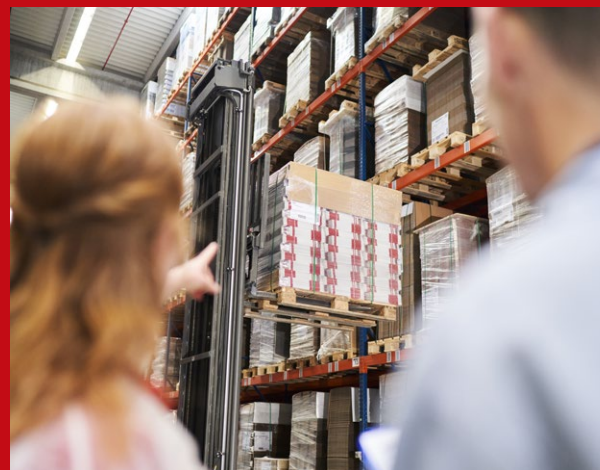


ANNUAL REPORT

2022



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Dear Shareholders,

First of all, allow me to wish you a warm welcome, for my first time as CEWE's Chairwoman of the Board of Management. I only took up this position on March 1, 2023, which means that writing these lines is one of my first "official duties".

2022 was another strong year for your company

I am delighted to be able to report the second-highest profit for the year in the company's history. After the extraordinarily good record year 2020, which was a reflection of the lockdowns, in 2021 we were at any rate able to report what was then our second-best ever result. We have now surpassed this in 2022, with an EBIT figure of 75.6 million euros.

End of the pandemic offered opportunities for CEWE

The final months of the pandemic and the related lockdowns were challenging for CEWE. In Photofinishing, many customers had more or less exhausted their stock of images, i.e. they had ordered their desired photo products featuring the images they had available. Due to the travel restrictions, not many new photos were taken. The end of the pandemic in 2022 offered the opportunity for a turn for the better.

CEWE acted on this opportunity ...

CEWE acted on this opportunity, with outstanding results. I am delighted that I, as a newcomer, am able to report this news in such an unabashedly positive light. In Photofinishing – and in our related photo retail business – opportunities arose as people got



Yvonne Rostock
CEO

LETTER TO THE SHAREHOLDERS

THE BOARD OF MANAGEMENT



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

LETTER TO THE SHAREHOLDERS

back in the habit of travelling and thus taking photos. We successfully acted on these opportunities and transformed them into good business for CEWE. The high level of innovation momentum, the consistent quality of CEWE's products, our consumer-oriented brand communication activities and the first-class commitment and outstanding cooperation on the part of all of CEWE's employees were the key factors shaping our success.

... while successfully tackling the inflation problem with the prudent approach that is typical of CEWE

Following the start of Russia's invasion of Ukraine in February/March 2022, inflation – which had long been discussed as a theoretical possibility – was suddenly all too real. CEWE responded to this with its usual strong cost awareness, which is now even stronger. At the same time, though, inflation was also priced into consumer prices, while acting prudently. The upshot is that CEWE is successfully coping with this difficult situation – which partly reflects the pricing strength of the genuine branded-product company that CEWE now is.

Thanks!

I would like to express my most heartfelt thanks to the entire CEWE team for this strong performance in the market and for their dedicated work behind the scenes. During the difficult years of the pandemic, everyone at CEWE enabled the company to take things to a new level, including from the point of view of earnings. I am proud to be part of this team and look forward to us jointly taking CEWE to new heights. I personally see a great deal of further potential.

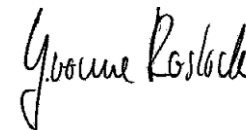
Fourteenth consecutive dividend planned

This strong profit for the year also offers the opportunity to again increase our dividend for the year. The Supervisory Board and the Board of Management will therefore propose to the general meeting on June 7, 2023 that the company's dividend be increased for the 14th consecutive occasion, to 2.45 euros per share. We will thus be one of the most consistent dividend payers in the German market. Your company is proud of that. We aim to maintain this status.

Dear shareholders, I would now like to wish you a pleasant read of our annual report, which I hope you will find both relaxing and stimulating. Relaxing, because it shows that the company has once again developed strongly. Stimulating, because the company aims to provide you with insights which go beyond the norm.

I hope for all of us that we have now genuinely put the pandemic behind us and that peace will be re-established. Enjoy the spring with the many fantastic opportunities for photos which it offers. If you would like to use them to design a great photo product ... you know where to find us.

On behalf of CEWE's Board of Management



Yvonne Rostock

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 two 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 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 for 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. Learn more at company.cewe.de.

PRESENCE 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 218



Premium quality with leading brands

PREMIUM QUALITY WITH LEADING BRANDS

PHOTOFINISHING



RETAIL



COMMERCIAL ONLINE PRINTING



KEY INDICATORS CEWE GROUP 2022



21

EUROPEAN COUNTRIES



27

DISTRIBUTION OFFICES



741.0

MILLION EUROS
TURNOVER IN 2022



5.85

MILLION
CEWE
PHOTOBOOKS
IN 2022



4,000

EMPLOYEES



14

PRODUCTION PLANTS



20,000

RETAILERS SUPPLIED



>22,000

CEWE PHOTOSTATIONS



2.28

BILLION
PHOTOS PRODUCED
IN 2022

RESULTS 2022

GROUP EARNINGS

- » Group turnover exceeds target range and increases by 48.2 million euros in 2022 to 741.0 million euros (2021: 692.8 million euros): a growth rate of 7.0%
- » EBIT once again strong in 2022: at 75.6 million euros, CEWE achieves the second-highest earnings figure in the company's history (2021: 72.2 million euros)
- » Tax rate at expected normal level of 31.7%
- » Earnings per share increase to 7.20 euros (2021: 6.77 euros)

PHOTOFINISHING

- » As things increasingly return to normal in the context of the coronavirus pandemic and new photos are taken, and as a result of price increases, Photofinishing turnover increases by +4.4% in 2022 to 616.1 million euros (2021: 590.1 million euros)
- » Photofinishing EBIT improves by 2.5 million euros to 73.7 million euros (2021: 71.2 million euros)
- » Trend of a continuous improvement in the operating earnings margin is intact: following 12.4% in 2019 (and an extraordinarily high 15.1% in 2020, which was a temporary effect due to the coronavirus pandemic), it remained at a satisfying level of 12.7% in 2021 and 2022

RETAIL

- » Hardware retail remains well positioned and has increased its turnover by 1.2 million euros to 32.4 million euros (2021: 31.2 million euros)
- » Retail EBIT at 0.2 million euros is unchanged on the previous year (2021: 0.2 million euros)

COMMERCIAL ONLINE PRINTING

- » Commercial Online Printing increases its turnover by a significant 31.0% to 86.5 million euros (2021: 66.0 million euros)
- » With an optimised cost structure, COP almost doubles EBIT to 2.3 million euros (2021: 1.2 million euros)

BALANCE SHEET AND FINANCING

- » Total assets increase by 33.2 million euros to 632.7 million euros (+5.5%)
- » CEWE has strong equity ratio of 57.3% (previous year: 56.0%)
- » Capital employed rises by 15.2 million euros due to the increase in trade receivables which is mainly attributable to turnover

CASH FLOW

- » Following the end of the coronavirus pandemic, operating cash flow increases by 27.7 million euros to 93.4 million euros
- » 10.0 million euros increase in free cash flow, above all due to normalisation of tax payments and the decrease in net working capital on account of the higher volume of business
- » Normalised free cash flow of 61.4 million euros matches the normalised previous year's level of 63.7 million euros

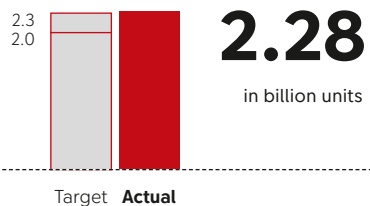
RETURN ON CAPITAL EMPLOYED

- » Even after the end of the coronavirus-related upswing, at 17.6%, ROCE remains significantly higher than the 14.8% level seen in the last year prior to the coronavirus pandemic, 2019

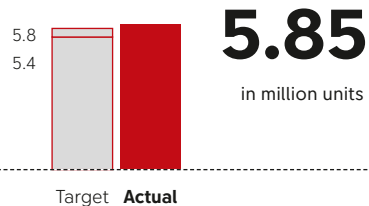
DEVELOPMENT

FINANCIAL INDICATORS 2022

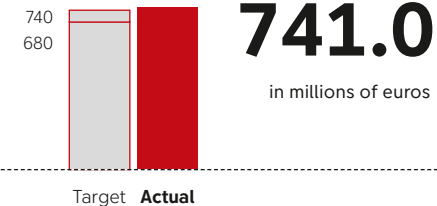
Photos



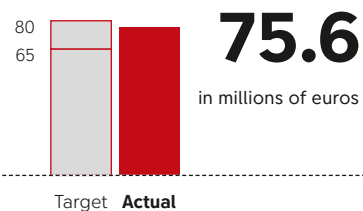
CEWE PHOTOBOOK



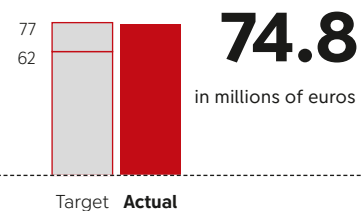
Turnover



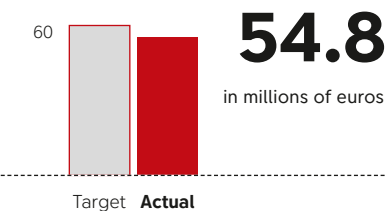
EBIT



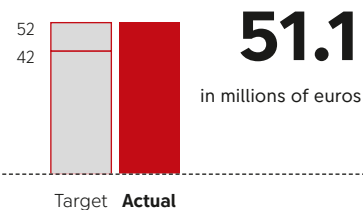
EBT



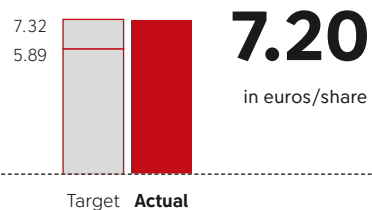
Operational investments



Earnings after taxes



Earnings per share (undiluted)





TO THE SHAREHOLDERS

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REVIEW

2022

OUTLOOK

2023

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. This additional business unit achieved rapid growth over the past ten years to reach a turnover volume of around 100 million euros.

In 2020 and 2021, the coronavirus pandemic had a particularly pronounced impact on the demand situation and the development of turnover in all of CEWE's business units: the "stay-at-home" effect had an especially positive effect on sales of photo products in Photofinishing, while the coronavirus restrictions and shuttering of businesses adversely affected the level of demand in the Commercial Online Printing and Retail business units. The year 2022 was characterised by a return to normality in the context of coronavirus; above all, people increasingly travelled again, which also meant new photos. The recovery of business life also led to a significant rise in the level of demand for printed advertising media. In the financial year 2022 which has just ended, turnover increased strongly to 741.0 million euros (2021: 692.8 million euros): with this growth of 48.2 million euros or 7.0%, CEWE has even exceeded its own turnover target range for 2022 of between 680 and 740 million euros.

A change in the product mix already occurred during the analogue/digital transformation in the Photofinishing core business unit, and to some extent this continues right up to



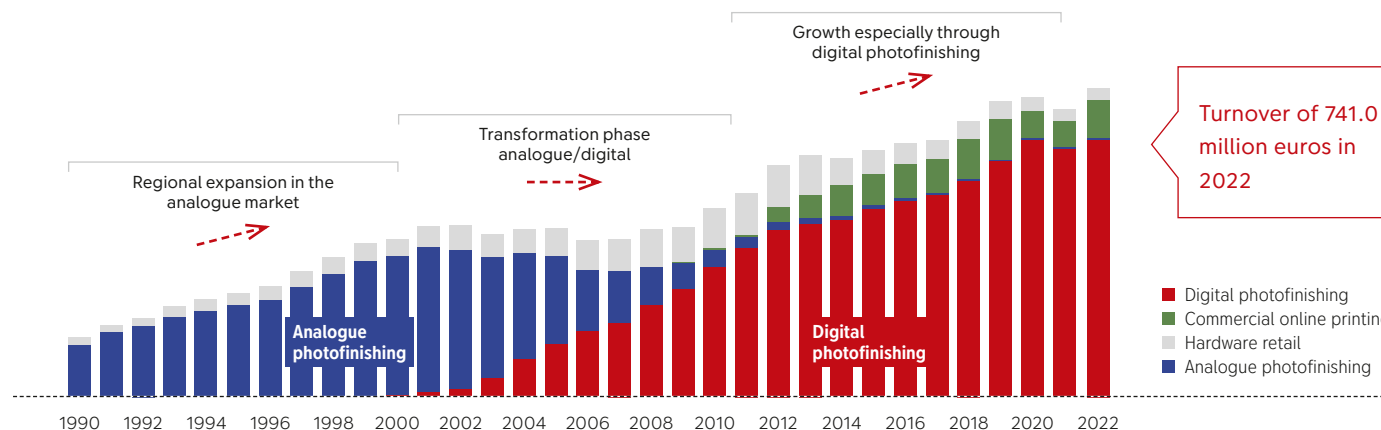
741.0

million euros

turnover in 2022

- » EBIT once again strong in 2022: at 75.6 million euros, CEWE achieves the second-highest earnings figure in the company's history
- » As things increasingly return to normal with the end of the coronavirus pandemic, above all the large amount of holiday travel means that many new photos are taken, prompting consumers to increase their orders of photo products
- » Introduction of price increases compensates for the inflation-driven higher prices from the point of view of costs and the cost of sales
- » The Commercial Online Printing business unit significantly improves and also makes a positive contribution to Group EBIT

Long-term development of turnover



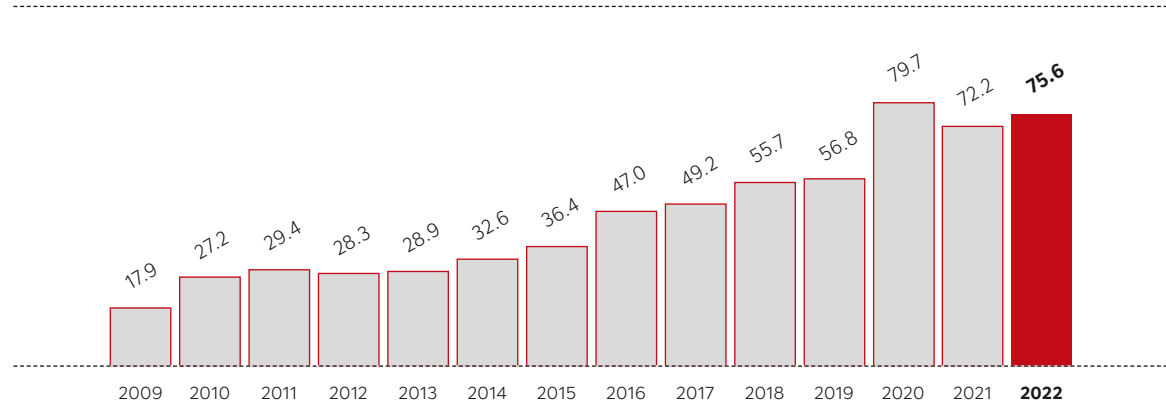
the present day: at the start of the digitalisation process, consumers continued to request individual photo prints – while they had previously done so for analogue film, they now did so for digital image formats. With these digital product innovations, demand then shifted away from these simple (low-margin) 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.

The operating result (EBIT) rose to 75.6 million euros in 2022 and thus reached a level which was clearly in the upper half of the envisaged target range for the financial year 2022 of between 65 and 80 million euros (EBIT 2021: 72.2 million euros): this represents an improvement of 3.4 million euros or 4.8% by comparison with the previous year, 2021. EBIT in 2022 was also higher than in the last year before coronavirus, 2019, with a strong increase of 18.8 million euros or 33.1% (EBIT 2019: 56.8 million euros). In 2020, the positive impact of the “stay-at-home” effect was particularly significant during the December lockdown, with earnings for the year as a whole rising to 79.7 million euros.

CEWE thus achieved the second-highest earnings figure in the company’s history in 2022. 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 2021.

2022 started out with an anticipated decline in turnover and earnings in the first quarter, since the previous-year Q1 had experienced a one-off upswing owing to the strong “stay-at-home” effect during the coronavirus lockdown. In the second quarter, earnings then continuously improved relative to the previous year. As things increasingly returned to normal with the end of the coronavirus pandemic, above all the large amount of holiday travel meant that many new photos were

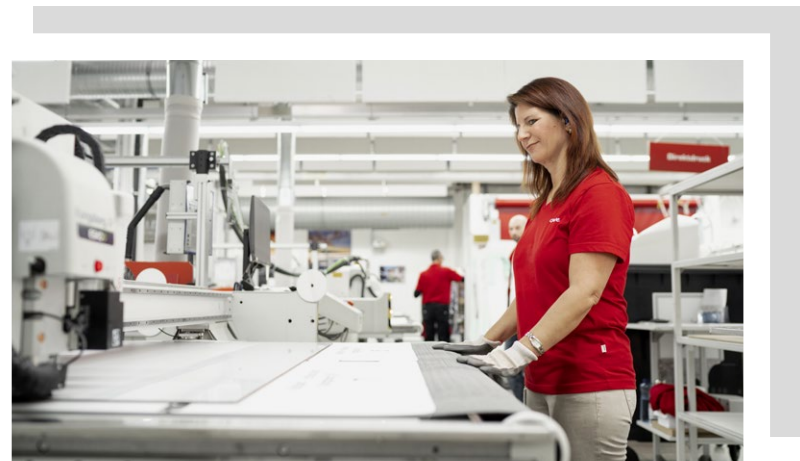
EBIT development (EBIT in millions of euros)



taken, prompting consumers to increase their orders of photo products. In addition, the introduction of price increases supported turnover growth and compensated for the inflation-driven higher prices from the point of view of the cost of sales and other costs. Alongside Photofinishing, the Commercial Online Printing business unit also once again made a positive contribution to Group EBIT in 2022, with significantly improved earnings.

75.6

million euros EBIT in 2022



PHOTOFINISHING CORE BUSINESS UNIT

Demand profile in 2022: difficult start to the year in the first quarter, in line with expectations, followed by growth from the second quarter onwards

In the Photofinishing business unit, 2022 started out with an envisaged decline in demand in the first quarter, since the same quarter in the previous year, Q1 2021, had still been strongly shaped by the coronavirus lockdown, which had a positive impact on demand in the Photofinishing business unit: many CEWE customers had used their time at home during the lockdown in order to place orders for photo products, which also included older photos from previous years. As was to be expected, no such one-off upswing occurred in the first quarter of 2022. As things increasingly returned to normal and as the

- » As things increasingly return to normal in the context of the coronavirus pandemic and new photos are taken, and as a result of price increases, Photofinishing turnover increases by +4.4% in 2022 to 616.1 million euros (2021: 590.1 million euros)
- » Photofinishing EBIT improves by 2.5 million euros to 73.7 million euros (2021: 71.2 million euros)
- » Trend of a continuous improvement in the operating earnings margin is intact: following 12.4% in 2019 (and an extraordinarily high 15.1% in 2020, which was a temporary effect due to the coronavirus pandemic), it remained at a satisfying level of 12.7% in 2021 and 2022



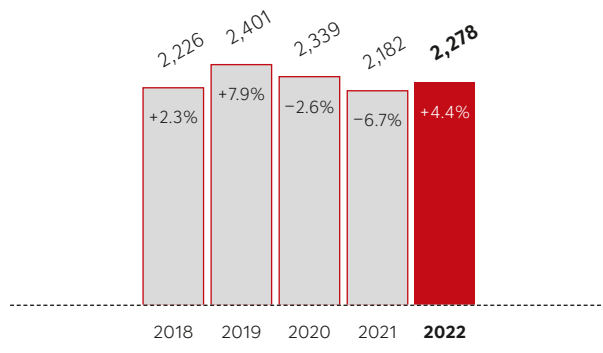
end of the coronavirus pandemic approached, from the second quarter of 2022 onwards the large amount of holiday travel especially meant that many new photos were taken, prompting consumers to increase their orders of photo products. Besides the significant increase in holiday travel, the return of celebrations and other events provided a large number of reasons to take photos. This increasingly strengthened CEWE's Photofinishing business over the course of the second, third and fourth quarters, with a CEWE PHOTOBOOK, a photo calendar, wall art and many other personal photo gifts serving as permanent mementos of these occasions.

Volume of photos and CEWE PHOTOBOOK sales achieve strong growth again

The return of reasons to take photos in 2022, following the end of the coronavirus pandemic, also had a positive impact on the total number of photos and CEWE PHOTOBOOKS: at 5.85 million copies, sales of CEWE PHOTOBOOKS rose by +3.6% (2021: 5.65 million copies) and even exceeded the target range of 5.4 to 5.8 million copies which had been envisaged for 2022. CEWE has thus produced over 80 million CEWE PHOTOBOOKS for its customers

more than
80
million
CEWE PHOTOBOOKS
since 2005

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



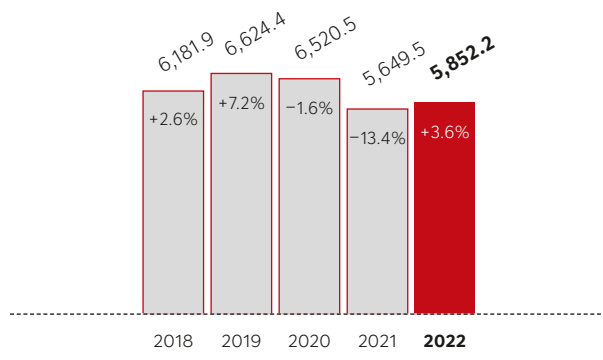
Things increasingly returning to normal in the context of the coronavirus pandemic, with the return of holiday travel, parties and events, means a large number of reasons to take photos and buoys demand for photo products

since 2005: CEWE PHOTOBOOK remains Europe’s most popular photo book. The total number of photos across the entire product range has also increased by + 4.4% to 2.28 billion photos (2021: 2.18 billion photos) and has thus reached a level at the upper end of the envisaged target range of between 2.0 and 2.3 billion photos.

New photo products enrich CEWE’s product portfolio

In 2022, right on time for its core season in the fourth quarter, CEWE once again presented a large number of innovations relating to personal photo gifts, such as a new XXL Advent calendar with Tony’s Choclonely, a photo Advent calendar featuring a poster collage, a “Nature” desk calendar made from 100% recycled paper and its TIPA Award-winning personalised slipcase for CEWE PHOTOBOOK XL. With its usual high level of innovation momentum, sustainable product quality and end customer-centred brand communication activities, in 2022 CEWE thus once again achieved a significant increase in its customers’ level of satisfaction by comparison with previous years.

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



Thanks to the new photos taken in 2022, customers increase their orders of CEWE PHOTOBOOKS, which pick up by 3.6%

Photofinishing turnover increases by 4.4% to 616.1 million euros

While in the first quarter of 2022 turnover declined as expected, by -9.9%, due to the above-mentioned one-off upswing in the same quarter in the previous year, strong turnover growth was registered in the second (+8.2%), third (+13.0%) and fourth quarters (+6.4%). In overall terms, in the year 2022 as a whole Photofinishing turnover thus increased by +4.4% to 616.1 million euros (Photofinishing



turnover 2021: 590.1 million euros). As things increasingly returned to normal in the context of the coronavirus pandemic and customers were able to take new photos, they increased their orders of photo products. Turnover growth was also supported by price increases across all of CEWE’s product groups. The turnover trend for wall art and photo gifts such as puzzles – which were in particularly strong demand during the coronavirus lockdown in the previous year, due to the “stay-at-home” effect – had the opposite effect. These price increases were necessary in order to compensate for inflation-driven higher costs affecting virtually all of the P&L items, such as the cost of sales, personnel expenses and other operating expenses (such as logistics and energy costs). With the current turnover level, Photofinishing has also achieved significant growth of +8.5% relative to the final year before the coronavirus pandemic, 2019 (Photofinishing turnover in 2019: 568.0 million euros).

With its Christmas business, the fourth quarter continues to have the largest impact on Photofinishing’s performance: with a turnover share amounting to 45.8% 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: 45.9%, 2021: 44.9%). Photofinishing turnover in the quarter under review thus reached a volume of 282.1 million euros: an increase of 6.4% (Q4 2021: 265.2 million euros). With the current turnover level, Photofinishing has also achieved significant growth of +12.3% relative to the last Q4 figure before the coronavirus pandemic in 2019 (Q4 2019: 251.1 million euros).

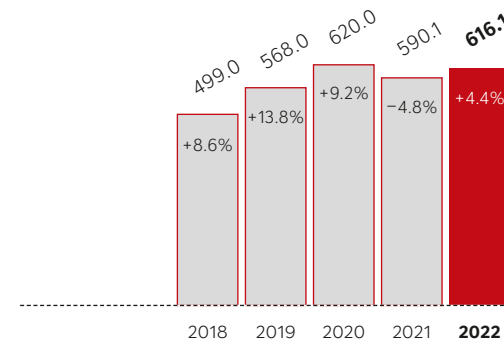
Turnover per photo stable at 27.04 cents

For some years now, the trend of higher-quality photo products has strengthened the turnover and earnings trends in the Photofinishing core business unit. Following 27.04 cents in the coronavirus year 2021, turnover per photo reached the same strong level in the year under review. This is all the more notable bearing in mind the particularly strong level of demand for wall art – which accounts for a very high level of turnover per photo – during the coronavirus lockdowns in the previous years 2020 and 2021. Turnover per photo rose by a strong 3.39 cents or 14.3% relative to the final period in 2019 before the coronavirus pandemic.

Now that they were able to take new photos on their holidays and at parties and other events following the end of the coronavirus pandemic, consumers increased their orders of photo products. The price increases which were necessitated by inflation also increased the level of turnover.



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



Photofinishing EBIT increases to 73.7 million euros in 2022, as Christmas business season once again gathers steam

CEWE realises most of its annual profits in the fourth calendar quarter. With a Christmas business season which once again gathered steam, in 2022 the Photofinishing business unit achieved an EBIT figure of 73.7 million euros: this represents growth of 2.5 million euros (Photofinishing EBIT 2021: 71.2 million euros). In the year before last, 2020, the coronavirus-related “stay-at-home” effect had prompted a surge in demand for photo products which led to additional contribution margins due to strong production economies of scale and thus an exceptionally high result. By comparison with the last year before the coronavirus pandemic, 2019, the EBIT figure now achieved has increased by 6.8 million euros (Photofinishing EBIT 2019: 66.9 million euros). This is a nice trend.

The fourth quarter of 2022 also gained ground, considered in isolation: following an EBIT figure of 69.1 million euros in Q4 in the previous year, in the quarter under review EBIT improved by 5.5 million euros to 74.6 million euros. Here too, the comparison with the last Q4 before the coronavirus pandemic in 2019, is particularly strong, with growth of 10.3 million euros (Photofinishing EBIT Q4 2019: 64.3 million euros).

Turnover per photo increases by 14.3% relative to the last pre-coronavirus figure from 2019.

In the past financial year 2022, one-off factors accounted for a total of approx. -4.2 million euros due to amortisation on the purchase price allocation for Cheerz (-1.7 million euros), WhiteWall (-2.1 million euros) and Hertz (0.4 million euros). In the previous year, 2021, a combined figure of -3.8 million euros was recognised as extraordinary expenses, for amortisation on purchase price allocations (Cheerz -1.7 million euros and WhiteWall -2.1 million euros). Adjusting for these one-off factors, the operating EBIT figure for the Photofinishing business unit reached a level of 77.9 million euros in the financial year 2022 (adjusted operating EBIT in 2021: 75.0 million euros).

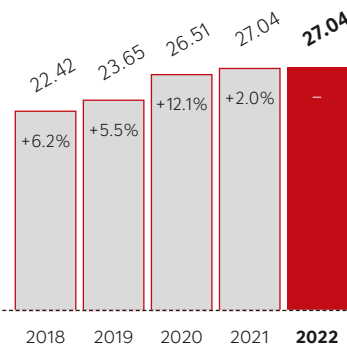
Photofinishing's operating EBIT margin once again reaches a strong 12.7%

The Photofinishing core business unit has once again achieved a strong operating earnings margin in 2022: after 12.4% in 2019 (and an extraordinarily high 15.1% in 2020, which was a temporary effect due to the coronavirus pandemic), at 12.7% Photofinishing has matched the very strong EBIT margin achieved in the previous year. 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).

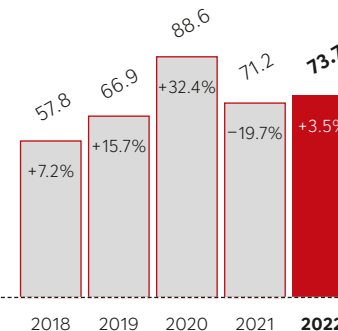
12.7%

Photofinishing's operating EBIT margin 2022

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



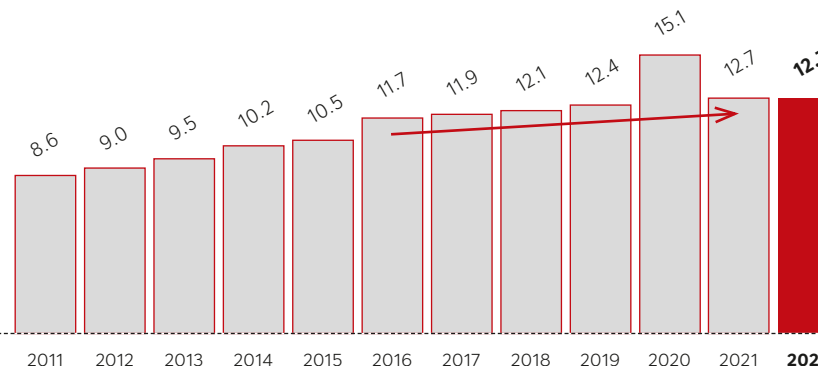
Photofinishing EBIT in millions of euros / change on previous year as %



After 12.4% in 2019 (and an extraordinarily high 15.1% in 2020, which was a temporary effect due to the coronavirus pandemic), at 12.7% Photofinishing once again achieves a strong EBIT margin.

The Christmas business season once again gathers steam, providing Photofinishing with a strong result for the year: EBIT of 73.7 million euros in 2022.

Photofinishing's operating EBIT margin¹ continues to increase in %



¹ Excl. reported one-off factors (mainly PPA effects)

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.

Retail increases turnover by 3.9% to 32.4 million euros

Hardware retail is once again well placed overall in 2022. With its 100 or so branches in Scandinavia and Central and Eastern Europe, it achieved an annual turnover volume of 32.4 million euros, which represents a 3.9% rate of turnover growth (2021:

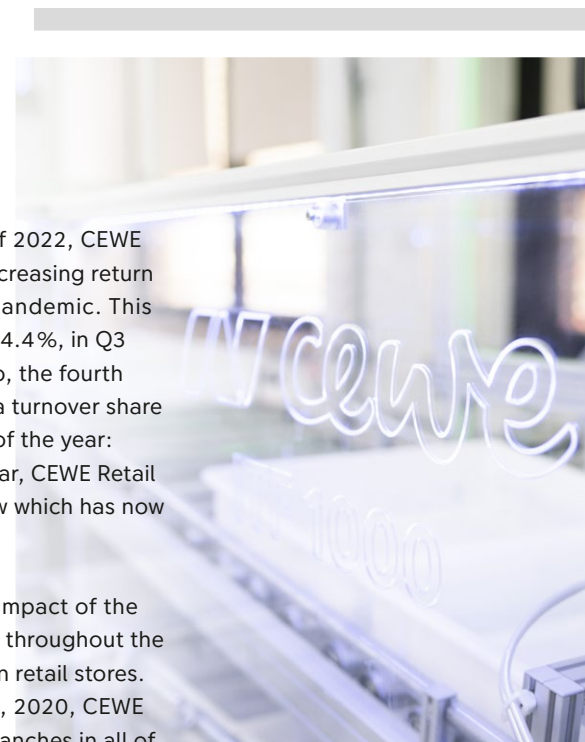
- » Hardware retail remains well positioned and has increased its turnover by 1.2 million euros to 32.4 million euros (2021: 31.2 million euros)
- » Retail EBIT at 0.2 million euros is unchanged on the previous year (2021: 0.2 million euros)

31.2 million euros). Already in the first quarter of 2022, CEWE Retail increased its turnover by +4.0% with an increasing return to normality in the context of the coronavirus pandemic. This positive trend continued in Q2 with growth of +4.4%, in Q3 with +2.5% and in Q4 with +4.7%. For Retail, too, the fourth quarter with the Christmas business season and a turnover share in excess of 30%, is the most important quarter of the year: following 9.8 million euros of Q4 turnover last year, CEWE Retail increased its Q4 turnover in the year under review which has now ended by 10.2 million euros.

During the coronavirus pandemic, the negative impact of the lockdowns on turnover was particularly apparent throughout the Retail business unit, due to the reduced footfall in retail stores. In this context, in the first year of the pandemic, 2020, CEWE resolved to close overall slightly more than 40 branches in all of the countries where CEWE's Retail business unit operates. CEWE Retail continued to benefit from this accelerated optimisation of its branch structure in the financial year 2022 now ended.

Hardware retail matches previous year's result

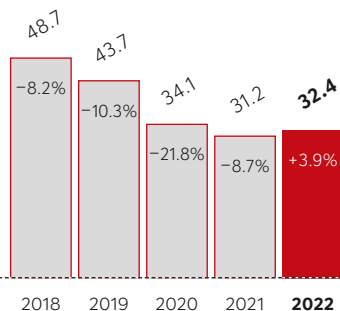
At 0.2 million euros, the EBIT figure reported in the Retail business unit in 2022 reached the same level as in the previous year (Retail EBIT 2021: 0.2 million euros). Retail has fully made up for the effect of the social security benefits provided in the previous year through the short-time work allowance scheme, in the amount of 0.7 million euros (Retail EBIT 2021 without short-time work allowance: -0.5 million euros; 2022: no short-time work allowance). If CEWE Retail is compared with the last pre-coronavirus period in 2019, then it has significantly reduced its hardware turnover by a good 25% with a smaller number of branches, in line with its strategy, while nonetheless improving its earnings situation (Retail EBIT 2019: 0.0 million euros).



100

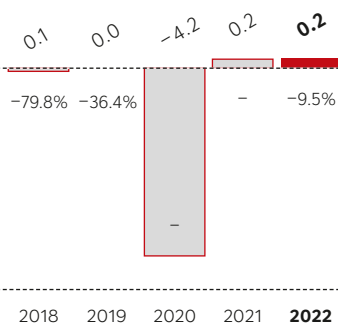
retail branches focusing on sales of photofinishing products

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



Hardware turnover in the Retail business unit has been declining for some years now, as planned, due to the deliberate discontinuation of low-margin turnover and the focus on photo-finishing business. Following the optimisation of its branch structure which was systematically implemented at the start of the pandemic, Retail remains in a strong position in 2022 with around 30% fewer stores.

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



Retail EBIT was, at 0.2 million euros, unchanged on the previous year. Retail has fully made up for the effect of the social security benefits provided in the previous year through the short-time work allowance scheme, in the amount of 0.7 million euros.

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 0.7 million euros which was achieved above all in December, during the Christmas business season, the earnings shortfall up to the end of the third quarter was once again fully made up for in the past year, and Retail made a positive contribution to Group earnings (EBIT Q4 2021: 0.9 million euros).

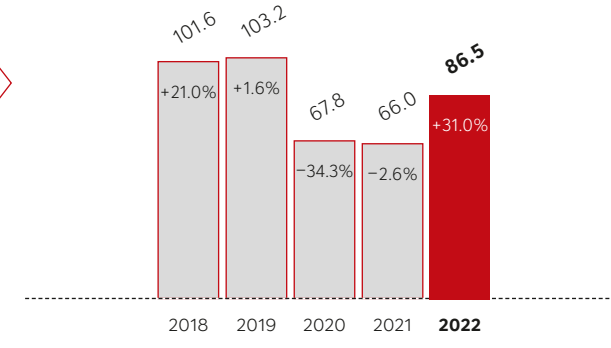


COMMERCIAL ONLINE PRINTING BUSINESS UNIT

With its online printing brands SAXOPRINT, viaprinto and LASERLINE, CEWE is ideally positioned in 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 serves customers primarily in the offset printing segment, in Germany and in the Group’s other international markets, and offers a best-price guarantee; 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.

With its “best-price guarantee” for its customers, Commercial Online Printing transforms the recovery in demand for business stationery into a significant increase in turnover: 31.0% turnover growth in 2022.

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



2.3

million euros EBIT in Commercial Online Printing in 2022

Commercial Online Printing achieves rapid catch-up following difficult pandemic years 2020/2021

The lockdowns caused by the coronavirus pandemic in 2020 and 2021 significantly reduced the volume of business and thus advertising activity in many countries in Europe. In particular, Commercial Online Printing struggled due to significant turnover declines on account of the weakness of the event, tourism and travel industries in these two pandemic years. In the year under review 2022 now ended, Commercial Online Printing benefited from a return to normality with the end of the coronavirus pandemic and significantly increased its turnover volume. Demand for printed advertising media picked up as business life recovered. With its “best-price guarantee” for its customers, Commercial Online Printing was able to convert this trend into significant turnover growth: +38.8% in Q1, +52.5% in Q2, +28.4% in Q3 and a turnover volume of 26.5 million euros and a growth rate of +15.7% in Q4 (turnover in Q4 2021: 22.9 million euros). Overall in 2022, with a turnover volume of 86.5 million euros, Commercial Online Printing achieved significant turnover growth of 20.5 million euros or 31.0% (2021 turnover: 66.0 million euros).



COP earnings almost double in 2022 to 2.3 million euros

While it is still some way off its pre-pandemic turnover volume seen in 2019, Commercial Online Printing has improved its EBIT contribution to Group earnings by a strong 1.1 million euros to 2.3 million euros and has thus achieved almost twice the level realised in the previous year (COP EBIT 2021: 1.2 million euros). COP has fully made up for the effect of the social security benefits provided in the previous year through the short-time work allowance scheme, in the amount of 0.7 million euros (EBIT 2021 without short-time work allowance: 0.5 million euros; 2022: no short-time work allowance). 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 merged LASERLINE's old production plant in Berlin with SAXO-PRINT's larger production facilities in Dresden and thus increased the overall level of production efficiency. In the fourth quarter of 2022, considered in isolation, COP realised an EBIT figure of 2.3 million euros which was at the same level as in the previous year (COP EBIT for Q4 2021: 2.3 million euros).

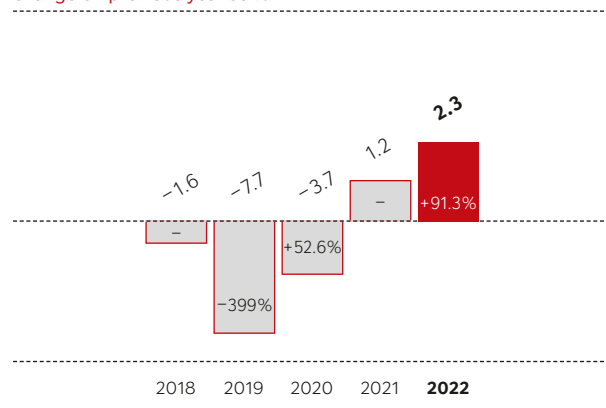


+31.0%

growth in Commercial Online
Printing turnover in 2022

- » Commercial Online Printing increases its turnover by a significant 31.0% to 86.5 million euros (2021: 66.0 million euros)
- » With an optimised cost structure, COP almost doubles EBIT to 2.3 million euros (2021: 1.2 million euros)

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 to 2.3 million euros

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 2022, CEWE realised revenues in the amount of 8.3 million euros (2021: 7.6 million euros) in its Other Activities business unit, all of which were generated by futalis. The Other Activities business unit provided a –0.6 million euros earnings contribution to Group EBIT in this period (2021: –0.4 million euros). In the previous-year EBIT figure, the reversal of an accrual in the amount of 0.3 million euros which had been made for a potential real property tax supplementary payment had a positive effect on earnings.

8.3

million euros revenues



GROUP P&L

Group turnover increases to 741.0 million euros and exceeds target level

In the year 2022 as a whole, turnover growth in the Photofinishing, Retail and Commercial Online Printing business units and the increase in the Other Activities business unit resulted in Group turnover of 741.0 million euros (2021: 692.8 million euros; +7.0%). With this figure, CEWE has also exceeded its envisaged turnover target range for 2022 of between 680 and 740 million euros. In the fourth quarter of 2022 alone, Group turnover increased to a volume of 318.7 million euros (Q4 2021: 297.8 million euros).

- » Group turnover exceeds target range and increases by 48.2 million euros in 2022 to 741.0 million euros (2021: 692.8 million euros): a growth rate of 7.0%
- » Group EBIT of 75.6 million euros is clearly within upper half of target range for 2022 (2021: 72.2 million euros)
- » Tax rate at expected normal level of 31.7%
- » Earnings per share increase to 7.20 euros (2021: 6.77 euros)

Group EBIT rises to 75.6 million euros and is clearly in the upper half of the target range

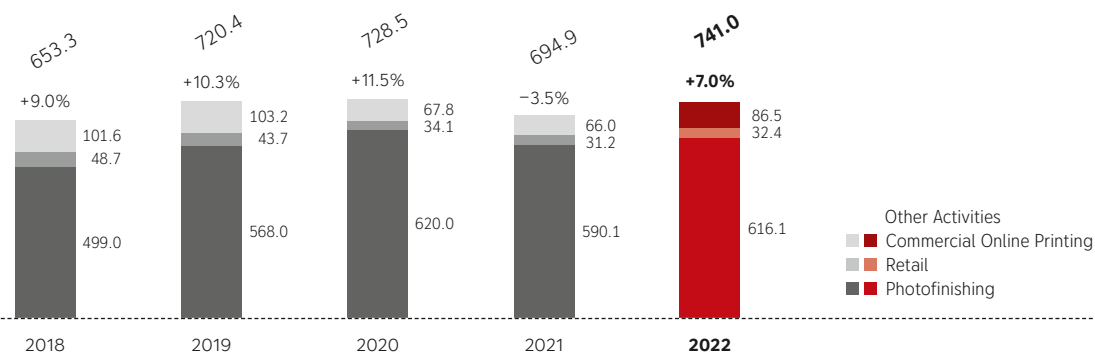
The operating result (EBIT) generated by the CEWE Group has increased to 75.6 million euros and clearly reached a level within the upper half of the envisaged target range for 2022 of between 65 and 80 million euros (2021 EBIT: 72.2 million euros). CEWE was able to compensate for the cost increases which affected virtually all of its P&L items (and were mainly inflation-driven) by raising its own prices.

Strong growth in the fourth quarter

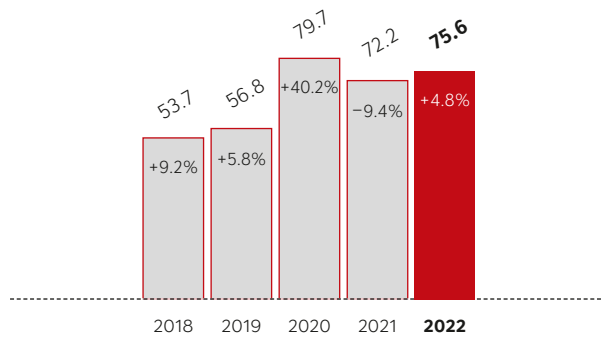
The traditional seasonal peak in the fourth quarter of 2022 provided more than 100% of the profit for the year: turnover rose by 7.0% to 318.7 million euros (Q4 2021: 297.8 million euros) and the EBIT figure by 6.8% to 77.0 million euros (EBIT Q4 2021: 72.1 million euros). In general, CEWE is continuing to benefit strongly from its early decision to pursue a digital transformation of its business model: growth is being driven by the trend of

As normality returns with the end of the coronavirus pandemic, in all of its business units CEWE achieves turnover growth of 48.2 million euros or 7.0% in 2022. This is an impressive trend.

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



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



CEWE achieves the second-best result in the company's history in 2022. This also represents strong growth of 18.8 million euros, by comparison with 2019, the last year unaffected by the coronavirus pandemic.

Average workforce of the CEWE Group in 2022 by business unit



On average, the CEWE Group had 3,816 employees in 2022.

smartphone-based photography as well as photo products which can be ordered online or via smartphone apps. At the same time, the extensive coverage provided by recognised business partners is a solid basis for customer-oriented service.

Inflation-influenced changes in P&L items largely reflect business trend

The contributions which the various business units have provided to the profit and loss account varies 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 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 3,816 employees in 2022 (2021: 3,846). Of this number, 2,537 employees or approx. 66.5% (2021: 2,534 employees or 65.5%) worked at the Group's domestic plants and 1,279 employees or 33.5% (2021: 1,312 employees or 34.5%) at the CEWE Group's foreign plants.

The slight overall decrease in the average number of personnel, with a loss of 30 employees, is mainly attributable to the slight decline in the number of employees at CEWE's Photofinishing production plants and CEWE Retail. On the other hand, the number of employees rose slightly due to new hirings in Commercial Online Printing at our Dresden production plant. The acquisition in the year under review of Hertz GmbH, a system supplier of CEWE Photostations, also provided 17 new employees for the CEWE Group.

Consolidated profit and loss account

Increased costs of premises and operating costs from leasing of real estate, passed on (to third parties); higher income from recyclable residual materials arising during the production process in the consumables segment; this item has also increased due to higher income from exchange rate differences.

Pay scale adjustments, the payment of an inflation bonus and the employees hired in Commercial Online Printing due to the significant level of business growth have increased this item. Moreover, social security benefits which were provided in the previous year within the scope of the short-time work allowance scheme have reduced personnel expenses.

Wear-and-tear depreciation effects resulting from the purchase price allocation for Hertz GmbH (which was acquired in 2022) have arisen for the first time; this item has also increased due to higher depreciation as a result of the installation of additional CEWE Photostations.

in millions of euros	2021	2022	Change as %
Revenues	692.8	741.0	+48.2
Change in inventories	0.3	0.0	-0.3
Other own work capitalised	1.3	2.9	+1.6
Other operating income	27.1	29.3	+2.1
Cost of materials	-160.7	-183.5	-22.8
Gross profit	560.7	589.6	+28.8
Personnel expenses	-194.9	-204.8	-9.9
Other operating expenses	-241.2	-255.5	-14.3
EBITDA	124.6	129.2	+4.6
Depreciation	-52.4	-53.6	-1.2
EBIT	72.2	75.6	+3.4
Financial income	2.0	0.7	-1.3
Financial expenses	-1.5	-1.5	+0.0
Financial result	0.5	-0.8	-1.3
EBT	72.7	74.8	+2.1
Income taxes	-23.8	-23.7	+0.1
Group earnings after taxes	48.9	51.1	+2.2

The acquisition of Hertz GmbH, the system supplier of CEWE Photostations, in 2022 results in a higher volume of own work capitalised.

Cost of materials increases in line with the turnover trend; cost rises for many raw materials (such as paper and cardboard) increase the cost-of-sales ratio from 23.2% to 24.8%.

Logistics and selling expenses rise in absolute terms, higher marketing costs, increased costs of premises (due to factors including a new building) and higher expenses from exchange rate differences increase this item.

The proceeds of the sale of a financial interest (JUNIQUE.de) had increased the volume of financial income in the previous year.

Group tax rate at expected, normal level of 31.7%

At 31.7%, the Group's tax rate for the reported EBT is at the expected, normal level (Group's tax rate for 2021: 32.7%).

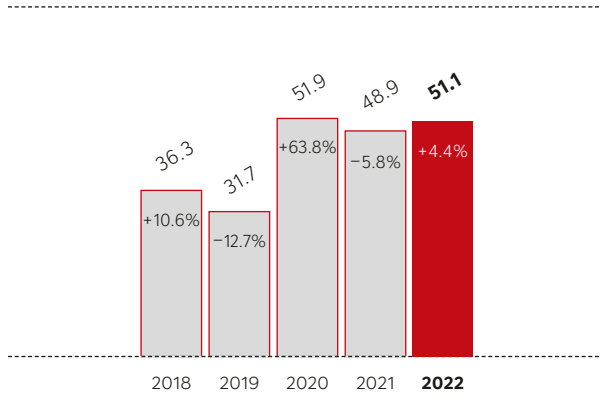
Earnings after tax of 51.1 million euros result in earnings per share of 7.20 euros

The CEWE Group realised earnings after tax of 51.1 million euros in the financial year 2022, an increase of 2.2 million euros (2021: 48.9 million euros). On this basis, (undiluted) earnings per share amount to 7.20 euros (2021: 6.77 euros).

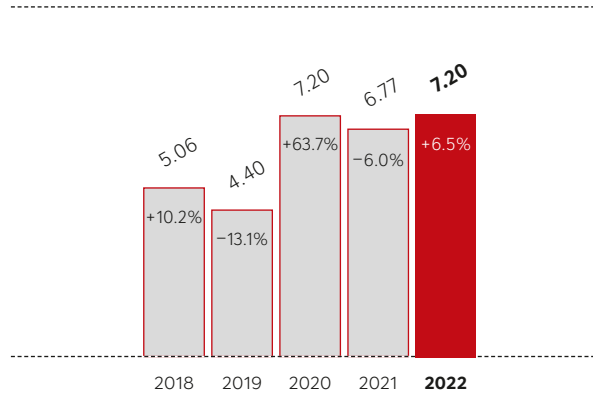


The Group's tax rate for the reported EBT amounts to 31.7% for the financial year 2022 and is thus at the expected, normal level.

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



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



Earnings per share in 2022 reach the record level achieved in 2020.

BALANCE SHEET

- » Total assets increase by 33.2 million euros to 632.7 million euros (+5.5%)
- » CEWE has strong equity ratio of 57.3% (previous year: 56.0%)
- » Capital employed rises by 15.2 million euros due to the increase in trade receivables which is mainly attributable to turnover

Total assets increase by 33.2 million euros to 632.7 million euros (+5.5%)

As of December 31, 2022, total assets have increased by 33.2 million euros from 599.5 million euros to 632.7 million euros by comparison with the same date in the previous year. The 18.9 million euros increase in current assets has made a particularly strong contribution to this trend. Current trade receivables have increased as a result of the fourth quarter which is characterised by a stronger volume of turnover as well as payments from business partners which were postponed to the first quarter of 2023. Increased tax prepayments which exceed the amount of tax owed for 2022 mean that receivables from income tax refunds are higher than in the previous year.

Moreover, non-current assets have increased by 14.3 million euros to 376.1 million euros. This is attributable to property, plant and equipment investments made within the scope of the purchase of an administrative building at the company's headquarters as well as goodwill arising from the acquisition of Hertz Systemtechnik GmbH, which has contributed 8.6 million euros (of which 5.0 million euros is non-current assets and 3.6 million euros is current assets) to the increase in the balance-sheet total.

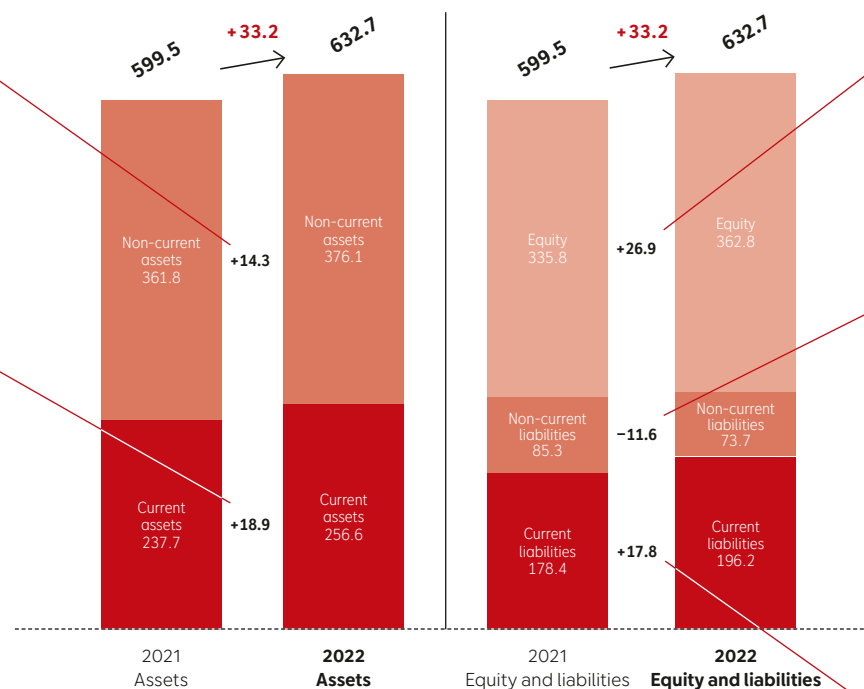
CEWE has strong equity ratio of 57.3% (previous year: 56.0%)

Equity has increased by a total of 26.9 million euros by comparison with December 31, 2022 and amounts to 362.8 million euros. This mainly reflects positive comprehensive income for the past four quarters in the amount of 57.9 million euros less owner-related equity changes in the amount of –31.0 million euros. This includes the dividend distribution of –13.7 million euros and the purchase of treasury shares in the amount of –16.6 million euros. Following what was already a very solid level in the previous year (December 31, 2021: 56.0%), the equity ratio has once again increased, to 57.3%. This development has been partly offset by the decrease in cash holdings.

The Group's debt (the total of current and non-current liabilities) has risen slightly by 6.2 million euros, from 263.7 million euros to 269.9 million euros. This trend is mainly attributable to the 13.1 million euros increase in current trade payables to 120.6 million euros and reflects the higher volume of business in COP and Retail in particular. Due to the significant increase in the interest rate for calculation of pension accruals, these declined by 9.1 million euros. At 73.7 million euros, non-current liabilities are thus lower than as of December 31, 2021 (85.3 million euros).

Balance sheet Dec. 31

Balance sheet Dec. 31, 2022 in millions of euros



Fixed assets

(+16,8 million euros):
 (+) Acquisition of an administrative building at the company's headquarters
 (-) Scheduled depreciation
 (+) Goodwill from the purchase of a subsidiary

Deferred tax assets

(-3,1 million euros): reduction in pension accruals

Trade receivables

(+19.2 million euros): turnover increases in the fourth quarter year-on-year and payments from business partners postponed until the first quarter of 2023

Income tax receivables

(+4.9 million euros): prepayments still remain at a high level

Other current receivables and assets

(+3.1 million euros): deferred expenses and accrued income

Inventories

(+2.8 million euros): build-up of inventory for Photofinishing due to initial consolidation of Hertz

Cash and cash equivalents

(-11.3 million euros)

Comprehensive income

(+57.9 million euros)

Dividend

(-16.6 million euros)

Purchase of treasury shares

(-13.7 million euros)

Pension accruals

(-9.1 million euros): significant change in interest rate

Non-current lease liabilities

(-2.9 million euros):
 (+) initial consolidation of Hertz (2.9 million euros)
 (-) regular redemption payments and higher interest rates (-5.8 million euros)

Trade payables

(+13.1 million euros): recovery of COP and Retail

Current other liabilities

(+4.0 million euros)

The management balance sheet shows total assets of 632.7 million euros reduced by current, non-interest-bearing operating liabilities in the total amount of 186.3 million euros, as well as the debt and equity elements subject to interest and dividends totalling 446.4 million euros.

Capital employed rises by 15.2 million euros, mainly due to the turnover-related increase in trade receivables and investment-related fixed assets growth

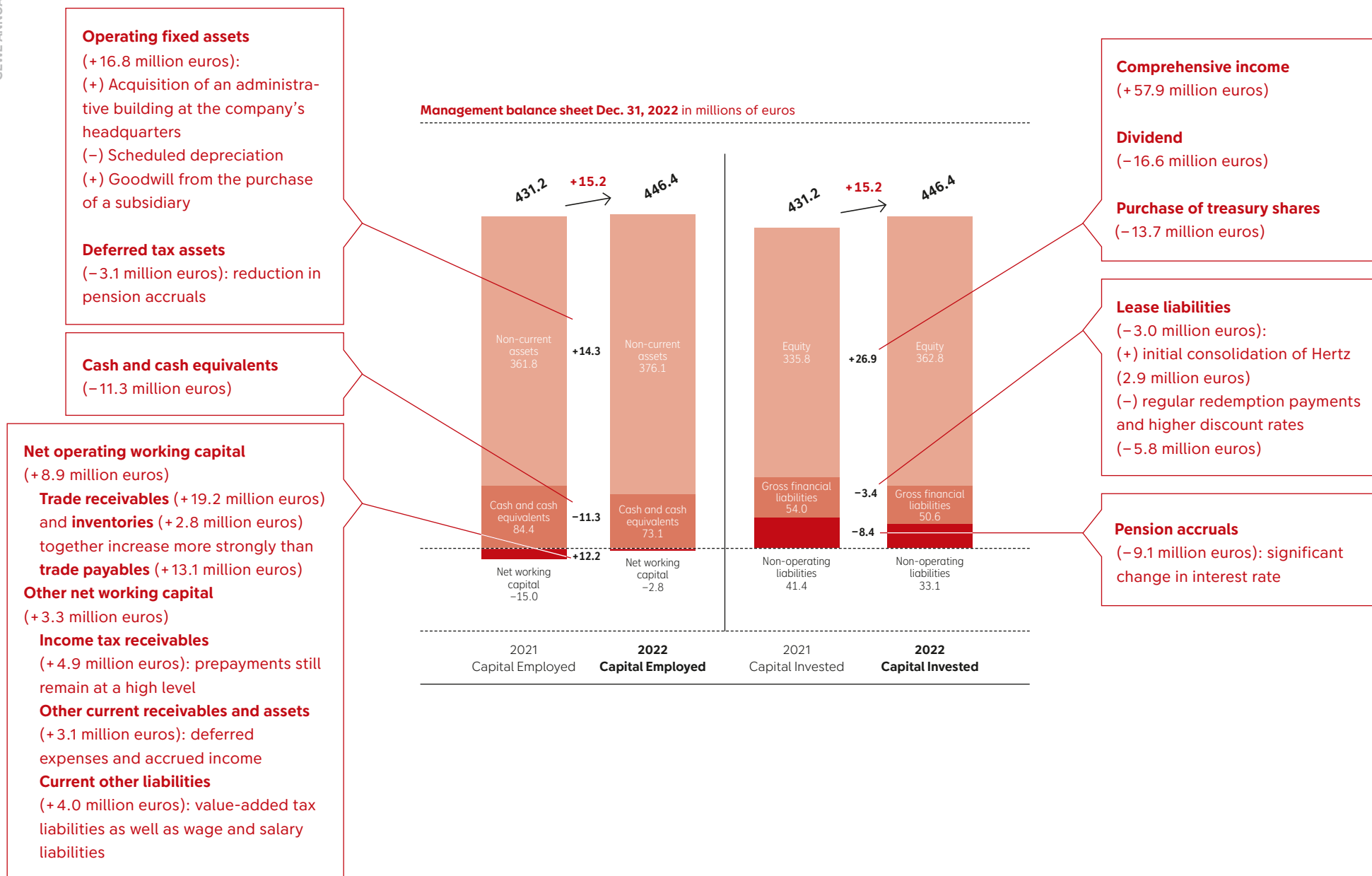
The volume of capital employed has risen by 15.2 million euros year-on-year. Non-current assets (+14.3 million euros) and net working capital (+12.2 million euros) have increased. On the other hand, cash and cash equivalents (-11.3 million euros) have decreased. The growth in the volume of capital employed mainly reflects the 19.2 million euros increase in current trade receivables as a result of the fourth quarter which is characterised by a stronger volume of turnover as well as payments from business partners which were postponed to the first quarter of 2023, together with the above-mentioned increase in non-current assets.

Solid equity causes the volume of capital invested to increase by 15.2 million euros

The 15.2 million euros rise in the volume of capital invested is attributable to the 26.9 million euros increase in equity. In equity, the comprehensive income item of 57.9 million euros reflects CEWE's earnings strength, which more than compensates for the dividend payment and the other changes in equity. Gross financial liabilities decreased by 3.0 million euros due to the decline in lease liabilities. Non-operating liabilities mainly relate to pension accruals and are down 8.4 million euros due to actuarial gains.



Management balance sheet Dec. 31



CASH FLOW

- » Following the end of the coronavirus pandemic, operating cash flow increases by 27.7 million euros to 93.4 million euros
- » Operating cash flow increases more strongly than net cash used in investing activities, resulting in 10.0 million euros increase in free cash flow
- » Normalised free cash flow of 61.4 million euros matches the normalised previous year's level of 63.7 million euros

Following the end of the coronavirus pandemic, operating cash flow increases by 27.7 million euros to 93.4 million euros

While in the previous year operating cash flow was significantly affected by the impact of the coronavirus pandemic and had decreased by 76.7 million euros, this effect was reversed in the past financial year. Above all, tax payments have returned to a normal level. Having risen by 36.3 million euros in 2021 due to catch-up effects, in the past financial year they decreased by 20.5 million euros. In the net operating working capital item, the

25.4 million euros increase in trade receivables driven by the volume of business as well as the payments from business partners which were delayed to the start of 2023 was almost exactly offset by the 25.3 million euros rise in trade payables which was likewise shaped by the volume of business. Despite these major flows of funds, in net terms only the reduced build-up of inventories thus had a positive effect of 5.1 million euros on operating cash flow. Other net working capital absorbed 5.3 million euros less cash than in the previous year.

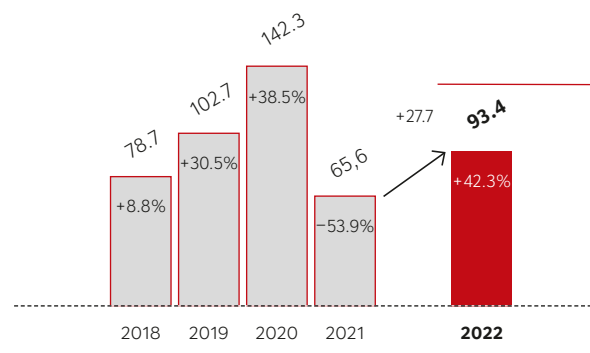
Net cash used in investing activities increases to –61.9 million euros, above all due to fixed asset investments

Net cash used in investing activities has increased to –61.9 million euros, above all due to fixed asset investments associated with the purchase of an administrative building at CEWE's Oldenburg location (–9.3 million euros) and a –7.1 million euros increase in outflows for operational investments.

93.4

million euros cash flow
from operating activities

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

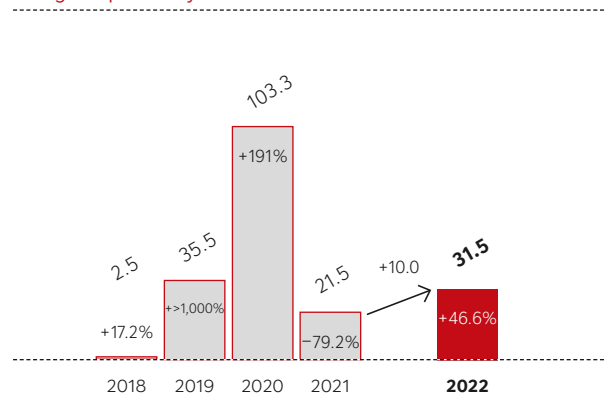


(–) 3.1 million euros non-cash effects more than offset the increase in earnings (total of EBITDA and non-cash effects)
(+) 20.5 million euros decrease in tax payments since catch-up effects no longer applicable
(+) 5.4 million euros increase in other net working capital due to lower value added tax items
(+) 5.0 million euros decrease in net operating working capital due to a less pronounced increase in the volume of inventories (while cash flows from trade receivables and trade payables have offset one another)

Operating cash flow increases more strongly than net cash used in investing activities, resulting in 10.0 million euros increase in free cash flow

Overall, free cash flow increases by 10.0 million euros to 31.5 million euros. This resulted from the 27.7 million euros increase in cash flow from operating activities to 93.4 million euros. As outlined above, this was strengthened by approx. 20.5 million euros due to the loss of the temporary effects on account of the coronavirus pandemic as well as the increase in net cash used in investing activities to –61.9 million euros.

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

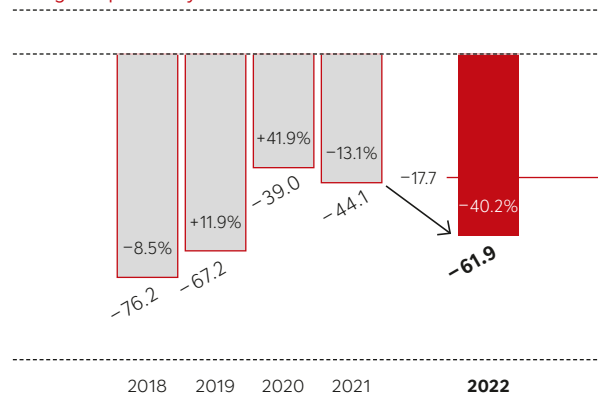


Free cash flow rises by 10.0 million euros in 2022 to 31.5 million euros

Normalised free cash flow of 61.4 million euros matches the normalised previous year's level of 63.7 million euros

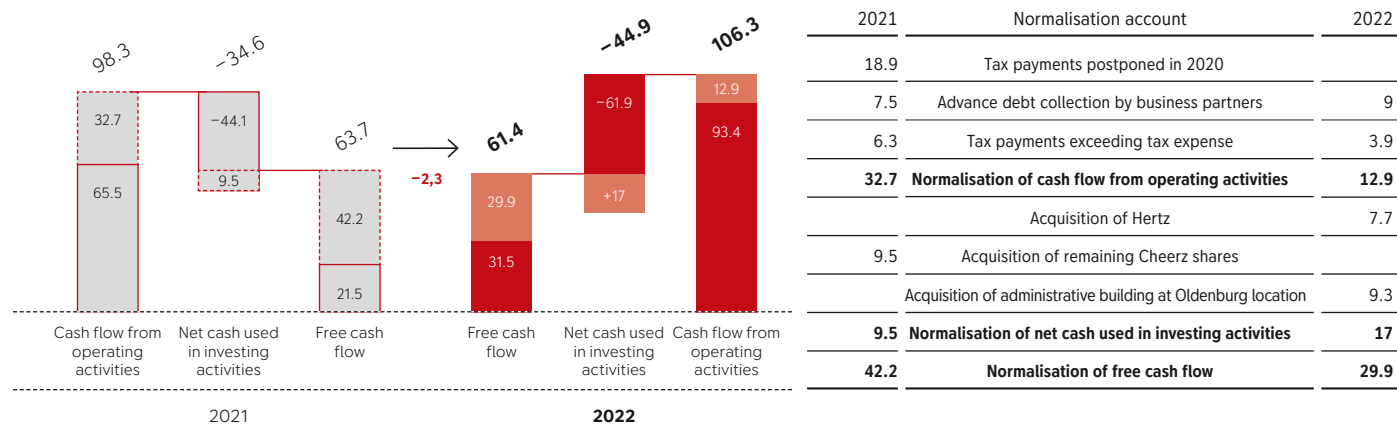
In the financial year 2021, the operating cash flow was burdened by an amount of 18.9 million euros due to tax payments postponed from the previous year. Furthermore, in 2020 an additional (relative to a "normal" year) approx. 7.5 million euros was earned through customer payments transferrable to business partners via online/mail-order business which were not actually remitted until 2021. In addition, tax payments of 6.3 million euros exceeded the tax expense for the year 2021. Within the net cash used in investing activities, the acquisition of the

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



(-) 9.3 million euros for the purchase of an administrative building at CEWE's Oldenburg location
 (-) 7.1 million euros increase in operational investments
 (-) 2.9 million euros decrease in inflows from financial assets and the sale of property, plant and equipment
 (+) 2.1 million euros decrease in outflows for purchase price payments due to acquisitions

Normalised cash flow 2021 vs. 2022 in millions of euros



remaining shares in Cheerz generated an additional funding requirement of 9.7 million euros. Cash flow from operating activities was reduced by 32.7 million euros. The financial year 2022 was shaped by the fact that some business partners only settled liabilities with a volume of approx. 9.0 million euros in the financial year 2023 which were attributable to the financial year 2022. In addition, tax payments of 3.9 million euros exceeded the tax expense for the year 2022. Within the net cash used in investing activities, the purchase price payment for Hertz and the acquisition of an administrative site at CEWE's Oldenburg location generated an additional funding requirement of 17.0 million euros. In overall terms, free cash flow was thus reduced by 29.9 million euros. Without these effects, free cash flow in 2021 would have amounted to 63.7 million euros and that of the current financial year to 61.4 million euros, which is only slightly below the previous year's figure.

Free cash flow in fourth quarter declines by 8.7 million euros relative to the same quarter in the previous year due to investments

Free cash flow in the fourth quarter of 2022 decreased by 8.7 million euros to 91.1 million euros. Compared to the same quarter of the previous year, cash flow from operating activities accounted for only 1.0 million euros of this decline. The total of EBITDA and non-cash effects has decreased by 1.2 million euros. Net working capital (-4.3 million euros) has increased (-4.3 million euros). This rise is attributable to the postponement of payments from business partners until 2023 together with the collection of an increased volume of value added tax. At the same time, the company paid 2.1 million euros less in taxes. Another factor impacting the free cash flow is the net cash used in investing activities, which increased by 7.7 million euros due to operational investments.

RETURN ON CAPITAL EMPLOYED

17.6%

ROCE at pre-coronavirus level

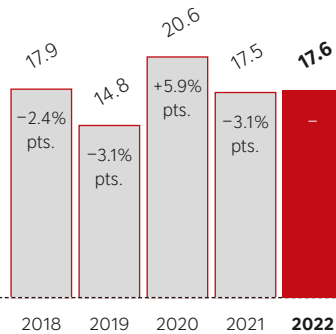
» Even after the end of the coronavirus-related upswing, at 17.6%, ROCE remains significantly higher than the 14.8% level seen in the last year prior to the coronavirus pandemic, 2019

Even after the end of the coronavirus-related upswing, at 17.6%, ROCE remains 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 increased from 17.5% to 17.6%. It thus remains well above the level of 14.8% seen in the last year before coronavirus, 2019. The value of 17.6% reflects the 12-month EBIT figure of 75.6 million euros and the average volume of capital employed of 430.5 million euros over the four quarterly reporting dates in 2022.

The return on capital employed (ROCE) increases to a very strong 17.6% in 2022

ROCE as % / change on previous year in percentage points



OUTLOOK FOR 2023

Exogenous uncertainties expressed in 2023 target ranges

In the financial year 2023, CEWE is once again exposed to exogenous sources of uncertainty. On the one hand, factors such as consumers' supplementary energy cost payments might adversely affect their spending or lead to them travelling less, thus influencing the number of photos they take and the volume of orders they place. On the other hand, the persistently high level of inflation may result in a further increase in 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 2023. The ranges for these targets for 2023 represent approximate target figures and reflect the current uncertainties. To date, the war in Ukraine has not had any direct impact on CEWE's business, either in terms of procurement or sales. At the present time, there are still no indications of any negative impact on consumer sentiment and thus on

the development of turnover. However, CEWE's planning for 2023 does not reflect the possible effects of a possible escalation of the Ukraine war – above all, on consumer sentiment.

CEWE maintains long-term growth strategy

On average, Group turnover will continue to increase in 2023, from 741.0 million euros in the previous year, 2022, to between 720 million euros and 780 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 further turnover growth in most markets.

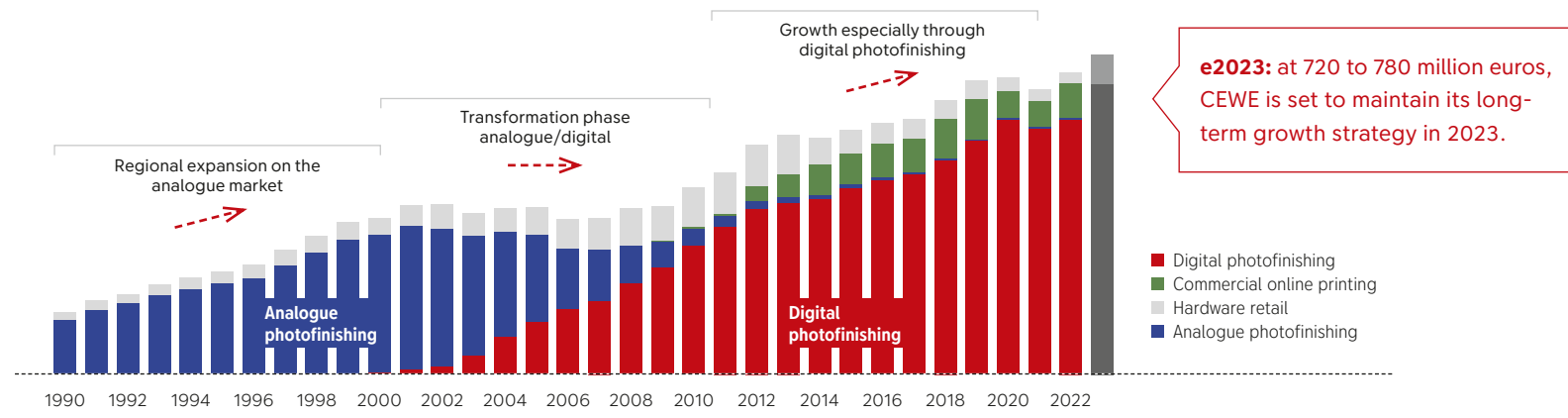
EBIT earnings target range in 2023: 70 to 82 million euros

Following 75.6 million euros in the previous year, 2022, Group EBIT for the financial year 2023 will fall within a range of between 70 million euros and 82 million euros, the EBT figure will amount

70–82

million euros EBIT planned for 2023

Long-term revenue



The ranges for these targets for 2023 reflect the uncertainties currently associated with the general increase in prices as well as the currently high level of inflation and its potential impact on CEWE's course of business.

to between 69 million euros and 81 million euros and earnings after tax to between 47 million euros and 55 million euros.

Operational investments planned at normal level

The operational investments planned for 2023 (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.

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 and the available investment opportunities, this means 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.

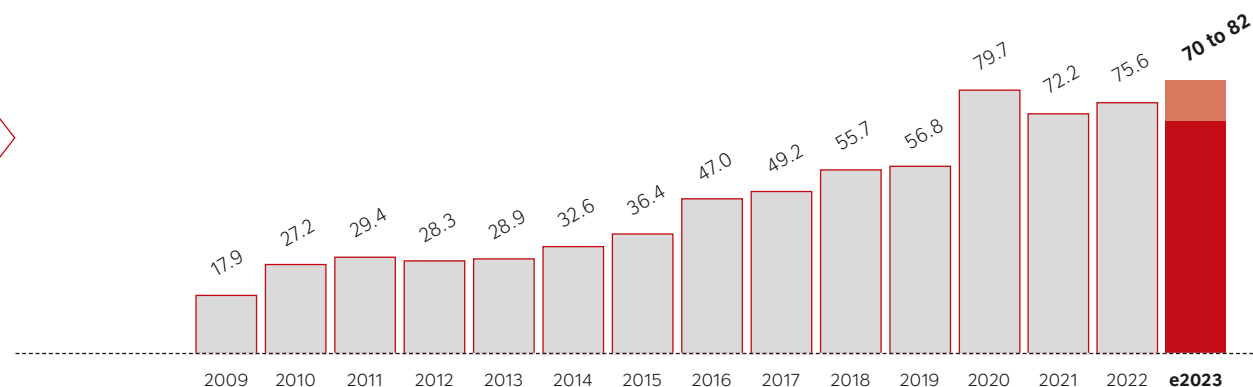
Targets for 2023 CEWE Group

		2023	Change as %
Photos	billion units	2.2 to 2.3	-3 to +3
CEWE PHOTOBOOK	million units	5.7 to 6.0	-3 to +3
Operational investments ¹	millions of euros	60	
Turnover	millions of euros	720 to 780	-3 to +5
EBIT	millions of euros	70 to 82	-7 to +8
Earnings before taxes (EBT)	millions of euros	69 to 81	-8 to +8
Earnings after taxes	millions of euros	47 to 55	-9 to +7
Earnings per share	euros/share	6.58 to 7.73	-9 to +7

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

EBIT development in millions of euros

For the financial year 2023, a Group EBIT figure of up to 82 million euros should be achieved.



INTERVIEW

THIS INTERVIEW TOOK PLACE IN FEBRUARY 2023

Did we torment you so much with our questions over the last few years that – since Yvonne Rostock as CEO is only joining us in March – all of the remaining members of the Board of Management have now banded together for an interview?

Dr Fageth (CTO): (Laughs) That's quite right, you're carrying on in exactly the same spirit as in previous years. The reasoning behind your question is certainly correct: we do all have different points of view. But, quite seriously (looks around) – if I may begin as the longest-serving member of the Board of Management – we are working together to fill the gap which of course arises in a period of two months without a CEO. CEWE generally has important business to take care of at the turn of the year: the annual financial statements for the previous year, analysing our important Christmas business season, the annual planning for the new year, annual performance reviews at virtually all of our locations, innovation days which are attended by almost a quarter of our 4,000 employees, etc. All of that is on the agenda for 2023 as usual. We are working well together in order to keep on top of

everything. And if time permits, then several of us will even put in an appearance together.

Mehls (Head of Marketing): That's quite right. And things seem to be working well. At the innovation days which Dr Fageth mentioned just now and which 1,000 members of staff attended, the feedback which we received was that it was nice to watch the members of the Board of Management spontaneously throw balls at one another and operate as a team. The feedback was: "This inspires confidence".

Sontheim-Leven (Head of Personnel): This common spirit and strong cooperation ... we intend to build on all of that following the difficult period of the pandemic. One of the things which we have done here is to develop Group-wide guiding principles for collaboration and leadership through our initiative "The 'WE' in CEWE". We fired the starter's gun at this major get-together, since CEWE's huge family meeting was the perfect occasion for this.



Dr Reiner Fageth
Head of Technology and R&D

“Permanent development and innovation is part of CEWE’s DNA. One thousand members of the CEWE team recently provided impressive proof of this at our annual ‘Innovation Days’.”

DR REINER FAGETH

“In 2022, we achieved the second-best result in CEWE’s history. Thanks to a strong performance by all of the CEWE Group’s employees, we were able to transform our customers’ increased volume of travel into good business for CEWE.”

THOMAS MEHLS



Thomas Mehls
Head of Marketing and
Acquisitions

If the current discussion is to be believed, highly diverse teams are particularly effective when dealing with these issues. You have just abandoned your goals for a women’s quota. Don’t you believe in the effect of diversity?

Sontheim-Leven: On the contrary, of course we see the balancing effect of diversity. But we must also deal with things as they are and acknowledge that we didn’t achieve our targets in the period from 2017 to 2022. We have therefore set ourselves new goals. These are goals which are ambitious, but which we also consider to be realistically achievable, above all, because we have defined a large number of individual measures throughout the employee journey. These measures vary in size, but will have a strong impact in overall terms. Our new goal for 2027 should thus – hopefully – be achievable.

Confidence, throwing balls at one another, a common spirit, strong cooperation, family ... we can see all of that in many places at CEWE, but the company’s senior management hardly exemplified those ideals in 2022. And you were caught up in it. How does that all fit together?

Dr Holzkämper (CFO): Well, “caught up in it” sort of implies that you are swept along. That certainly wasn’t true of us. Of course, as a Board of Management

we must always keep a close eye on things, but we have only ever reacted, we were never swept along and we never escalated things. Apart from our business responsibility to “keep things ticking over”, from a purely legal perspective we are obliged to protect the partnership limited by shares (KGaA), as the larger entity, and the foundation (Stiftung), as the smaller entity in our system, and to uphold law and order within our corporate structure. If we need to react in that context, then we will do so.

Have things now calmed down?

Dr Holzkämper: The most prominent names at CEWE to appear in public discussions in the past year were Dr Hollander (the Chairman of the Board of Trustees), Mr Korte (the Chairman of the Supervisory Board) and Dr Friege (the Chairman of the Board of Management, and as such were a talking point). All three of them left CEWE at midnight on December 31, 2022. Not all of the issues have thus been immediately resolved, since we need to find a new chairman for our Board of Trustees, for instance. We also need to complete the proceedings which are now underway and deal with the related costs. But the turn of the year certainly marked an important turning point in this matter. And Yvonne Rostock’s arrival as our new Chairwoman of the Board of Management

certainly represents the opportunity for a new start. We are highly optimistic on that point.

OK. Would you otherwise characterise 2022 as a successful year?

Mehls: We are capable of doing even better. But given the difficult start in the first quarter of the year, compared with the strong first quarter of 2021, the next three quarters went very well indeed and ultimately provided us with the second-best result in our company's history. The opportunities to take photos, as people got back in the habit of travelling and attending family parties and other events, provided our customers with reasons to increase the volume of the orders which they placed with us. We were able to provide a solid justification for the price increases in our Photofinishing business unit which were necessary due to inflation, and they have been accepted by our customers and our business partners. In Commercial Online Printing, our low-price guarantee is bearing fruits which we can afford due to the work we did on our cost base during the pandemic.

And what about hardware retail?

Berkhouwer (Head of International Activities): Our Retail business unit is likewise performing strongly. The end of the pandemic has increased the level of customer footfall in our retail stores. Supply bottlenecks for cameras and accessories have increasingly been eliminated. That

has strengthened our Retail earnings. In addition, our photofinishing business in the Retail business unit is continuously growing.

You mentioned inflation. What do you expect to happen here in 2023?

Heitkamp (Head of Production and Distribution): We are already seeing further price increases. On the costs side, we have a number of suppliers who are making overtures to us here. Not all of those proposed increases are justified.

“Through our initiative ‘The WE in CEWE’, we have developed guiding principles for collaboration and leadership which will further strengthen Group-wide cooperation.”

CHRISTINA SONTHEIM-LEVEN

Christina Sontheim-Leven
Head of Human Resources and
Organisational Development





Dr Olaf Holzkämper
Head of Finance and Controlling

“The entire Board of Management team looks forward to working with Yvonne Rostock, who will take over as CEWE’s new Chairwoman of the Board of Management on March 1, 2023.”

DR OLAF HOLZKÄMPER

“Our Retail business unit is likewise performing strongly. Customer footfall is continuing to increase in the post-coronavirus world, and our Retail business unit’s photofinishing business is also steadily growing.”

PATRICK BERKHOUWER



Patrick Berkhouwer
Head of Foreign Markets and Expansion

Sontheim-Leven: Inflation will also continue to make itself felt from the point of view of wages and salaries in 2023. At CEWE, we never take great strides forward all at once. True to the perspective of an SME, we keep sight of what is necessary at the present moment in time and what is the right approach. Depending on what actually happens in terms of inflation this year, we can always provide one-off payments again, as we did in the past year. We must naturally reach fair solutions here, and that is what we will do.

Berkhouwer: You will be aware that inflation played out very differently in different parts of Europe in 2022. We acted flexibly accordingly. We will continue to do so in 2023.

And what about sales prices? Do you see scope for further price increases?

Heitkamp: Yes. If we see price rises on the costs side, then we will naturally also need to act in terms of our sales prices ... but in a well-considered and prudent manner. In the past year, we looked very closely at the effects which we could expect on the costs side – even at the start of the year, we considered things all the way up to the end of the year, which of course has a huge effect due to our major Christmas business season. Given this forecast, we calculated the price



Carsten Heitkamp
Head of Production,
Purchasing and Logistics

“We have compensated for the inflation-related cost increases by raising our own prices, while acting in a well-considered and prudent manner.”

CARSTEN HEITKAMP

increases which we needed in order to keep things on an even keel, and we also used market research to work out exactly where we should introduce increases. We will tread just as carefully in the current year. We will not exploit our pricing power and will once again prudently act as necessary.

Innovative products and services which represent a strong offering from CEWE always offer potential for price increases. How are things looking there? What about the new CEWE PHOTOBOOK?

Dr Fageth: CEWE’s great capacity for innovation remains undiminished. You can see that in the now very clear seasonal trend over the course of the year in Photo-finishing. During the Christmas season, the emphasis is clearly on smooth-running order systems and production operations. But once the new year has started, the product and service ideas compiled in the previous year are collected together, further developed to the point that they can be talked about, and then discussed with very many members of the CEWE team at our innovation days. The roadmap for

products and services is subsequently developed on the basis of this feedback as well as further research and development findings. Most of these products and services will then be available in time for the Christmas season in the current year. In this way, we have successfully managed innovations and brought them to market over the past few years. The entire company has become even more professional in this area.

That’s nice, but isn’t all that just tinkering with things around the edges? And not really the next big thing?

Dr Fageth: Hmm ... I can see where you are coming from. Allow me to ask you a question in reply: do you think the managers and employees of Mercedes Benz are asked what the new type of car will look like? Their patent for a “gas engine-powered vehicle” (which was filed back in 1886, I believe) and Bertha Benz’s celebrated long-distance journey shortly afterwards now lie almost 150 years in the past. With the zillions of euros which Mercedes and other car manufacturers have invested in research and development

in that period, analysts and annual report teams could likewise demand a new S-curve here. It’s true, isn’t it? The basic model for today’s car is ultimately no more than an engine-powered coach ... and that coach is set to remain with us for far longer than 150 years. (Laughs) Of course things aren’t precisely comparable, but I hope you can see the point I am trying to make: with CEWE PHOTOBOOK we have certainly achieved a milestone which will be with us for some time. We are continuously innovating around that. The progress made with artificial intelligence (AI) is certainly one such important innovative boost, and you can already see a few results of that in the CEWE PHOTOBOOK assistant which forms part of our software. There will be even more of that over the next few years. Also for our other photo products. And also innovations not “just” based on AI, but also coming from other directions.

Members of the Board of Management, we would like to thank you for this year’s slightly different interview.

CEWE SHARE

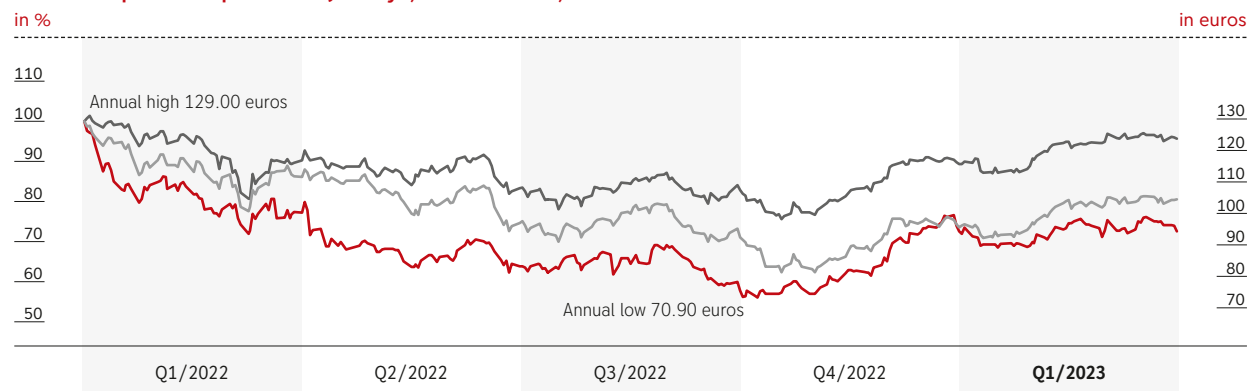
Ukraine situation, energy crisis and inflation place a heavy strain on the stock markets in 2022

While the German stock market started off the year close to its all-time highs, it came under huge pressure from February 2022 following Russia's invasion of Ukraine. The resulting energy crisis not only caused rapid rises in commodity prices, but also once again posed geopolitical questions about deglobalisation, as at the start of the coronavirus pandemic.

Key share information

Type of security	No-par value share
Market segment	Regulated market, 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 (2022 average)	7,926 units
Annual high in 2022	129.00 euros
Annual low in 2022	70.90 euros
Year-end price 2022	88.70 euros

CEWE share price in the period from January 1, 2022 to March 1, 2023



Inflation in the Eurozone gradually picked up, and, at 10.6% in October 2022, reached its highest level in the post-war period. In view of this trend, the central banks also came under increased pressure to curb inflation. The European Central Bank accordingly raised its key interest rates by 0.5% on July 21 and thus initiated a turnover in its interest rate policy with its first interest-rate rise since 2011. In the context of this move, the euro suffered huge losses against the US dollar and at times fell below parity for the first time in 20 years. However, the German economy only benefited from a weak euro to a limited extent, since the existing supply chain problems were further aggravated by coronavirus-related lockdowns in China, higher material costs and the uncertainty over Europe's gas supplies as a result of the Ukraine conflict. In this difficult market environment, the DAX indexes all posted negative performances in 2022.

CEWE share also affected by the general sense of crisis on the stock markets in 2022

The CEWE share was likewise clearly affected by the general sense of crisis on the stock markets in 2022, which it ended with a year-end price of 88.70 euros that was 30.7% lower than at the start of the year (2021 year-end price: 128.40 euros). Its performance was thus roughly in line with that of all of the 70 SDAX companies, which together lost around 27.3% of their market value on average. In contrast, with a fall of 12.3% in the year under review 2022, the DAX relinquished somewhat less ground on average. The average monthly volume of trading of the CEWE share on the Xetra index was 15.6 million euros in 2022 (monthly average in 2021: 17.4 million euros). The slightly weaker trading turnover of the CEWE share went hand in hand with an overall decrease in the volume of order book turnover in 2022 for all listed companies in Xetra trading.

CEWE still solidly positioned in the SDAX

Since the DAX’s reform in 2021, only a company’s level of “market capitalisation” determines whether it is featured in an index. The only further check implemented covers whether a company fulfils a certain level of minimum liquidity. The CEWE share clearly exceeds the minimum liquidity requirements; in terms of market capitalisation, CEWE moved up to 137th position at the end of 2022 (December 31, 2021: 143rd 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 2022 to rise for a fourteenth 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 and the available investment opportunities. For the financial year 2022, the Board of Management and the Supervisory Board of CEWE Stiftung & Co. KGaA will propose to the general meeting an increase in the dividend

dividend to 2.45 euros for each share conferring a dividend entitlement (dividend for the financial year 2021: 2.35 euros). On the basis of the 2022 year-end price of 88.70 euros, this corresponds to a dividend yield of 2.8%. If the general meeting which will be held on June 7, 2023 agrees to this proposal, this will be the fourteenth 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 euro per share to the current figure of 2.45 euros.

Overview of current analysts’ assessments

	Analysts’ assessments	Date
GSC Research	Buy	Feb. 17, 2023
Montega Research	Buy	Feb. 14, 2023
FMR Research	Buy	Feb. 13, 2023
Warburg Research	Buy	Feb. 13, 2023
Baader Bank	Buy	Feb. 10, 2023
Kepler Cheuvreux	Buy	Feb. 10, 2023
Hauk & Aufhäuser	Hold	Jan. 06, 2023

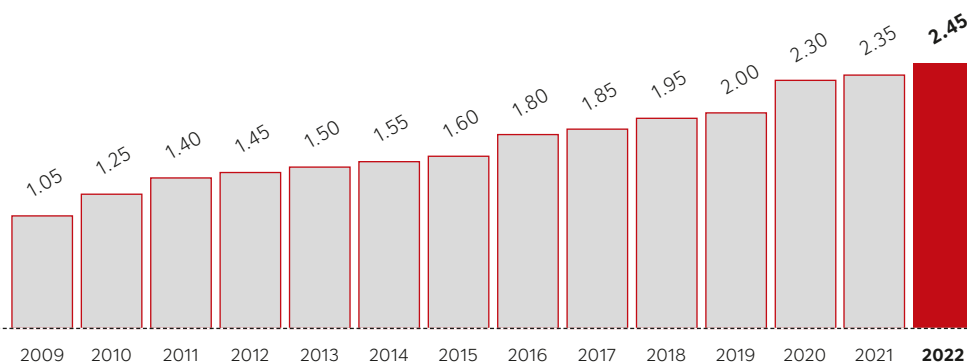
Analysts recommend buying the CEWE share

The analysts who follow CEWE concur in their positive investment analysis: six analysts are signalling “buy” for the CEWE share, while one analyst recommends “holding” it. For a continuously updated overview of these analysts and their recommendations, please go to the “Investor Relations” section of CEWE’s website ir.cewe.de.

The analysts continue to concur in their positive investment analysis.

The dividend for the financial year 2022 is set to climb to 2.45 euros per share: a 14th consecutive dividend rise!

CEWE dividend (euros per share)



14

years of a continuously rising dividend: only 5 of all 190 listed companies in Germany have achieved this!¹

¹ Source: evaluation of the dividend trend for all DAX, MDAX, SDAX and TechDAX companies by MyDividends.de (June 9, 2022)

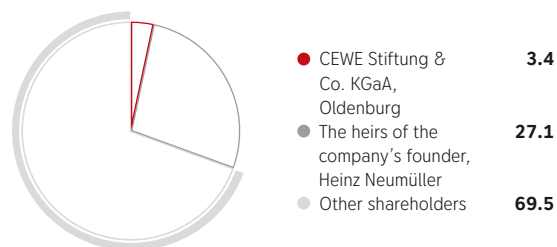
Stable shareholder structure strengthens management’s strategy

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 and Lupus alpha Investment 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 with 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)



(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, innovations and the continuous development of new products are in CEWE’s DNA. The trend towards smartphone photography and the use of artificial intelligence in product configuration and ordering underpins this growth.

(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 2022 represents a 14th 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. 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 roadshows in European and US financial centres. For details of the dates currently scheduled for 2023, please refer to the financial calendar on [page 220](#) of this report or visit our IR website at ir.cewe.de.

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

REPORT

OF THE SUPERVISORY BOARD

**DEAR SHAREHOLDERS,
DEAR FRIENDS OF OUR COMPANY,**

Following 2020 and 2021 which were strongly influenced by the coronavirus pandemic, the financial year 2022 was shaped by social and business life returning to normal.

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 once again successfully meet the fresh and growing demands of the year under review, despite the personnel upheaval.

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 (GCGC). 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 cases of key decisions. In addition, the Chairman of the Supervisory Board and the Chairwoman of the Audit Committee maintained a close and regular dialogue with the Board of Management even between the meetings of the company's executive bodies. Important information was reported, at the latest, at the next Supervisory Board meeting.

Supervisory Board meetings, general meeting

The Supervisory Board met in full ten times in the year under review, on February 16 and 25, March 23 (balance sheet meeting), March 30, June 15, July 1, September 14, November 9 and December 8 and 21, 2022. These meetings took place as shown in the following table:



FRANK ZWEIGLE

Chairman of the Supervisory Board
of CEWE Stiftung & Co. KGaA

Supervisory Board meetings in 2022, with a breakdown of meeting formats and attendance

	2/16 virtual	2/25 virtual	3/23 in-person	3/30 virtual	6/15 virtual	7/1 hybrid	9/14 in-person	11/9 in-person	12/8 virtual	12/21 virtual
Otto Korte	P	P	P	P	P	P	P	P	P	P
Paolo Dell'Antonio	P	P	P	A	P	P	P	P	P	P
Prof Dr Christiane Hipp	P	P	P	P	P	P	P	P	P	P
Patricia Geibel-Conrad	P	P	P	P	P	P	P	P	P	P
Dr Birgit Vemmer	P	P	P	P	P	P	P	P	P	P
Dr Hans-Henning Wiegmann	P	P	P	P	P	P	no longer a member			
Martina Sandrock	not yet a member							P	P	P
Markus Schwarz	P	P	P	P	P	P	P	P	P	P
Petra Adolph	P	A	P	P	P	P	P	P	P	P
Marion Gerdes	P	P	P	P	P	P	P	P	P	P
Insa Lukaßen	P	P	P	P	P	P	P	P	P	P
Alexander Oyen	P	P	P	P	P	P	P	P	P	P
Elwira Wall	P	P	P	P	P	P	P	P	P	P

P= present

A= absent (excused)

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

The members of the Board of Management attended the Supervisory Board's meetings, with the exceptions of the extraordinary meetings of February 25 and July 1, 2022, well as the meetings on December 8 and 21, 2022. Where necessary, the Supervisory Board met internally following these meetings.

The general meeting was once again held in virtual form on June 15, 2022.

Core issues dealt with by the Supervisory Board

At all of the regular meetings of the Supervisory Board, the Board of Management presented the Group's results of operations and its net assets and financial position for the individual business units of the corporate group, with a breakdown for Germany and other countries and including the previous-year figures and the planning figures. At each ordinary meeting, the Supervisory Board was provided with an outline of the risk report. In particular, this included the issue of cyber security and the Group-wide IT structure. The report provided by the compliance officer was another topic which was always on the agenda.

At the meeting held on February 16, 2022, the corporate planning was discussed in detail with the Board of Management. In addition, the Board of Management presented the company's corporate planning, investments and investment projects as well as procurement and supply chain issues, and the Supervisory Board discussed these matters in detail. The Board of Management pointed out that sensitive price increases will be inevitable in order to safeguard the company's long-term profitability. In addition, the competitive environment on the European market was outlined and the Board of Management presented the Employee Share Programme 2022.

At its extraordinary meeting of February 25, 2022, the Supervisory Board considered the situation in terms of the contracts of members of the Board of Management. While the Supervisory Board does not have any authority regarding matters relating to personnel, by virtue of the company's legal form of a partnership limited by shares, it nonetheless discussed the possible impacts of revised contracts on the company's course of business and its employees, customers and investors.

At the balance sheet meeting held on March 23, 2022, those present approvingly noted the audit findings for the annual financial statements and the consolidated financial statements, the combined management report, the consolidated non-financial statement, the corporate governance and risk management, the report on related parties and the remuneration report. The approval of the consolidated financial statements was subject to the condition of no negative consequences arising from the not yet certified annual financial statements of the subsidiary SAXOPRINT GmbH.

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 a further amendment to the articles of association regarding Supervisory Board remuneration (item 7) and a resolution granting authorisation for the purchase and use of treasury shares (item 8).

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 2022.

The Supervisory Board's report was discussed and approved.

At its extraordinary meeting of March 30, 2022, the auditor reported on its completed audit of the annual financial statements of SAXOPRINT GmbH. Following a detailed discussion, the Supervisory Board withdrew the reservation which it had declared at its meeting of March 23, 2022 and noted that, following its own audit, it had approved the auditor's audit report and audit findings for the annual financial statements, consolidated financial statements and the combined management report, in each case as of December 31, 2022.

Following the general meeting on June 15, 2022, a meeting was held to discuss the course of the general meeting.

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

The Supervisory Board authorised the Board of Management to implement the Stock Option Plan 2022 and the Employee Share Programme 2022 in accordance with the proposed terms and conditions.

Finally, the Board of Management reported on the satisfying growth in demand in the Photofinishing, COP and Retail business units after the pandemic had eased off. At the same time, it was noted that Cheerz had not yet returned to its old earnings level.

At its extraordinary meeting of July 1, 2022, the Supervisory Board discussed the replacement for the Chairman of the Supervisory Board, who left this position at the end of 2022 because he had reached the applicable age limit.

The meeting of September 14, 2022 took place in the physical presence of all of the Supervisory Board members in Cologne. After an inspection of WhiteWall Media GmbH's plant in Frechen, the company's management provided a presentation of the history and current status of this successful premium brand. Ms Christina Sontheim-Leven, who was newly appointed in 2022 as Head of Personnel, presented the insights which she had acquired to date as well as current requirements and projects. From the most recent meeting of the Audit Committee, the Chairwoman of the Audit Committee, Ms Patricia

Geibel-Conrad, reported on matters including the auditor's review of the semi-annual financial statements as of June 30, 2022 and the other topics discussed at the meeting of this committee.

At the ordinary meeting held on November 9, 2022, apart from the above-mentioned regular topics of Supervisory Board meetings, the S/4HANA project was also discussed in great detail. The Board of Management reported on the market situation in France and on innovations in the area of research and development. The Supervisory Board also considered the succession planning for the Chairman of the Supervisory Board as well as corporate governance issues for the company. At the proposal of the Nomination Committee, the Supervisory Board unanimously resolved to appoint Mr Zweigle to the Supervisory Board as Mr Korte's successor by means of a court order, with effect as of January 1, 2023.

The auditor reported on the findings of its preliminary audit and its ISA 315 (revised) audit.

On the subject of D&O insurance, the current status of the company's policies was presented.

Finally, Ms Geibel-Conrad reported on the results of the Audit Committee meeting of the previous day.

At the extraordinary meetings held on December 8 and 21, 2022, compliance and corporate governance issues were on the agenda.

The Supervisory Board determined that no transactions with related parties exceeding the relevant threshold had occurred in the year under review.

Committee meetings

In the year under review, the **Nomination Committee** discussed the question of Dr Wiegmann's successor and interviewed a shortlist of candidates. It met in person on July 6, 2022. Following a highly constructive discussion and consideration of the strengths and weaknesses of various individuals, Ms Martina Sandrock's appointment as a member of

the Supervisory Board was resolved by means of a court order. Mr Otto Korte (Chairman), Dr Hans-Henning Wiegmann (until June 15, 2022) and Mr Paolo Dell'Antonio served as members of this committee. Dr Vemmer replaced Dr Wiegmann on the Nomination Committee on the basis of a resolution passed by the Supervisory Board on November 9, 2022. Ms Geibel-Conrad has been a member of the Nomination Committee since January 1, 2023 and is Mr Otto Korte's replacement.

The members of the **Audit Committee** are Ms Patricia Geibel-Conrad (Chairwoman), Mr Markus Schwarz (Deputy Chairman), Mr Otto Korte (until December 31, 2022 and, since January 1, 2023, Mr Paolo Dell'Antonio) and Ms Marion Gerdes. The Audit Committee met on the company's premises on March 22, August 2 and November 8, 2022 with all of its members present as well as various members of the Board of Management and the auditor. The core aspects of the committee's activities were monitoring the financial reporting and the financial reporting process as well as the preparatory audit of the annual financial statements, the consolidated financial statements and the combined management report for the past financial year 2021. The Supervisory Board agreed to the recommendations prepared by the Audit Committee regarding these resolutions. In the presence of the auditor, its report on its review of the semi-annual financial statements as of June 30, 2022 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 without the Board of Management being present. The Audit Committee also temporarily met without the Board of Management and/or the auditor present, where this was required. The committee considered the appropriateness and effectiveness of the internal control system and its ongoing development, the risk management system, the internal auditing department, the compliance management system, reports on significant legal disputes as well as the implementation of the reporting requirements arising from the EU's Taxonomy Regulation. The managers in charge of relevant central functions were also available at the committee meetings to provide reports and to answer any questions regarding these and other items of the agenda.

At its meeting held on March 22, 2022, 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 2021, the proposal for appropriation of unappropriated profits, the remuneration report and 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 audit findings of the auditor 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.

The statutory and professional core areas of audit focus (audit of revenue recognition and deferral, fraud and management override) as well as risk-related areas of audit focus (completeness of the disclosures in the notes to the consolidated financial statements, ESMA/German Financial Reporting Enforcement Panel (Deutsche Prüfstelle für Rechnungslegung – DPR) areas of audit focus) and the areas of audit focus determined by the Supervisory Board were the matters discussed with the auditor.

As in the previous year, one of the key topics of the meeting was the risks that COVID-19 has posed, or is likely to pose, to the Group's business model. The auditor noted that no specific risks had been defined and that all of the risks had increased by 50% as a result of COVID-19. The auditor indicated that the requirements relating to the applicable risk detection system for risk-bearing capacity, risk aggregation and risk documentation had been fulfilled. 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.

The draft resolutions associated with the financial statements were prepared for the Supervisory Board, subject to the reservation of no negative findings emerging from the audit of SAXOPRINT GmbH.

By way of preparation for the audit of the non-financial statement, 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 2021 and planned for 2022; no objections were raised and it was determined that the resolved amounts had not been fully drawn upon.

The Board of Management also presented its report on transactions with related parties. No transactions requiring approval were identified.

The changes of relevance for the corporate group due to the revision of the GCGC in 2022 were discussed in detail.

The auditor declared to the Audit Committee that no circumstances were applicable such as would provide grounds to assume bias on its part. The Audit Committee obtained the necessary declaration of independence from the auditor, reviewed its qualifications, considered its fee, discussed the external rotation of the auditor for the financial year 2024 and provided the Supervisory Board with a recommendation for its proposal to the general meeting on the appointment of the auditor for the financial year 2022. The quality of the audit was also evaluated in this regard.

At the meeting held on August 2, 2022, the IT security officer first of all provided a report on his activities, the IT infrastructure, the various security-related incidents that had occurred in recent months and the measures which had been implemented in response.

Following the Board of Management's report on the company's business situation, the auditor reported on its review of the semi-annual financial statements as of June 30, 2022 and the related findings. It stated that no matters have come to light such as would suggest that the condensed interim consolidated financial statements and interim consolidated management report are, in material respects, not consistent with the IFRS for interim reporting, as applied in the EU, and the requirements of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). The audit strategy for the consolidated financial statements and the non-financial reporting in 2022 were discussed.

Finally, the Audit Committee considered the core areas of audit focus for 2022, in particular the goodwill impairment test for Cheerz and the deferred tax assets arising from CEWE's equity investments in Cheerz and SAXOPRINT.

The Audit Committee was provided with a report on the status of the implementation of the German Supply Chain Protection Act (Lieferkettenschutzgesetz), the ongoing development of the tax compliance management system, the tender for the 2024 audit and the integration of Hertz Systemtechnik GmbH. The pre-approval catalogue for the non-audit services provided by the auditor was revised and approved.

At the meeting held on November 8, 2022, the auditor reported on the outcome of its preliminary audit for 2022 and the results of its ISA 315 (revised) audit. The assessment of significant balance sheet items and other topics relating to the annual financial statements were discussed together with the auditors.

The Board of Management provided an extensive update on the S/4HANA project. The Audit Committee also considered the skills matrix for the Supervisory Board as a preparatory measure. Finally, the Audit Committee's planning for the year 2023 was approved.

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 incumbent upon CEWE due to the requirements of the European Single Electronic Format Regulation, the changes to CSR reporting/the Taxonomy/the Corporate Social Responsibility Directive, the new rules on the risk management system and the changes to the GCGC 2022.

Corporate governance

In the year under review, the Supervisory Board had seven female members (from October 21, 2022, eight female members) and, until June 15, 2022, five male members (and thereafter four male members) and thus continued to fulfil the quota which is required by law.

For the financial year 2022, 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 (Aktengesetz – 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 <https://ir.cewe.de> under Corporate governance/Declaration).

Conflicts of interest

There were no conflicts of interest on the part of members of the Board of Management or the Supervisory Board which needed to be immediately disclosed to the Supervisory Board and notified to the general meeting.

Initial and advanced training

The members of the Supervisory Board independently receive the initial and advanced training that they require for their tasks. CEWE assists the members of the Supervisory Board here by providing them with access to membership of an online supervisory board portal with relevant instruction materials and reference works. New members of the Supervisory Board are able to obtain an overview of the company (onboarding) by discussing key matters and current topics with the Board of Management and the executives concerned.

Changes to the makeup of the executive bodies

Dr Wiegmann left the Supervisory Board on June 15, 2022 and again resigned his seat on the Supervisory Board with effect as of August 31, 2022. Ms Martina Sandrock, Hamburg, was appointed as a member of the Supervisory Board pursuant to the order of Oldenburg Local Court of October 21, 2022 for a period of office expiring at the end of the general meeting in 2023. Mr Korte's seat as a member of the Supervisory Board and thus as its chairman ended on December 31, 2022 due to his reaching the specified age limit. Mr Frank Zweigle, Oldenburg, was appointed as a member of the company's Supervisory Board pursuant to the order of Oldenburg Local Court of December 12, 2022 with effect from January 1, 2023 for a period of office expiring at the end of the 2023 general meeting. On the basis of a resolution passed on January 19, 2023, Mr Zweigle was appointed to the position of Chairman of the Supervisory Board starting on January 1, 2023 and ending at the 2023 general meeting.

The Board of Trustees of Neumüller CEWE COLOR Stiftung appointed Ms Yvonne Rosstock, Ratingen, as the Chairwoman of the Board of Management of Neumüller CEWE COLOR Stiftung on September 13, 2022. She took up her post on March 1, 2023.

Dr Friege left the Board of Management of Neumüller CEWE COLOR Stiftung on December 31, 2022.

Annual financial statements and consolidated financial statements, audit

The annual financial statements and the management report, combined with the management report 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 combined 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 2022 by the general meeting – audited the annual financial statements and the consolidated financial statements as well as the consolidated management report combined with the management report for CEWE Stiftung & Co. KGaA for the financial year 2022, including the accounting, and issued an unqualified auditor's opinion in each case. Mr Jörg Sabath and Mr Christoph Hyckel have acted as the company's auditors since the financial year 2019. Mr 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 21, 2023, 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 the other core audit areas. The audit of the non-financial reporting and the remuneration report were also explained and discussed in detail. The auditor was available throughout the meeting to answer any further questions. In particular, it reported on the structure of the accounting-related internal controls and the risk management system. It did not report any significant weaknesses. The Chairwoman of the Audit Committee reported to the Supervisory Board on the outcomes of these discussions on March 22, 2023.

For its part, the Supervisory Board also audited the annual financial statements, the proposal for appropriation of the unappropriated profits for 2022 as well as the consolidated financial statements, the combined consolidated management report and the remuneration report for the financial year 2022. All of these documents – including the auditor's audit reports – were provided in good time. The auditor was also present at the balance sheet meeting of the Supervisory Board held on March 22, 2023 and was available to provide further information. Additional questions from the members of the Supervisory Board prompted an in-depth discussion of the presented findings.

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 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 21, 2023, at its meeting on March 22, 2023, 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 22, 2023, 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 2.45 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 21, 2023 and to all of the members of the Supervisory Board at its balance sheet meeting held on March 22, 2023. 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 22, 2023

The Supervisory Board of CEWE Stiftung & Co. KGaA



Frank Zweigle, Chairman



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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.

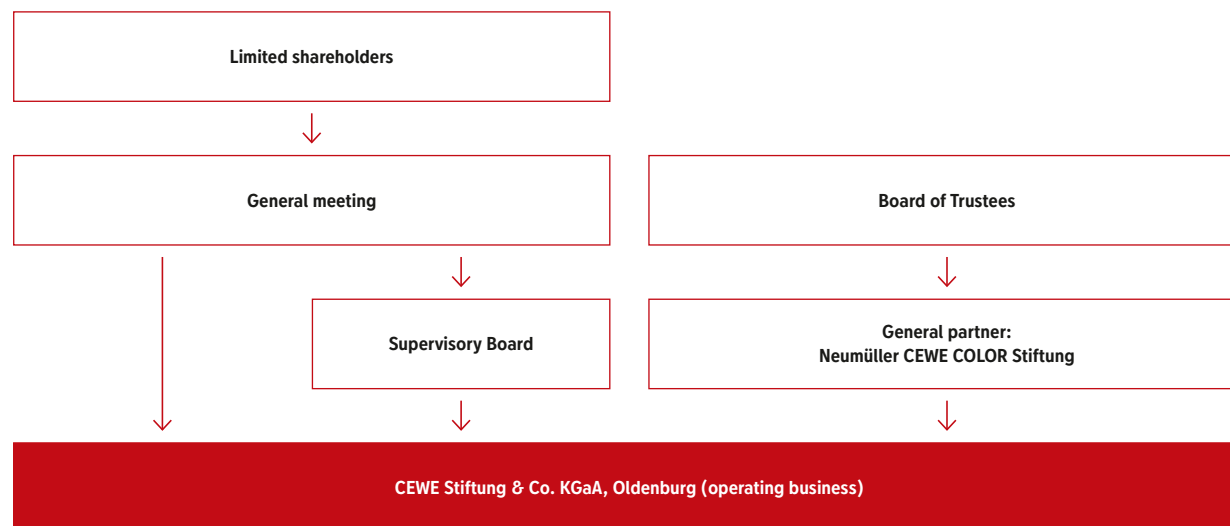
Commercial Online Printing: printing products for the commercial sector

CEWE is active in its Commercial Online Printing business unit through the production and marketing of printed advertising media via the distribution platforms SAXO-PRINT, 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 188

In 2022, Neumüller CEWE COLOR Stiftung was represented by seven members of the Board of Management. The Group’s remaining 3,866 staff (2022 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 pages 65 ff.

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 35 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 [1 see page 188](#).

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 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 [1 see page 58](#).

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.

¹ [1](#) This symbol indicates that this report provides further information on this matter.

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 their development in its annual report, by means of a target/actual comparison, and discusses this in the "Results" chapter [see page 65](#). 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.

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. Every month, the Board of Management discusses 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 projected for the following year.

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	-

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, a 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 65](#).


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. As well as these channels for placing orders either at home or on the move, we are also optimising the ordering options using the CEWE Photostations on our business partners' premises. The links between these ordering channels and thus support for our omnichannel approach were stepped up again in the year under review and are to be expanded even further.

The applications developed at CEWE's "Mobile & Artificial Intelligence Campus" (MAIC) were rolled out to additional ordering channels and to subsidiaries during the year under review and, in the Board of Management's view, further enhanced. They also gained new features which make the experience of designing products even more fun. 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 provided in 2022 which, in the company's view, represents a significant improvement in terms of its functionalities and the user experience.

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 2022, including for the Retail business unit. 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. While this type of solution makes things considerably more complicated for CEWE, it is prepared to pay this price in order to live up to its own standards in this area.

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. 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 in particular has gained attractive designs. 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 and Austria in time for Christmas.

A new system has been integrated in the versions on consumers' computers and their smartphones to enable products to go live more rapidly without the need to roll out entirely new software packages.


COPS – the CEWE ONLINE PRINTING SYSTEM

Following its successful rollout in 2020 in Germany, the rollout of the CEWE ONLINE PRINTING SYSTEM has now been completed. In the view of the Board of Management, the goals of enhanced presentation of products and product details and, above all, improving the mobile journey for consumers were fully achieved. This has also established a more uniform appearance across the entire range of ordering channels and further refined the company's omnichannel approach.

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, as usual, the necessary additional servers were installed ahead of the Christmas season. Low-resolution images (e.g. from WhatsApp) are resized using AI methods (GANs) and thus provide for improved product results in the case of large-scale images such as a big CEWE Calendar. The additional computing capacity required for this has been installed at CEWE's production plants and integrated in the workflow.

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. Likewise, our CEWE Photostations have undergone improvements in order to reduce their power consumption.

¹  This symbol indicates that further information may be found on the Internet. These references are voluntary disclosures and have not been audited by the auditor.

ECONOMIC REPORT

MARKETS

High inflation, the Ukraine conflict and the COVID-19 pandemic dampen the global economy

According to the current estimate from the International Monetary Fund (IMF), global growth in 2022 was just 3.4% (2021: 6.2%). Growth in the developed economies halved from 5.4% in 2021 to 2.7% in 2022. In the Eurozone, too, growth declined significantly to just 3.5% (2021: 5.3%). This reflected the very high global inflation level of 8.8% and the significant increase in interest rates which the central banks implemented in response, the war in Ukraine which has affected the supply of energy in particular, and the continuing COVID-19 pandemic. In China, too, growth fell by 5.4 percentage points year-on-year to just 3%. However, the removal of the COVID-19 restrictions at the end of 2022 then triggered an upswing.¹

Further moderate growth and declining unemployment in Germany, and significant decline in real wages

Despite the challenging environment, according to the IMF, the German economy grew by 1.9% in 2022. However, Germany thus fell considerably short of the 3.5% average growth rate for the Eurozone.²

Unemployment continued to decline year-on-year in Germany in 2022, despite a slight uptick due to the inclusion of Ukraine refugees in the statistics from halfway through the year onwards. Unemployment averaged 5.3% over the course of the year (average for 2021: 5.7%).³

While in 2022 nominal wages in Germany registered the strongest nominal wage growth since 2008, with an increase of 3.4%⁴ (2021: +3.1%⁵), real wages fell by 4.1% on average (2021: -0.1%) due to the high level of consumer price inflation. The negative real wage trend thus continued for the third consecutive year.

Inflation at record high due to energy and food price rises

At 8.8%, global inflation in 2022 reached its highest level for 20 years (2021: 4.7%), above all due to the huge rise in energy and food prices.⁶ For the Eurozone, the ECB predicts an inflation rate of 8.4%⁷ for the year 2022 as a whole (2021: 2.6%⁸). To tackle inflation, the ECB raised its three relevant key interest rates on four occasions over the course of 2022, most recently on December 15, 2022, by 50 basis points in each case. The key interest rate for its main refinancing operations thus rose to 2.5%⁹ in December 2022 (December 2021: 0%). Over the course of 2022, the ECB started out by gradually reducing its asset purchases,¹⁰ before subsequently ending them entirely on July 1, 2022.¹¹ In Germany, consumer prices over 2022 as a whole rose by 7.9%,¹² while producer prices also climbed 32.9% on average over the year.¹³

While the euro fell by up to 12.6% against the US dollar over the course of the year, the exchange-rate fluctuations for CEWE's key currencies outside of the Eurozone remained below this variation range. The weak performance of the Swedish krona (SEK) and the Norwegian krone (NOK) since April 2022 are particularly worthy of emphasis here. The NOK fell by -8.6% in the period from April 2022 to December 2022, while the SEK suffered a loss of -8.0% in the same period. Depending on the currency in question, the percentage exchange-rate loss or gain as of the end of the year, relative to the start of the year, was between -5.4% (CHF) and +6.7% (GBP). Over the course of the year, exchange-rate fluctuations ranged between -8.1% (CHF) and +5.6% (PLN).¹⁴

1 IMF: World Economic Outlook, Update Jan. 2023, page 1 and page 6

2 Ibid., page 6

3 German Federal Employment Agency: End-of-Year Review 2022. Press Release of January 3, 2022

4 German Federal Statistical Office: Real earnings down 4.1% in 2022 year on year. Press Release no. 048 of February 7, 2023

5 German Federal Statistical Office: Real earnings down 0.1% in 2021 year on year. Press Release no. 127 of March 24, 2022

6 IMF: World Economic Outlook, Update Jan. 2023, page 1 and Statista: Inflation rate worldwide from 1980 to 2021 and forecasts up to 2027 according to the IMF's data

7 ECB: Economic Bulletin 8/2022, page 29

8 ECB: Annual Report 2021, page 6 (www.ecb.europa.eu/pub/annual/html/ecb.ar2021~14d7439b2d.en.html)

9 ECB: Monetary policy decisions. Press Release of December 15, 2022

10 ECB: Monetary policy decisions. Press Release of March 10, 2022

11 ECB: Monetary policy decisions. Press Release of June 9, 2022

12 Destatis: +7.9% inflation rate in 2022. Press Release of January 17, 2023

13 Destatis: December 2022 producer prices +21.6% higher than in December 2021. Press Release of January 20, 2023

14 Deutsche Bundesbank: Exchange Rate Statistics, January 2023 (Statistical Series), pages 8-9

CEWE remains largely independent of cyclical trends

In a difficult macroeconomic environment characterised by a high level of inflation, CEWE was largely independent of cyclical trends, particularly in its Photofinishing core business unit. CEWE was largely able to compensate for the inflation-related cost increases by raising its own prices in the financial year 2022.

Despite the overall rise in the cost of living and consumers' general restraint which was related to this, there was no decline in the level of demand for high-quality photo products which frequently capture emotional moments. In every age group, people are finding it ever more natural to order photo products digitally.

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 in Germany, which peaked at 26.2 million units in 2015, remained at a high stable level of approx. 22 million units in 2019 and 2020.²

The number of German citizens who own smartphones continues to rise. In 2022, approx. 83% of over 16 year-olds were smartphone users. The proportion in 2022 corresponds to an overall figure of approx. 57.4 million people.³

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 88% simply cannot imagine living without a smartphone.⁴

This development also demonstrates the German population's interest in photography: in 2019, 8.67 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 8.93 million.⁵

A glance at the profile of those interested in photography reveals that approx. 48% of them are in the younger age group of 18–39 year-olds. The over-50s also account for a large share (33%).

Photo enthusiasts are more likely to be female by comparison with the average population (54%, compared to 49% in the reference sample).

If their position in relation to the cycle of innovation is considered, it is clear that they are prominently represented among the group of innovators and early adopters. They account for 13% of early adopters. The average for Germany as a whole is just 9%.

In terms of photography enthusiasts' interests, travel in particular, at 58%, is considerably more popular than among the population as a whole (43%).⁶

¹ Bitkom/InfoTrends (2023): Photos taken worldwide <https://de.statista.com/infografik/10908/weltweit-gemachte-fotos/>

² Bitkom; IDC; EITO (2022): Sales of smartphones in Germany in the period from 2009 to 2022 <https://de.statista.com/statistik/daten/studie/77637/umfrage/absatzmenge-fuer-smartphones-in-deutschland-seit-2008/>

³ Bitkom (2023): Smartphone market grows to EUR 36.8 billion; <https://www.bitkom.org/Presse/Presseinformation/Smartphone-Markt-waechst-368-Milliarden-Euro>

⁴ Bitkom (2021): Smartphone market: current situation and trends, Markus Haas, Bitkom executive committee; https://www.bitkom.org/sites/default/files/2021-02/bitkom-pressekonferenz-smartphone-markt-25-02-2021_0.pdf

⁵ IfD Allensbach (2022): German population's interest in photography in the period from 2018 to 2022 – Allensbach market and advertising media analysis – AWA 2022; <https://de.statista.com/statistik/daten/studie/170924/umfrage/interesse-am-fotografieren>

⁶ STATISTA (2023): Consumer & Brands – Target Group: Photography enthusiasts in Germany; <https://www.statista.com/study/122931/photography-enthusiasts-in-germany/>

ONLINE PRINTING MARKET

While the business climate of the German printing and media industries improved slightly at the start of 2022, it then deteriorated over the course of 2022. In December 2022, the business climate index produced by the German Federal Printing and Media Association (Bundesverband Druck und Medien – BVDM) fell by 4.7% on the previous month and thus stood at 88.0 points on a seasonally adjusted basis, its lowest level throughout 2022. It was thus also considerably lower than its level of 100.5% in December of the previous year. Printed advertising was particularly badly affected, with around 37% of companies reporting a negative assessment of their current business situation. For the year as a whole, the index values for the printing and media industries were on average approx. 2.2% higher than in 2021. This is particularly attributable to the difficult business situation in the first six months of 2021 due to the coronavirus pandemic.

While in the past few weeks several indicators in some cases pointed to a stabilisation of the situation in the procurement markets for primary products, and for printing paper especially, the ongoing high cost pressure is continuing to adversely affect companies' business situations. The slowdown in the order situation is a further factor. In December 2022, 47.7% of companies surveyed indicated that their order level was "too low". This is around 9 percentage points fewer than in the previous month, but 29 percentage points more than in the same month in the previous year.

Despite continuing uncertainty as to the trend for the overall economy and for the procurement markets, printing and media companies are once again less pessimistic about their business prospects for the first half of 2023 than they were in the previous month. In December, the seasonally-adjusted business forecast index rose by approx. 4.9% on the previous month. Nonetheless, only around 2.2% of the companies surveyed expect their business situation to improve over the next six months, while approx. 43.3% assume that their business situation will deteriorate. Roughly 54.5% of those surveyed expect their business situation to remain the same. These prospects are also reflected in companies' expected number of employees over the next three months. With a balance of –15 percentage points, the companies polled in the printing and media industries generally expect their workforce to decline.¹

RETAIL MARKET

In 2022, average annual retail turnover in the EU increased by 1.1% by comparison with the previous year, 2021. In the Eurozone, the increase in the average annual level of retail turnover in 2022 is, at 0.7%, slightly weaker than in 2021.²

In our view, the coronavirus pandemic has once again underlined the importance of integrating over-the-counter and online business. Despite declining customer footfall (by comparison with the pre-pandemic times), 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 the coronavirus pandemic. 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 2022. While compact cameras (with a built-in lens) and digital reflex cameras (DSLR) continue to decline (strongly) 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 2022

² Eurostat | Retail trade volume in the Eurozone (<https://ec.europa.eu/eurostat/documents/2995521/16047758/4-06022023-AP-DE.pdf/54e2d05b-4fee-d746-d80f-5c4ea3b003ac>)

RESULTS

GROUP PROFIT AND LOSS ACCOUNT

Consolidated profit and loss account in millions of euros

		2021	2022	Change in millions of euros
Revenues	(1)	692.8	741.0	48.2
Decrease/increase in finished and unfinished goods		0.3	0.0	-0.3
Other own work capitalised	(2)	1.3	2.9	1.6
Other operating income	(3)	27.1	29.3	2.1
Cost of materials	(4)	-160.7	-183.5	-22.8
Gross profit		560.7	589.6	28.8
Personnel expenses	(5)	-194.9	-204.8	-9.9
Other operating expenses	(6)	-241.2	-255.5	-14.3
EBITDA		124.6	129.2	4.6
Amortisation of intangible assets, depreciation of property, plant and equipment	(7)	-52.4	-53.6	-1.2
EBIT		72.2	75.6	3.4
Financial income	(8)	2.0	0.7	-1.3
Financial expenses	(8)	-1.5	-1.5	0.0
Financial result		0.5	-0.8	-1.3
EBT		72.7	74.8	2.1
Income taxes	(9)	-23.8	-23.7	0.1
Group earnings after taxes		48.9	51.1	2.2
Group earnings per share (in euros)				
Undiluted		6.77	7.20	0.44
Diluted		6.72	7.19	0.45

Revenues

Group turnover (1) increased by +7.0% in the financial year 2022 and amounted overall to 741.0 million euros (previous year: 692.8 million euros). Turnover has risen in all of CEWE's business units, but in Photofinishing and Commercial Online Printing especially. The trend for the Group has been shaped by revenues in Photofinishing in particular, which have increased by 26.0 million euros. The development of turnover year-on-year is attributable to both price and volume effects. The Group revenues achieved are slightly above the upper end of the expected range.

Since the date of initial consolidation, Hertz's assumed activities have contributed only an insignificant proportion (0.1 million euros) to Group turnover.

In the financial year 2022, the CEWE Group produced 2.28 billion photos (previous year: 2.18 billion photos). The numbers of units are thus within the predicted range. Moreover, the volume of CEWE PHOTOBOOKS increased in the year under review, at 5.85 million units (previous year: 5.65 million), and is thus even slightly higher than the predicted range.

Change in individual P&L items

The significant change in other own work capitalised (2) (+1.6 million euros) is attributable, in particular, to the first-time inclusion of Hertz Systemtechnik GmbH in the scope of consolidation and to the CEWE Photostations reported here which CEWE manufactures itself.

Other operating income (3) has increased by 2.1 million euros, or 7.9%, by comparison with the previous year. This trend mainly reflects revenues from leasing of buildings to third parties as well as other revenues from sales to third parties.

The **cost of materials (4)** has also increased, in line with the turnover growth. The material expense ratio has risen by approx. 1.6 percentage points and amounts to 24.8% in the year under review (previous year: 23.2%). This trend is attributable, in particular, to the significant turnover growth in the Commercial Online Printing business unit, which is subject to a higher material expense ratio in relative terms.

The CEWE Group's **personnel expenses (5)** increased moderately year-on-year (9.9 million euros, or 5.1%) and amount to 204.8 million euros (previous year: 194.9 million euros). On average, the CEWE Group had 3,816 employees in 2022 (previous year: 3,846). This trend mainly reflects collective agreement pay rises as well as lower social security benefits in the form of the short-time work allowance.

Other operating expenses (6) likewise increased in the financial year 2022 year-on-year and, at 255.5 million euros (previous year: 241.2 million euros), are higher than in the previous year, on business-related grounds. This figure represents 34.5% of turnover (previous year: 34.8%).

Depreciation and amortisation (7) have increased by 1.2 million euros year-on-year. This mainly comprises scheduled depreciation and amortisation.

The **financial result (8)** has decreased year-on-year. While interest expense has remained at the same level over the year as a whole (2022: 1.5 million euros; 2021: 1.5 million euros), a significantly reduced volume of income from financial interests, at 0.7 million euros, was achieved in the year under review (2021: 2.0 million euros).

The Group's tax rate for the reported EBT amounts to 31.7% for the financial year 2022 and is thus slightly lower than in the previous year (32.8%). **Income taxes (9)** remained at a similar level in absolute terms and amounted to 23.7 million euros in 2022 (previous year: 23.8 million euros).

Earnings trend

The **Group EBIT** figure has increased year-on-year, in line with the development of turnover, by approx. 4.8%, or 3.4 million euros, to 75.6 million euros (previous year: 72.2 million euros) (cf. the comments on the individual business units, [page 67](#)). The EBIT figure is thus at the upper end of the predicted range.

In line with the EBIT figure, the EBT trend was also positive year-on-year and is at 74.8 million euros 2.9% higher than in the previous year (72.7 million euros) (cf. the comments on the individual business units [page 67](#)). An EBT figure was accordingly achieved which was at the upper end of the predicted range.

At 51.1 million euros, the CEWE Group realised **earnings after tax** in the financial year 2022 which were 2.2 million euros higher (cf. comments on income taxes) and thus likewise at the upper end of its forecast range.

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

BUSINESS UNITS

2022 in millions of euros

	Photofinishing	Retail	Commercial Online Printing	Other Activities	Inter-business- unit turnover ¹	CEWE Group
Revenues	616.1	32.4	86.5	8.3	-2.2	741.0
Change on previous year (as %)	4.4	3.9	31.0	8.6	-4.1	7.0
Change on previous year	26.0	1.2	20.5	0.7	-0.1	48.2
EBIT	73.7	0.2	2.3	-0.6		75.6
Change on previous year (as %)	3.5	-9.5	91.3	-43.9		4.8
Change on previous year	2.5	0.0	1.1	-0.2		3.4
EBIT margin (as %)	12.0	0.5	2.7	-6.7		10.2

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
EBIT	71.2	0.2	1.2	-0.4		72.2
EBIT margin (as %)	12.1	0.6	1.8	-5.1		10.4

¹ The inter-business-unit turnover relates to the consolidation of turnover between two different business units.

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 increased by 26.0 million euros year-on-year to 616.1 million euros. This corresponds to a turnover increase of 4.4%. At 73.7 million euros (previous year: 71.2 million euros), the **EBIT** figure for Photofinishing is continuing to make a significant contribution to the Group EBIT figure. This trend mainly reflects things continuing to return to normal in the context of the coronavirus pandemic, as people get back in the habit of travelling, while the inflation-related cost increases have been almost entirely compensated for.

Retail

Retail turnover has likewise increased year-on-year. **Revenues** in the year under review amount to 32.4 million euros and are thus 1.2 million euros higher than those in the previous year, which mainly reflects the continuing return to normality following the coronavirus pandemic. At 0.2 million euros (previous year: 0.2 million euros), the **EBIT** figure in the Retail business unit remains unchanged. Social security benefits which were provided in the previous year within the scope of the short-time work allowance scheme, in the amount of 0.7 million euros, were fully offset.

Commercial Online Printing

Revenues in the Commercial Online Printing business unit have, at 86.5 million euros, increased considerably by comparison with the previous year (previous year: 66.0 million euros). A return to normality in the wake of the coronavirus pandemic and the recovery of business life resulted in a strong level of demand for printed advertising media. The strong turnover trend, together with an optimised cost structure, is also reflected in the earnings volume. The **EBIT** figure is, at 2.3 million euros, significantly higher than the previous year's figure of 1.2 million 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 8.3 million euros in its Other Activities business unit in the financial year 2022 (previous year: 7.6 million euros). The **EBIT** figure in this business unit is –0.6 million euros and is thus slightly lower than in the previous year (–0.4 million euros). The turnover and EBIT trends are mainly attributable to futalis and, in the case of EBIT, also to structural and company costs.

BALANCE SHEET

Total **assets** have increased year-on-year by 5.5% and amounted to 632.7 million euros at the end of the year (previous year: 599.5 million euros).

Assets

On the **assets side**, this trend primarily reflects an increase in current trade receivables, property, plant and equipment and goodwill. The decrease in cash and cash equivalents year-on-year had the opposite effect on the balance sheet total.

in millions of euros

	Dec. 31, 2021	Dec. 31, 2022	Change in millions of euros
ASSETS			
Property, plant and equipment	212.4	224.7	12.3
Investment properties	17.1	19.0	1.9
Goodwill	77.8	81.8	4.0
Intangible assets	26.0	24.6	–1.4
Financial assets	9.8	9.7	–0.1
Non-current financial assets	1.2	1.0	–0.2
Non-current other receivables and assets	0.9	1.8	0.9
Deferred tax assets	16.7	13.6	–3.1
Non-current assets	361.8	376.1	14.3
Inventories	56.5	59.3	2.8
Current trade receivables	78.9	98.1	19.2
Current receivables from income tax refunds	6.2	11.1	4.9
Current financial assets	2.9	3.1	0.2
Other current receivables and assets	8.8	11.9	3.1
Cash and cash equivalents	84.4	73.1	–11.3
Current assets	237.7	256.6	18.9
Assets	599.5	632.7	33.2

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

Property, plant and equipment increased by 12.3 million euros year-on-year and amount to 224.7 million euros as of the reporting date. This trend is mainly due to additions which exceeded the volume of 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 2022 amount to 54.8 million euros and are thus lower than envisaged in the forecast.

Goodwill has increased by 4.0 million euros on the previous year. This change is exclusively attributable to goodwill in the amount of 4.0 million euros which resulted from the acquisition of Hertz Systemtechnik GmbH and has been assigned to the Photofinishing business unit. Apart

from this, goodwill continues to be 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), in the same amounts as before.

Intangible assets have decreased by 1.4 million euros, or 5.5%, 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 5.5 million euros contrast with scheduled amortisation of 8.6 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 2.4 million euros and scheduled depreciation of 0.5 million euros.

Of the deferred **tax assets**, 7.2 million euros (previous year: 7.9 million euros) relates to loss carry-forwards and 6.4 million euros (previous year: 8.8 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 current trade receivables, cash and cash equivalents and inventories.

As of the reporting date, **current trade receivables** are 19.2 million euros higher than in the previous year. The higher revenues in all of the business units in the fourth quarter are a key factor here. In addition, business partners' payment behaviour has a significant influence on the volume of receivables as of the reporting date.

Cash and cash equivalents declined by 13.4% year-on-year and amounted to 11.3 million euros.

Inventories increased by 4.9%, or 2.8 million euros, in the year under review.

Equity and liabilities

At the level of **equity and liabilities**, the increase in the **balance sheet** total is largely attributable to the positive trend for the CEWE Group's equity. In addition, the current liabilities items trade payables and current other liabilities have both increased. On the other hand, non-current liabilities have decreased on account of a significant decline in accruals for pensions.

Equity increased by 26.9 million euros, or 8.0%, by comparison with December 31, 2021. This growth is mainly attributable to the 41.3 million euros increase in retained earnings and unappropriated profits driven by the profit for the year. On the other hand, the share buybacks implemented in the year under review have had the opposite effect and are the main factor behind the 12.0 million euros increase in treasury shares at acquisition cost which are reported as a deduction from equity. The equity ratio at the end of the year was at 57.3% higher than the previous year's level of 56.0%, despite the balance sheet increase.

Current trade payables increased by 13.1 million euros year-on-year. This is mainly due to the higher level of business activity in the fourth quarter, on account of operating activities as well as investments.

Higher value-added tax liabilities at the end of the year and a higher level of wages and salaries yet to be paid out have likewise caused **current other liabilities** to increase by 4.0 million euros or 7.5%.

in millions of euros

	Dec. 31, 2021	Dec. 31, 2022	Change in millions of euros
EQUITY AND LIABILITIES			
Subscribed capital	19.3	19.3	0.0
Capital reserve	76.1	73.8	-2.3
Treasury shares at acquisition cost	-14.2	-26.2	-12.0
Retained earnings and unappropriated profits	254.6	295.9	41.3
Equity	335.8	362.8	26.9
Non-current accruals for pensions	38.3	29.1	-9.1
Non-current deferred tax liabilities	2.2	2.1	-0.1
Non-current other accruals	0.4	0.6	0.2
Non-current interest-bearing financial liabilities	0.4	0.1	-0.3
Non-current lease liabilities	43.4	40.5	-2.9
Non-current financial liabilities	0.0	0.7	0.7
Non-current other liabilities	0.6	0.5	-0.1
Non-current liabilities	85.3	73.7	-11.6
Current tax liabilities	4.0	5.1	1.1
Current other accruals	3.0	2.7	-0.3
Current interest-bearing financial liabilities	0.3	0.2	-0.1
Current lease liabilities	9.8	9.7	-0.1
Current trade payables	107.5	120.6	13.1
Current financial liabilities	0.1	0.3	0.1
Current other liabilities	53.6	57.6	4.0
Current liabilities	178.4	196.2	17.8
Equity and liabilities	599.5	632.7	33.2

Due to the significant increase in the interest rate for the calculation of pension accruals, **non-current accruals** for pensions have decreased by 9.1 million euros or 23.9% year-on-year.

RETURN ON CAPITAL EMPLOYED

The **return on capital employed (ROCE)** is, at 17.6%, at the same level as in the previous year (previous year: 17.5%). The value of 17.6% reflects the 12-month EBIT figure of 75.6 million euros and the average volume of capital employed of 430.5 million euros over the four quarterly reporting dates in 2022. This development is attributable to the parallel increase in the 12-month EBIT figure and average capital employed.

CASH FLOW

In the past financial year 2022, the CEWE Group achieved a positive **cash flow from operating activities** in the amount of 93.4 million euros (previous year: 65.6 million euros). Its cash flow is thus 27.7 million euros higher than in the previous year.

The increase in cash flow from operating activities reflects several different factors. A 4.6 million euros effect is attributable to the **EBITDA** figure and has thus arisen due to the general course of business. A further 10.4 million euros has been generated by **net operating working capital** and other net working capital, where a significant increase

in trade receivables has more than made up for the rise in trade payables. As a result of deferrals and other measures in the financial year 2020, 20.5 million euros more in **tax** was paid in the financial year 2021 than in the year under review 2022.

At 61.9 million euros, **cash outflows** from investing activities in the year under review 2022 are 17.7 million euros higher than in the previous year. While in the previous year the **purchase of the remaining shares in Cheerz** for a price of 9.8 million euros resulted in increased cash outflows, in the year under review the **purchase of an administrative building at CEWE's headquarters** (9.3 million euros) and the **acquisition of Hertz Systemtechnik GmbH** (7.7 million euros) in particular should be noted as one-off factors. **Operational investments** adjusted for business and company acquisitions are 18.0 million euros higher than in the previous year.

Overall, at 31.5 million euros, **free cash flow** is higher than in the previous year (21.5 million euros), for the reasons set out above.

Moreover, **cash outflows from financing activities** increased slightly and amounted to 42.6 million euros, compared to 40.1 million euros in the previous year. In the year under review 2022, in particular the **dividend paid** in the amount of 16.6 million euros (previous year: 16.6 million euros), the **acquisition of treasury shares** in the amount of 13.7 million euros (previous year: 6.7 million euros) and the **outflows resulting from the change in financial liabilities** (in particular, the repayment of lease liabilities) in the amount of 11.5 million euros (previous year: 11.7 million euros) resulted in cash outflows.

With its available financial resources, CEWE was, as usual, 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.

Condensed cash flow statement in millions of euros

	2021	2022	Change in millions of euros
Cash flow from operating activities	65.6	93.4	+27.7
Cash flow from investing activities	-44.1	-61.9	-17.7
Free cash flow	21.5	31.5	+10.0
Cash flow from financing activities	-40.1	-42.6	-2.5
Cash and cash equivalents at the start of the reporting period	102.8	84.4	-18.4
Net change in cash and cash equivalents	-18.6	-11.1	+7.5
Exchange-rate-related change in cash and cash equivalents	0.2	-0.2	-0.4
Cash and cash equivalents at the end of the reporting period	84.4	73.1	-11.3

OVERALL STATEMENT ON THE ECONOMIC SITUATION

On the basis of the Group's development in the financial year 2022, 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 65](#).

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". Here too, CEWE thus has the opportunity 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 the effects of the pandemic are fully overcome and the level of demand for business stationery picks up accordingly.

At the start of 2023, 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 2023 in the "Report on expected developments" chapter [see Report on expected developments, page 75](#).

EVENTS AFTER THE BALANCE SHEET DATE

EVENTS OF PARTICULAR SIGNIFICANCE AFTER THE BALANCE SHEET DATE

Other than the war in Ukraine which continues as of the start of 2023, no further events of particular significance have occurred since the end of the financial year. The potential effects of the war in Ukraine and the continued inflation and the related impact on CEWE's course of business have been factored into the forecast, opportunities and risk report on the basis of the information currently available.

FORECAST, OPPORTUNITIES AND RISK REPORT

RISK REPORT

Taking opportunities and having the ability to identify and analyse risks and to reduce them through suitable strategies are key aspects of the Board of Management's 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. These measures are always included and taken into consideration in a risk assessment. The risk reporting is thus based on a net assessment.

The German Corporate Governance Code (GCGC) which was revised in the summer of 2022 places a particularly strong emphasis on sustainable corporate governance. Sustainability refers here to environmental (ecological) and social goals. This means that these goals must be an integral part of strategies, planning and operational processes. They are thus likewise an integral component of the risk management system, the compliance management system and the internal control system. CEWE is committed to these goals.

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. The coronavirus risk decreased considerably year-on-year, in line with the development of the pandemic.

Its regular risk assessment within the risk of the risk management process and the risk inventory as of December 31, 2022 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.

Irrespective of their economic significance, multi-layered risks relating to the demands of sustainability, cyber risks and the risks with regard to the supply of qualified specialists and executives constitute a core area of risk for CEWE. This represents a particularly strong area of its management activities.

By comparison with the previous year, particular emphasis was placed in the past year on the individual risks relating to cyber issues, resulting from sustainability requirements and arising from the market and business model.

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 still 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.

Cyber risks are significant for CEWE's business model and have a particularly strong weighting. This mainly relates to general attacks on vulnerabilities in the software products

which CEWE uses, hacker attacks specifically targeting CEWE as well as attacks on the data links between CEWE and its customers. CEWE is continuously working on technical and organisational improvements within the scope of its IT systems in order to tackle these risks. It is continuing to increase its volume of personnel in the area of IT security, improving existing contingency plans on an ongoing basis and embedding these in other contingency plans. Finally, awareness-raising and training play an important role within the company as a whole.

In the area of environmental risk, no violations of environmental standards were identified in 2022. 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 also continuing to decline in significance due to the constant growth in the volume of consumer business. 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 2023. 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 pandemic 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 in 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

Three different components of long-term business development

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.

Overall economic conditions in 2023: world economy remains under pressure, but slight signs of recovery

For 2023, the International Monetary Fund (IMF) predicts a global growth rate of only 2.9%, with 1.2% in the developed countries and just 0.7% in the Eurozone. In Germany, the IMF's experts envisage only minimal growth of 0.1% in 2023. Germany is thus likely to continue to rank last among the Eurozone economies.¹

According to the IMF, its negative economic forecast reflects the highest level of inflation in decades, the worsening financial conditions in many regions, Russia's invasion of Ukraine and the continuing COVID-19 pandemic.² In their January update, the economists do consider that the risks have abated slightly. However, the further trajectory of COVID-19 infections in China and a possible escalation of the Ukraine conflict might adversely affect the further economic trend.³

In the IMF's view, inflation is set to remain significantly above its pre-pandemic level. For 2023, the economists predict a global inflation rate of 6.6%. The German government envisages an inflation level of 6% for the year 2023 as a whole, measured according to the consumer price index.⁴

Assessment of CEWE's management regarding the overall economic conditions in 2023

Despite the highly challenging macroeconomic environment in 2022, CEWE's business model proved highly resilient. The high level of inflation was offset through price increases, and demand remained strong despite consumers' loss of purchasing power. The management is therefore confident that its core Photofinishing business unit will continue to develop positively in 2023. High-quality photo products which in many cases reflect emotional moments appear to be among the products which consumers are not prepared to do without, despite household budgets which are shrinking due to inflation. Thanks to CEWE PHOTOBOK 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 2023. Should the coronavirus situation once again deteriorate – which does not look likely at present – then the number of photos taken by consumers – which serve as the basis for future photo product orders – might be negatively influenced by the duration of potential lockdowns and travel restrictions. Coronavirus-related restrictions of access to outlets might have a negative impact on POS-based turnover from CEWE Photo-stations.

¹ IMF: World Economic Outlook, Update Jan 2023, page 6

² IMF: World Economic Outlook Oct 2022, page 8

³ IMF: World Economic Outlook, Update Jan 2023, page 1

⁴ German government: Annual Economic Report 2023 – Renewing Prosperity Press Release of January 25, 2023

Retail can be expected to continue to benefit from the return in customer footfall to a pre-pandemic level. On the other hand, as it has done for some years now, CEWE will continue to deliberately reduce the hardware turnover which is reported in the Retail business unit and which comprises cameras, lenses, photo equipment, etc. In 2023, 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. In the event that governments are obliged to reimpose measures due to the coronavirus pandemic, potential access restrictions to outlets might adversely affect the course of business.

Thanks to rigorous cost management and a highly efficient production system which has been continuously further automated, in the view of the Board of Management, Commercial Online Printing is well placed for the financial year 2023. This business unit will continue to develop positively in the current year, since with its best-price guarantee it offers business customers potential for cost savings. In the event of a further deterioration in the coronavirus pandemic situation, the decline in demand from business customers – e.g. due to the cancellation of events, trade fairs, concerts, etc. – might mean a loss of turnover in the Commercial Online Printing business unit.

Compensating for inflation will remain a key area of focus in 2023

At present, it is difficult to foresee at what point the current high inflation rates might drop off. For CEWE, inflation is relevant for two reasons: 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 prices of many production materials and raw materials, and the cost prices, e.g. 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.

Solid financial position provides scope for action

While the ECB recently raised its key interest rate for its main refinancing operations to 3.0% and from March 2023 is to reduce the holdings of securities which resulted from its bond purchasing programme, the company’s long-term liabilities are almost exclusively subject to conditions which were agreed in previous years. CEWE’s operational strength enables it to fund investments in organic growth and its annual dividend out of its operating cash flow alone.

War in Ukraine still not expected to affect CEWE

To date, the war in Ukraine has not had any direct impact on CEWE’s business, either in terms of procurement or sales. At the present time, there are still no indications of any negative impact on consumer sentiment and thus on the development of turnover. However, CEWE’s planning for 2023 does not reflect the possible effects of a potential escalation of the Ukraine war – above all, on consumer sentiment.

EBIT earnings target range in 2023: 70 to 82 million euros

On average, Group turnover will increase slightly in 2023, from 741.0 million euros in the previous year, 2022, to between 720 million euros and 780 million euros. In 2023, Group EBIT will fall within a range of between 70 million euros and 82 million euros, the EBT figure will amount to between 69 million euros and 81 million euros and earnings after tax to between 47 million euros and 55 million euros.

The ranges for these targets for the financial year 2023 represent approximate target figures and reflect the current uncertainties associated with 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. In its operational planning for 2023, the Board of Management naturally aims to achieve a target in the upper half of the envisaged range.

The operational investments planned for 2023 (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.

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 means 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 2023, CEWE expects that CEWE Stiftung & Co. KGaA will realise turnover of between 375 million euros and 425 million euros. Earnings before interest and taxes of between 57 million euros and 69 million euros are expected for 2023.

Targets for 2023 CEWE Group

		2023	Change as %
Photos	billion units	2.2 to 2.3	-3 to +3
CEWE PHOTOBOOK	million units	5.7 to 6.0	-3 to +3
Operational investments ¹	millions of euros	60	
Turnover	millions of euros	720 to 780	-3 to +5
EBIT	millions of euros	70 to 82	-7 to +8
Earnings before taxes (EBT)	millions of euros	69 to 81	-8 to +8
Earnings after taxes	millions of euros	47 to 55	-9 to +7
Earnings per share	euros/share	6.58 to 7.73	-9 to +7

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 CEO of the general partner. In the 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. No reports were filed with the ombudsman in the reporting period.

The German Corporate Governance Code (GCGC) requires disclosures concerning internal control and risk management which exceed the statutory requirements for a management report and have thus been excluded from the auditor's audit of the management report ("non-management report disclosures"). These are included below as part of the management declaration; moreover, they are set apart by means of separate paragraphs from the disclosures which are to be audited.

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. CEWE is continuously improving its risk management system. That includes its ongoing integration with the company's internal control system and other management systems.

As a function which identifies risks at an early stage, monitors them on an ongoing basis and contributes to risk control, risk management forms part of the second line of CEWE's integrated governance, risk and compliance approach.

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 into 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. The goal is for all operating units where risks may arise and must be managed to be able to identify such risks at an early stage through internal controls and to deal with them. This system is intended to ensure compliance with external and internal requirements. The internal control system thus represents the first line of the integrated management approach. It 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, as the third line of our integrated management approach, 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. Additional personnel were allocated to the internal auditing department over the course of the financial year 2022.

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 financial year 2021, 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 56,141 shares must be held until the employee shareholder has reached the age of 65 or begun to draw their statutory old-age pension (previous year: 60,421 shares). The company is not aware of any more extensive restrictions of voting rights or transfer restrictions within the meaning of § 315a (1) no. 2 HGB.

Direct or indirect equity investments (§ 315a (1) no. 3 HGB)

AN Assets GmbH & Co. KG and CN Assets GmbH & Co. KG, Oldenburg, Germany, notified us pursuant to § 33 WpHG on July 1, 2020 that their share of the voting rights in CEWE Stiftung & Co. KGaA, Oldenburg, Germany, ISIN: DE0005403901, WKN: 540390 had by means of shares on June 30, 2020 exceeded the threshold of 3%, 5%, 10%, 15%, 20% and 25% of the voting rights.

By means of a voting trust agreement, Alexander Neumüller (AN Assets GmbH & Co. KG, Oldenburg) and Dr Caroline Neumüller (CN Assets GmbH & Co. KG, Oldenburg) hold a 27.2% equity investment (which corresponds to 2,020,001 voting rights on the basis of the overall voting rights issued as of the date of notification).

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:

Direct or indirect equity investments (§ 315 (4) no. 3 HGB)

Shareholder subject to reporting requirement	Type of interest	Notified voting rights as a proportion of the subscribed capital, as %
AN Assets GmbH & Co. KG und 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 the 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 exercising 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 Manage-
ment 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; 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. At the general meeting held on June 15, 2022, this authorisation was renewed for the period up to the expiry date of June 14, 2027. It 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.

The Board of Trustees of the general partner is authorised to grant purchased treasury shares to members of the Board of Management of the general partner as a variable remuneration component.

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 increased by 15.6 million euros to 375.5 million euros in the financial year 2022. This was mainly due to higher turnover in the Photofinishing business unit in Germany. The development of turnover year-on-year is attributable to both price and volume effects.

Other operating income increased by 1.3 million euros, from 6.6 million euros in the previous year to 7.9 million euros. This corresponds to 2.1% of turnover (previous year: 1.8%) due to higher income from the reversal of accruals as well as costs passed on to affiliates.

The material expense ratio declined slightly by 0.3 percentage points to 25.2% (previous year: 25.5%). In absolute terms, the **cost of materials** has increased to 94.6 million euros (previous year: 91.6 million euros), analogously to the turnover growth.

Accordingly, **personnel expenses** also increased by 2.6 million euros to 105.5 million euros (previous year: 102.9 million euros). The personnel expense ratio amounted to 28.1%, a decline of 0.5 percentage points (previous year: 28.6%). This trend mainly reflects collective agreement pay rises as well as lower social security benefits in the form of the short-time work allowance.

Depreciation and amortisation have decreased by 0.1 million euros on the previous year to 20.7 million euros (previous year: 20.8 million euros) and are thus unchanged.

Other operating expenses increased significantly, by 6.8 million euros, to 114.4 million euros (previous year: 107.6 million euros). In proportion to turnover they likewise increased by 0.6 percentage points to 30.5% (previous year: 29.9%).

The **financial result** decreased from 12.6 million euros in the previous year to 9.6 million euros. This is mainly due to the reduced volume of earnings provided by affiliates as well as other equity investments.

Earnings before income taxes have increased year-on-year to the current 58.1 million euros (previous year: 56.5 million euros) and amount to 15.5% of turnover (previous year: 15.7%).

Due to the higher earnings before tax figure, tax expenses have also increased to 19.5 million euros (previous year: 18.6 million euros), of which income taxes amount to 19.4 million euros (previous year: 17.8 million euros), with an increased income tax ratio.

Net income for the year amounts to 38.5 million euros (previous year: 37.9 million euros), with a post-tax profit-to-turnover ratio of 10.3% (previous year: 10.5%).

ASSET POSITION

CEWE-KGaA's **total assets** rose by 40.8 million euros on the previous year to 655.9 million euros.

The proportion of **fixed assets** has increased. At 319.6 million euros, it is 26.4 million euros higher than in the previous year (previous year: 293.2 million euros). This is mainly attributable to the purchase of an administrative building at the company's headquarters.

Current assets increased by 12.4 million euros to 331.1 million euros. This is chiefly due to the 25.9 million euros rise in receivables and other assets to 260.8 million euros and, conversely, the 11.9 million euros decrease in cash and cash equivalents to 47.7 million euros. Inventories are at 22.7 million euros (previous year: 24.2 million euros) at roughly the same level as in the previous year.

Equity has increased overall by 7.3 million euros to 365.9 million euros, due to the unappropriated profits realised less the dividend paid in the financial year 2022 for 2021 and the purchase of treasury shares, with an equity ratio of 55.8% (previous year: 58.3%). Further information can be found in the Notes.

The development of **accruals** has been shaped, in particular, by the accruals for pensions, which have increased by 3.9 million euros year-on-year to 30.2 million euros.

Liabilities have increased by 28.0 million euros to 229.7 million euros. This is mainly due to the 24.1 million euros increase in amounts owed to affiliates to 176.8 million euros as well as the 2.8 million euros rise in trade payables to 34.1 million euros.

FINANCIAL POSITION

Investments

Of the investments in fixed assets excluding financial assets, throughout the various locations of CEWE Stiftung & Co. KGaA, 36.9 million euros consisted of property, plant and equipment, while 3.6 million euros comprised intangible assets.

In the past financial year, with a figure of 15.8 million euros, much of the company's investments in property, plant and equipment were made in buildings, the fleet of vehicles and other installations, followed by 11.0 million euros which was invested in point-of-sale presences, 7.3 million euros in digital printing and finishing and 2.9 million euros in the expansion of the company's IT infrastructure.

Financial assets have increased by 9.9 million euros on the previous year. This is mainly due to the acquisition of Hertz Systemtechnik GmbH for a purchase price of 8.5 million euros.

As of December 31, 2022, commitments amounted to 17.7 million euros. Of this amount, 16.8 million euros consisted of property, plant and equipment (of which 12.0 million euros for the construction of a production shop), while 0.9 million euros comprised intangible assets.

Financing

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 three years (previous year: between one and four years). At the end of the year, the total credit line of the CEWE Group amounted to 153.0 million euros (previous year: 155.0 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 (0.84 million euros, previous year: 0.81 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 (73.07 million euros, previous year: 84.39 million euros), its liquidity potential totalled 225.23 million euros (previous year: 238.59 million euros). The company has long-term revolving credit lines which have been granted for up to three years as well as continuously renewed one-year lines and lines of credit made available until further notice 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 fully comply with 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 174](#)) and the comments in the combined management report ([page 66](#)).

For CEWE Stiftung & Co. KGaA, the cash flow from operating activities calculated according to GAS 21 increased to 65.2 million euros in the financial year 2022 (previous year: 32.1 million euros). It thus exceeded the cash flow from investing activities of –43.2 million euros (previous year: –18.6 million euros). Cash flow from financing activities amounts to –33.9 million euros (previous year: –27.7 million euros). Overall, cash and cash equivalents have thus decreased to 47.7 million euros (previous year: 59.6 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 Government Commission on the German Corporate Governance Code, 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 April 28, 2022 (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 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. Sections 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; this 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

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.

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 (BME). 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 resolved by the Board of Management of Neumüller CEWE COLOR Stiftung and approved by the Board of Trustees 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 their 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. Through its integrated governance, risk and compliance approach, the Board of Management has established and implemented a control framework for the CEWE Group which aims to ensure an appropriate and effective internal control and risk management system. The measures implemented

within the scope of this approach are likewise aimed to ensure the effectiveness and appropriateness of the internal control and risk management system. Further information about these measures is provided in the opportunities and risk report, for instance ([see page 73](#)). At the same time, independent reviews and audits are carried out within the scope of this three-line model and in accordance with the applicable statutory framework. In particular, these include the audits performed by the internal auditing function and its reporting to the Board of Management and the Audit Committee of the Supervisory Board as well as other external audits.

The Board of Management is not aware, through its dealing with the internal control and risk management system or from the reporting provided by the internal auditing function, of any circumstances indicating that these systems are not appropriate and effective. 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.

Supervisory Board committees

In the period under review, an Audit Committee performed the tasks required of it by law and 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.

In the reporting period, the members of the Audit Committee were Ms Patricia Geibel-Conrad (Chairwoman), Mr Markus Schwarz (Deputy Chairman), Mr Otto Korte (to December 31, 2022) and Ms Marion Gerdes. Pursuant to § 107 (4) in conjunction with § 100 (5) AktG, at least one member of the Audit Committee must have expertise in the field of financial reporting and at least one further member of the Audit Committee must have expertise in the field of auditing. In the field of auditing, the Chairwoman of the Audit Committee in the year under review, Ms Patricia Geibel-Conrad, has particular knowledge and experience of auditing. Following a long career with a series of well-known audit firms, Ms Patricia Geibel-Conrad now has her own firm where she works as an auditor and tax adviser. Ms Patricia Geibel-Conrad is also continuously concerned with auditing issues in her role as a member of the supervisory board of DEUTZ AG, Cologne, and as deputy chairwoman of the supervisory board and chairwoman of the audit committee of NEMETSCHEK SE, Munich.

Mr Otto Korte was a further expert within the meaning of § 100 (5) AktG on the Audit Committee during the reporting period. As a lawyer and tax adviser, Mr Otto Korte has the relevant expertise and he served as a financial expert in the area of financial reporting during the reporting period.

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. Mr Otto Korte chaired the Nomination Committee during the period under review. Dr Hans-Henning Wiegmann (to June 15, 2022) and Mr Paolo Dell'Antonio were additional members in the reporting period. On the basis of a resolution passed by the Supervisory Board, Dr Birgit Vemmer has replaced Dr Hans-Henning Wiegmann on the Nomination Committee.

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.12 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 complied with this requirement in the reporting period, 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 previous 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 resolved a further implementation period of five years in order to achieve these goals. This period ended on June 30, 2022. In the same period, CEWE Stiftung & Co. KGaA was able to partially achieve its self-defined targets for the number of women in management positions. With women accounting for 67% of the members of the Supervisory Board, the company has clearly exceeded its own target as well as the statutory requirements. With women holding 36% of the second-tier management positions, the target of 35% has also been clearly achieved and exceeded. For the first management level below the Board of Management, the goal was for women to hold 20% of these management positions by mid-2022. With a figure of 8%, this target was unfortunately not achieved as of the reporting date.

As an international company with (management) structures which reflect this orientation, while aiming to achieve an equal number of male and female employees in management positions in the long term, the CEWE Group has set itself a **voluntary** target of increasing the proportion of women in management positions in all of its companies (subsidiaries) and brands. A glance at the CEWE Group as a whole shows that things are already moving in the right direction.

In accordance with the **statutory** obligation stipulated in § 76 (4) AktG and its own long-term human resources goal of achieving a gender balance, the Board of Management of Neumüller CEWE COLOR Stiftung has specified the following new targets which it aims to achieve by June 30, 2027:

- » first management level of CEWE Stiftung & Co. KGaA below the Board of Management: 33.3% of management positions held by women;
- » second management level of CEWE Stiftung & Co. KGaA below the Board of Management: 40% of management positions held by women.

The first management line comprises all of the executives of CEWE Stiftung & Co. KGaA with a direct reporting line to the Board of Management. The second management line comprises all of the executives of CEWE Stiftung & Co. KGaA reporting to executives with a direct reporting line to the Board of Management.

The Supervisory Board has twelve members, of whom half are appointed by the company's shareholders and half by its employees. In the reporting period, the Supervisory Board had initially three and subsequently four female members (following the retirement of Dr Hans-Henning Wiegmann and Ms Martina Sandrock's appointment by court order as his replacement) representing the shareholders. Of the Supervisory Board members appointed by the shareholders, a women's quota of initially 50% (three

out of six seats held by the shareholders' representatives) and subsequently two-thirds (four out of six seats held by the shareholders' representatives) was thus achieved. The Supervisory Board had four female members appointed by the employees in the reporting period. Of the Supervisory Board members appointed by the employees, a women's quota of two thirds (four out of six seats held by the employees' representatives) was thus achieved. 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 shareholders and the employees thus both fulfilled the statutory requirement of a minimum women's quota of 30% on the Supervisory Board.

Diversity concept in regard to the makeup of the Board of Management, the general partner and the Supervisory Board

Recommendations A.2, 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 matter of Dr Christian Friege's replacement on the Board of Management.

Makeup of the Board of Management

The Board of Management of Neumüller CEWE COLOR Stiftung consisted of six male members and one female member 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.

Dr Christian Friege retired from the Board of Management of Neumüller CEWE COLOR Stiftung on December 31, 2022. The Board of Trustees of Neumüller CEWE COLOR Stiftung appointed Ms Yvonne Rostock as its Chairwoman of the Board of Management (CEO) on September 13, 2022. Ms Yvonne Rostock took over as Chairwoman of Neumüller CEWE COLOR Stiftung and thus of the CEWE Group on March 1, 2023. As well as holding the post of CEO, Ms Yvonne Rostock also has overall responsibility for the CEWE Group's distribution activities and has thus taken over both of these roles from Dr Christian Friege.

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 two-thirds 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.

Composition targets 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 makeup during the reporting period, the Supervisory Board almost entirely complied 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 twelve years. However, more than twelve years of service on the company's Supervisory Board is only one of four indicators which the

GCGC states must be taken into consideration when assessing the independence of the members of the Supervisory Board. It is not decisive on its own. In the view of the Supervisory Board, all of the relevant circumstances must be jointly considered in order to assess the independence of a Supervisory Board member. The other three indicators expressly mentioned in the GCGC which must be assessed when evaluating the independence of a Supervisory Board member are not fulfilled in the case of Mr Otto Korte. These indicators are whether the Supervisory Board member or a close relative

- » has been a member of the company's Board of Management in the two years prior to his or her appointment,
- » currently maintains, or has maintained in the year leading up to his or her appointment, either directly or as a shareholder or via a position of responsibility with a company outside of the corporate group, a significant business relationship with the company or a dependent enterprise, or
- » is a close relative of a member of the Board of Management.

Moreover, through his actions during his many years of service, Mr Otto Korte has demonstrated his independence in relation to the other members of the Supervisory Board and the Board of Management of the general partner. He does not have any personal or business relationship with the company or the Board of Management such as would constitute a significant and not merely temporary conflict of interest.

Skills matrix

	1. Experience/ management and supervision of inter- national companies	2. Familiarity with company's activities/ markets/value chain	3. Understanding of the company's strategic development, technolo- gies, customers and markets	4. Familiarity with co-determination	5. Appropriate level of knowledge of accounting and financial reporting, compliance and risk management	6. Significant experi- ence in the area of R&D, ind. manufactu- ring and service	7. IT, data security, data protection	8. Sustainability	9. Familiarity with digitalisation	10. Expertise in the area of communication	11. Basic knowledge of stock exchange and stock corporation law as well as financial markets	12. Personnel management/ HR
Frank Zweigle		✓	✓							✓	✓	
Paolo Dell'Antonio	✓	✓	✓		✓					✓	✓	✓
Patricia Geibel-Conrad	✓	✓	✓	✓	✓			✓			✓	✓
Prof Dr Christiane Hipp	✓	✓	✓			✓		✓	✓			✓
Martina Sandrock	✓	✓	✓	✓	✓	✓		✓		✓	✓	✓
Dr Birgit Vemmer	✓	✓					✓		✓			✓
Markus Schwarz		✓		✓								✓
Petra Adolph	✓			✓	✓			✓		✓		✓
Marion Gerdes		✓		✓				✓		✓		✓
Insa Lukaßen		✓		✓		✓			✓	✓		
Alexander Oyen		✓		✓								✓
Elwira Wall				✓			✓	✓	✓			

All of the other members of the Supervisory Board of CEWE Stiftung & Co. KGaA who held office during the reporting period are likewise considered to be independent within the meaning of Recommendations C.6 to C.12 of the GCGC.

Mr Frank Zweigle was appointed as a member of the Supervisory Board pursuant to the order of Oldenburg Local Court with effect from January 1, 2023 for a period of office expiring at the end of the 2023 general meeting.

At the same time, Mr Zweigle has been appointed to the position of Chairman of the Supervisory Board, starting on January 1, 2023 and ending at the 2023 general meeting.

Notwithstanding the fact that, until December 31, 2021, Mr Frank Zweigle was a member of the Board of Management of Neumüller CEWE COLOR Stiftung, he should be considered to be independent of the company and of the Board of Management of the general partner, since he

does not have any personal or business relationship with the company or the Board of Management such as would constitute a significant and not merely temporary conflict of interest. Membership of the Board of Management of the general partner in the two years prior to his appointment is only one of four indicators which the GCGC states must be taken into consideration when assessing the independence of the members of the Supervisory Board. It is not decisive on its own. In the view of the Supervisory

Board, all of the relevant circumstances must be jointly considered in order to assess the independence of a Supervisory Board member. The other three indicators expressly mentioned in the GCGC which must be assessed when evaluating the independence of a Supervisory Board member are not fulfilled in the case of Mr Frank Zweigle. These indicators are whether the Supervisory Board member or a close relative

- » currently maintains, or has maintained in the year leading up to his or her appointment, either directly or as a shareholder or via a position of responsibility with a company outside of the corporate group, a significant business relationship with the company or a dependent enterprise,
- » is a close relative of a member of the Board of Management, or
- » has belonged to the Supervisory Board for more than twelve years.

In the view of the Supervisory Board, it is in the interests of the company that it be able to continue to make use of Mr Frank Zweigle's long-standing experience as a member of the Board of Management of the general partner. The Supervisory Board is satisfied that a period of two years from Mr Frank Zweigle's resignation from the Board of Management of the general partner is not necessary in order to ensure his independence.

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 (retired on December 31, 2022)
Prof 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 (retired on August 31, 2022)
Martina Sandrock	10/2022 (appointment by court order as the replacement of the retiring Supervisory Board member Dr Hans-Henning Wiegmann)
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 four 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.2 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.
- » Since August 2022, two large day nurseries at CEWE Stiftung & Co. KGaA's site in Oldenburg. The second nursery means that additional places can be offered in view of the high level of demand.

- » Course enabling mothers and fathers to strengthen their minds (“Rediscover your power”).
- » Programme to help employees keep in touch during parental leave.
- » Management while working part-time.
- » Mobile working and more flexible work hours which provide support and make things easier for employees in various life situations.
- » Own care programme for children during the Easter, summer and autumn holidays.

Recruitment measures have also been further improved. For example:

- » Revised wording in job advertisements.
- » Planned participation at career fairs which are specifically aimed at a female audience (HERCareer).
- » Stronger focus on advertising jobs which include part-time roles.

Moreover, the Board of Management of CEWE COLOR Holding AG already 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 and the structuring of internal development programmes for executives.

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 holds 20,020 no-par value shares 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 22, 2023

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



Yvonne Rostock
(Chairwoman 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

Fixed assets

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

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

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

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

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

P&L

Profit and loss account

POS

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

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 PHOTOBOK 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.



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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 Chairperson of the

Board of Management differs to an appropriate degree, on account of their 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 reviewed the appropriateness of this remuneration in 2022. 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 Chairperson 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) as well as non-cash remuneration (fringe benefits). The fixed remuneration of the Chairperson of the Board of Management is a good 50% higher than that of all of the other ordinary members of the Board of Management. 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 Chairperson 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 CEWE-Stiftung.

CEWE-Stiftung bears the Board of Management member'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 the case of survival, as a pension. Instead of the normal type of pension scheme described above, the new Chairwoman of the Board of Management taking up her position in the spring of 2023 will be transferred ownership of 5,000 shares of CEWE-KGaA upon completion of each year of service, in February of the following year of service.

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 is based on earnings before taxes (EBT) as well as depreciation on property, plant and equipment and amortisation on intangible assets 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); it is calculated on the basis of the total EBIT over the term of the employment contract of the Board of Management member 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.

For both bonus portions, Bonus I and Bonus II, the Chairperson of the Board of Management's entitlement is roughly 25% to 50% higher than that of a further ordinary member of the Board of Management.

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, 2019, 2021 and 2022 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, SOP 2021 and SOP 2022) had (and have) essentially the same terms. However, the SOP 2019, the SOP 2021 and the SOP 2022 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 162 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 granting 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.
SOP 2022	Board of Management	7	8,400	23.88	200,592.00	76.00	120	91.20
SOP 2021	Board of Management	7	8,400	22.63	190,092.00	121.00	120	145.20
SOP 2019	Board of Management	7	8,400	12.82	107,688.00	81.00	125	101.25
Total	Board of Management		25,200		498,372.00			

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 of the members of the Board of Management currently vary in terms of their duration and end dates. In no case is the duration longer than a period of three years.

The following arrangements apply in the event of the premature termination of the contracts of the members of the Board of Management: in cases of dismissal for good cause, their contracts will have been terminated as of the date of dismissal. In the 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 the case of a period of at least twelve months before they begin 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 15, 2022. Section 14 of the articles of association of CEWE-KGaA was revised in this respect. This new system applies from the financial year 2022 onwards.

The following detailed provisions apply: the basic remuneration of a member of the Supervisory Board is 43,000 euros (previous year: 48,000 euros). A higher level of remuneration is envisaged for the Chairperson and Deputy Chairperson of the Supervisory Board and for the Chairperson of the Audit Committee. This amounts to twice the level of basic remuneration for the Chairperson of the Supervisory Board and one-and-a-half times this amount for the Deputy Chairperson and for the Chairperson of the Audit Committee. In addition, each Supervisory Board member receives an attendance fee of 2,000 euros (previous year: 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. At the general meeting held on June 15, 2022, the remuneration report for the financial year 2021 was approved by means of a resolution.

Individual remuneration of the members of the Board of Management of Neumüller CEWE COLOR Stiftung for 2022

The following reporting of remuneration for the year under review and financial year 2022 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 resigned from the Board of Management with effect as of December 31, 2021 and Dr Christian Friege did so on December 31, 2022, while Ms Christina Sontheim-Leven joined the Board of Management as a new member on January 1, 2022. Ms Yvonne Rostock is to join the Board of Management on March 1, 2023; her remuneration will thus not be reported until the next year under review. 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 structured in individual cases so that all of the members of the Board of Management (with the exception of Mr Zweigle) received the same amount of fixed remuneration, irrespective of the terms of their individual employment contracts. This remuneration remained unchanged in the period up to December 31, 2022. 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 (to December 31, 2022) 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 Production, Purchasing and Logistics, Neumüller CEWE COLOR Stiftung		Dr Olaf Holzkämper Head of Finance and Controlling, Neumüller CEWE COLOR Stiftung	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
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
Fringe benefits	14,723	15,165	14,870	8,651	17,389	17,928	15,738	16,568	11,345	10,060
Total fixed gross remuneration	434,723	435,165	284,870	278,651	287,389	287,928	285,738	286,568	281,345	280,060
<i>in % of total remuneration received</i>	67	73	46	69	62	47	61	69	45	68
Variable remuneration										
One-year variable remuneration	149,762	140,291	144,078	110,017	117,498	110,017	117,498	110,017	117,498	110,017
<i>in % of total remuneration received</i>	23	24	23	27	25	18	25	27	19	27
Multi-year variable remuneration										
Bonus II	0	0	146,456	0	0	184,704	0	0	170,488	0
Stock option plan	60,330	18,120	48,885	18,120	60,678	24,880	64,380	17,430	54,090	21,500
<i>in % of total remuneration received</i>	9	3	31	4	13	34	14	4	36	5
Total variable remuneration	210,092	158,411	339,419	128,137	178,176	319,601	181,878	127,447	342,076	131,517
<i>in % of total remuneration received</i>	33	27	54	31	38	53	39	31	55	32
Total remuneration (GCGC)	644,815	593,576	624,289	406,788	465,565	607,529	467,616	414,015	623,421	411,577

Remuneration actually received in euros

	Thomas Mehls Head of Marketing and Acquisitions, Neumüller CEWE COLOR Stiftung		Christina Sontheim-Leven (since January 1, 2022) Head of Human Resources and Organisational Development, Neumüller CEWE COLOR Stiftung		Frank Zweigle (to December 31, 2021) 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
Fixed gross remuneration								
Fixed remuneration	270,000	270,000	0	270,000	96,000	0	1,866,000	2,040,000
Fringe benefits	15,985	16,778	0	25,202	9,294	0	99,344	110,352
Total fixed gross remuneration	285,985	286,778	0	295,202	105,294	0	1,965,344	2,150,352
<i>in % of total remuneration received</i>	60	66	0	100	65	0	57	68
Variable remuneration								
One-year variable remuneration	117,498	110,017	0	0	0	0	763,832	690,377
<i>in % of total remuneration received</i>	25	25	0	0	0	0	22	22
Multi-year variable remuneration								
Bonus II	0	0	0	0	0	0	316,944	184,704
Stock option plan	70,020	40,080	0	0	57,723	17,379	416,106	157,509
<i>in % of total remuneration received</i>	15	9	0	0	35	100	21	11
Total variable remuneration	187,518	150,097	0	0	57,723	17,379	1,496,882	1,032,590
<i>in % of total remuneration received</i>	40	34	0	0	35	100	43	32
Total remuneration (GCGC)	473,503	436,875	0	295,202	163,017	17,379	3,462,226	3,182,942

Neither in the year under review nor in the previous year was there any remuneration which was due that 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 2022, which

will be paid out in 2023 (Bonus I), will amount to 821 thousand euros and thus be higher than the figure for 2022 (690 thousand euros). The detailed picture is as follows:

Bonus I for the year under review – paid out in 2023 in euros

	Dr Christian Friege (to December 31, 2022) 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 Production, Purchasing and Logistics, Neumüller CEWE COLOR Stiftung		Dr Olaf Holzkämper Head of Finance and Controlling, Neumüller CEWE COLOR Stiftung	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
	140,291	143,922	110,017	112,882	110,017	112,882	110,017	112,882	110,017	112,882

Bonus I for the year under review – paid out in 2023 in euros

	Thomas Mehls Head of Marketing and Acquisitions, Neumüller CEWE COLOR Stiftung		Christina Sontheim-Leven (since January 1, 2022) Head of Human Resources and Organisational Development, Neumüller CEWE COLOR Stiftung		Frank Zweigle (to December 31, 2021) Head of Administration, Neumüller CEWE COLOR Stiftung		Total Bonus I for the year under review Board of Management of Neumüller CEWE COLOR Stiftung	
	2022	2023	2022	2023	2022	2023	2022	2023
	110,017	112,882	0	112,882	0	0	690,376	821,216

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 earned but not yet due in euros

	Dr Christian Friege (to December 31, 2022) 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 Production, Purchasing and Logistics, Neumüller CEWE COLOR Stiftung		Dr Olaf Holzkämper Head of Finance and Controlling, Neumüller CEWE COLOR Stiftung	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Variable remuneration owed										
Multi-year variable remuneration										
Bonus II	79,999	82,294	65,453	67,332	65,453	67,332	65,453	67,332	65,453	67,332
Stock option plan	9,906	10,635	9,906	10,635	9,906	10,635	9,906	10,635	9,906	10,635
Remuneration earned but not yet due total	89,905	92,929	75,359	77,967	75,359	77,967	75,359	77,967	75,359	77,967

Remuneration earned but not yet due in euros

	Thomas Mehls Head of Marketing and Acquisitions, Neumüller CEWE COLOR Stiftung		Christina Sontheim-Leven (since January 1, 2022) Head of Human Resources and Organisational Development, Neumüller CEWE COLOR Stiftung		Frank Zweigle (to December 31, 2021) Head of Administration, Neumüller CEWE COLOR Stiftung		Total Remuneration earned by the Board of Management of Neumüller CEWE COLOR Stiftung but not yet due	
	2021	2022	2021	2022	2021	2022	2021	2022
Variable remuneration owed								
Multi-year variable remuneration								
Bonus II	65,453	67,332	0	67,332	0	0	407,264	486,284
Stock option plan	9,906	10,635	0	0	9,906	10,635	69,342	74,445
Remuneration earned but not yet due total	75,359	77,967	0	67,332	9,906	10,635	476,606	560,729

A total of 486 thousand euros (previous year: 417 thousand euros) has been paid over to the accounts holding the Board of Management members' personal Bonus II

entitlements. As of December 31, 2022, the accounts of the members of the Board of Management had the following balances:

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.

Bonus II in euros

	Opening balance Jan. 1, 2021	Amount added 2021	Amount paid out 2021	End balance Dec. 31, 2021	Amount added 2022	Amount paid out 2022	End balance Dec. 31, 2022
Dr Christian Friege (Chairman to Dec. 31, 2022)	81,426	79,999	0	161,425	82,294	0	243,719
Patrick Berkhouwer	137,920	73,990	-146,456	65,453	67,332	0	132,785
Dr Reiner Fageth	119,251	65,453	0	184,704	67,332	-184,704	67,332
Carsten Heitkamp	67,156	65,453	0	132,609	67,332	0	199,941
Dr Olaf Holzkämper	169,678	66,263	-170,488	65,453	67,332	0	132,785
Thomas Mehls	67,156	65,453	0	132,609	67,332	0	199,941
Christina Sontheim-Leven (since Jan. 1, 2022)	0	0	0	0	67,332	0	67,332
Frank Zweigle (to Dec. 31, 2021)	0	0	0	0	0	0	0
Total active members of the Board of Management	642,585	416,611	-316,944	742,253	486,286	-184,704	1,043,835

All of the members of the Board of Management fully participated in the SOP 2017, SOP 2019, SOP 2021 and SOP 2022 plans, in line with their respective entitlements. Upon expiry of the waiting period of four years, the SOP 2017 was wound up in the year under review, 2022. 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 162 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.
SOP 2022	Board of Management	7	8,400	23.88	200,592.00	76.00	120	91.20
SOP 2021	Board of Management	7	8,400	22.63	190,092.00	121.00	120	145.20
SOP 2019	Board of Management	7	8,400	12.82	107,688.00	81.00	125	101.25
Total	Board of Management		25,200		498,372.00			

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 (to December 31, 2022) 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 Production, Purchasing and Logistics, Neumüller CEWE COLOR Stiftung		Dr Olaf Holzkämper Head of Finance and Controlling, Neumüller CEWE COLOR Stiftung	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Pension expenses	465,892	424,506	378,605	338,270	359,488	326,373	326,824	300,347	381,721	338,207

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

	Thomas Mehls Head of Marketing and Acquisitions, Neumüller CEWE COLOR Stiftung		Christina Sontheim-Leven (since January 1, 2022) Head of Human Resources and Organisational Development, Neumüller CEWE COLOR Stiftung		Frank Zweigle (to December 31, 2021) 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
Pension expenses	396,281	348,646	0	224,938	0	0	2,308,811	2,301,287

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

	2021				2022			
	Vested pension entitlements	Pension entitlements Dec. 31, 2021	Service cost for pensions	Provision for pension liabilities	Vested pension entitlements	Pension entitlements Dec. 31, 2022	Service cost for pensions	Provision for pension liabilities
Members of the Board of Management of Neumüller CEWE COLOR Stiftung								
Dr Christian Friege (Chairman to Dec. 31, 2022)	17	101	466	2,526	17	118	425	1,575
Patrick Berkhouwer	10	60	379	2,014	10	70	338	1,354
Dr Reiner Fageth	11	111	359	3,161	11	122	326	2,394
Carsten Heitkamp	12	96	327	2,384	12	108	300	1,472
Dr Olaf Holzkämper	10	86	382	2,894	9	95	338	1,817
Thomas Mehls	10	86	396	2,766	11	97	349	1,801
Christina Sontheim-Leven (since Jan. 1, 2022)	0	0	0	0	7	7	225	112
Frank Zweigle (to Dec. 31, 2021)	0	0	0	0	0	0	0	0
Total active members of the Board of Management	70	540	2,309	15,745	77	617	2,301	10,525
Dr Rolf Hollander (since Jun. 30, 2017)	0	324	0	6,523	0	324	0	5,249
Andreas F. L. Heydemann (to Dec. 31, 2015)	0	97	0	1,958	13	110	0	1,707
Harald H. Pirwitz (to Dec. 31, 2015)	7	117	0	2,047	0	117	0	1,674
Total former members of the Board of Management	7	538	0	10,528	13	551	0	8,630
Total for CEWE Stiftung & Co. KGaA	77	1,078	2,309	26,273	90	1,168	2,301	19,155

NB: In the event of a pension rights adjustment, the full pension entitlement will be shown.

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 2022 is as presented above, subject to an actuarial interest rate of 3.7% (previous year: 1.2%) 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 the 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).

No loans or advance payments have been granted. Moreover, the company has not 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, no temporary deviations from the existing remuneration system were agreed or resolved in the year under review.

Company pension scheme in thousands of euros

	2021			2022		
	Vested pension entitlements	Pension entitlements Dec. 31, 2021	Service cost for pensions	Vested pension entitlements	Pension entitlements Dec. 31, 2022	Service cost for pensions
Members of the Board of Management of Neumüller CEWE COLOR Stiftung						
Dr Christian Friege (Chairman to Dec. 31, 2022)	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
Christina Sontheim-Leven (since Jan. 1, 2022)	0.0	0.0	0.0	0.0	0.0	0.0
Frank Zweigle (to Dec. 31, 2021)	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

The following remuneration-related arrangements were made with Dr Friege, who resigned on December 31, 2022: his regular fixed remuneration will likewise end upon termination of his employment contract. The contractual bonuses (Bonus I and Bonus II) will be calculated and paid out in accordance with the provisions of his employment contract. In addition, Dr Friege will receive a settlement in the amount of 250,000 euros; this was already paid out to him in December 2022. The post-contractual non-compete clause in his employment contract remains effective. Dr Friege has now notified the company that he will take up a new position on March 1, 2023 which will continue beyond December 31, 2024, the end-date of the non-compete clause. Accordingly, the parties' reciprocal obligations thus resulting will end on February 28, 2023. This is without prejudice to their reciprocal rights and obligations within the scope of the company's pension commitment to Dr Friege. Notwithstanding Dr Friege's resignation, the options offered and purchased during his period of service will continue to apply for their respective term and Dr Friege is entitled to exercise them.

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 15, 2022.

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 2022 onwards.

The following detailed provisions apply: the basic remuneration of a member of the Supervisory Board is 43,000 euros (previous year: 48,000 euros). A higher level of remuneration is envisaged for the Chairperson and Deputy Chairperson of the Supervisory Board and for the Chairperson of the Audit Committee. This amounts to twice the level of basic remuneration for the Chairperson of the Supervisory Board and one-and-a-half times this amount for the Deputy Chairperson and for the Chairperson of the Audit Committee. In addition, each Supervisory Board member receives an attendance fee of 2,000 euros (previous year: 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 following calculation was made in 2022 for remuneration components payable to the Supervisory Board members:

Supervisory Board remuneration, shareholdings, options in thousands of euros

	2021 ¹							2022 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 to Dec. 31, 2022)	96.0	8.0	69.5	41.0	214.5	550	0	86.0	28.0	0.0	0.0	114.0	300	0
Paolo Dell'Antonio	48.0	5.0	34.8	20.5	108.3	0	0	43.0	20.0	0.0	0.0	63.0	0	0
Patricia Geibel-Conrad	72.0	8.0	34.8	20.5	135.3	0	0	64.5	26.0	0.0	0.0	90.5	0	0
Prof Dr Christiane Hipp	48.0	5.0	34.8	20.5	108.3	0	0	43.0	20.0	0.0	0.0	63.0	0	0
Dr Birgit Vemmer	48.0	5.0	34.8	20.5	108.3	0	0	43.0	20.0	0.0	0.0	63.0	0	0
Dr Hans-Henning Wiegmann (to Aug. 31, 2022)	48.0	5.0	34.8	20.5	108.3	0	0	28.7	14.0	0.0	0.0	42.7	0	0
Martina Sandrock (since Aug. 21, 2022)	0.0	0.0	0.0	0.0	0.0	0	0	7.2	6.0	0.0	0.0	13.2	0	0
Subtotal	360.0	36.0	243.3	143.5	782.8	550	0	315.4	134.0	0.0	0.0	449.4	300	0
Petra Adolph	48.0	4.0	34.8	20.5	107.3	0	0	43.0	18.0	0.0	0.0	61.0	0	0
Marion Gerdes	48.0	8.0	34.8	20.5	111.3	27	350	43.0	26.0	0.0	0.0	69.0	49	0
Insa Lukaßen	48.0	5.0	34.8	20.5	108.3	38	0	43.0	20.0	0.0	0.0	63.0	41	0
Alexander Oyen	48.0	5.0	34.8	20.5	108.3	0	0	43.0	20.0	0.0	0.0	63.0	0	0
Markus Schwarz (Deputy Chairman)	72.0	8.0	52.1	30.8	162.9	49	0	64.5	26.0	0.0	0.0	90.5	57	0
Elwira Wall	48.0	5.0	34.8	20.5	108.3	54	0	43.0	20.0	0.0	0.0	63.0	56	0
Subtotal	312.0	35.0	225.9	133.3	706.1	168	350	279.5	130.0	0.0	0.0	409.5	203	0
Supervisory Board of CEWE Stiftung & Co. KGaA	672.0	71.0	469.1	276.8	1,488.9	718	350	594.9	264.0	0.0	0.0	858.9	503	0

¹ Half of the fixed gross remuneration is payable on June 30 of the current financial year (i. e. on June 30, 2021) and the other half, plus the attendance fees for 2021, within one month of the end of the financial year in 2022; the performance-related remuneration elements still applicable for 2021 were paid out 10 days after the general meeting in 2021.

² Half of the fixed gross remuneration is payable on June 30 of the current financial year (i. e. on June 30, 2022) and the other half, plus the attendance fees for 2022, within one month of the end of the financial year in 2023.

The significant increase in attendance fees from 2021 to 2022 is due to the increased attendance fee per meeting and the higher number of meetings in 2022. 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. One member of the Supervisory Board provided consulting services to a limited extent in the year under review and the previous year (2022: 14 thousand euros, 2021: 8 thousand euros).

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 Board of Management member Dr Rolf Hollander retired from the Board of Management on June 30, 2017. In accordance with the terms of the stock option plans, he received his options under 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 June 30, 2017	
	2021	2022
Fixed gross remuneration		
Fixed remuneration	0	0
Fringe benefits	0	0
Total fixed gross remuneration	0	0
Variable remuneration		
One-year variable remuneration	0	0
Multi-year variable remuneration		
Bonus bank	0	0
Stock option plan	68,640	0
Other	0	0
Total variable remuneration	68,640	0
Pension expenses	0	0
Total remuneration (GCGC)	68,640	0

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, 2022 the company had made pension accruals in the amount of 14,393 thousand euros (previous year: 17,482 thousand euros). Pension payments for the financial year 2022 amounted to 1,091 thousand euros (previous year: 1,050 thousand euros). With effect as of April 1, 2007, the pension commitments 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

	2022	2021	2022/2021 in %	2021/2020 in %	2020/2019 in %	2019/2018 in %	2018/2017 in %
Current members of the Board of Management							
Dr Christian Friege (Chairman to Dec. 31, 2022)	594	645	-7.9	-5.5	34.5	2.8	13.0
Patrick Berkhouwer	407	624	-34.8	34.5	14.5	14.3	-1.1
Dr Reiner Fageth	608	466	30.5	3.7	-15.3	51.3	0.4
Carsten Heitkamp	414	468	-11.5	-13.2	32.3	12.3	-17.0
Dr Olaf Holzkämper	412	623	-34.0	39.8	14.2	-14.2	31.9
Thomas Mehls	437	474	-7.7	-13.0	33.8	12.9	-16.7
Christina Sontheim-Leven (since Jan. 1, 2022)	295	0	0.0	0.0	0.0	0.0	0.0
Frank Zweigle (to Dec. 31, 2021)	17	163	-89.3	-3.0	17.8	32.8	-0.1
Former members of the Board of Management							
Dr Rolf Hollander	0	69	-100.0	8.3	91.1	-83.0	-72.3
Andreas F.L. Heydemann	0	0	0.0	-100.0	115.9	-81.2	-29.8
Harald Pirwitz	0	0	0.0	-100.0	70.0	-41.1	-64.9
Current members of the Supervisory Board							
Otto Korte (to Dec. 31, 2022)	114	215	-47.0	122.8	-4.5	5.8	4.9
Paolo Dell'Antonio	63	108	-41.7	123.6	-7.1	16.9	270.8
Patricia Geibel-Conrad	91	135	-33.0	158.1	41.7	392.0	0.0
Prof Dr Christiane Hipp	63	108	-41.7	119.1	-5.2	5.5	8.4
Dr Birgit Vemmer	63	108	-41.7	119.1	41.3	436.9	0.0
Dr Hans-Henning Wiegmann (to Aug. 31, 2022)	43	108	-60.5	119.1	-5.2	5.5	3.8
Martina Sandrock (since Aug. 21, 2022)	13	0	0.0	0.0	0.0	0.0	0.0

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

	2022	2021	2022/2021 in %	2021/2020 in %	2020/2019 in %	2019/2018 in %	2018/2017 in %
Petra Adolph	61	107	-43.0	117.0	45.4	516.4	0.0
Marion Gerdes	69	111	-37.8	112.2	41.7	392.0	0.0
Insa Lukaßen	63	108	-41.7	119.1	41.3	436.9	0.0
Alexander Oyen	63	108	-41.7	119.1	41.3	436.9	0.0
Markus Schwarz	91	163	-44.5	119.1	7.8	32.7	11.8
Elwira Wall	63	108	-41.7	119.1	41.3	534.5	0.0
Former members of the Supervisory Board							
Vera Ackermann	0	0	0.0	0.0	-100.0	-60.0	-33.3
Prof Dr Hans-Jürgen Appelrath	0	0	0.0	0.0	0.0	0.0	-100.0
Michael Bühl	0	0	0.0	0.0	0.0	0.0	0.0
Dr Christina Debus	0	0	0.0	0.0	-100.0	-59.1	-10.1
Angelika Eßer	0	0	0.0	0.0	-100.0	-60.0	-8.0
Corinna Linner	0	0	0.0	0.0	-100.0	-61.0	-9.7
Philipp Martens	0	0	0.0	0.0	-100.0	-61.0	-9.7
Prof Dr Michael Paetsch	0	0	0.0	0.0	-100.0	-60.0	-5.9
Udo Preuss	0	0	0.0	0.0	0.0	0.0	0.0
Stefan Soltmann	0	0	0.0	0.0	0.0	0.0	0.0
Thorsten Sommer	0	0	0.0	0.0	-100.0	-60.1	29.5
Employees							
Average number of employees of CEWE Stiftung & Co. KGaA (CEWE-KGaA)	61	57	6.5	-0.9	3.4	4.9	3.8
Earnings trend							
Earnings before taxes of CEWE-KGaA	61,110	60,629	0.8	-12.8	15.9	14.3	-32.4
Earnings before taxes of CEWE Group	74,813	72,726	2.9	-4.8	43.4	-0.1	9.1

Interim reference in the management report to the report on pay

Every five years, CEWE publishes a report on pay in accordance with the German Act on Pay Transparency (Entgelttransparenzgesetz – EntgTranspG). It most recently did so for the financial year 2021. The company

thus fulfils the statutory requirements. However, the following once again applies for the financial year 2022: men and women in executive roles are remunerated according to their position. No distinction is made

between men and women in this respect. In addition, CEWE strongly emphasises equal opportunities for the development of men and women.



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CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE FINANCIAL YEAR 2022 OF CEWE STIFTUNG & CO. KGAA, OLDENBURG

in thousands of euros

	Notes	2021	2022	Change as %
Revenues	C27	692,761	740,993	7.0
Increase/decrease in finished and unfinished goods		257	-48	-
Other own work capitalised		1,301	2,881	121
Other operating income	C28	27,117	29,263	7.9
Cost of materials	C29	-160,700	-183,523	-14.2
Gross profit		560,736	589,566	5.1
Personnel expenses	C30	-194,949	-204,841	-5.1
Other operating expenses	C31	-241,173	-255,517	-5.9
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		124,614	129,208	3.7
Amortisation of intangible assets, depreciation of property, plant and equipment	C32	-52,428	-53,589	-2.2
Earnings before interest and taxes (EBIT)		72,186	75,619	4.8
Financial income	C33	2,045	738	-63.9
Financial expenses	C33	-1,505	-1,544	-2.6
Financial result		540	-806	-
Earnings before taxes (EBT)		72,726	74,813	2.9
Income taxes	C34	-23,826	-23,748	0.3
Group earnings after taxes		48,900	51,065	4.4
Group earnings per share (in euros)				
Undiluted	C35	6.77	7.20	6.5
Diluted	C35	6.72	7.19	6.7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR 2022 OF CEWE STIFTUNG & CO. KGAA, OLDENBURG

in thousands of euros

	Notes	2021	2022	Change as %
Group earnings after taxes		48,900	51,065	4.4
Difference resulting from currency translation	A5	1,939	-324	-
Amounts which may be reclassified to the profit and loss account in future periods		1,939	-324	-
Actuarial profits and losses	D54, D55	3,291	10,795	228
Income taxes on income and expenses not affecting net income		-902	-3,112	-245
Other comprehensive income from equity instruments measured at fair value		2,827	-518	-
Other comprehensive income not subsequently reclassified to the profit and loss account		5,216	7,165	37.4
Other comprehensive income		7,155	6,841	-4.4
Comprehensive income		56,055	57,906	3.3

CONSOLIDATED BALANCE SHEET

AS OF DECEMBER 31, 2022 OF CEWE STIFTUNG & CO. KGAA, OLDENBURG

in thousands of euros

ASSETS	Notes	Dec. 31, 2021	Dec. 31, 2022	Change as %
Property, plant and equipment	D36	212,383	224,699	5.8
Investment properties	D37	17,091	19,016	11.3
Goodwill	D38	77,758	81,775	5.2
Intangible assets	D39	25,991	24,558	-5.5
Financial assets	D40	9,789	9,681	-1.1
Non-current financial assets	D41	1,194	978	-18.1
Non-current other receivables and assets	D41	882	1,751	98.5
Deferred tax assets	D42	16,723	13,648	-18.4
Non-current assets		361,811	376,106	4.0
Inventories	D43	56,504	59,267	4.9
Current trade receivables	D44	78,916	98,148	24.4
Current receivables from income tax refunds	D45	6,165	11,094	80.0
Current financial assets	D46	2,910	3,122	7.3
Other current receivables and assets	D47	8,837	11,902	34.7
Cash and cash equivalents	D48	84,389	73,067	-13.4
Current assets		237,721	256,600	7.9
Assets		599,532	632,706	5.5

in thousands of euros

	Notes	Dec. 31, 2021	Dec. 31, 2022	Change as %
EQUITY AND LIABILITIES				
Subscribed capital	D49, D50	19,349	19,349	–
Capital reserve	D51, D52	76,123	73,782	–3.1
Treasury shares at acquisition cost	D53	–14,206	–26,237	–84.7
Retained earnings and unappropriated profits	D54	254,568	295,869	16.2
Equity		335,834	362,763	8.0
Non-current accruals for pensions	D55	38,268	29,119	–23.9
Non-current deferred tax liabilities	D56	2,202	2,144	–2.6
Non-current other accruals	D57	398	567	42.5
Non-current interest-bearing financial liabilities	D58	407	116	–71.5
Non-current lease liabilities	D59	43,430	40,536	–6.7
Non-current financial liabilities	D60	5	698	> 1,000
Non-current other liabilities	D61	576	526	–8.7
Non-current liabilities		85,286	73,706	–13.6
Current tax liabilities	D62	4,013	5,109	27.3
Current other accruals	D63	3,020	2,690	–10.9
Current interest-bearing financial liabilities	D64	276	214	–22.5
Current lease liabilities	D59	9,846	9,717	–1.3
Current trade payables	D65	107,528	120,616	12.2
Current financial liabilities	D66	114	253	122
Current other liabilities	D67	53,615	57,638	7.5
Current liabilities		178,412	196,237	10.0
Equity and liabilities		599,532	632,706	5.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

OF CEWE STIFTUNG & CO. KGAA, OLDENBURG

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, 2021	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
Comprehensive income	-	-	50,547	10,795	-324	-3,112	57,906	57,906	-	57,906
Dividend paid out	-	-	-16,605	-	-	-	-16,605	-16,605	-	-16,605
Purchases of treasury shares	-	-	-	-	-	-	-	-	-13,703	-13,703
Stock option plans	-	-2,341	-	-	-	-	-	-2,341	1,672	-669
Owner-related equity changes	-	-2,341	-16,605	-	-	-	-16,605	-18,946	-12,031	-30,977
As of Dec. 31, 2022	19,349	73,782	303,965	-5,042	-5,211	2,157	295,869	389,000	-26,237	362,763

See D49–D54 for details

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR 2022 OF CEWE STIFTUNG & CO. KGAA, OLDENBURG

in thousands of euros

	Notes	2021	2022		Change as %
EBIT		72,186		75,619	4.8
+/- Depreciation	C32, D36	52,428	53,589		2.2
EBITDA		124,614		129,208	3.7
+ Non-cash factors		8,416	692		-91.8
- Increase in operating net working capital		-13,764	-8,723		36.6
- increase in other net working capital (excl. income tax items)		-5,514	-187		96.6
- Taxes paid		-48,216	-27,676		42.6
+ Interest received		75	43		-42.7
= Cash flow from operating activities		65,611		93,357	42.3
- Outflows from investments in property, plant and equipment and intangible assets		-38,464	-55,327		-43.8
- Outflows from purchases of consolidated interests/acquisitions	A3	-9,779	-7,682		21.4
+ Inflows from investments in financial assets		2,045	285		-86.1
+ Inflows from investments in non-current financial instruments		346	266		-23.1
+ Inflows from the sale of property, plant and equipment and intangible assets		1,710	568		-66.8
= Cash flow from investing activities		-44,142		-61,890	-40.2
= Free cash flow		21,469		31,467	46.6
- Dividends paid	D54	-16,614	-16,605		0.1
- Purchases of treasury shares	D53	-6,669	-13,703		-105
- Amounts paid out for stock option plans		-2,600	-357		86.3
= Outflows to shareholders		-25,883		-30,665	-18.5
- Outflows from change in financial liabilities		-11,674	-11,485		1.6
- Interest paid		-2,549	-448		82.4
= Cash flow from financing activities		-40,106		-42,598	-6.2
Cash and cash equivalents at the start of the reporting period		102,809		84,389	-17.9
+ Exchange-rate-related changes in cash and cash equivalents		217	-191		-
+ Cash flow from operating activities		65,611	93,357		42.3
- Cash flow from investing activities		-44,142	-61,890		-40.2
- Cash flow from financing activities		-40,106	-42,598		-6.2
= Cash and cash equivalents at the end of the reporting period		84,389		73,067	-13.4

SEGMENT REPORTING BY BUSINESS UNIT¹

FOR THE FINANCIAL YEAR 2022 OF CEWE STIFTUNG & CO. KGAA, OLDENBURG

in thousands of euros

		Photofinishing	Retail	Commercial Online Printing	Other Activities	Inter-business- unit turnover ²	CEWE Group
External revenues	2022	616,073	32,385	86,495	8,263	-2,223	740,993
	2021	590,103	31,157	66,030	7,607	-2,136	692,761
External revenues, adjusted for currency effects	2022	-2,087	-304	-260	-	-	-2,651
	2021	257	-498	29	-	-	-212
EBIT	2022	73,710	169	2,296	-556	-	75,619
	2021	71,186	187	1,200	-387	-	72,186
Scheduled depreciation	2022	41,855	3,891	6,835	849	-	53,430
	2021	41,071	3,475	6,926	821	-	52,293
Non-scheduled depreciation	2022	108	37	14	-	-	159
	2021	68	30	26	11	-	135

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.

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

OF CEWE STIFTUNG & CO. KGAA, OLDENBURG

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). It has been entered in the commercial register held by Oldenburg Local Court under the no. HRB 208214.

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 2022 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, 2022 to December 31, 2022 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 1, 2021
Annual Improvements to the IFRS (AIP) Cycle 2018–2020	May 14, 2020	Jun. 28, 2021	Jan. 1, 2022
Amendments to IFRS 3: Reference to the Conceptual Framework	May 14, 2020	Jun. 28, 2021	Jan. 1, 2022
Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use	May 14, 2020	Jun. 28, 2021	Jan. 1, 2022
Amendments to IAS 37: Onerous Contracts – Costs of Fulfilling a Contract	May 14, 2020	Jun. 28, 2021	Jan. 1, 2022

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. In the financial year 2022, no further amounts were recognised for this in the profit and loss account (previous year: 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	May 18, 2017	Nov. 19, 2021	Jan. 1, 2023
Amendments to IFRS 17: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	Dec. 9, 2021	Sep. 8, 2022	Jan. 1, 2023
Amendments to IAS 12: Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	May 7, 2021	Aug. 11, 2022	Jan. 1, 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies	Feb. 12, 2021	March 2, 2022	Jan. 1, 2023
Amendments to IAS 8 Accounting Policies, Changes in Estimates and Errors: Definition of Estimates	Feb. 12, 2021	March 2, 2022	Jan. 1, 2023

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, 2022. 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)
Amendments to IAS 1: » Classification of Liabilities as Current or Non-current » Classification of Liabilities as Current or Non-current – Deferral of Effective Date	Jan. 23, 2020/ July 15, 2020	open	Jan. 1, 2024
Amendments to IAS 1: Non-current Liabilities with Covenants	Oct. 31, 2022	open	Jan. 1, 2024
Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	Sep. 22, 2022	open	Jan. 1, 2024

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.

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, 2022 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 of December 31, 2022, apart from CEWE Stiftung & Co. KGaA, Oldenburg, as the parent company, the scope of consolidation includes 13 German and 19 foreign companies (cf. E69, [page 182](#)). 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.

As in the previous year, Bilderplanet.de GmbH, Cologne, which is not operationally active, has not been included in the scope of consolidation due to its economic insignificance. The same applies for Diginet Danmark ApS, Åbyhøj, Denmark, which was newly established in October 2022 and is not yet operationally active.

On June 1, 2022, CEWE acquired a majority stake (100%) in Hertz Systemtechnik GmbH, Delmenhorst. Hertz Systemtechnik GmbH specialises in the development and production of point-of-sale terminal systems and is a partner and supplier of the CEWE Group of many years' standing. Hertz Systemtechnik GmbH was acquired within the scope of a succession arrangement. It serves to round off the Group's areas of expertise in the point-of-sale instant image segment.

This purchase has the status of an acquisition of a business in accordance with IFRS 3. A purchase price of 8.5 million euros was paid. The purchase price allocation was completed on December 31, 2022. The intangible assets have thus increased by 1.7 million euros, which in turn results in a 0.3 million euros increase in scheduled depreciation as well as a 0.4 million euros increase in inventories, 0.2 million euros of which has already been realised. A figure of 4.0 million euros has been recognised as goodwill, which has been assigned to Photofinishing. The fair values of the acquired assets and liabilities applicable as of the date of acquisition and the entire consideration transferred are presented below.

Acquired assets and liabilities

in thousands of euros	Hertz Systemtechnik GmbH
Goodwill	4,016
Non-current assets	5,465
Current assets	4,123
Non-current liabilities	-3,656
Current liabilities	-1,428
Net assets	8,520
Purchase price	8,520
Assumed cash and cash equivalents	838
Net outflow for acquisitions	7,682

Since this company's initial consolidation, Hertz's assumed activities have contributed 0.1 million euros to the Group's turnover and 0.7 million euros to earnings after taxes. If the acquisition had already been included in the scope of consolidation as of January 1, 2022, the Group's turnover would have increased by a further 0.1 million euros and earnings after taxes would have decreased by 0.6 million euros.

On July 1, 2022, CEWE included viaprinto GmbH & Co. KG, Münster, in the consolidated financial statements for the first time. Under the contribution agreement of June 29, 2022, on July 1, 2022 CEWE Stiftung & Co. KGaA's "viaprinto" business unit was hived off to the newly established company viaprinto GmbH & Co. KG, Münster. It was contributed at book value. The reported assets and liabilities have therefore not undergone any changes.

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, 2022.

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 the 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 the 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 the 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

		2021		2022	
		Balance sheet exchange rate	Profit and loss account exchange rate	Balance sheet exchange rate	Profit and loss account exchange rate
CHF	Swiss franc	1.03310	1.08115	0.98470	1.00477
CZK	Czech crown	24.86000	25.64617	24.11500	24.56368
DKK	Danish krone	7.43640	7.43703	7.43650	7.43957
GBP	British pound sterling	0.84028	0.85960	0.88693	0.85264
HUF	Hungarian forint	369.00000	358.51767	400.25000	391.29718
NOK	Norwegian krone	9.98880	10.16333	10.51380	10.09836
PLN	Polish zloty	4.59150	4.56704	4.68990	4.68722
SEK	Swedish krona	10.25030	10.14646	11.12180	10.62566
USD	US dollar	1.13260	1.18274	1.06660	1.05306

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 annual 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. For each taxable entity, income taxes are determined by calculating 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 511 thousand euros and its deferred tax liability by 214 thousand euros in the case of a negative deviation, or reduce its tax liabilities by 511 thousand euros and its deferred tax liability by 214 thousand euros in the 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 143](#)). 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 the 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 the 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, 2021	Dec. 31, 2022
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 developments.

The book values of property, plant and equipment and intangible assets are tested for impairment on each balance sheet date. In the 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 the 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 the 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. The planning period is five years. 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 4.3% and 11.1% in the Photofinishing business unit, to between 6.3% and 11.4% in the Retail business unit and to between 8.2% and 11.9% 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 the 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 obsolescence 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 the 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 %

	2021	2022
Germany	32.00	32.00
Belgium	25.00	25.00
Denmark	22.00	22.00
France	28.00	25.00
United Kingdom	19.00	19.00
Netherlands	25.80	25.80
Norway	22.00	22.00
Austria	25.00	25.00
Poland	19.00	19.00
Sweden	20.60	20.60
Switzerland	23.00	23.00
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 D 53, [pages 166 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 162 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 the 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, 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

	2021	Share in %	2022	Share in %
Revenues Photofinishing	590,103	85.2	616,073	83.1
Change on previous year (as %)	-4.8		4.4	
Revenues Retail	31,157	4.5	32,385	4.4
Change on previous year (as %)	-8.7		3.9	
Revenues Commercial Online Printing	66,030	9.5	86,495	11.7
Change on previous year (as %)	-2.6		31.0	
Other Activities	7,607	1.1	8,263	1.1
Change on previous year (as %)	15.9		8.6	
Inter-business-unit turnover	-2,136	-0.3	-2,223	-0.3
Change on previous year (as %)	-74.1		-4.1	
Total revenues	692,761	100.0	740,993	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

	2021	2022
Germany	376,364	400,441
Other countries	316,397	340,552
Total	692,761	740,993

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

	2021	2022
Other revenues from sales to third parties	5,468	6,970
Income from pass-through expenses	3,904	3,604
Rental income	3,171	3,808
Income from the reversal of accruals	2,755	3,704
Income from currency translation	2,167	2,425
Income from the receipt of impaired receivables	1,623	1,499
Reimbursement of costs own personnel	1,183	1,396
Income from default charges	502	772
Income from insurance indemnification	86	97
Additional other operating income	6,258	4,988
Total other operating income	27,117	29,263

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, [page 146](#)).

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

	2021	2022
Expenses for raw materials and supplies and for purchased merchandise	-137,428	-158,617
Expenses for purchased services	-23,272	-24,906
Total cost of materials	-160,700	-183,523

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

	2021	2022
Wages and salaries	-160,676	-168,841
Social security contributions	-30,923	-32,429
Expenses for pensions and support	-3,350	-3,571
Total personnel expenses	-194,949	-204,841

Employees number of

	2021	2022
Non-manual employees	2,336	2,343
Manual employees	1,350	1,305
Total employees	3,686	3,648

Employees by business unit number of

	2021	2022
Photofinishing	2,754	2,724
Retail	424	411
Commercial Online Printing	453	459
Other Activities	55	54
Total employees	3,686	3,648

The above figures are annual averages. As of December 31, 2022, the Group had a total of 3,920 employees (December 31, 2021: 4,025 employees).

Wages paid to manual workers amount to 58,927 thousand euros (previous year: 58,538 thousand euros), while salaries of non-manual employees amount to 109,211 thousand euros (previous year: 102,138 thousand euros).

The personnel expenses include restructuring costs in the amount of 0 thousand euros (previous year: 0 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 decreased by 5,220 thousand euros (previous year: increase of 455 thousand euros). Please also see the comments regarding non-current accruals for pensions (see item D55, [pages 168 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

		2019	2021	2022
Fair value	in thousands of euros	357	631	664
Other personnel expenses p. a.	in thousands of euros	89	158	166
End of lockup period		Dec. 31, 2023	Dec. 31, 2025	Dec. 31, 2026
Performance target	as % of underlying price	125	120	120
Exit rate	in %	3.00	3.00	3.00
Risk-free interest rate	in %	-0.70	-0.42	2.01
Historical volatility	in %	27.90	28.29	29.31

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 162 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 3.00% 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

	2021	2022
Selling expenses	-161,485	-165,166
Administrative expenses	-34,163	-40,596
Costs of premises	-12,468	-12,961
Operating costs	-11,111	-12,686
Currency translation expenses	-2,209	-3,548
Motor vehicle costs	-1,963	-2,453
Depreciation and valuation adjustments for current assets	-1,237	-1,457
Additional operating expenses	-16,537	-16,650
Total other operating expenses	-241,173	-255,517

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 (2022: 936 thousand euros, 2021: 794 thousand euros), which have resulted from an assessment of the loss of future returns.

The currency translation expenses 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 these transactions are shown under other operating income (see item C28, [pages 143 f.](#)).

In the year under review, as well as the costs of external services and personnel in the amount of 3,673 thousand euros (previous year: 3,812 thousand euros), other operating expenses include losses from the disposal of fixed assets in the amount of 382 thousand euros (previous year: 476 thousand euros).

Auditor's fees in thousands of euros

	2021	2022
Audit services for financial statements	393 ¹	416 ²
Other confirmation services	39	40
Total	432	456

¹ Of which for the previous year 16 thousand euros

² Of which for the previous year 20 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

	2021	2022
Income from equity investments	1,970	695
Other interest and similar income	75	43
Financial income	2,045	738
Interest and similar expenses	-460	-448
Interest expenses resulting from lease liabilities	-1,045	-1,096
Financial expenses	-1,505	-1,544

Income from equity investments includes profits distributed from equity investments in start-up companies in the amount of 695 thousand euros (previous year: 1,970 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: 0 thousand euros).

34 INCOME TAXES

Current and deferred expenses for income taxes in thousands of euros

	2021	2022
Current German taxes ¹	-22,149	-22,778
Current foreign taxes ²	-960	-1,730
Current total taxes	-23,109	-24,508
Deferred German taxes	-1,215	758
Deferred foreign taxes	498	2
Deferred total taxes	-717	760
Total income taxes	-23,826	-23,748
¹ Of which not relating to the period – Germany	-196	-210
² Of which not relating to the period – other countries	-85	72

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

	2021	2022
Earnings before taxes	72,726	74,813
Theoretical tax rate (as %)	30.0	30.0
Expected income tax expenses	21,818	22,445
Increase/reduction of income tax burden due to:		
Deviation resulting from application of local tax rate	-37	-371
Deviation resulting from different assessment bases		
– Tax-free income (–)	-441	-1,869
– Other tax additions and deductions	761	0
– Non-deductible expenses (+)	1,294	3,150
– 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	387	1,359
– Revaluation/subsequent recognition of deferred taxes	-390	-82
Non-period effects		
– Use of loss carry-forwards not reported in the balance sheet (–)	-407	-415
– Other non-period effects	791	-463
Other effects	50	-6
Income tax expenses shown	23,826	23,748

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 from 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, 2021		Dec. 31, 2022	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Loss carry-forwards and tax credits	7,970		7,091	
Property, plant and equipment	160	-9,368	173	-10,027
Intangible assets	1,875	-2,089	1,755	-1,573
Financial assets	369	-1,001	336	-1,036
Inventories	270		315	
Receivables and other assets	306	-218	195	-389
Special item for investment grants (investment subsidies)	23	-73	43	-6
Pension accruals	7,606		5,049	
Other accruals	413		294	-2
Financial liabilities	6,051		6,186	
Other liabilities	2,289	-49	3,100	0
Deferred income and accrued expenses		-13		
Deferred taxes on temporary differences	27,332	-12,811	24,537	-13,033
Netting	-10,609	10,609	-10,889	10,889
Balance sheet item	16,723	-2,202	13,648	-2,144

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 3,112 thousand euros (previous year: 901 thousand euros) for the pension accruals.

The total amount carried forward for tax losses not yet used is 80,657 thousand euros (previous year: 71,877 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 31,414 thousand euros (previous year: 32,020 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 carry-forwards, 74,568 thousand euros (previous year: 71,877 thousand euros) may be carried forward without any limit.

Total income tax expense recognised in equity in thousands of euros

	2021	2022
Income tax expense recognised in profit and loss account	-23,826	-23,748
Tax expense directly recognised in equity	-901	-3,112
Total income tax expense recognised in equity	-24,727	-26,860

35 EARNINGS PER SHARE

Group earnings per share

		Q4 2021	2021	Q4 2022	2022
Earnings after taxes	in thousands of euros	49,609	48,900	52,379	51,065
Weighted average number of shares, undiluted	in units	7,200,898	7,226,596	7,066,395	7,089,068
Undiluted earnings per share	in euros	6.89	6.77	7.41	7.20
Consolidated profits after minority interests	in thousands of euros	49,609	48,900	52,379	51,065
Weighted average number of shares, undiluted	in units	7,200,898	7,226,596	7,066,395	7,089,068
Diluting effect of stock options issued	in units	47,132	45,867	15,978	16,756
Weighted average number of shares, diluted	in units	7,248,030	7,272,463	7,082,372	7,105,824
Diluted earnings per share	in euros	6.84	6.72	7.40	7.19

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, 2022 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 2022 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	553,582	33,180	120,146	147,801	10,447	865,156
Changes to the scope of consolidation	3,585	-	-	1,828	-	5,413
Currency translation adjustments	-1,806	-	-	-367	-	-2,173
Additions	56,911	2,419	4,017	5,458	1,293	70,098
Disposals	-17,624	-	-	-1,975	-1,401	-21,000
Transfers	-35	-	-	35	-	-
As of Dec. 31	594,613	35,599	124,163	152,780	10,339	917,494
Depreciation						
As of Jan. 1	341,199	16,089	42,388	121,810	658	522,144
Currency translation adjustments	-1,085	-	-	-327	-	-1,412
Scheduled additions	44,367	494	-	8,570	-	53,431
Non-scheduled additions	45	-	-	114	-	159
Disposals	-14,565	-	-	-1,945	-	-16,510
Revaluations	-47	-	-	-	-	-47
As of Dec. 31	369,914	16,583	42,388	128,222	658	557,765
Book value on Dec. 31	224,699	19,016	81,775	24,558	9,681	359,729

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	-	-
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

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 45 thousand euros (previous year: 107 thousand euros).

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 17,943 thousand euros (previous year: 15,017 thousand euros).

Development of property, plant and equipment in 2022 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	166,170	282,260	101,780	3,372	553,582
Changes to the scope of consolidation	3,374	-	211	-	3,585
Currency translation adjustments	-783	-493	-523	-7	-1,806
Additions	15,516	11,519	10,354	19,522	56,911
Disposals	-3,468	-6,507	-7,649	-	-17,624
Transfers	177	2,556	94	-2,862	-35
As of Dec. 31	180,986	289,335	104,267	20,025	594,613
Depreciation					
As of Jan. 1	57,791	203,654	79,754	-	341,199
Currency translation adjustments	-341	-314	-430	-	-1,085
Scheduled additions	11,532	22,677	10,158	-	44,367
Non-scheduled additions	-	8	37	-	45
Disposals	-999	-6,340	-7,226	-	-14,565
Transfers	-	-6	6	-	-
Revaluations	-47	-	-	-	-47
As of Dec. 31	67,936	219,679	82,299	-	369,914
Book value on Dec. 31	113,050	69,656	21,968	20,025	224,699

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

As of December 31, 2022, 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 2022
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	71,482	905	5,469	-	77,856
Changes to the scope of consolidation	3,354	-	11	-	3,365
Currency translation adjustments	-923	33	-35	-	-925
Additions	5,186	147	1,938	-	7,271
Disposals	-3,426	-253	-1,713	-	-5,392
As of Dec. 31	75,673	832	5,670	-	82,175
Depreciation					
As of Jan. 1	21,923	564	3,293	-	25,780
Currency translation adjustments	-400	31	-25	-	-394
Scheduled additions	8,688	307	1,921	-	10,916
Disposals	-965	-253	-1,639	-	-2,857
As of Dec. 31	29,246	649	3,550	-	33,445
Book value on Dec. 31	46,427	183	2,120	-	48,730

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	-	-	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

Breakdown of property, plant and equipment owned and leased in 2022
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	66,623	69,473	19,848	20,025	175,969
Leased property, plant and equipment	46,427	183	2,120	–	48,730
Book value on Dec. 31, 2022	113,050	69,656	21,968	20,025	224,699

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

The following amounts have arisen for leasing activities during the reporting period:

in thousands of euros

	2021 Amount	2022 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	95	65
Cash and cash equivalents outflows for leases as part of cash flow from operating activities	295	265
Cash and cash equivalents outflows for repayments of lease liabilities	10,442	9,846
Cash and cash equivalents outflows for interest in connection with lease liabilities	1,045	1,096

The amount recognised in profit or loss as a result of the application of the COVID-19 amendment is 0 thousand euros (previous year: 482 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 2,419 thousand euros (previous year: 17 thousand euros). In the financial year, rent income amounted to 2,440 thousand euros (previous year: 2,119 thousand euros). Including depreciation, maintenance and incidental costs, expenses for the leased properties amounted to 1,668 thousand euros (previous year: 1,587 thousand euros).

The fair value of these investment properties is 30,173 thousand euros (previous year: 26,178 thousand euros). The fair value was calculated internally.

Development of investment properties in thousands of euros

	2021	2022
Acquisition and production costs		
As of Jan. 1	32,967	33,180
Additions	171	2,419
Transfers	42	0
As of Dec. 31	33,180	35,599
Depreciation		
As of Jan. 1	15,599	16,089
Scheduled additions	487	494
Transfers	3	0
As of Dec. 31	16,089	16,583
Book value on Dec. 31	17,091	19,016

38 GOODWILL

Goodwill results from the acquisition of businesses. The figures for each business unit have developed as follows:

Development of goodwill in 2022 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
Additions	4,017	0	0	4,017
As of Dec. 31	59,251	366	22,158	81,775

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

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, 2021	Dec. 31, 2022
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. The planning is based on past experience, the current performance of the business and the best possible estimates of key trends affecting individual factors such as the development of procurement prices or market growth.

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 the case of valuation adjustments is also indicated.

2022 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	8.03	7.65	8.18	6.48	8.31	8.77	8.14

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

The range of discount rates before taxes in the respective business units is as follows:

Business units 2022

	Goodwill in thousands of euros	Range of discount rate as %
Photofinishing	59,251	4.3 to 11.1
Retail	366	6.3 to 11.4
Commercial Online Printing	22,158	8.2 to 11.9
Total	81,775	4.3 to 11.9

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

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 the 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 2,222 thousand euros impairment of the book value for goodwill, while an increase in the discount rate would have resulted in a 5,511 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 518 thousand euros (previous year: 947 thousand euros).

On the basis of impairment tests, non-scheduled amortisation reflecting new information has been recognised in the amount of 14 thousand euros (Commercial Online Printing business unit) on internally generated intangible assets (previous year: 17 thousand euros (Commercial Online Printing business unit) and 11 thousand euros (Other Activities business unit)).

For intangible assets, the Group had commitments in the amount of 936 thousand euros (previous year: 1,838 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 14,893 thousand euros (previous year: 14,011 thousand euros). They mainly comprise personnel expenses and other operating expenses. These are costs which do not fulfil the criterion of reliable measurement.

Development of intangible assets in 2022 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	73,984	16,683	55,437	1,697	147,801
Changes to the scope of consolidation	1,828	-	-	-	1,828
Currency translation adjustments	-178	-	-189	-	-367
Additions	1,424	518	-	3,516	5,458
Disposals	-1,768	-197	-10	-	-1,975
Transfers	150	201	-	-316	35
As of Dec. 31	75,440	17,205	55,238	4,897	152,780
Depreciation					
As of Jan. 1	65,371	14,271	42,168	-	121,810
Currency translation adjustments	-175	-	-152	-	-327
Scheduled additions	3,985	767	3,818	-	8,570
Non-scheduled additions	-	14	100	-	114
Disposals	-1,759	-177	-9	-	-1,945
As of Dec. 31	67,422	14,875	45,925	-	128,222
Book value on Dec. 31	8,018	2,330	9,313	4,897	24,558

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

40 FINANCIAL ASSETS

The Group's financial assets include interests in other equity investments in the amount of 9,345 thousand euros (previous year: 9,442 thousand euros). This includes the equity investments in the funds Capnamic United Venture Fund GmbH & Co. KG and High-Tech Gründerfonds GmbH & Co. KG.

The changes mainly relate to the amounts paid in by and paid out to investment companies (350 thousand euros) as well as the fair value adjustments recognised in OCI (–518 thousand euros).

Development of non-current financial assets in 2022 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	10,057	347	10,447
Additions	5	1,270	18	1,293
Disposals	–	–1,372	–29	–1,401
As of Dec. 31	48	9,955	336	10,339
Depreciation				
As of Jan. 1	18	640	–	658
As of Dec. 31	18	640	–	658
Book value on Dec. 31	30	9,315	336	9,681

Other loans in the amount of 336 thousand euros (previous year: 347 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

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 deferred expenses and accrued income.

42 DEFERRED TAX ASSETS**Deferred tax assets in 2022 – composition and development** in thousands of euros

	From temporary differences	From tax loss carry-forwards	Total
As of Jan. 1	8,841	7,882	16,723
Currency translation adjustments	-2	0	-2
Amount added	890	360	1,250
Reversals	-3,294	-1,029	-4,323
As of Dec. 31	6,435	7,213	13,648

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

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 7,213 thousand euros (previous year: 7,882 thousand euros) have been capitalised on loss carry-forwards. Please see the comments on income taxes for further details (see item C 34, [pages 147 ff.](#)).

43 INVENTORIES**Inventories** in thousands of euros

	Dec. 31, 2021	Dec. 31, 2022
Raw materials and supplies	43,613	44,393
Unfinished goods, work in progress	1,082	1,101
Finished goods and merchandise	11,798	13,724
Advance payments made	11	49
Total	56,504	59,267

The writedown on inventories amounts to –181 thousand euros (previous year: writedown of –541 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, Opegård, Norway, with a book value of 257 thousand euros (previous year: 270 thousand euros) were pledged as collateral for rent deposits.

44 CURRENT TRADE RECEIVABLES**Current trade receivables** in thousands of euros

	Dec. 31, 2021	Dec. 31, 2022
Trade receivables not impaired	50,986	75,750
Of which amount covered by insurance	47,180	54,334
Gross amount of impaired receivables	30,440	24,123
Valuation adjustments	2,510	1,725
Total	78,916	98,148

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, 2021	Dec. 31, 2022
As of Jan. 1	3,794	2,510
Currency translation adjustments	11	4
Amount added	777	1,039
Reversals	-1,435	-1,423
Use	-637	-405
As of Dec. 31	2,510	1,725

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 522 thousand euros (previous year: 443 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, 2022 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 95 thousand euros (previous year: 100 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, 2021	Dec. 31, 2022
Creditors with debit accounts	316	345
Receivables from employees	322	315
Other current financial receivables and assets	2,272	2,462
Total	2,910	3,122

47 OTHER CURRENT RECEIVABLES AND ASSETS

Other current receivables and assets in thousands of euros

	Dec. 31, 2021	Dec. 31, 2022
Current prepaid expenses	4,983	6,548
Tax refund claims	3,853	5,354
Current receivables from insurance firms	1	0
Total	8,837	11,902

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 0.33% (previous year: 0.25%). Foreign-currency balances (2022: 28,630 thousand euros, previous year: 31,933 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 2021	Development in the financial year 2022
As of Jan. 1	7,209,198	7,191,198
Purchases of treasury shares	-55,520	-132,440
Sales of treasury shares	19,436	19,105
Capital increase	18,084	0
As of Dec. 31	7,191,198	7,077,863

50 AUTHORISED CAPITAL

With the consent of the Supervisory Board, in the period to May 30, 2022, the general partner was 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
SOP 2022	Board of Management ¹	7	8,400	Jan. 1, 2023	Dec. 31, 2026	Dec. 31, 2027			
	Other executives	26	19,500						
	Total	33	27,900				76.00	120	91.20
SOP 2021	Board of Management ¹	7	8,400	Jan. 1, 2022	Dec. 31, 2025	Dec. 31, 2026			
	Other executives	26	19,500						
	Total	33	27,900				121.00	120	145.20
SOP 2019	Board of Management ¹	7	8,400	Jan. 1, 2020	Dec. 31, 2023	Dec. 31, 2024			
	Other executives	26	19,500						
	Total	33	27,900				81.00	125	101.25

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 2020 (in euros)	Accrued personnel expenses 2021 (in euros)	Accrued personnel expenses 2022 (in euros)	Accrued personnel expenses 2023 (in euros)
SOP 2022	Board of Management ¹	23.88	8,400	200,592	4,200				
	Other executives	23.79	19,500	463,905	9,750				
	Total		27,900	664,497	13,950	0	0	0	166,124
SOP 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	157,649	157,649
SOP 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	89,273	89,273	89,273	89,274
Total					41,850	89,273	89,273	246,922	413,047

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
2022	0
2021	0
2019	0

The number of stock options issued within the scope of the current plans is as follows:

Stock options issued number

	2021	2022
Outstanding as of Jan. 1	206,250	140,200
Expired over the course of the year	2,400	2,750
Exercised over the course of the year	91,550	81,650
Confirmed over the course of the year	27,900	27,900
Outstanding as of Dec. 31	140,200	83,700

The weighted average share price for the options exercised was 93.77 euros (previous year: 110.24 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	Buyback	Sale	Total	Buyback	Sale	Total	Buyback	Sale	Total
		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	Jan. 1, 2022 to Dec. 31, 2022	Jan. 1, 2022 to Dec. 31, 2022	Reporting date Dec. 31, 2022
Treasury shares held	number	200,799	27,953	-14,031	214,721	55,520	-19,436	250,805	132,440	-19,105	364,140
Interest in share capital on reporting date	in thousands of euros	521	71	-37	555	143	-50	647	132	-19	759
Interest in share capital on reporting date	in %	2.71	0.37	-0.19	2.89	0.74	-0.26	3.37	0.68	-0.10	3.95
Average purchase price per share	in euros	33.14	86.97	42.42	39.54	120.12	49.12	56.64	103.47	87.51	72.05
Total value of shares bought back	in thousands of euros	6,655	2,431	-595	8,491	6,669	-955	14,205	13,703	-1,672	26,237

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 June 15, 2022 and is now valid until June 14, 2027. The authorisation to purchase treasury shares which was resolved by the general meeting on May 31, 2017 expired on May 30, 2022.

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.

In 2022, a total of 6,695 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 the issue of treasury shares out of the portfolio of CEWE-KGaA.

CEWE-KGaA's key portfolio of treasury shares under German company law as of December 31, 2022 amounted to 251,388 shares (previous year: 138,053 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 364,140 no-par value shares – at a total value of 26,237 thousand euros (previous year: 14,205 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	
	2021	2022	2021	2022	2021	2022
As of Jan. 1	101,969	138,053	112,752	112,752	214,721	250,805
Purchases of treasury shares	55,520	132,440	-	-	55,520	132,440
Sales of treasury shares	-19,436	-19,105	-	-	-19,436	-19,105
As of Dec. 31	138,053	251,388	112,752	112,752	250,805	364,140

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 2022. The unappropriated profits of CEWE-KGaA under commercial law are key for determination of the distribution. As of December 31, 2022, following the allocation to the retained earnings under § 58 (2) of the German Stock Corporation Act, the unappropriated profits of CEWE-KGaA amount to 38,751 thousand euros (previous year: 37,980 thousand euros). Payout freezes apply for the company's treasury shares (2022: 251,388 no-par value shares; previous year: 138,053 no-par value shares). In 2022, dividends were paid for a total amount of 16,605 thousand euros (previous year: 16,614 thousand euros). This corresponds to a distribution of 2.35 euros (previous year: 2.30 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 2021	Development in the financial year 2022
As of Jan. 1	40,051	38,268
Currency translation adjustments	0	1
Use	-1,680	-9,236
Amount added	103	181
Reversals	-206	-68
Transfer	0	-27
As of Dec. 31	38,268	29,119

CEWE has various types of company pension scheme commitments to its current and former employees and to their surviving dependants in Germany, France and (to a minor extent) Poland. 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.

The company does not have any plan assets within the meaning of IAS 19 to cover these benefits in any of the countries in question.

On the other hand, in the 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

	2021	2022
Present value of vested pension entitlements at start of financial year	40,119	38,268
Current service cost	2,547	2,548
Interest expense	270	446
Actuarial gains (-)	-3,107	-10,778
Change of method of measurement	-184	0
Payment of benefits	-1,377	-1,285
Past service cost	0	-80
Present value of vested pension entitlements at end of financial year	38,268	29,119
Of which directly confirmed (excl. plan assets)	38,268	29,119
Of which funded with plan assets	0	0

In summary, these assets developed as follows:

Financing status in thousands of euros

	2021	2022
Fair value of plan assets at start of financial year	68	0
Payment of benefits	-68	0
Balance sheet value at end of financial year	0	0

Overall, the Group's financing status is as follows:

Financing status in thousands of euros

	2021	2022
Present value of vested pension entitlements at end of financial year	38,268	29,119
Balance sheet value at end of financial year	38,268	29,119
Restatement of present value of vested pension entitlements (DBO) on basis of past experience	326	2,651
Restatement of fair value of plan assets on basis of past experience	0	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

	2021	2022
Current service cost	2,547	2,548
Interest expense	270	446
Past service cost	0	-80
Total	2,817	2,914

In the financial year 2022, actuarial gains in the amount of 10,778 thousand euros resulted (previous year: actuarial gains in the amount of 3,107 thousand euros), which have been apportioned to other comprehensive income. The actuarial gains in 2022 are mainly (with a share of 13,429 thousand euros) attributable to the significant increase in the IAS 19 interest rate; on the other hand, the assumptions for the salary and pension trends have also been adjusted. 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, 2021	Dec. 31, 2022
Interest rate	1.20	3.70
Salary trend/development of vested rights	2.50	3.00
Pension trend	2.00	2.00 ¹
Fluctuation	1.50	1.50

¹ plus 8% short-term trend for pensioners

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 thus totalled 0 thousand euros (previous year: 0 thousand euros).

Present value of obligations and fair value of plan assets in thousands of euros

	2019	2020	2021	2022
Present value of obligations	35,641	40,119	38,268	29,119
Fair value of plan assets ¹	95	68	0	0
Shortfall	35,546	40,051	38,268	29,119

¹ Excl. the financial instruments of CEWE COLOR Versorgungskasse e.V., Wiesbaden

Restatements made on basis of past experience in thousands of euros

	2019	2020	2021	2022
Plan liabilities	445	1,006	326	2,651
Plan assets	-1	-2	0	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	-12.2	15.2
Future salary increases	0.5	1.3	-1.3
Future pension increases	0.5	4.8	-4.4
Life expectancy (years)	1.0	5.2	-5.4

Over the next ten financial years, the following payments of pension benefits are expected:

Payment of pension benefits in thousands of euros

	Amount
2023	1,348
2024	1,309
2025	1,363
2026	1,409
2027	1,458
2028 to 2032	8,632

In the financial year 2022, the company incurred an overall volume of expenses in connection with defined contributions in the amount of 16,645 thousand euros (previous year: 16,952 thousand euros). Of this amount, 13,653 thousand euros (previous year: 14,143 thousand euros) was attributable to contributions to statutory or government defined-contribution plans. CEWE does not have any legal or constructive obligation for payment of these future benefits.

A similar volume of expenses is expected in 2023.

56 NON-CURRENT DEFERRED TAX LIABILITIES**Non-current deferred tax liabilities** in thousands of euros

	Development in the financial year 2021	Development in the financial year 2022
As of Jan. 1	2,779	2,202
Currency translation adjustments	0	643
Use	-471	-658
Amount added	0	-1
Reversals	-106	-42
As of Dec. 31	2,202	2,144

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 the case of tenant installations. This item developed as follows:

Non-current other accrual 2022 in thousands of euros

	2021	2022
As of Jan. 1	464	398
Changes to the scope of consolidation	0	15
Currency translation adjustments	18	-8
Use	-50	4
Amount added	0	158
Reversals	-34	0
As of Dec. 31	398	567

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 153.0 million euros (previous year: 155.0 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 (0.84 million euros, previous year: 0.81 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 (73.07 million euros, previous year: 84.39 million euros), its liquidity potential totalled 225.23 million euros (previous year: 238.59 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 174](#)) and the comments in the combined management report ([page 86](#)).

59 NON-CURRENT AND CURRENT LIABILITIES FROM LEASING

As of the balance sheet date December 31, 2022, the rights of use in the amount of 48,730 thousand euros (previous year: 52,076 thousand euros) contrast with lease liabilities with a present value of 50,253 thousand euros (previous year: 53,276 thousand euros). The non-current portion of the lease liabilities amounts to 40,536 thousand euros (previous year: 43,430 thousand euros). The current portion of the lease liability amounts to 9,717 thousand euros (previous year: 9,846 thousand euros). The payment obligations have the following maturity structure:

Discounted lease liabilities in thousands of euros

	Dec. 31, 2021	Dec. 31, 2022
Total future lease payments IFRS 16		
Due within a period of one year	9,846	9,717
Due within a period of between two and five years	24,620	22,946
Due after more than five years	18,810	17,590

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 2022 in thousands of euros

	Income taxes
As of Jan. 1	4,013
Currency translation adjustments	7
Use	-1,259
Amount added	2,886
Transfer	-25
Reversals	-513
As of Dec. 31	5,109

In the previous year, the amount consumed for current tax liabilities related to the discharge of tax liabilities for the previous year whose settlement was then required in the financial year 2022 due to deferrals and other measures.

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

63 CURRENT OTHER ACCRUALS

Provision for additional other liabilities relates to current legal disputes and other obligations.

Current other accruals in 2022 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	-	548	77	219	607	-	381	58	36	1,094	3,020
Changes to the scope of consolidation	-	17	73	-	-	-	-	-	-	1	91
Currency translation adjustments	-	3	-	-	-	-	-	-	-	-7	-4
Use	-	-474	-76	0	-110	-	-81	-12	-	-810	-1,563
Amount added	-	533	65	7	262	-	-	49	-	563	1,479
Reversals	-	-52	-13	-1	-19	-	-202	-17	-16	-13	-333
As of Dec. 31	-	575	126	225	740	-	98	78	20	828	2,690

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	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, after restatements	0	548	77	219	607	0	381	58	36	1,094	3,020

64 CURRENT INTEREST-BEARING FINANCIAL LIABILITIES**Current interest-bearing financial liabilities** in thousands of euros

	Dec. 31, 2021	Dec. 31, 2022
Loans from banks	0	0
Bank current accounts	276	214
Total	276	214

Reconciliation acc. to IAS 7 in 2022 in thousands of euros

	As of Jan. 1	Cash flow	Non-cash Acquisition	As of Dec. 31
Non-current liabilities	407	-291		116
Current liabilities	276	-62		214
Lease liabilities	53,184	-11,132	8,201	50,253
Total liabilities from financing activities	53,867	-11,485	8,201	50,583

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	407	-131	0	276
Leasingverbindlichkeiten	59,119	-14,241	8,306	53,184
Total liabilities from financing activities	60,297	-14,736	8,306	53,867

65 CURRENT TRADE PAYABLES

Trade payables amount to 120,616 thousand euros (previous year: 107,528 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, 2021	Dec. 31, 2022
Put option	0	0
Other financial liabilities	114	253
Total	114	253

67 CURRENT OTHER LIABILITIES**Current other liabilities** in thousands of euros

	Dec. 31, 2021	Dec. 31, 2022
Liabilities for wages and salaries	19,553	20,594
Tax liabilities	29,449	31,516
Social security liabilities	3,243	3,841
Deferred liabilities	726	757
Other liabilities	644	930
Total	53,615	57,638

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, 2022, the CEWE Group had the following lines of credit:

Lines of credit in 2022 in millions of euros

	Germany	Other countries	Total as of Dec. 31
Remaining term of up to 1 year	127.00	0.00	127.00
Remaining term of more than 1 year	26.00	0.00	26.00
Total	153.00	0.00	153.00

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

Of these credit lines, as of the reporting date, 152.2 million euros (previous year: 154.2 million euros) have not been drawn down. As well as cash and cash equivalents in the amount of 73.1 million euros (previous year: 84.4 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, 2022:

Cash flows from financial liabilities in 2022 in thousands of euros

	Dec. 31, 2022 Book value	Up to 1 year	More than 1 year, up to 5 years	Total
Amounts owed to credit institutions	330	214	116	330
Trade payables	120,616	120,616	0	120,616
Other financial instruments	56,010	56,010	0	56,010
Total	176,956	176,840	116	176,956

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	52,282	52,282	0	52,282
Total	160,493	160,086	407	160,493

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, where possible, the Group reduces the volume of euro-denominated transactions outside the scope of deliveries and services 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

	2021	2022
Financial assets	-27,248	-40,670
Financial liabilities	15,669	25,262

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

	2021	2022
Financial assets	-13,677	-21,725
Financial liabilities	21,867	31,997

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

	2021	2022
Interest income	-7.5	-4.3
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

	2021	2022
Interest income	7.5	4.3
Interest expense	0.0	0.0

No hedging transactions have been entered into.

In the financial year 2022, financial assets measured at amortised cost resulted in net income/losses of 42 thousand euros (previous year: 386 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 1,544 thousand euros in the financial year 2022 (previous year: 1,505 thousand euros).

Interest income associated with financial instruments not measured in profit and loss at fair value amounts to 43 thousand euros (previous year: 75 thousand euros), while corresponding interest expenses amount to 39 thousand euros (previous year: 187 thousand euros). Impairment of financial instruments measured at amortised cost amounted to 521 thousand euros in the past financial year (previous year: 443 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 1,096 thousand euros (previous year: 1,045 thousand euros) (item C33, [page 147](#)).

The reconciliation of the balance sheet items with these types of financial instruments as of December 31, 2022 is as follows:

Breakdown of financial instruments – Dec. 31, 2022 in thousands of euros

	Measured at	Measured at fair value			Non-financial	Book value in the balance sheet
	amortised cost	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)	assets/liabilities	
	Book value	Book value	Book value	Book value	Book value	
Non-current assets						
Financial assets				9,681		9,681
FVTOCI				9,345		9,345
FVTPL				336		336
Non-current financial assets	978					978
AC	978					978
Current assets						
Trade receivables	98,148					98,148
AC	98,148					98,148
Current financial assets	3,122					3,122
AC	3,122					3,122
Cash and cash equivalents	73,067					73,067
Non-current liabilities						
Non-current interest-bearing financial liabilities	116					116
AC	116					116
Non-current liabilities from leasing	40,536					40,536
AC	40,536					40,536
Non-current other financial liabilities	698					698
AC	698					698
Current liabilities						
Current interest-bearing financial liabilities	214					214
AC	214					214
Current liabilities from leasing	9,717					9,717
AC	9,717					9,717
Current trade payables	120,616					120,616
AC	120,616					120,616
Current financial liabilities	253					253
AC	253					253
Measured at fair value						0
Current other liabilities						57,638
Non-financial liabilities					57,638	57,638
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, 2021 in thousands of euros

	Measured at	Measured at fair value			Non-financial	
	amortised cost	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)	assets/liabilities	Book value in the balance sheet
	Book value	Book value	Book value	Book value	Book value	
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	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

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, 2022, the maximum credit risk resulting from debtors' potential insolvency in relation to loans and receivables amounted to 102,248 thousand euros (previous year: 83,020 thousand euros) and has the following makeup:

Credit risk in thousands of euros

	Dec. 31, 2021	Dec. 31, 2022
Non-current financial assets	1,194	978
Trade receivables and other current receivables	81,826	101,270
Total	83,020	102,248

Impaired loans and receivables developed as follows:

Impaired loans and receivables developed in thousands of euros

	Dec. 31, 2021	Dec. 31, 2022
Gross value	30,440	24,123
Valuation adjustment	-2,510	-1,725
Total	27,930	22,398

A further amount of 12,595 thousand euros (previous year: 12,968 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, 2021	Dec. 31, 2022
Up to 30 days	11,589	10,691
Between 30 and 90 days	775	1,249
More than 90 days	604	655
Total	12,968	12,595

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 the 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, 2021	Dec. 31, 2022
Total assets	599,532	632,706
Equity	335,834	362,763
Equity ratio (as %)	56.0	57.3
Non-current interest-bearing financial liabilities	407	116
Non-current liabilities from leasing	43,430	40,536
Current interest-bearing financial liabilities	276	214
Current liabilities from leasing	9,846	9,717
Cash and cash equivalents	84,389	73,067
Net interest-bearing financial liabilities	-30,430	-22,484

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 73 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 162–165](#)).

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, 2021 Capital	Dec. 31, 2022 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. Dignet GmbH & Co. KG, Cologne	100.00	100.00
16. Bilder-planet.de GmbH, Cologne ⁴	100.00	100.00
17. Dignet Management GmbH, Cologne	100.00	100.00
18. Dignet Danmark ApS, Åbyhøj, Denmark ⁴	0.00	100.00
19. Wöltje GmbH & Co. KG, Oldenburg ⁵	100.00	100.00
20. Wöltje Verwaltungs-GmbH, Oldenburg ⁵	100.00	100.00
21. viaprinto Beteiligungs-GmbH, Oldenburg ⁹	100.00	100.00

Shareholdings in %

	Dec. 31, 2021 Capital	Dec. 31, 2022 Capital
22. viaprinto GmbH & Co. KG, Munster	0.00	100.00
23. CeWe Color Inc., Delaware, USA ¹	100.00	100.00
24. Saxoprint GmbH, Dresden	100.00	100.00
25. Saxoprint Ltd., London, United Kingdom ⁶	100.00	100.00
26. Saxoprint AG, Zürich, Switzerland ⁶	100.00	100.00
27. Saxoprint EURL, Paris, France ^{6,8}	100.00	0.00
28. Laserline GmbH, Berlin	100.00	100.00
29. DeinDesign GmbH, Bad Kreuznach	100.00	100.00
30. futalis GmbH, Leipzig	81.64	81.64
31. Stardust Media and Communications, SAS, Paris, France ¹	100.00	100.00
32. CEWE Fotovertriebsesellschaft mbH, Wien, Austria ¹	100.00	100.00
33. WhiteWall Media GmbH, Frechen	100.00	100.00
34. Whitewall USA Inc., Delaware, USA ⁷	100.00	100.00
35. Hertz Systemtechnik GmbH, Delmenhorst	0.00	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 Dignet GmbH & Co. KG, Cologne

⁵ Interest held through CEWE AG, Dübendorf, Switzerland

⁶ Interest held through Saxoprint GmbH, Dresden

⁷ Interest held through WhiteWall Media GmbH, Frechen

⁸ Interest held through Saxoprint EURL, Paris, France – merged with Saxoprint GmbH, Dresden, on January 1, 2022

⁹ Interest held through viaprinto Beteiligungs-GmbH, Oldenburg, previously: DIRON Wirtschaftsinformatik Beteiligungs-GmbH, Münster

70 EVENTS OF PARTICULAR SIGNIFICANCE AFTER THE BALANCE SHEET DATE

No events of particular significance have occurred since the balance sheet date.

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 2022 and 2021. 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 2022 in thousands of euros

	Current interest-bearing financial liabilities	Non-current interest-bearing financial liabilities	Gross financial liabilities
As of Jan. 1	276	407	683
Repayment	-62	-291	-353
As of Dec. 31	214	116	330

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

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 510 thousand euros (previous year: 542 thousand euros). These contracts have terms of between one and six years.

Lease payments in thousands of euros

	Dec. 31, 2021	Dec. 31, 2022
Total future minimum lease payments	1,040	2,458
Due within a period of one year	510	496
Due within a period of between two and five years	466	1,606
Due after more than five years	64	356

Assets leased within the scope of operating leases have a total book value of 19,016 thousand euros (previous year: 17,091 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, 2021	Dec. 31, 2022
Total future minimum lease payments	23,299	23,366
Due within a period of one year	2,980	3,284
Due within a period of between two and five years	11,600	12,605
Due after more than five years	8,719	7,477

This involves the leasing of commercial space as well as equipment leased to customers. The rent instalments collected in the financial year amount to 3,075 thousand euros (previous year: 2,478 thousand euros). Of this amount, 628 thousand euros (previous year: 332 thousand euros) is attributable to income from subletting. They are shown under the additional other operating income item, C28, [pages 143 f.](#) 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 C27, [page 142 f.](#)

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, 400,441 thousand euros (previous year: 376,364 thousand euros) relates to German turnover and 340,552 thousand euros (previous year: 316,397 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

	2021	2022
Germany	202,063	220,139
Other countries	36,311	29,118
Total	238,374	249,257

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 1,309 thousand euros (previous year: 1,277 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 584 thousand euros (previous year: 1,307 thousand euros) in the year under review. Grants were mainly provided for research and development activities, in the amount of 339 thousand euros (previous year: 0 thousand euros). In addition, grants have been provided in an amount of 112 thousand euros (previous year: 715 thousand euros) by way of contributions provided for personnel expenses, for training expenses and for reimbursement of expenses incurred due to prohibition of employment. Government grants for closed retail branches were provided in the amount of 13 thousand euros (previous year: 216 thousand euros). General cost contributions were also granted in the amount of 120 thousand euros (France) (previous year: 11 thousand euros).

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, 2021	Dec. 31, 2022
Fixed gross remuneration		
Fixed remuneration	1,866	2,040
Fringe benefits	99	110
Total fixed gross remuneration	1,965	2,150
Variable remuneration		
One-year variable remuneration	764	690
Multi-year variable remuneration		
Bonus II	317	185
Stock Option Plan	416	158
Total variable remuneration	1,497	1,033
Total remuneration granted	3,462	3,183
Remuneration owed	477	561
Other benefits due to the termination of the employment relationship	2,309	2,301
Total remuneration paid to Board of Management	6,248	6,045
Total remuneration paid to Supervisory Board	1,489	859
Total remuneration paid to Board of Management and Supervisory Board	7,737	6,904

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 102 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 14 thousand euros (previous year: 8 thousand euros) in the financial year 2022. 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.

No remuneration was paid to retired members of the Board of Management in the financial year 2022 (previous year: 69 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 1,091 thousand euros (previous year: 1,050 thousand euros). Pension accruals established for these persons amount to 14,393 thousand euros (previous year: 17,482 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 to December 31, 2022)

February 2007¹

Lawyer

- » Chairman of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg (to December 31, 2022)
- » Member of the Board of Trustees of Neumüller CEWE COLOR Stiftung, Oldenburg (to December 31, 2022)

Frank Zweigle, Oldenburg (Chairman since January 1, 2023)

January 2023¹

Managing director, management consultant and lecturer at Jade University of Applied Sciences Wilhelmshaven Oldenburg Elsfleth

Paolo Dell'Antonio, Düsseldorf

January 2017¹

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 and chairman of the audit committee of Th. Simon GmbH & Co. KG (previously Bitburger Holding GmbH)
- » Member of the shareholders' committee of Bitburger Braugruppe GmbH, Bitburg²
- » Spokesman of the board of management of Wilhelm Werhahn KG, Neuss
- » 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}

Patricia Geibel-Conrad, Leonberg

June 2018¹

Accountant/tax consultant, management consultant

- » Member of the Supervisory Board and Chairwoman of the Audit Committee of CEWE Stiftung & Co. KGaA, Oldenburg
- » Member of the supervisory board and the audit committee of HOCHTIEF Aktiengesellschaft, Essen 2 (to October 19, 2022)
- » Member of the supervisory board and chairwoman of the audit committee of DEUTZ AG, Cologne²
- » Deputy chairwoman of the supervisory board and chairwoman of the audit committee of NEMETSCHKE SE, Munich² (since May 12, 2022)

Prof. Dr Christiane Hipp, Cottbus

June 2012¹

Since February 1, 2020 Professor of Organisation and Corporate Governance (Brandenburg University of Technology Cottbus-Senftenberg)

- » 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

Martina Sandrock, Hamburg (since October 21, 2022)

October 2022¹

Member of the supervisory and advisory boards and the board of trustees, former chairwoman of the board of management of LSH AG, Hamburg

- » Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg
- » Chairwoman of the advisory board of Schwanhäuser Industrie Holding GmbH & Co. KG, Heroldsberg^{2,4}
- » Chairwoman of the advisory board of E. H. Worlée GmbH & Co. KG, Hamburg^{2,4}
- » Member of the advisory board of Zentis GmbH & Co. KG, Aachen^{2,4}
- » Member of the board of trustees of Joachim Herz Stiftung, Hamburg

Dr Birgit Vemmer, Bielefeld

June 2018¹

Management consultant and coach

- » Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg

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

Dr Hans-Henning Wiegmann, Schlangenbad (to August 31, 2022)June 2012¹

Business graduate

- » Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg

Petra Adolph, HanoverJune 2018¹

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, Kassel²

Marion Gerdes, BerneJune 2018¹

Industrial Manager/Head of Personnel, CEWE Stiftung & Co. KGaA, Oldenburg

- » Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg

Insa Lukaßen, OldenburgJune 2018¹

Head of Mail-Order Shipping

- » Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg

Alexander Oyen, BremenJune 2018¹

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)October 2015¹

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, HattenJune 2018¹

Data protection officer

- » 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 (to December 31, 2022)**

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

Yvonne Rostock, Ratingen (since March 1, 2023)

Chairwoman of the Board of Management of Neumüller CEWE COLOR Stiftung, Oldenburg

Responsible for National and International Distribution

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 Production, Purchasing and Logistics

¹ Start of service on the Supervisory Board² Group mandate³ Voluntary bodies

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, Lönningen

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
» Member of the board of management of the Oldenburg employers' association
(Arbeitgeberverband Oldenburg e.V.), Oldenburg

Please also see the comments in the remuneration report on [pages 106 ff.](#)

77 RELEASE AND PUBLICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

The consolidated financial statements as of December 31, 2022 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 22, 2023

CEWE Stiftung & Co. KGaA

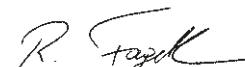
For the general partner Neumüller CEWE COLOR Stiftung
– The Board of Management –



Yvonne Rostock



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 COMBINED 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, 2022, 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, 2022 to December 31, 2022, 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, 2022 to December 31, 2022. In accordance with the German legal requirements, we have not audited the content of those parts of the combined management report listed in section "Other information".

The combined management report includes references not required by law which have been marked as unaudited. In accordance with the German legal requirements, we have not audited these references or the information to which these references relate.

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, 2022, and of its financial performance for the financial year from January 1, 2022 to December 31, 2022 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". The combined management report includes references not required by law which have been marked as unaudited. Our audit opinion does not include these references or the information to which these references relate.

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 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, 2022 to December 31, 2022. 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 have identified the following matters as key audit matters which must be mentioned in our auditor's report:

1. Realisation of turnover in the Photofinishing segment
2. Fair value of goodwill in the Commercial Online Printing and Photofinishing business units

Realisation of turnover in the Photofinishing segment

Specific issue

In its consolidated financial statements as of December 31, 2022, the company has reported revenues in its Photofinishing segment in the amount of 616 million euros (83.1% 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.

Fair value of goodwill in the Commercial Online Printing and Photofinishing business units

Specific issue

In its consolidated financial statements as of December 31, 2022, the company has reported goodwill in the amount of 22.2 million euros in its Commercial Online Printing business unit and 59.3 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 2022 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 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 separately published consolidated non-financial statement to which reference is made in the "Reports on the company's management" section of the combined management report
- » the declaration on corporate governance contained in the "Reports on the company's management" section of 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.

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 Combined 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 (i. e. manipulations of the accounting and asset damage) 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 combined 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 combined 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 combined 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 combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined 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 combined 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 combined 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 combined management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- » Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined 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 combined 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 combined 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 presentation, structure and content of the consolidated financial statements as a whole, 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 combined 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 combined 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 combined 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 actions taken or safeguards implemented to address any threats to independence. 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 COMBINED 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 combined management report (hereinafter the "ESEF documents") contained in the electronic file „529900IDFHN9MQ3WUD64-2022-12-31-de.zip“ 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 combined 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 combined management report contained in the above-mentioned 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 combined management report for the financial year from January 1, 2022 to December 31, 2022 contained in the "Auditor's report on the consolidated financial statements and on the combined management report" above.

Basis for the Reasonable Assurance Opinion

We conducted our assurance work on the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned electronic file in accordance with § 317 (3a) HGB and the IDW Assurance Standard: Assurance in Accordance with § 317 (3a) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (IDW AsS 410 (06.2022)) 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 complied with the requirements of the IDW quality management standards which in turn implement the IAASB's international standards on quality management.

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 requirements 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 combined 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 15, 2022. We were engaged by the supervisory board on August 29, 2022. 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 Company Register – 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 22, 2023

BDO AG
Wirtschaftsprüfungsgesellschaft

Sabath
German Public Auditor

Hyckel
German Public Auditor

THE CEWE GROUP – STRUCTURE AND EXECUTIVE BODIES

NEUMÜLLER CEWE COLOR STIFTUNG

Board of Trustees

- » Dr Rolf Hollander, Oldenburg (Chairman)
(to December 31, 2022)
- » Otto Korte, Oldenburg (Deputy Chairman)
(to December 31, 2022)
- » Helmut Hartig, Oldenburg
- » Dr Kay Hafner, Essen
- » Matthias Peters, Hamburg
- » Katharina Le Thierry, Munich
- » Anke Röbbke, Oldenburg (since January 1, 2023)

Board of Management

- » Dr Christian Friege, Oldenburg (Chairman)
(to December 31, 2022)
- » Yvonne Rostock, Ratingen (Chairwoman)
(since March 1, 2023)
- » Patrick Berkhouwer, Bremen
- » Dr Reiner Fageth, Oldenburg
- » Carsten Heitkamp, Oldenburg
- » Dr Olaf Holzkämper, Oldenburg
- » Thomas Mehls, Oldenburg
- » Christina Sontheim-Leven, Düsseldorf
(since January 1, 2022)

CEWE STIFTUNG & CO. KGAA

Supervisory Board

- » Otto Korte, Oldenburg (Chairman)
(to December 31, 2022)
Lawyer
- » Frank Zweigle, Oldenburg
(Chairman) (since January 1, 2023)
Managing director, management consultant and
lecturer at Jade University of Applied Sciences
Wilhelmshaven Oldenburg Elsfleth
- » Paolo Dell'Antonio, Düsseldorf
Spokesman of the board of management of Wilh.
Werhahn KG, Neuss
- » Patricia Geibel-Conrad, Leonberg
Accountant/tax consultant, management consultant
- » Prof. Dr Christiane Hipp, Berlin
Since February 1, 2020 Professor of Organisation and
Corporate Governance (Brandenburg University of
Technology Cottbus-Senftenberg)
- » Martina Sandrock, Hamburg (since October 21, 2022)
Member of the supervisory and advisory boards and
the board of trustees, former chairwoman of the board
of management of LSH AG, Hamburg
- » Dr Birgit Vemmer, Bielefeld
Management consultant and coach

- » Dr Hans-Henning Wiegmann, Schlangenbad
(to August 31, 2022)
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
Data protection officer of CEWE Stiftung & Co. KGaA,
Oldenburg

General partner of CEWE Stiftung & Co. KGaA

Neumüller CEWE COLOR Stiftung, Oldenburg
Profit and loss account of CEWE Stiftung & Co. KGaA

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CONSOLIDATED NON-FINANCIAL STATEMENT

With this non-financial statement, CEWE Stiftung & Co. KGaA business group (hereinafter CEWE) complies with the duty to disclose non-financial information for the financial year 2022 in accordance with §§ 315b and 315c HGB in conjunction with §§ 289c to 289e HGB. Following a detailed review process, the content from the non-financial statement for the year 2021 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 § 289b HGB. It is incorporated into the annual report and refers to the GRI Standards (§ 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 throughout 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 55 ff.](#)

Relevance of sustainability

Sustainability has been enshrined within the Board of Management since 2008 and has been governed by Thomas Mehls since 2016, who oversees Sustainability, Marketing and New Business Units on the Board of Management. He governs sustainability together with two area managers and in co-ordination with the Sustainability Task Force [Sustainability Report 2022, page 16](#). CEWE greatly values sustainable governance across all sectors and has included all areas in its sustainability activities [Sustainability Report 2022, 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 2022, 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 2022, pages 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 2022, page 20](#). The 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 37 of the Sustainability Report](#). In line with §§ 289c (3), 3 and 4 and 315c (2) HGB, no material risks were identified, neither in relation to its own business activities nor 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 climate-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 the financial year 2021, the disclosure focused initially on the first two objectives only due to the facilitation granted by the EU, i.e. Climate Change Mitigation and Climate Change Adaptation, regarding the proportion of taxonomy-eligible economic activities in the overall turnover as well as in capital expenditures and operational expenses. Since this facilitation option has been dropped for the financial year 2022, the reporting covers not only taxonomy eligibility, but also taxonomy alignment. In the absence of an Environmental Delegated Act, reporting for the 2022 financial year is, however, once again only required on the first two environmental objectives.

Taxonomy-eligible economic activities include those established and described in the Climate Delegated Act as they are relevant for the environmental objectives named. Moreover, identified taxonomy-eligible economic activities are considered to be taxonomy aligned if they meet the so-called technical screening criteria, which are fundamentally composed of two components: (1) substantial contribution towards one of the named environmental objectives; and (2) do no harm to other environmental objectives.

Furthermore, it must be ensured that minimum social safeguards are met (in accordance with OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights, ILO core labour standards and the International Bill of Human Rights).

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 expenditure has shown that investments are being made in taxonomy-eligible economic activities relating to the purchase of products and services named under Annex I (Substantial Contribution to Climate Change Mitigation) of the delegated act. This refers mainly to bicycle traffic and the vehicle fleet (Activities 6.4 and 6.5) as well as construction and renovation measures at multiple locations (Activity 7.3)

Furthermore, operational expenses have been identified that relate to the purchase of products and services from taxonomy-eligible economic activity as named under Annex I (Substantial Contribution to Climate Change Mitigation) of the delegated regulation. These particularly include expenses for bicycle traffic and the vehicle fleet (Activities 6.4 and 6.5).

The analysis of taxonomy-eligible economic activities regarding their conformity has shown that the responses are not sufficient to draw the conclusion that the necessary requirements could be regarded as fulfilled.

There are no activities pursuant to Delegated Regulation 2022/1214 regarding nuclear energy and fossil gas.

CAPEX

Economic activity (1)	Code(s) (2)	Total turnover (3) [EUR]	Turnover share (4) as %	Criteria for a substantial contribution						DNSH criteria										
				Climate change mitigation (5) as %	Climate change adaptation (6) as %	Water and marine resources (7) as %	Circular economy (8) as %	Pollution (9) as %	Biodiversity and ecosystems (10) as %	Climate change mitigation (11) [Y/N]	Climate change adaptation (12) [Y/N]	Water and marine resources (13) [Y/N]	Circular economy (14) [Y/N]	Pollution (15) [Y/N]	Biodiversity and ecosystems (16) [Y/N]	Minimum safeguards (17) [Y/N]	Taxonomy-aligned CapEx share, year N (18) as %	Taxonomy-aligned CapEx share, year N-1 (19) as %	Category (enabling activities) (20) [E]	Category (transitional activities) (21) [T]
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (taxonomy aligned)																				
CapEx environmentally sustainable activities (taxonomy aligned) (A.1)		0.00	0.00																	
A.2 Taxonomy-eligible, but not environmentally sustainable activities (non-taxonomy-aligned activities)																				
Activity ¹	6.4	23,472	0.03																	
Activity ²	6.5	907,372	1.40																	
Activity ³	7.3	413,734	0.64																	
Activity ⁴	7.4	57,265	0.09																	
Activity ⁵	9.3	24,139	0.04																	
CapEx taxonomy-eligible, but not environmentally sustainable activities (non-taxonomy-aligned activities) (A.2)		1,425,982	2.20																	
Total (A.1 + A.2)		1,425,982	2.20																	
B. NON-TAXONOMY-ELIGIBLE ACTIVITIES (B)																				
CapEx non-taxonomy-eligible activities (B)		63,362,018	97.80																	
Total (A + B)		64,788,000	100.00																	

¹ Operation of personal mobility devices, cycle logistics ² Transport by motorbikes, passenger cars and light commercial vehicles ³ Installation, maintenance and repair of energy efficiency equipment

⁴ Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) ⁵ Professional services related to energy performance of buildings

OPEX

Economic activity (1)	Code(s) (2)	Total turnover (3) [EUR]	Turnover share (4) as %	Criteria for a substantial contribution						DNSH criteria											
				Climate change mitigation (5) as %	Climate change adaptation (6) as %	Water and marine resources (7) as %	Circular economy (8) as %	Pollution (9) as %	Biodiversity and ecosystems (10) as %	Climate change mitigation (11) [Y/N]	Climate change adaptation (12) [Y/N]	Water and marine resources (13) [Y/N]	Circular economy (14) [Y/N]	Pollution (15) [Y/N]	Biodiversity and ecosystems (16) [Y/N]	Minimum safeguards (17) [Y/N]	Taxonomy-aligned OpEx share, year N (18) as %	Taxonomy-aligned OpEx share, year N-1 (19) as %	Category (enabling activities) (20) [E]	Category (transitional activities) (21) [T]	
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (taxonomy aligned)																					
OpEx environmentally sustainable activities (taxonomy aligned) (A.1)		0.00	0.00																		
A.2 Taxonomy-eligible, but not environmentally sustainable activities (non-taxonomy-aligned activities)																					
Activity ¹	6.4	240,096	1.01																		
Activity ²	6.5	246,507	1.03																		
Activity ³	7.3	2,488	0.01																		
Activity ⁴	7.4	715	0.00																		
Activity ⁵	9.3	21,109	0.09																		
OpEx taxonomy-eligible, but not environmentally sustainable activities (non-taxonomy-aligned activities) (A.2)		510,915	2.14																		
Total (A.1 + A.2)		510,915	2.14																		
B. NON-TAXONOMY-ELIGIBLE ACTIVITIES (B)																					
OpEx non-taxonomy-eligible activities (B)		23,350,085	97.86																		
Total (A + B)		23,861,000	100.00																		

1 Operation of personal mobility devices, cycle logistics 2 Transport by motorbikes, passenger cars and light commercial vehicles 3 Installation, maintenance and repair of energy efficiency equipment 4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) 5 Professional services related to energy performance of buildings

Turnover

Economic activity (1)	Code(s) (2)	Total turnover (3) [EUR]	Turnover share (4) as %	Criteria for a substantial contribution						DNSH criteria											
				Climate change mitigation (5) as %	Climate change adaptation (6) as %	Water and marine resources (7) as %	Circular economy (8) as %	Pollution (9) as %	Biodiversity and ecosystems (10) as %	Climate change mitigation (11) [Y/N]	Climate change adaptation (12) [Y/N]	Water and marine resources (13) [Y/N]	Circular economy (14) [Y/N]	Pollution (15) [Y/N]	Biodiversity and ecosystems (16) [Y/N]	Minimum safeguards (17) [Y/N]	Taxonomy-aligned turnover share, year N (18) as %	Taxonomy-aligned turnover share, year N-1 (19) as %	Category (enabling activities) (20) [E]	Category (transitional activities) (21) [T]	
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (taxonomy aligned)																					
Turnover environmentally sustainable activities (taxonomy aligned) (A.1)		0.00	0.00																		
A.2 Taxonomy-eligible, but not environmentally sustainable activities (non-taxonomy-aligned activities)																					
Turnover taxonomy-eligible, but not environmentally sustainable activities (non-taxonomy-aligned activities) (A.2)		0.00	0.00																		
Total (A.1 + A.2)		0.00	0.00																		
B. NON-TAXONOMY-ELIGIBLE ACTIVITIES																					
Turnover non-taxonomy-eligible activities (B)		740,992,886	100.00																		
Total (A + B)		740,992,886	100.00																		

In the financial year 2022, there was one addition through changes to the scope of consolidation. Furthermore, the individual items were clearly allocated to the respective category and environmental objectives so that nothing was counted twice. As from the financial year 2023, 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. The impacts of these changes on our future reporting are currently being analysed.

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 outcomes of the diversity concept, are described in the [Sustainability Report 2022 on pages 52 ff.](#) 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 92](#) 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 2022	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, 38–43	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	39 f., 44–46	Total input materials used Disclosure 301-1 Reduction of energy consumption per material used Disclosure 302-5 Share of paper used and the respective products that are FSC®-certified
Employee topics	Good Employer	HR strategy Employee interviews Measures to promote employees	48–51, 56–61	Total number of employees by employment contract Disclosure 2-7 Share of satisfied employees
Social topics	Responsible Use of Technology ³	CEWE Customer Charter Digital Advisory Board R&D projects with artificial intelligence	25–27	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	23 f., 31–33	Non-compliance with laws and regulations in the social and economic area Disclosure 2-27 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	22–25	Confirmed incidents of corruption and actions taken Disclosure 205-3 Communication and training about anti-corruption policies and procedures Disclosure 205-2
Product-related topics	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	30, 32–36, 43 f.	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 Incl. energy efficiency and energy consumption.

³ Incl. 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 STATEMENT¹

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, 2022 (hereinafter referred to as the "combined non-financial statement") to obtain limited assurance.

The external sources of documentation or expert opinions mentioned in the combined non-financial statement are not subject of our audit.

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 according to 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.

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 according to 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 Management 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 as well as the IDW Quality Management Standards issued by the Institute of Public Auditors in Germany (IDW), and accordingly maintains a comprehensive quality management system that includes

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.

documented policies and procedures with regard to compliance with professional ethical requirements, professional standards as well as relevant statutory and other legal requirements.

Practitioner's Responsibility

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 of the Company for the period of January 1st to December 31st, 2022 with the exception of the external sources of documentation or expert opinions in the combined non-financial financial statement has not been 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-aligned 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, 2022 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 according to 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 22nd, 2023

BDO AG Wirtschaftsprüfungsgesellschaft

ppa. Anja Graff

Nils Borchering
Wirtschaftsprüfer
(German Public Auditor)

FINANCIAL STATEMENTS OF CEWE STIFTUNG & CO. KGAA

PROFIT AND LOSS ACCOUNT OF CEWE STIFTUNG & CO. KGAA

for the financial year 2022 (in accordance with the German Commercial Code)

in thousands of euros

	2021	2022
Revenues	359,923	375,471
Increase/decrease in finished and unfinished goods	20	92
Other own work capitalised	192	94
Other operating income	6,608	7,910
Cost of materials		
Expenses for raw materials and supplies and for purchased merchandise	-67,721	-74,399
Expenses for purchased services	-23,906	-20,155
	-91,627	-94,554
Personnel expenses		
Wages and salaries	-84,186	-86,306
Social security contributions and expenses for pensions and support	-18,702	-19,187
	-102,888	-105,493
Amortisation of intangible assets, depreciation of property, plant and equipment	-20,753	-20,681
Other operating expenses	-107,610	-114,408
Income from equity investments	12,781	10,480
Income from loans of financial assets	905	1,321
Other interest and similar income	1,659	1,311
Interest and similar expenses	-2,707	-3,482
Earnings before income taxes	56,503	58,061
Income taxes	-17,826	-19,355
Earnings after taxes	38,677	38,706
Other taxes	-807	-165
Net income for the year	37,870	38,541
Remaining profit carried forward from previous year	110	210
Unappropriated profits	37,980	38,751

BALANCE SHEET OF CEWE STIFTUNG & CO. KGAA

as of December 31, 2022 (in accordance with the German Commercial Code)

in thousands of euros

	2021	2022
ASSETS		
Fixed assets		
Intangible assets		
Concessions, industrial property rights acquired for a consideration and similar rights and assets and related licences	6,107	4,649
Advance payments	380	2,800
	6,487	7,449
Property, plant and equipment		
Land, leasehold rights and buildings, incl. buildings on third-party land	36,363	45,378
Technical equipment and machinery	39,877	38,949
Other equipment, furniture and fixtures	9,721	10,059
Advance payments and assets under construction	1,707	8,816
	87,668	103,202
Financial assets		
Interests in affiliates	125,589	134,251
Loans to affiliates	69,338	70,222
Equity investments	3,840	4,256
Other loans	260	247
	199,027	208,976
Current assets		
Inventories		
Raw materials and supplies	23,447	21,799
Unfinished goods, work in progress	301	365
Finished goods and merchandise	456	551
	24,204	22,715
Receivables and other assets		
Trade receivables	43,488	55,129
Receivables from affiliates	179,238	189,224
Other assets	12,124	16,406
	234,850	260,759
Cash on hand and cash in banks	59,616	47,668
Deferred expenses and accrued income	3,257	5,084
	615,109	655,853

in thousands of euros

	2021	2022
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	19,349	19,349
Nominal value of treasury shares	-359	-653
Issued capital	18,990	18,696
Capital reserve	77,468	75,127
Retained earnings		
Statutory reserve	1,534	1,534
Other retained earnings	222,658	231,821
	224,192	233,355
Unappropriated profits	37,980	38,751
	358,630	365,929
Special item for investment subsidies	178	159
Accruals		
Accruals for pensions and similar obligations	26,305	30,153
Tax accruals	5	840
Other accruals	28,239	28,230
	54,549	59,223
Liabilities		
Amounts owed to credit institutions	555	579
Payments received on account of orders	31,263	34,086
Trade payables	152,664	176,804
Amounts owed to affiliates	32	54
Other liabilities	17,196	18,163
	201,710	229,686
Deferred income and accrued expenses	42	856
	615,109	655,853

MULTI-YEAR OVERVIEW

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR

in millions of euros

	2015	2016	2017	2018	2019	2020	2021	2022
Revenues	554.2	593.1	599.4	653.3	720.4	727.3	692.8	741.0
Increase/decrease in finished and unfinished goods	0.4	-0.5	0.1	-0.1	0.2	-0.4	0.3	0.0
Other own work capitalised	0.9	0.8	0.9	1.1	1.0	1.3	1.3	2.9
Other operating income	19.6	20.8	23.2	25.1	22.2	23.0	27.1	29.3
Cost of materials	-162.2	-168.6	-168.4	-178.7	-187.5	-171.1	-160.7	-183.5
Gross profit	412.8	445.6	455.1	500.7	556.4	580.1	560.7	589.6
Personnel expenses	-143.7	-153.4	-160.3	-178.1	-197.0	-196.1	-194.9	-204.8
Other operating expenses	-194.0	-201.9	-205.5	-228.6	-245.4	-249.0	-241.2	-255.5
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	75.1	90.3	89.3	93.9	113.9	135.1	124.6	129.2
Amortisation of intangible assets, depreciation of property, plant and equipment	-38.7	-43.3	-40.1	-40.2	-57.1	-55.4	-52.4	-53.6
Earnings before interest and taxes (EBIT)¹	36.4	47.0	49.2	53.7	56.8	79.7	72.2	75.6
Financial income	0.4	0.9	0.5	0.7	0.1	0.0	2.0	0.7
Financial expenses	-0.9	-1.7	-0.8	-1.1	-3.7	-3.4	-1.5	-1.5
Financial result	-0.5	-0.9	-0.4	-0.4	-3.6	-3.3	0.5	-0.8
Earnings before taxes (EBT)	35.9	46.2	48.9	53.3	53.3	76.4	72.7	74.8
Income taxes	-14.1	-16.6	-16.0	-17.0	-21.6	-24.4	-23.8	-23.7
Earnings after taxes	21.8	29.6	32.8	36.3	31.7	51.9	48.9	51.1

¹ The figures for the previous year have been restated.

CASH FLOW FOR THE YEAR

in millions of euros

	2015	2016	2017	2018	2019	2020	2021	2022
Cash flow from operating activities	59.6	93.0	72.4	78.7	102.7	142.3	65.6	93.4
Cash flow from investing activities	-55.2	-46.6	-70.2	-76.2	-67.2	-39.0	-44.1	-61.9
Free cash flow	4.4	46.4	2.2	2.5	35.5	103.3	21.5	31.5
Cash flow from financing activities	-10.3	-19.8	-11.7	-13.4	-30.7	-33.2	-40.1	-42.6
Change in cash and cash equivalents	-5.9	26.7	-9.5	-10.9	4.9	70.1	-18.6	-11.1

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE FOURTH QUARTER

in millions of euros

	Q4 2015	Q4 2016	Q4 2017	Q4 2018	Q4 2019	Q4 2020	Q4 2021	Q4 2022
Revenues	215.8	228.5	234.5	261.6	293.2	314.0	297.8	318.7
Increase/decrease in finished and unfinished goods	0.2	0.0	0.3	0.0	0.5	0.3	0.3	0.3
Other own work capitalised	0.2	0.3	0.2	0.6	0.5	0.4	0.5	1.2
Other operating income	6.1	7.0	9.2	7.2	7.2	8.4	9.0	8.4
Cost of materials	-55.2	-55.7	-57.1	-60.8	-63.8	-62.3	-58.6	-66.4
Gross profit	167.1	180.2	187.2	208.5	237.5	260.7	248.9	262.2
Personnel expenses	-42.6	-45.5	-47.7	-53.0	-61.2	-61.1	-58.1	-63.0
Other operating expenses	-70.7	-75.8	-79.5	-87.6	-100.4	-104.8	-105.6	-108.3
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	53.8	58.8	60.0	67.9	75.9	94.8	85.3	90.8
Amortisation of intangible assets, depreciation of property, plant and equipment	-13.0	-15.9	-13.9	-10.4	-17.1	-14.5	-13.1	-13.8
Earnings before interest and taxes (EBIT)¹	40.8	42.9	46.1	57.5	58.8	80.3	72.1	77.0
Financial income	0.4	0.1	0.0	0.0	0.0	0.0	2.0	0.2
Financial expenses	-0.4	-1.3	-0.6	-0.2	-2.8	-2.5	-0.3	-0.5
Financial result	0.0	-1.3	-0.6	-0.1	-2.8	-2.4	1.7	-0.3
Earnings before taxes (EBT)	40.8	41.7	45.5	57.3	56.0	77.9	73.8	76.7
Income taxes	-15.4	-16.9	-14.8	-18.1	-23.2	-25.8	-24.2	-24.3
Earnings after taxes	25.3	24.8	30.7	39.2	32.9	52.1	49.6	52.4

¹ The figures for the previous year have been restated.

CASH FLOW IN THE FOURTH QUARTER

in millions of euros

	Q4 2015	Q4 2016	Q4 2017	Q4 2018	Q4 2019	Q4 2020	Q4 2021	Q4 2022
Cash flow from operating activities	49.1	59.6	67.6	77.3	92.2	130.1	109.9	108.9
Cash flow from investing activities	-11.2	-15.7	-13.3	-10.1	-11.0	-8.4	-10.1	-17.8
Free cash flow	37.9	44.0	54.3	67.2	81.2	121.7	99.8	91.1
Cash flow from financing activities	-26.4	-10.8	-29.2	-52.1	-61.5	-35.9	-32.8	-37.3
Change in cash and cash equivalents	11.5	33.2	25.1	15.0	19.7	85.8	-67.0	53.8

MULTI-YEAR OVERVIEW

GROUP BALANCE SHEET

in millions of euros

ASSETS	2015	2016	2017	2018	2019	2020	2021	2022
Property, plant and equipment	108.6	124.5	148.1	160.2	222.5	216.7	212.4	224.7
Investment properties	5.1	4.9	17.9	17.6	17.2	17.4	17.1	19.0
Goodwill	32.7	25.8	25.8	59.7	77.8	77.8	77.8	81.8
Intangible assets	23.6	19.2	14.1	28.5	39.1	31.5	26.0	24.6
Financial assets	4.3	6.2	6.8	6.9	5.6	7.0	9.8	9.7
Non-current receivables from income tax refunds	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-current financial assets	1.6	0.5	0.4	1.3	1.5	1.5	1.2	1.0
Non-current other receivables and assets	0.4	0.6	0.6	0.3	0.7	1.2	0.9	1.8
Deferred tax assets	7.3	6.8	7.8	12.3	14.2	18.9	16.7	13.6
Non-current assets	184.1	188.6	221.5	286.7	378.5	371.9	361.8	376.1
Inventories	50.7	49.4	50.3	49.0	48.8	50.9	56.5	59.3
Current trade receivables	90.4	84.2	84.5	92.9	91.4	85.3	78.9	98.1
Current receivables from income tax refunds	1.1	1.3	1.5	2.7	1.5	1.0	6.2	11.1
Current financial assets	2.5	3.0	2.4	3.4	5.4	3.2	2.9	3.1
Additional other current receivables and assets	5.7	5.5	5.6	9.5	8.6	10.3	8.8	11.9
Cash and cash equivalents	21.7	48.6	38.8	28.1	33.0	102.8	84.4	73.1
	172.1	191.9	183.1	185.5	188.6	253.5	237.7	256.6
Assets held for sale	1.2	0.5	1.4	0.0	0.0	0.0	0.0	0.0
Current assets	173.3	192.4	184.5	185.5	188.6	253.5	237.7	256.6
	357.3	381.0	406.1	472.2	567.1	625.5	599.5	632.7

in millions of euros

EQUITY AND LIABILITIES	2015	2016	2017	2018	2019	2020	2021	2022
Subscribed capital	19.2	19.2	19.2	19.2	19.3	19.3	19.3	19.3
Capital reserve	70.2	71.2	73.1	75.3	76.5	75.1	76.1	73.8
Treasury shares at acquisition cost	-7.5	-8.5	-7.9	-7.2	-6.7	-8.5	-14.2	-26.2
Retained earnings and unappropriated profits	104.3	121.5	140.6	166.8	180.5	215.1	254.6	295.9
Equity	186.3	203.4	225.0	254.2	269.6	301.0	335.8	362.8
Non-current special items for investment grants	22.9	25.5	27.2	29.2	35.5	40.1	38.3	29.1
Non-current accruals for pensions	4.1	2.9	1.5	2.9	3.5	2.8	2.2	2.1
Non-current deferred tax liabilities	0.2	0.0	0.0	0.0	0.5	0.5	0.4	0.6
Non-current other accruals	1.8	0.0	0.0	1.1	1.1	0.8	0.4	0.1
Non-current interest-bearing financial liabilities	-	-	-	-	52.5	48.8	43.4	40.5
Non-current financial liabilities	0.0	0.2	0.1	1.6	1.9	0.3	0.0	0.7
Non-current other liabilities	0.5	0.5	0.5	0.6	0.5	0.6	0.6	0.5
Non-current liabilities	29.5	29.1	29.4	35.4	95.4	93.8	85.3	73.7
Current special items for investment grants	7.7	12.6	5.9	8.2	7.5	23.9	4.0	5.1
Current tax liabilities	2.9	3.5	3.5	3.5	6.3	6.0	3.0	2.7
Current other accruals	4.9	0.2	1.6	2.7	0.8	0.4	0.3	0.2
Current interest-bearing financial liabilities	-	-	-	-	10.7	10.4	9.8	9.7
Current trade payables	90.9	96.1	95.9	112.7	113.9	122.1	107.5	120.6
Current financial liabilities	0.3	1.5	1.3	10.2	11.2	10.9	0.1	0.3
Current other liabilities	34.8	34.6	43.5	45.4	51.7	56.9	53.6	57.6
Current liabilities	141.6	148.4	151.7	182.6	202.1	230.7	178.4	196.2
	357.3	381.0	406.1	472.2	567.1	625.5	599.5	632.7

MULTI-YEAR OVERVIEW

KEY INDICATORS

Volumes and employees

		2015	2016	2017	2018	2019	2020	2021	2022
Digital photos	in millions of units	2,164.1	2,176.2	2,128.1	2,185.0	2,363.7	2,311.4	2,151.3	2,249.5
Photos from film	in millions of units	70.7	56.0	47.0	41.1	37.5	27.4	30.9	28.6
Total volume of photos	in millions of units	2,235	2,232	2,175	2,226	2,401	2,339	2,182	2,278
CEWE PHOTOBOKS	in millions of units	6.0	6.2	6.0	6.2	6.6	6.5	5.6	5.9
Employees (average)	converted to full-time equivalent	3,420	3,496	3,589	3,900	4,105	4,016	3,846	3,816
Employees (as of the reporting date)	converted to full-time equivalent	3,698	3,967	4,103	4,199	4,371	4,349	4,194	4,104

Income

		2015	2016	2017	2018	2019	2020	2021	2022
Turnover	in millions of euros	554.2	593.1	599.4	653.3	720.4	727.3	692.8	741.0
EBITDA	in millions of euros	75.1	90.3	89.3	93.9	113.9	135.1	124.6	129.2
EBITDA margin	as % of turnover	13.6	15.2	14.9	14.4	15.8	18.6	18.0	17.4
EBIT	in millions of euros	36.4	47.0	49.2	53.7	56.8	79.7	72.2	75.6
EBIT margin	as % of turnover	6.6	7.9	8.2	8.2	7.9	11.0	10.4	10.2
Restructuring expenses	in millions of euros	1.0	0.2	0.0	0.0	5.0	3.6	0.0	0.0
EBIT prior to restructuring	in millions of euros	37.4	47.2	49.2	53.7	61.8	83.3	72.2	75.6
EBT	in millions of euros	35.9	46.2	48.9	53.3	53.3	76.4	72.7	74.8
Earnings after taxes	in millions of euros	21.8	29.6	32.8	36.3	31.7	51.9	48.9	51.1

Capital

		2015	2016	2017	2018	2019	2020	2021	2022
Total assets	in millions of euros	357.3	381.0	406.1	472.2	567.1	625.5	599.5	633.2
Capital employed (CE)	in millions of euros	220.7	232.8	256.0	292.3	376.6	405.6	431.2	0.0
Equity	in millions of euros	186.3	203.4	225.0	254.2	269.6	301.0	335.8	362.8
Equity ratio	as % of the balance sheet total	52.1	53.4	55.4	53.8	47.5	48.1	56.0	57.3
Net financial liabilities	in millions of euros	-15.0	-48.5	-37.2	-24.2	32.1	-42.4	-30.4	0.0
ROCE (previous 12 months)	as % of average capital employed	17.2	21.4	20.3	17.9	14.8	20.6	17.5	17.6

Share

		2015	2016	2017	2018	2019	2020	2021	2022
Number of shares (nominal value: 2,60 euros)	in units	7,400,020	7,400,020	7,400,020	7,400,020	7,400,020	7,423,919	7,442,003	7,442,003
Earnings per share (diluted)	in euros	3.05	4.12	4.54	5.01	4.36	7.15	6.72	7.19
Year-end price	in euros	54.61	84.57	88.05	62.10	105.80	92.50	128.40	88.70
Dividend per share	in euros	1.60	1.80	1.85	1.95	2.00	2.30	2.35	2.45 ¹
Dividend yield on year-end price	as %	2.93	2.13	2.10	3.14	1.89	2.49	1.83	2.76

¹ Dividend proposal to be presented by the Board of Management and the Supervisory Board to the general meeting on June 7, 2023.

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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 <https://company.cewe.de/en/about-us/corporate-group.html>

Click on "Sales and Production Sites"

FINANCIAL CALENDAR

(DATES CURRENTLY SCHEDULED)

May 11, 2023 Publication of the Interim Report
Q1–2023

May 11, 2023 Press Release on the Interim Report
Q1–2023

June 07, 2023 2023 General Meeting

Aug. 11, 2023 Publication of the Interim Report
Q2–2023

Aug. 11, 2023 Press Release on the Interim Report
Q2–2023

Sep. 19, 2023 Berenberg & Goldman Sachs
German Corporate Conference 2023

Sep. 20, 2023 Baader Investment Conference 2023

Nov. 10, 2023 Publication of the Interim Report
Q3–2023

Nov. 10, 2023 Press Release on the Interim Report
Q3–2023

Nov. 28, 2023 German Equity Forum 2023

You will also find upcoming dates and events on the Internet at

 company.cewe.de

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