thomas Mehls, Oldenburg
Member of the Board of Management of Neumüller CEWE COLOR Stiftung, Oldenburg
Responsible for Marketing, Online Photo Service, CEWE-Print, viaprinto, New Business Acquisition and Sustainability
» Member of the supervisory board of Baskets Oldenburg GmbH & Co. KG, Oldenburg

Christina Sontheim-Leven, Düsseldorf (since January 1, 2022)
Member of the Board of Management of Neumüller CEWE COLOR Stiftung, Oldenburg
Responsible for Human Resources and Organisational Development
» Member of the advisory board of LegalTegrity GmbH, Frankfurt am Main

Frank Zweigle, Oldenburg (to December 31, 2021)
Member of the Board of Management of Neumüller CEWE COLOR Stiftung, Oldenburg
» Responsible for the Administrative Activities of Neumüller CEWE COLOR Stiftung

Please also see the comments in the remuneration report on **pages 100 ff.**

1 Start of service on the Supervisory Board
2 Group mandate
3 Voluntary bodies

77 RELEASE AND PUBLICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

The consolidated financial statements as of December 31, 2021 prepared by the Board of Management of the general partner, Neumüller CEWE COLOR Stiftung, and the combined management report of the CEWE Group are released for publication upon their signing by the Board of Management.

78 DECLARATION REGARDING THE GERMAN CORPORATE GOVERNANCE CODE

The Board of Management and the Supervisory Board have submitted the declaration of conformity with the German Corporate Governance Code required under § 161 AktG and have made this declaration available to the shareholders on the company's website www.cewe.de.

RESPONSIBILITY STATEMENT

Declaration in accordance with §§ 297 (2) clause 4 and 315 (1) clause 5 HGB (responsibility statement)
We hereby declare that, to the best of our knowledge, the consolidated financial statements provide a true and fair view of the Group's net assets, financial position and results of operations in accordance with the applied principles of orderly reporting in consolidated financial statements and that the notes to the consolidated financial statements provide the necessary disclosures and specific information accurately describing the Group's position.

We also confirm that, to the best of our knowledge, the combined management report includes a fair review of the development and performance of the business and the position of the Group and thus describes the key risks and opportunities associated with the Group's expected development in the new financial year.

Oldenburg, March 23, 2022

CEWE Stiftung & Co. KGaA
For the general partner Neumüller CEWE COLOR Stiftung
– The Board of Management –

Dr Christian Friege
(Chairman of the Board of Management)

Patrick Berkhouwer Dr Reiner Fageth Carsten Heitkamp

Dr Olaf Holzkämper Thomas Mehls Christina Sontheim-Leven

Note: This is a convenience translation of the German original. Solely the original text in German is authoritative.

INDEPENDENT AUDITOR'S REPORT TO THE CEWE STIFTUNG & CO. KGAA, OLDENBURG

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

Audit Opinions

We have audited the consolidated financial statements of CEWE Stiftung & Co. KGaA, Oldenburg, and its subsidiaries (the group), which comprise the consolidated balance sheet as at December 31, 2021, the consolidated profit and loss account and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1, 2021 to December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In addition, we have audited the combined management report (report on the position of the company and the group) of CEWE Stiftung & Co. KGaA for the financial year from January 1, 2021 to December 31, 2021. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in section "other information".

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the group as at December 31, 2021, and of its financial performance for the financial year from January 1, 2021 to December 31, 2021 and
- the accompanying combined management report as a whole provides an appropriate view of the group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those parts of the Combined management report listed in section "other information".

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

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements.

In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1, 2021 to December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, we do not provide a separate audit opinion on these matters.

We identified the following matters as key audit matters:

1. Realisation of turnover in the Photofinishing segment
2. Fair value of goodwill in the Commercial Online Printing and Photofinishing business units

1. Realisation of turnover in the Photofinishing segment

Specific issue
In its consolidated financial statements as of December 31, 2021, the company has reported revenues in its Photofinishing segment in the amount of 590 million euros (85.2% of total revenues). Due to the highly automated procedure through which these revenues are realised, the very large volume of data processed and the variety of IT systems due to the diverse product range, in our view particularly stringent requirements apply for the IT systems in terms of correct recognition of and accrual accounting for revenues. In view of this situation, the IT systems were particularly significant for us within the scope of our audit, in relation to the realisation of turnover in the Photofinishing segment.

The disclosures made by CEWE Stiftung & Co. KGaA concerning revenues in the Photofinishing segment may be found in section "C27" of the notes to the consolidated financial statements.

Audit response
To address the risk associated with the realisation of turnover in the Photofinishing segment, we have performed uniform audit procedures for all of the segments. We have assessed implementation of the Group rules on the realisation of turnover in the IT systems in terms of whether the software in question is suitable to appropriately map the business transactions. As well as a basic audit, our audit approach includes function-based testing of relevant check mechanisms as well as ad hoc and analytical audit procedures. In particular, we have evaluated whether the IT control system has been appropriately designed for the IT systems used throughout the Group for invoicing and their interfaces in relation to the relevant general ledger. To review the effectiveness of this IT control system, we have implemented control tests for the control activities implemented within the scope of these processes. We have consulted internal specialists in relation to these audit activities. We have also established on a sample basis that the accrual accounting for revenues has been correctly implemented.

2. Fair value of goodwill in the Commercial Online Printing and Photofinishing business units

Specific issue
In its consolidated financial statements as of December 31, 2021, the company has reported goodwill in the amount of 22.2 million euros in its Commercial Online Printing business unit and 55.2 million euros in its Photofinishing business unit.

The company tests goodwill for impairment once a year or on an ad hoc basis in order to determine a possible write-down requirement. In the financial year 2021 the company performed the annual impairment test.

This impairment test is carried out at the level of cash-generating units to which the respective goodwill is allocated. Within the scope of this impairment test, the book value of the respective cash-generating unit is compared with the corresponding recoverable amount. In principle, the recoverable amount is determined on the basis of the value in use. As a rule, the valuation is implemented on the basis of the present value of future cash flows for the respective cash-generating unit. The values in use are determined by means of the discounted cash flow method, in line with the Group's approved planning. Future cash flows beyond the detailed planning period are carried forward on the basis of long-term growth rates. Expectations regarding the future market trend and assumptions relating to the development of macroeconomic factors are taken into consideration here. Discounting is implemented by means of the weighted average cost of capital for the respective cash-generating unit.

The calculation of the respective value in use is highly dependent on the company's legal representatives' assessment of the future cash inflows for the respective cash-generating unit, the discount rates applied, the growth rates as well as further assumptions and is thus subject to considerable uncertainty. In this context and, in particular, in view of the uncertainty relating to course of business and the earnings trend in the light of the coronavirus pandemic, the fair value of goodwill in the Commercial Online Printing business unit was a particularly significant issue for our audit.

Disclosures from CEWE Stiftung & Co. KGaA on goodwill in the Commercial Online Printing business unit may be found in the following notes to the consolidated financial statements: A4 Consolidation principles, B6 General disclosures, B11 Goodwill, B13 Impairment, D. Comments on the balance sheet (development of the fixed assets) and D38 Goodwill.

Audit response

Within the scope of our audit, we have obtained an understanding of the planning process and have assessed its appropriateness. We have carried out an analysis of past planning and compared the planning of the past few years with the actual results and analysed any discrepancies. Moreover, with the assistance of our valuation specialists we have developed an understanding of the impairment testing method applied as well as the calculation and have checked the mathematical accuracy of the calculation and the model used.

We have discussed with the Board of Management the Group's approved planning and the current forecast as of June 30, 2022 as well as the assumed long-term growth rates. In particular, we have evaluated whether the effects of the coronavirus pandemic had been appropriately factored into the planning. We have developed an understanding of the underlying planning assumptions and the related growth rate assumptions by comparing them with past trends and current industry-specific market expectations. We have also critically examined the discount rates applied on the basis of the average cost of capital of a peer group. Our audit included the company's sensitivity analyses.

Other Information

The executive directors or the supervisory board are responsible for the other information. The other information comprises:

- the non-financial statement provided in section "sustainability" of the combined management report,
- the declaration on corporate governance contained in the combined management report,
- the remaining parts of the annual report, with the exception of the audited consolidated financial statements and combined management report and our auditor´s report,
- the corporate governance report pursuant to No. 3.10 of the German Corporate Governance Code, and
- the confirmation pursuant to § 297 (2) sentence 4 HGB regarding the consolidated financial statements and the confirmation pursuant to § 315 (1) sentence 5 HGB regarding the combined management report

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and thereby acknowledge whether the other information

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

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

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

OTHER LEGAL AND REGULATORY REQUIREMENTS

REPORT ON THE ASSURANCE IN ACCORDANCE WITH § 317 (3A) HGB ON THE ELECTRONIC REPRODUCTION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT PREPARED FOR PUBLICATION PURPOSES

Reasonable Assurance Opinion

We have performed assurance work in accordance with § 317 (3a) HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file „CEWE_KA_2021.zip" (SHA256-Hashwert: 7ce3ee196080b7fcd68bb8dd35b71638e0587af4 5c5c7eb64b541ee1ba0095e7) and prepared for publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1, 2021 to December 31, 2021 contained in the "Auditor's report on the consolidated financial statements and on the group management report" above.

Basis for the Reasonable Assurance Opinion

We conducted our assurance work on the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file in accordance with § 317 (3a) HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 (3a) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410 10.2021) and the International Standard on Assurance Engagements 3000 (Revised)]. Accordingly, our responsibilities are further described below in the "Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the combined management report in accordance with § 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 (1) sentence 4 no. 2 HGB.

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

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

Auditor's Responsibilities for the Assurance Work on the ESEF documents
Our objective is to obtain reasonable assurance that the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

» Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinions.

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

» Evaluate the technical validity of the ESEF documents, i.e. whether the electronic file containing the ESEF documentation meets the require-ments of the Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file applicable at the reporting date.

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

» Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation
We were elected as group auditor by the consolidated general meeting on June 9, 2021. We were engaged by the supervisory board on September 27, 2021. We have been the group auditor of the CEWE Stiftung & Co. KGaA without interruption since the financial year 2014.

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

Other matter – use of the auditor's report
Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the assured ESEF documents. The consolidated financial statements and the combined management report converted to the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents provided in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Christoph Hyckel.

Hamburg, March 30, 2022

BDO AG
Wirtschaftsprüfungsgesellschaft

Sabath	Hyckel
German Public Auditor	German Public Auditor

THE CEWE GROUP – STRUCTURE AND EXECUTIVE BODIES

Neumüller CEWE COLOR Stiftung

Board of Trustees
» Dr Rolf Hollander, Oldenburg (Chairman)
» Otto Korte, Oldenburg (Deputy Chairman)
» Helmut Hartig, Oldenburg
» Dr Kay Hafner, Essen
» Matthias Peters, Hamburg
» Katharina Le Thierry, Munich

Board of Management
» Dr Christian Friege, Oldenburg (Chairman)
» Patrick Berkhouwer, Bremen
» Dr Reiner Fageth, Oldenburg
» Carsten Heitkamp, Oldenburg
» Dr Olaf Holzkämper, Oldenburg
» Thomas Mehls, Oldenburg
» Frank Zweigle, Oldenburg (to December 31, 2021)
» Christina Sontheim-Leven, Düsseldorf (since January 1, 2022)

CEWE STIFTUNG & CO. KGAA

Supervisory Board

» Otto Korte, Oldenburg (Chairman)
Lawyer/tax adviser/tax law specialist and partner of the law firm Hühne Klotz & Partner mbH, Oldenburg

» Paolo Dell'Antonio, Braunschweig
Spokesman of the board of management of Wilh. Werhahn KG, Neuss

» Patricia Geibel-Conrad, Leonberg
Accountant/tax consultant, management consultant

» Professor Dr Christiane Hipp, Berlin
Since February 1, 2020 Professor of Organisation and Corporate Governance

» Dr Birgit Vemmer, Bielefeld
Management consultant and coach

» Dr Hans-Henning Wiegmann, Schlangenbad
Business graduate

» Petra Adolph, Hanover
Deputy head of the northern branch of the Mining, Chemicals and Energy trade union (IG BCE), Oldenburg

» Marion Gerdes, Berne
Industrial Manager/Head of Personnel, CEWE Stiftung & Co. KGaA, Oldenburg

» Insa Lukaßen, Oldenburg
Head of Mail-Order Shipping, CEWE Stiftung & Co. KGaA, Oldenburg

» Alexander Oyen, Bremen
Branch head of the Mining, Chemicals and Energy trade union (IG BCE), Oldenburg

» Markus Schwarz, Oldenburg (Deputy Chairman)
Member of the works council (released from duties) of CEWE Stiftung & Co. KGaA, Oldenburg

» Elwira Wall, Hatten
Project manager, document management system (DMS), data protection, CEWE Stiftung & Co. KGaA, Oldenburg

General partner of CEWE Stiftung & Co. KGaA
Neumüller CEWE COLOR Stiftung, Oldenburg

FURTHER INFORMATION

5

CONSOLIDATED NON-FINANCIAL STATEMENT

With this non-financial reporting statement, CEWE Stiftung & Co. KGaA business group (hereinafter CEWE) complies with the duty to disclose non-financial information for the financial year 2021 in accordance with Secs. 315b and 315c HGB in conjunction with Secs. 289c to 289e HGB. Following a detailed review process, the content from the non-financial statement for the year 2020 has been deemed up to date and has therefore been adopted, with reporting on EU taxonomy only having been added. The non-financial statement has been consolidated with the non-financial statement of the parent company in accordance with Sec. 289b HGB. It is incorporated into the annual report and refers to the GRI Standards (Sec. 289d HGB) as its framework. The non-financial statement was reviewed and released by the Board of Management. The Supervisory Board assessed the non-financial statement for its legality, reliability and appropriateness.

Business model

CEWE is active in three strategic business units: Photofinishing, Commercial Online Printing and Retail. The locations and distribution offices are spread to 26 countries across Europe. Buyers and recipients include retail stores, consumers, and trade professionals. The mandatory information pertaining to the business model are detailed in this annual report from **page 54** onwards.

Relevance of sustainability

Sustainability has been enshrined with the Board of Management since 2008 and has been governed by Thomas Mehls since 2016, who oversees Sustainability, Marketing and New Business on the Board of Management. He governs sustainability together with two area managers and in co-ordination with the Sustainability Task Force **Sustainability Report 2021, page 16**. CEWE greatly values sustainable governance across all sectors and has included all areas in its sustainability activities **Sustainability Report 2021, pages 16 and 20 f**. Sustainability management thus forms an integral part of corporate governance within the organisation. The strategy is rooted in five dimensions: honest and fair conduct, economic viability, environmental protection and resource conservation, responsibility for employees and social commitment **Sustainability Report 2021, page 16**.

Process to establish material non-financial topics according to CSR-RUG

When assessing aspects that concern non-financial reporting, CEWE was guided by the material topics of sustainability in accordance with the 2020 version of the materiality analysis **Sustainability Report 2021, page 20 f**. CEWE conducted a comprehensive stakeholder survey in 2020 for this, which once again serves as the basis for this year's non-financial statement **Sustainability Report 2021, page 20**. Aspects were reviewed once again in preparation of this report with regard to the materiality requirements under the CSR Directive Implementation Act (CSR-RUG). Comments from the auditing process of the previous reporting year were consulted. It was explored whether the details are necessary to understand the business performance, the business result, the company's position as well as the understanding of the impact of the company's activities on non-financial aspects.

In conclusion, the strategic priorities from the materiality matrix were attributed to concerns according to CSR-RUG, notably Climate Protection as well as Materials and Waste (Environmental), Responsible Use of Technology (Social), and Sustainable Products (Products). Moreover, the following topics from the materiality matrix were attributed to concerns which the CSR-RUG rates as material: Good Employer (Employee Rights), Sustainable Supply Chain (Human Rights), Fair Working Practices (Anti-Corruption and Bribery). Other topics from the materiality matrix were not deemed to be material according to CSR-RUG.

CEWE plans to conduct new stakeholder surveys at regular intervals to establish if the defined topics remain relevant.

Risk assessment

The outcome from the risk assessment is summarised on page 35 of the Sustainability Report. In line with Secs. 289c (3), 3 and 4 and 315c (2) HGB, no material risks were identified, neither in relation to its own business activities or its business relationships nor for products and services in terms of non-financial aspects under review, which most likely have or would have serious negative impacts on these aspects.

Reporting in accordance with EU taxonomy

The European Green Deal is a concept developed by the European Commission with the overarching aim of transitioning towards a competitive, resource-efficient and carbon-neutral European economy. To achieve this goal, different actions have been defined for such areas as energy supply, traffic, trade, industry, agriculture and forestry as well as financial market regulation.

One element of the European Green Deal includes the objective of the EU taxonomy, which furthers sustainable investments by designing a common classification system on what ecologically-sustainable economic activities across all sectors are. The respective mandatory reporting which was launched for capital market-guided enterprises is to give users the transparent and uniform possibility to compare the sustainability of business models.

Article 9 of the Taxonomy Regulation specifies six environmental objectives of the European Union:

» Climate change mitigation
» Climate change adaptation
» The sustainable use and protection of water and marine resources
» The transition to a circular economy
» Pollution prevention and control
» The protection and restoration of biodiversity and ecosystems

For 2021, the year under review, the disclosure focuses initially on the first two objectives only, i.e., Climate Change Mitigation and Climate Change Adaptation. In a first step, economic activities are to be identified which qualify for facilities granted by the EU under the taxonomy, followed by reporting on their proportion in the overall turnover as well as capital expenditures and operational expenses. Taxonomy-eligible economic activities include those established and described in the Climate Delegated Act as they are relevant for the environmental objectives named. The individual key indicators are established by applying the International Financial Reporting Standards (IFRS), which are used for the consolidated financial statements and take all fully consolidated Group companies into consideration. The overall turnover concurs with the value shown in the profit and loss account for the financial year concerned. Overall capital expenditures are defined as the sum of gross additions to the tangible and intangible fixed assets during the year under review without goodwill acquired. Overall operational expenses encompass all direct, non-capitalised costs connected to research & development, renovation measures, short-term leases as well as upkeep and maintenance or repair. For calculation of the figures, the financial indicators turnover, operational expenses (OPEX) and capital expenditures (CAPEX) were analysed regarding their taxonomy eligibility. Data from the annual report and the consolidation system were evaluated in order to identify the proportion of turnover, capital expenditures and operational expenses that can be attributable to taxonomy-eligible economic activities.

The following information reflects CEWE's own assessment. The legislative acts published so far on the Taxonomy Regulation only contain activities of particular relevance to climate change mitigation and climate change adaptation. For the CEWE Group, no turnover-relevant economic activities have been classified according to the current status of the regulations and no turnover could be established that is eligible under the taxonomy. By expanding the mandatory reporting by the additional environmental objectives, more economic activities will be included in the Taxonomy Regulation in the future. Depending on the specific content of the Regulation, taxonomy-compliant revenues might be established for the CEWE Group for the next financial years.

The analysis of economic activities regarding capital expenditures has shown that a proportion of 1.2% was invested into taxonomy-eligible economic activities. This indicator specifies the proportion of the above capital expenditures (additions to the fixed assets) for the purchase of products and services from a taxonomy-eligible economic activity which are named under Annex I (Substantial Contribution to Climate Change Mitigation) of the delegated act. This refers mainly to construction and renovation activities for production facilities and administration premises at multiple locations (Activities 7.1, 7.2 and 7.3) as well as the vehicle fleet (Activity 6.5).

Furthermore, taxonomy-eligible operational expenses make up 1.6% of the overall operational expenses. This indicator specifies the proportion of the above operational expenses for the purchase of products and services from taxonomy-eligible economic activities which are named under Annex I (Substantial Contribution to Climate Change Mitigation) of the delegated regulation. This includes specifically renovation and maintenance costs for buildings and leases. This includes specifically renovation and maintenance costs for buildings (Activities 7.2, 7.3) and leasing expenses for bicycles (Activity 6.4).

In the financial year 2021, there were no additions through changes to the scope of consolidation. Furthermore, the individual items were clearly allocated to the respective category and environmental goals, so that nothing was counted twice.

As from the financial year 2022, the relevant economic activities and reporting duties will be expanded. From then on, all six environmental objectives named in the Taxonomy Regulation will become relevant and the identified economic activities must be analysed for taxonomy compliance. For this, the so-called technical screening criteria shall be applied, which are composed of three components: (1) substantial contribution towards one of the named environmental objectives; (2) do no significant harm (DNSH) to other environmental objectives; and (3) meeting minimum social safeguards (in accordance with OECD guidelines for multinational enterprises, UN Guiding Principles on business and human rights, ILO core labour standards and International Human Rights Charters). The impacts of these changes on our future reporting are currently being explored. The FAQ published by the EU Commission on February 2, 2022 on the interpretation of certain legal provisions of the delegated act regarding disclosure duties pursuant to Article 8 of the EU Taxonomy Regulation will not be taken into consideration in this consolidated non-financial statement due to the short notice

Declaration on the diversity concept in relation to corporate governance and the Supervisory Board

Diversity is important to CEWE, which is why it signed the Diversity Charter in 2017. The mandatory information on diversity within corporate governance and the Supervisory Board, especially the goals, the concept and outcome of the diversity concept, are described in the **Sustainability Report on pages 24 f. as well as 49 f.** A breakdown of diversity within corporate governance and the Supervisory Board in relation to women is described in greater detail in this annual report from **page 89** onwards.

Aspects under CSR-RUG	Material topics under the materiality matrix	Concept incl. objectives, measures, due diligence and outcome	Further information in the Sustainability Report 2021	Key non-financial performance indicators[1]
Environmental topics	Climate Protection[2]	Climate action and controls regarding implementation CO_2 credits project Energy Management System (ISO 50001) and Environmental Management System (ISO 14001)	17, 37–41	Scope 1 and Scope 2 CO_{2e} emissions **Disclosures 305-1, 305-2** Scope 3 CO_{2e} emissions **Disclosure 305-3** CO_{2e} emissions in kg/t materials (Scope 1, 2) **Disclosure 305-4**
	Materials and Waste	Environmental protection as an integral part of production processes Selection of materials FSC® certification	37, 42–44	Total input materials used **Disclosure 301-1** Reduction of energy consumption per material used **Disclosure 302-5** Share of paper user and the respective products that are FSC®-certified
Employee topics	Good Employer	HR strategy Employee interviews Measures to promote employees	46–49, 52–55	Total number of employees by employment contract **Disclosure 102-8** Share of satisfied employees
Social topics	Responsible Use of Technology[3]	CEWE Customer Charter Digital Advisory Board R&D projects with artificial intelligence	24–25	Cases of data theft and data losses **Disclosure 418-1** Number of business units using artificial intelligence
Respecting human rights	Sustainable Supply Chain	BME Code of Conduct Terms and conditions of purchase for suppliers Supplier due diligence (interviews, visits) UN Global Compact[4]	24, 29–32	Non-compliance with laws and regulations in the social and economic area **Disclosure 419-1** New suppliers that were screened using social criteria **Disclosure 414-1**
Anti-corruption and bribery	Fair Working Practices	Principles of conduct and Mission Statement External ombudsman Compliance system UN Global Compact[4]	22–24	Confirmed incidents of corruption and actions taken **Disclosure 205-3** Communication and training about anti-corruption policies and procedures **Disclosure 205-2**
Product-related topicst	Sustainable Products	Analysis of products using sustainability scorecard Ecological and social aspects of the procurement strategy and process for product development and launch Certifications e.g., FSC® Carbon-neutral photobook	28, 30–34, 41–43	Share of products analysed using the sustainability scorecard (currently not yet accounted for) Incidents of non-compliance concerning the health and safety impacts of products and services **Disclosure 416-2**

1 Where non-financial performance indicators have a GRI indicator equivalent, they have been added here. The most relevant indicators were allocated here which CEWE records for the respective topic. This voluntary reporting goes beyond the requirements of governance-relevant indicators.
2 Including energy efficiency and energy consumption
3 Including data protection (which includes data security)
4 In September 2010, CEWE joined the UN Global Compact, the world's largest initiative in the fight against corruption, slavery and child labour, which also advocates humane working conditions. In the annual Communication on Progress, CEWE reports on its progress in implementing the ten principles and corporate-wide activities to promote sustainable development.

INDEPENDENT AUDITOR'S REPORT ON A LIMITED ASSURANCE ENGAGEMENT OF THE COMBINED NON-FINANCIAL STATEMENT[1]

TO THE SUPERVISORY BOARD OF CEWE STIFTUNG & CO. KGAA, OLDENBURG

We have performed a limited assurance engagement on the combined non-financial reporting statement included in the section "Combined non-financial statement" of the Annual Report published by CEWE Stiftung & Co. KGaA, Oldenburg, (hereinafter referred to as CEWE Stiftung & Co. KGaA or the Company), including the parts qualified by references as components for the period from January 1st to December 31st, 2021 (hereinafter referred to as the "combined non-financial statement") to obtain limited assurance.

Responsibility of the Executive Directors

The executive directors of the parent company are responsible for the preparation of the combined non-financial statement in accordance with §§ 315c in conjunction with 289c to 289e HGB ["Handelsgesetzbuch": German Commercial Code] and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18. June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the „EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section "Reporting in accordance with EU taxonomy" of the combined non-financial statement.

This responsibility of the executive directors includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a combined non-financial statement that is free from material misstatement, whether due to fraud or error.

1 We have performed a limited assurance engagement on the German version of the combined non-financial statement and issued an Independent Practitioner's Report in German language, which is authoritative. The following text is a translation of the original German Independent Practitioner's Report.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "Reporting in accordance with EU taxonomy" of the combined non-financial statement. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Independence and Quality Assurance of the Assurance Practitioner's Firm

We have complied with the German professional requirements on independence as well as other professional conduct requirements.

Our audit firm applies the national legal requirements and professional pronouncements – in particular the By-laws Regulating the Rights and Duties of Wirtschaftsprüfer and vereidigte Buchprüfer in the exercise of their Profession and the IDW Quality Assurance Standard issued by the Institute of Public Auditors in Germany (IDW): Requirements for Quality Management in the Audit Firm (IDW QS 1). and accordingly maintains a comprehensive quality management system that includes documented policies and procedures with regard to compliance with professional ethical requirements, professional standards as well as relevant statutory and other legal requirements.

Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the combined non-financial statement based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): „Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the group's combined non-financial financial statement, other than the external sources of documentation or expert opinions mentioned in the combined non-financial financial statement of the Company, for the period of January 1st to December 31st, 2021, are not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to

289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "Reporting" of the combined non-financial statement. This does not mean that a separate audit opinion is expressed on each of the disclosures. In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the assurance practitioner.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities, particularly:

» Obtainment of an understanding of the structure of the sustainability organization and stakeholder engagement
» Inquiries of the employees responsible for the materiality analysis in order to gain an understanding of the procedure for identifying material topics and corresponding reporting boundaries of CEWE Stiftung & Co. KGaA
» A risk assessment, including a media analysis, of relevant information about CEWE Stiftung & Co. KGaA's sustainability performance during the reporting period
» Assessment of the suitability of internally developed definitions
» Analytical assessment of selected quantitative data
» Inquiries of personnel responsible for determining the disclosures relating to concepts, due diligence processes, results and risks, performing internal control procedures and consolidating the disclosures
» Inspection of selected internal and external documents
» Evaluation of the process to identify taxonomy-eligible activities and the corresponding disclosures in the combined non-financial statement
» Assessment of the overall presentation of the disclosures

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the combined non-financial statement of CEWE Stiftung & Co. KGaA for the period from January 1st to December 31st, 2021 is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors as disclosed in section "Reporting in accordance with EU taxonomy" of the combined non-financial statement.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the parent company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the parent company alone. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

General Engagement Terms

This engagement is based on the „Special Engagement Terms and Conditions of BDO AG Wirtschaftsprüfungsgesellschaft" of March 1st, 2021, agreed with the Company as well as the „General Engagement Terms and Conditions for Auditors and Auditing Firms" of January 1st, 2017, issued by the IDW (www.bdo.de/auftragsbedingungen).

Hamburg, March 30th, 2022

BDO AG Wirtschaftsprüfungsgesellschaft

ppa. Anja Graff	Nils Borcherding Wirtschaftsprüfer (German Public Auditor)

FINANCIAL STATEMENTS OF CEWE STIFTUNG & CO. KGAA

PROFIT AND LOSS ACCOUNT OF CEWE STIFTUNG & CO. KGAA

for the financial year 2021 (in accordance with the German Commercial Code)

in thousands of euros

	2020	2021
Revenues	383,342	359,923
Increase/decrease in finished and unfinished goods	–122	20
Other own work capitalised	195	192
Other operating income	7,836	6,608
Cost of materials		
Expenses for raw materials and supplies and for purchased merchandise	–76,810	–67,721
Expenses for purchased services	–24,916	–23,906
	–101,726	**–91,627**
Personnel expenses		
Wages and salaries	–84,885	–84,186
Social security contributions and expenses for pensions and support	–18,638	–18,702
	–103,523	**–102,888**
Abschreibungen auf immaterielle Vermögensgegenstände des Anlagevermögens und Property, plant and equipment	–21,625	–20,753
Other operating expenses	–105,949	–107,610
Income from equity investments	12,121	12,781
Income from loans of financial assets	733	905
Other interest and similar income	1,206	1,659
Amortisation of financial assets	–101	0
Interest and similar expenses	–2,006	–2,707
Income from profit transfer	0	0
Earnings before income taxes	**70,381**	**56,503**
Income taxes	–22,034	–17,826
Earnings after taxes	**48,347**	**38,677**
Other taxes	–91	–807
Net income for the year	**48,256**	**37,870**
Remaining profit carried forward from previous year	**127**	**110**
Unappropriated profits	**48,383**	**37,980**

BALANCE SHEET OF CEWE STIFTUNG & CO. KGAA

as of December 31, 2021 (in accordance with the German Commercial Code)

in thousands of euros

ASSETS	2020	2021
Fixed assets		
Intangible assets		
Concessions, industrial property rights acquired for a consideration and similar rights and assets and related licences	7,686	6,107
Goodwill	5	0
Advance payments	60	380
	7,751	**6,487**
Property, plant and equipment		
Land, leasehold rights and buildings, incl. buildings on third-party land	36,592	36,363
Technical equipment and machinery	39,781	39,877
Other equipment, furniture and fixtures	9,121	9,721
Advance payments and assets under construction	1,018	1,707
	86,512	**87,668**
Financial assets		
Interests in affiliates	100,189	125,589
Loans to affiliates	72,121	69,338
Equity investments	5,316	3,840
Other loans	253	260
	177,879	**199,027**
Current assets		
Inventories		
Raw materials and supplies	19,416	23,447
Unfinished goods, work in progress	281	301
Finished goods and merchandise	526	456
	20,223	**24,204**
Receivables and other assets		
Trade receivables	49,070	43,488
Receivables from affiliates	197,960	179,238
Receivables from companies in which a participating interest is held	75	0
Other assets	6,911	12,124
	254,016	**234,850**
Cash on hand and cash in banks	73,738	59,616
Deferred expenses and accrued income	**3,983**	**3,257**
	624,102	**615,109**

in thousands of euros

EQUITY AND LIABILITIES	2020	2021
Equity		
Subscribed capital	19,302	19,349
Nominal value of treasury shares	–265	–359
Issued capital	**19,037**	**18,990**
Capital reserve	76,410	77,468
Retained earnings		
Statutory reserve	1,534	1,534
Other retained earnings	196,878	222,658
	198,412	**224,192**
Unappropriated profits	48,383	37,980
	342,242	**358,630**
Special item for investment subsidies	**196**	**178**
Accruals		
Accruals for pensions and similar obligations	22,706	26,305
Tax accruals	15,893	5
Other accruals	31,012	28,239
	69,611	**54,549**
Liabilities		
Amounts owed to credit institutions	627	555
Payments received on account of orders	39,982	31,263
Trade payables	155,084	152,664
Amounts owed to affiliates	0	32
Other liabilities	16,256	17,196
	211,949	**201,710**
Deferred income and accrued expenses	**104**	**42**
	624,102	**615,109**

MULTI-YEAR OVERVIEW

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR

in millions of euros

	2014	2015	2016	2017	2018	2019	2020	2021
Revenues	523.8	554.2	593.1	599.4	653.3	720.4	727.3	692.8
Increase/decrease in finished and unfinished goods	0.2	0.4	−0.5	0.1	−0.1	0.2	−0.4	0.3
Other own work capitalised	0.9	0.9	0.8	0.9	1.1	1.0	1.3	1.3
Other operating income	21.4	19.6	20.8	23.2	25.1	22.2	23.0	27.1
Cost of materials	−162.7	−162.2	−168.6	−168.4	−178.7	−187.5	−171.1[1]	−160.7
Gross profit	**383.6**	**412.8**	**445.6**	**455.1**	**500.7**	**556.4**	**580.1**[1]	**560.7**
Personnel expenses	−135.9	−143.7	−153.4	−160.3	−178.1	−197.0	−196.1	−194.9
Other operating expenses	−181.7	−194.0	−201.9	−205.5	−228.6	−245.4	−249.0[1]	−241.2
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**66.0**	**75.1**	**90.3**	**89.3**	**93.9**	**113.9**	**135.1**	**124.6**
Amortisation of intangible assets, depreciation of property, plant and equipment	−33.5	−38.7	−43.3	−40.1	−40.2	−57.1	−55.4	−52.4
Earnings before interest and taxes (EBIT)[1]	**32.6**	**36.4**	**47.0**	**49.2**	**53.7**	**56.8**	**79.7**	**72.2**
Financial income	0.4	0.4	0.9	0.5	0.7	0.1	0.0	2.0
Financial expenses	−1.4	−0.9	−1.7	−0.8	−1.1	−3.7	−3.4	−1.5
Financial result	**−1.0**	**−0.5**	**−0.9**	**−0.4**	**−0.4**	**−3.6**	**−3.3**	**0.5**
Earnings before taxes (EBT)	**31.5**	**35.9**	**46.2**	**48.9**	**53.3**	**53.3**	**76.4**	**72.7**
Income taxes	−10.1	−14.1	−16.6	−16.0	−17.0	−21.6	−24.4	−23.8
Earnings after taxes	**21.4**	**21.8**	**29.6**	**32.8**	**36.3**	**31.7**	**51.9**	**48.9**

1 The figures for the previous year have been restated.

CASH FLOW FOR THE YEAR

in millions of euros

	2014	2015	2016	2017	2018	2019	2020	2021
Cash flow from operating activities	71.2	59.6	93.0	72.4	78.7	102.7	142.3	65.6
Cash flow from investing activities	−43.1	−55.2	−46.6	−70.2	−76.2	−67.2	−39.0	−44.1
Free cash flow	28.1	4.4	46.4	2.2	2.5	35.5	103.3	21.5
Cash flow from financing activities	−14.5	−10.3	−19.8	−11.7	−13.4	−30.7	−33.2	−40.1
Change in cash and cash equivalents	13.6	−5.9	26.7	−9.5	−10.9	4.9	70.1	−18.6

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE FOURTH QUARTER

in millions of euros

	Q4 2014	Q4 2015	Q4 2016	Q4 2017	Q4 2018	Q4 2019	Q4 2020	Q4 2021
Revenues	194.8	215.8	228.5	234.5	261.6	293.2	314.0	297.8
Increase/decrease in finished and unfinished goods	0.0	0.2	0.0	0.3	0.0	0.5	0.3	0.3
Other own work capitalised	0.3	0.2	0.3	0.2	0.6	0.5	0.4	0.5
Other operating income	9.0	6.1	7.0	9.2	7.2	7.2	8.4	9.0
Cost of materials	−52.4	−55.2	−55.7	−57.1	−60.8	−63.8	−62.3[1]	−58.6
Gross profit	**151.7**	**167.1**	**180.2**	**187.2**	**208.5**	**237.5**	**260.7**[1]	**248.9**
Personnel expenses	−40.3	−42.6	−45.5	−47.7	−53.0	−61.2	−61.1	−58.1
Other operating expenses	−65.1	−70.7	−75.8	−79.5	−87.6	−100.4	−104.8[1]	−105.6
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**46.3**	**53.8**	**58.8**	**60.0**	**67.9**	**75.9**	**94.8**	**85.3**
Amortisation of intangible assets, depreciation of property, plant and equipment	−9.0	−13.0	−15.9	−13.9	−10.4	−17.1	−14.5	−13.1
Earnings before interest and taxes (EBIT)[1]	**37.3**	**40.8**	**42.9**	**46.1**	**57.5**	**58.8**	**80.3**	**72.1**
Financial income	0.1	0.4	0.1	0.0	0.0	0.0	0.0	2.0
Financial expenses	−0.3	−0.4	−1.3	−0.6	−0.2	−2.8	−2.5	−0.3
Financial result	**−0.2**	**0.0**	**−1.3**	**−0.6**	**−0.1**	**−2.8**	**−2.4**	**1.7**
Earnings before taxes (EBT)	**37.2**	**40.8**	**41.7**	**45.5**	**57.3**	**56.0**	**77.9**	**73.8**
Income taxes	−11.3	−15.4	−16.9	−14.8	−18.1	−23.2	−25.8	−24.2
Earnings after taxes	**25.9**	**25.3**	**24.8**	**30.7**	**39.2**	**32.9**	**52.1**	**49.6**

1 The figures for the previous year have been restated.

CASH FLOW IN THE FOURTH QUARTER

in millions of euros

	Q4 2014	Q4 2015	Q4 2016	Q4 2017	Q4 2018	Q4 2019	Q4 2020	Q4 2021
Cash flow from operating activities	48.3	49.1	59.6	67.6	77.3	92.2	130.1	109.9
Cash flow from investing activities	−16.2	−11.2	−15.7	−13.3	−10.1	−11.0	−8.4	−10.1
Free cash flow	32.1	37.9	44.0	54.3	67.2	81.2	121.7	99.8
Cash flow from financing activities	−16.3	−26.4	−10.8	−29.2	−52.1	−61.5	−35.9	−32.8
Change in cash and cash equivalents	15.8	11.5	33.2	25.1	15.0	19.7	85.8	67.0

MULTI-YEAR OVERVIEW

GROUP BALANCE SHEET

in millions of euros

ASSETS	2014	2015	2016	2017	2018	2019	2020	2021
Property, plant and equipment	102.5	108.6	124.5	148.1	160.2	222.5	216.7	212.4
Investment properties	5.0	5.1	4.9	17.9	17.6	17.2	17.4	17.1
Goodwill	25.4	32.7	25.8	25.8	59.7	77.8	77.8	77.8
Intangible assets	19.3	23.6	19.2	14.1	28.5	39.1	31.5	26.0
Financial assets	3.3	4.3	6.2	6.8	6.9	5.6	7.0	9.8
Non-current receivables from income tax refunds	1.1	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Non-current financial assets	2.9	1.6	0.5	0.4	1.3	1.5	1.5	1.2
Non-current other receivables and assets	0.2	0.4	0.6	0.6	0.3	0.7	1.2	0.9
Deferred tax assets	8.1	7.3	6.8	7.8	12.3	14.2	18.9	16.7
Non-current assets	**167.8**	**184.1**	**188.6**	**221.5**	**286.7**	**378.5**	**371.9**	**361.8**
Inventories	48.9	50.7	49.4	50.3	49.0	48.8	50.9	56.5
Current trade receivables	84.3	90.4	84.2	84.5	92.9	91.4	85.3	78.9
Current receivables from income tax refunds	1.8	1.1	1.3	1.5	2.7	1.5	1.0	6.2
Current financial assets	3.0	2.5	3.0	2.4	3.4	5.4	3.2	2.9
Additional other current receivables and assets	4.9	5.7	5.5	5.6	9.5	8.6	10.3	8.8
Cash and cash equivalents	27.7	21.7	48.6	38.8	28.1	33.0	102.8	84.4
	170.5	**172.1**	**191.9**	**183.1**	**185.5**	**188.6**	**253.5**	**237.7**
Assets held for sale	1.3	1.2	0.5	1.4	0.0	0.0	0.0	0.0
Current assets	**171.9**	**173.3**	**192.4**	**184.5**	**185.5**	**188.6**	**253.5**	**237.7**
	339.7	**357.3**	**381.0**	**406.1**	**472.2**	**567.1**	**625.5**	**599.5**

in millions of euros

EQUITY AND LIABILITIES	2014	2015	2016	2017	2018	2019	2020	2021
Subscribed capital	19.3	19.2	19.2	19.2	19.2	19.3	19.3	19.3
Capital reserve	69.3	70.2	71.2	73.1	75.3	76.5	75.1	76.1
Treasury shares at acquisition cost	−8.5	−7.5	−8.5	−7.9	−7.2	−6.7	−8.5	−14.2
Retained earnings and unappropriated profits	93.6	104.3	121.5	140.6	166.8	180.5	215.1	254.6
Equity	**173.7**	**186.3**	**203.4**	**225.0**	**254.2**	**269.6**	**301.0**	**335.8**
Non-current special items for investment grants	21.9	22.9	25.5	27.2	29.2	35.5	40.1	38.3
Non-current accruals for pensions	2.8	4.1	2.9	1.5	2.9	3.5	2.8	2.2
Non-current deferred tax liabilities	0.2	0.2	0.0	0.0	0.0	0.5	0.5	0.4
Non-current other accruals	2.7	1.8	0.0	0.0	1.1	1.1	0.8	0.4
Non-current interest-bearing financial liabilities	–	–	–	–	–	52.5	48.8	43.4
Non-current financial liabilities	0.0	0.0	0.2	0.1	1.6	1.9	0.3	0.0
Non-current other liabilities	0.2	0.5	0.5	0.5	0.6	0.5	0.6	0.6
Non-current liabilities	**27.8**	**29.5**	**29.1**	**29.4**	**35.4**	**95.4**	**93.8**	**85.3**
Current special items for investment grants	4.5	7.7	12.6	5.9	8.2	7.5	23.9	4.0
Current tax liabilities	3.3	2.9	3.5	3.5	3.5	6.3	6.0	3.0
Current other accruals	1.6	4.9	0.2	1.6	2.7	0.8	0.4	0.3
Current interest-bearing financial liabilities	–	–	–	–	–	10.7	10.4	9.8
Current trade payables	96.1	90.9	96.1	95.9	112.7	113.9	122.1	107.5
Current financial liabilities	3.6	0.3	1.5	1.3	10.2	11.2	10.9	0.1
Current other liabilities	29.2	34.8	34.6	43.5	45.4	51.7	56.9	53.6
Current liabilities	**138.2**	**141.6**	**148.4**	**151.7**	**182.6**	**202.1**	**230.7**	**178.4**
	339.7	**357.3**	**381.0**	**406.1**	**472.2**	**567.1**	**625.5**	**599.5**

MULTI-YEAR OVERVIEW

KEY INDICATORS

Volumes and employees

		2014	2015	2016	2017	2018	2019	2020	2021
Digital photos	in millions of units	2,203.9	2,164.1	2,176.2	2,128.1	2,185.0	2,363.7	2,311.4	2,151.3
Photos from film	in millions of units	88.6	70.7	56.0	47.0	41.1	37.5	27.4	30.9
Total volume of photos	in millions of units	2,293	2,235	2,232	2,175	2,226	2,401	2,339	2,182
CEWE PHOTOBOOKS	in millions of units	5.9	6.0	6.2	6.0	6.2	6.6	6.5	5.6
Employees (average)	converted to full-time equivalent	3,219	3,420	3,496	3,589	3,900	4,105	4,016	3,846
Employees (as of the reporting date)	converted to full-time equivalent	3,675	3,698	3,967	4,103	4,199	4,371	4,349	4,194

Income

		2014	2015	2016	2017	2018	2019	2020	2021
Turnover	in millions of euros	523.8	554.2	593.1	599.4	653.3	720.4	727.3	692.8
EBITDA	in millions of euros	66.0	75.1	90.3	89.3	93.9	113.9	135.1	124.6
EBITDA margin	as % of turnover	12.6	13.6	15.2	14.9	14.4	15.8	18.6	18.0
EBIT	in millions of euros	32.6	36.4	47.0	49.2	53.7	56.8	79.7	72.2
EBIT margin	as % of turnover	6.2	6.6	7.9	8.2	8.2	7.9	11.0	10.4
Restructuring expenses	in millions of euros	0.0	1.0	0.2	0.0	0.0	5.0	3.6	0.0
EBIT prior to restructuring	in millions of euros	32.6	37.4	47.2	49.2	53.7	61.8	83.3	72.2
EBT	in millions of euros	31.5	35.9	46.2	48.9	53.3	53.3	76.4	72.7
Earnings after taxes	in millions of euros	21.4	21.8	29.6	32.8	36.3	31.7	51.9	48.9

Capital

		2014	2015	2016	2017	2018	2019	2020	2021
Total assets	in millions of euros	339.7	357.3	381.0	406.1	472.2	567.1	625.5	599.5
Capital employed (CE)	in millions of euros	203.0	220.7	232.8	256.0	292.3	376.6	405.6	431.2
Equity	in millions of euros	173.7	186.3	203.4	225.0	254.2	269.6	301.0	335.8
Equity ratio	as % of the balance sheet total	51.1	52.1	53.4	55.4	53.8	47.5	48.1	56.0
Net financial liabilities	in millions of euros	−23.5	−15.0	−48.5	−37.2	−24.2	32.1	−42.4	−30.4
ROCE (previous 12 months)	as % of average capital employed	16.8	17.2	21.4	20.3	17.9	14.8	20.6	17.5

Share

		2014	2015	2016	2017	2018	2019	2020	2021
Number of shares (nominal value: 2.60 euros)	in units	7,380,020	7,400,020	7,400,020	7,400,020	7,400,020	7,400,020	7,423,919	7,442,003
Earnings per share (diluted)	in euros	3.07	3.05	4.12	4.54	5.01	4.36	7.15	6.72
Year-end price	in euros	51.51	54.61	84.57	88.05	62.10	105.80	92.50	128.40
Dividend per share	in euros	1.55	1.60	1.80	1.85	1.95	2.00	2.30	2.35[1]
Dividend yield on year-end price	as %	3.01	2.93	2.13	2.10	3.14	1.89	2.49	1.83

1 Dividend proposal to be presented by the Board of Management and the Supervisory Board to the general meeting on June 15, 2022.

PRODUCTION PLANTS AND DISTRIBUTION OFFICES

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An outline map of all of CEWE's plants may be found on page 5 of this annual report.

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FINANCIAL CALENDAR

(DATES CURRENTLY SCHEDULED)

May 11, 2022	Publication of the Interim Report Q1–2022
May 11, 2022	Press release on the Interim Report Q1–2022
June 15, 2022	2022 online general meeting
August 9, 2022	Publication of the Interim Report Q2–2022
August 9, 2022	Press release on the Interim Report Q2–2022
September 20, 2022	Berenberg & Goldman Sachs German Corporate Conference 2022
September 21, 2022	Baader Investment Conference 2022
November 11, 2022	Publication of the Interim Report Q3–2022
November 11, 2022	Press release on the Interim Report Q3–2022
November 29, 2022	German Equity Forum 2022

You will also find upcoming dates and events on the Internet at
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Photos
Title, p. 10: Jernej Susec – The Eye of Balaton
Title, p. 52: Tony Lüscher – Rush-Hour am Passwang
Title, p. 94: Jozef de Fraine – RED SHOE
Title, p. 112: Giovanni Corona – Stellar-Eye Cave

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