

SEMI-ANNUAL REPORT 2020



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VOLKER SANDER/In the Middle

STATEMENT

“With CEWE PHOTOBOOK as the no. 1 on the market as well as calendars, greeting cards, wall art and other photo products, CEWE is the leading omnichannel photo provider in Europe. In Commercial Online Printing, with our highly efficient production facilities we are a top provider of high-quality but low-cost printing products. Together with all of our employees, we are working on new products and innovations every day. Customer satisfaction is always the guiding principle which plays a key role in our activities.“

DR CHRISTIAN FRIEGE, CHAIRMAN OF THE BOARD OF MANAGEMENT OF NEUMÜLLER CEWE COLOR STIFTUNG

HIGHLIGHTS Q2 2020

PHOTOFINISHING BUSINESS UNIT

- » Coronavirus-related stay-at-home effect has positive impact on sales, turnover and earnings for core business
- » Strong sales growth for CEWE PHOTOBOOK, +11.1%: 1.369 million copies (Q2 2019: 1.232 million copies)
- » Turnover per photo continues to increase: +10.8% to 23.78 euro cents per photo (Q2 2019: 21.46 euro cents)
- » At 110.6 million euros, Photofinishing turnover exceeds previous year's level by 13.8% (Q2 2019: 97.2 million euros)
- » Photofinishing EBIT improves by a strong 6.3 million euros due to business growth and cost savings: 5.1 million euros (Q2 2019: -1.1 million euros)

COMMERCIAL ONLINE PRINTING BUSINESS UNIT

- » Commercial Online Printing strongly affected by the pandemic: turnover decreases by 56.5% to 10.9 million euros (Q2 2019: 25.0 million euros)
- » Stringent cost management during the crisis keeps decline in earnings under control: Q2 EBIT of -2.8 million euros (Q2 2019: -1.1 million euros)
- » New momentum following the crisis: streamlining of the brand portfolio and concentration on SAXOPRINT, viaprinto and LASERLINE
- » Berlin's LASERLINE production operations successfully integrated at SAXOPRINT's Dresden location

RETAIL BUSINESS UNIT

- » CEWE RETAIL strongly affected by coronavirus-related store closures: turnover falls to 7.6 million euros in the second quarter (Q2 2019: 10.6 million euros)
- » Balanced adjusted EBIT (0.0 million euros) has actually improved year-on-year (Q2 2019: -0.3 million euros)
- » Accelerated continuation of optimisation strategy, with focus on photofinishing and online business: restructuring accruals for branch closures and valuation adjustments on inventories result in 3.2 million euros negative impact on EBIT

CONSOLIDATED PROFIT AND LOSS ACCOUNT

- » Photofinishing boom thanks to stay-at-home requirements results in Group turnover of 130.6 million euros (Q2 2019: 134.2 million euros; -2.7%), despite coronavirus-related decreases in COP and Retail business units
- » Due to extraordinary Photofinishing result and rigorous cost management, 2.4 million euros improvement in Q2 Group EBIT on the previous year: -1.0 million euros (Q2 2019: -3.4 million euros)

ASSET AND FINANCIAL POSITION

- » CEWE maintains strong equity ratio of 53.7%
- » Operating net working capital falls by 24.1% in the second quarter of 2020 due to coronavirus
- » Coronavirus-related shift in seasonal financing requirements

CASH FLOW

- » Stronger operating result and reduced working capital and income tax prepayments increase cash flow from operating activities by 10.7 million euros
- » Decline in net cash used in investing activities by 30.4 million euros due to extensive investments in the previous year
- » Accordingly, very strong increase in free cash flow in the second quarter by 41.1 million euros

RETURN ON CAPITAL EMPLOYED

- » Average capital employed increased to 383.1 million euros, due to acquisitions and on account of IFRS 16
- » Earnings trend causes adjusted ROCE to increase to relatively high level of 20.3%

KEY INDICATORS



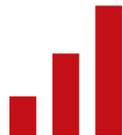
21

European countries



27

Distribution offices



714.9 million
euros turnover



6.6 million

CEWE
PHOTOBOOKS
in 2019



3,800

Employees



14

Production plants

18,000

CEWE Photostations



20,000

Retailers supplied



2.4 billion

Photos produced
in 2019



Winner CEWE Photo Award 2019
RICHARD WHITSON
Catching Some Morning Air

TO THE SHAREHOLDERS

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- 11 CEWE SHARE

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THE BOARD OF MANAGEMENT



DR REINER FAGETH

CARSTEN HEITKAMP

PATRICK BERKHOUWER

DR CHRISTIAN FRIEGE
Chairman of the
Board of Management

DR OLAF HOLZKÄMPER

THOMAS MEHLS

FRANK ZWEIFLE

LETTER TO THE SHAREHOLDERS

Dear Shareholders,

Let's get the most important information out of the way first:

Your company CEWE is highly stable – its profits picked up significantly in Q2

We had already indicated that CEWE's situation was "stable" following the first quarter of 2020, and we are now pleased to add that it is "highly" stable. That statement reflects (a) a +2.4 EBIT increase to -1.0 million euros in the second quarter (before one-off factors, even a +6.2 increase to 2.8 million euros), (b) an +10.7 increase in cash flow from operating activities to 18.1 million euros, (c) the lack of acquisitions (+30.4 million euros for CEWE's cash flow from investing activities and (d) an equity ratio which has increased to 53.7% (June 30, 2019: 46.4%). Your company is even more stably positioned than it was three months ago.

All of CEWE's employees have successfully resisted the pandemic

All of our colleagues have contributed to our successful response to the pandemic to date: health safeguarding measures were very rapidly drawn up and rigorously complied with. Our production and delivery capacity is intact. We have responded to the coronavirus situation in terms of our marketing content, the channels used and the scope of our marketing activities. Moreover, rigorous cost and cash flow management has strengthened our financial situation.

Our post-lockdown restart was carefully managed. We are also actively seeking out opportunities, even during the crisis. All of our members of staff are supporting us in this. A real team performance!

Commercial Online Printing (COP) most strongly affected by the lockdowns

Commercial Online Printing has been worst hit by the coronavirus crisis at CEWE. After economic and public life ground to an almost complete standstill, in the state of shock during the first few days of the lockdown this business unit even experienced days where incoming orders collapsed by up to 80%. As the restrictions were loosened, business activities picked up here too. Accordingly, in Q2 turnover "only" halved, falling by -56.6% to 10.9 million euros. This is naturally a fall in turnover which no one could have predicted at the start of the year.

COP's results are all the more impressive in this context

Nonetheless, CEWE's Commercial Online Printing team delivered a very respectable performance: EBIT merely declined from -1.1 million euros by -1.7 million euros to -2.8 million euros. This includes a positive effect in the amount of 0.6 million euros, due to the changeover in the depreciation method applied for CEWE's large offset printing machines from depreciation over time to usage-based depreciation. After all, these machines suffer less of a loss in

value if they are not used. As and when production volumes are ramped up again, the necessary volume of depreciation will be made up for. In case of such extreme fluctuations in demand, we consider this to be fair enough!

Commercial Online Printing is on the right course for a post-crisis resurgence

Apart from this minor, accounting-related effect, the entire team in this business unit has moved mountains through cost-cutting and has worked hard to achieve savings and optimisations for every P&L item. We are thus well placed in order to achieve decent results even in the event of a very slow revival of economic activity, while nonetheless maintaining leeway for an increased volume of business activity in case of a more rapid restart and also further down the road.

The Retail business unit's retail outlets have also keenly felt the impact of the lockdown effects

We operate our Retail business unit and its photo hardware business as an additional distribution channel for the Photofinishing business unit, and it is here that we see the turnover and income generated by the photofinishing products distributed by Retail. For the hardware business which has been reported under "Retail", retail outlet turnover has been particularly badly affected by the lockdowns and well as the coronavirus-related general shopping restraint. While online retail activities have had a stabilising impact, turnover suffered a clear fall of -28.8% to 7.6 million euros.

Nonetheless, Retail actually slightly increased its profit before one-off factors.

In view of this turnover trend which can be pretty much described as a "collapse", the various cost-cutting measures implemented by our staff in this business unit too are particularly worthy of praise. Only thanks to these efforts has it been possible to actually achieve a slight increase in the EBIT figure before one-off factors, by 0.3 million euros to a balanced 0.0 million euros. Congratulations!

Implementation of optimisation strategy accelerated: focus on online and photofinishing business

Naturally, as in many other sectors the coronavirus has had a "magnifying glass" and "catalyst" effect in the Retail business unit. For some years now, in our Retail business unit we have been (a) reducing the number of our retail outlets and strengthening our online business and (b) cutting back on our hardware business and instead stepping up our Retail photofinishing business. We are continuing to pursue this path rigorously during the pandemic, having recorded an amount of around 3.2 million euros for restructuring accruals and valuation adjustments in the second quarter, on the basis of which we will implement further closures over the next few months, affecting more than 30 retail outlets.

Photofinishing has benefited from the stay-at-home effect: +13.8% turnover increase

Photofinishing likewise experienced a state of shock for a number of days in March, during the lockdowns. Our customers were obliged to set up data connections with their offices in order to be able to work and had to make childcare arrangements etc. Once all of

that had been sorted out, in some cases boredom set in. CEWE responded to these changed conditions by adjusting its marketing. The flow of incoming orders resumed, in some cases with photos which were older than normal. This prompted a 13.8% increase in turnover in the second quarter to 110.6 million euros. This was an extraordinary period.

The stay-at-home effect also demonstrates that CEWE is moving in the right direction

What can we learn from this extraordinary trend? Our customers want CEWE photo products and can frequently afford them, but many of them simply don't have enough time to design them according to their personal wishes. Some customers now had an unusually large amount of time available and promptly took advantage of this opportunity and placed orders. CEWE's goal is to make the product design and order process even simpler. Our experience during the various phases of the lockdown has encouraged us in this goal.

Turnover growth and active cost management result in strong profit growth for Photofinishing

Even during the state of stock in the first few days of the lockdown, in Photofinishing too our staff responded with a clear cost management strategy. This cost management and a successful turnover trend have resulted in a really notable 6.3 million euros EBIT increase to 5.1 million euros. For CEWE, this is the best ever Photofinishing result achieved in a second quarter.

Overall, CEWE is even more stably positioned ...

This very solid trend for Photofinishing has more than made up for the restructuring expenses incurred in the Retail business unit as well as the very difficult turnover situation for Commercial Online Printing. This demonstrates that CEWE has used the second quarter of the year to ensure that it is on an even more stable footing.

... so as to be able to deal with the pandemic-related uncertainty which continues to apply

In this stable situation, we consider that we are well placed for the future, whatever it may have in store for us. It is frequently pointed out in public and economic discussions that the real problems in many industries are not yet visible and will only make themselves felt over the next few weeks and months. There is also the risk of a "second wave" which already seems to be appearing in some countries, generally outside Europe. This might have a significant impact on CEWE: will people travel and will they take a sufficient number of photos in order to have a need for CEWE photo products? Will retail outlets be allowed to remain open without interruption: both in CEWE's Retail business unit and the outlets of CEWE's many business partners? Will economic activity increasingly pick up, resulting in a growing volume of printing product orders in the Commercial Online Printing business unit?

CEWE continues to refrain from publishing guidance for the coronavirus year 2020

It is not currently possible to provide reliable answers to all of these questions. For this reason, nor can any prediction be made with anything like the degree of reliability necessary for an appropriate guidance range: e. g. for CEWE's turnover and earnings for the next quarter and, in particular, for the very important fourth quarter. For this reason, CEWE will continue to refrain from providing a forecast for 2020. However, the Board of Management wishes to emphasise that, with all due respect for the potential risks in the third and fourth quarters, 2020 may also go down in CEWE's history as a somewhat subdued but nonetheless highly respectable year. Following the first six months of the year, solid foundations certainly appear to be in place for this.

We are looking forward to CEWE's first virtual general meeting on October 6, 2020

If you have followed our company as a shareholder for some time, then you will know how much emphasis we place on a strong dialogue between our shareholders, employees and customers. That includes during, or on the fringes of, CEWE's general meeting. This year, the pandemic has prevented this meeting of the CEWE family. We will make up for this on October 6, 2020, where our meeting will be held in virtual form for the first time. We are greatly looking forward to it. Please take part as an online participant.

Despite all of the turbulence associated with the coronavirus: enjoy the summer ...

Most of us are a little tired following the continuous exertions of the past few months. That is what summer holidays are for. Set aside some time for this, enjoy the summer and take advantage of the beautiful light in order to take some photos. We would be delighted if you would then do us the honour of placing orders for photo products, in particular for CEWE PHOTOBOOKS, or else use our convenient online ordering options for printing products.

... Your CEWE team is gearing up for our year-end business

Members of our CEWE team will also be off on their holidays in order to recharge their personal batteries. But as a company CEWE will naturally continue to operate at full steam ahead and will be preparing for our important year-end business in every segment of our company.

You can count on us. We will do everything possible to achieve the very best results for CEWE in this highly unusual year, 2020!

Oldenburg, August 6, 2020

Best wishes,



Dr Christian Friege

CEWE SHARE

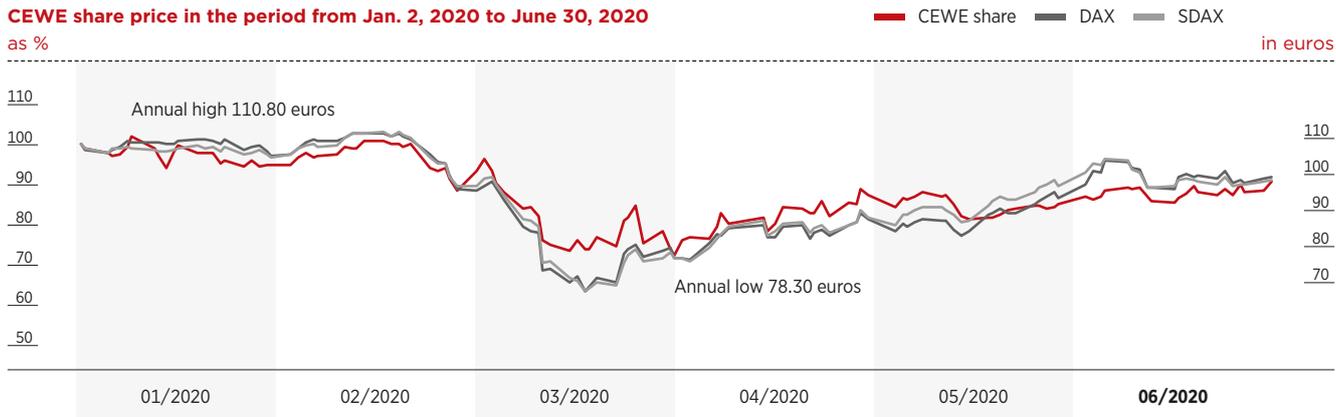
CEWE share registers growth in excess of 23% in the second quarter of 2020

As a result of the global coronavirus situation, in March 2020 in particular all of the international stock exchanges experienced significant price falls. The CEWE share recovered relatively rapidly and achieved strong growth in the second quarter of 2020: the company's share price climbed from 80.00 euros at the end of the first

quarter to 98.50 euros at the end of the second quarter. This represents growth of 23.1%. After the first six months of the year, the CEWE share is thus now at a level which is just 6.9% lower than its 2019 year-end price (105.80 euros) and has therefore even slightly outperformed its benchmark indexes, the SDAX and the DAX: in the first half of 2020, the SDAX suffered a 7.8% decline while the DAX fell by 7.1% in the same period.

CEWE share price in the period from Jan. 2, 2020 to June 30, 2020

as %



Digital general meeting in the second half of 2020

Due to its responsibility to counter the spread of the coronavirus where possible, CEWE has implemented an extensive range of measures so as to avoid the infection of employees and the outage of plants or business units. Within the scope of this consistent strategy to prevent infections, this year CEWE will not hold its general meeting as a physical event. Instead, in the second half of the year, on October 6, 2020, for the first time it will hold an online general meeting in a purely digital format.

The dividend proposal of 2.00 euros for each share conferring a dividend entitlement which was already published on March 16, 2020 continues to apply: CEWE's dividend would thus once again increase, for what would now be the eleventh consecutive occasion. Since 2008, the dividend issued by CEWE has risen continuously, year-on-year, from 1.00 euros per share to a prospective figure of 2.00 euros.

On average, CEWE shares traded for 1.35 million euros per day

In the first half of 2020, on average 13,951 CEWE shares were traded every day on German stock markets. This was approx. 12% higher than the level in the same period in the previous year (H1 2019: 12,481 shares per day). The daily euro trading volume averaged 1.35 million euros. The daily volume of CEWE shares traded continues

to consistently exceed the level of around 1 million euros per day which influences the investment decisions of many institutional investors. This also makes the CEWE share attractive for other larger institutional investors on a long-term basis.

Analysts continue to have a consistently positive view of CEWE

All of the analysts who follow CEWE continue to concur in their positive analysis. Three analysts are signalling "Buy" for the CEWE share and two "Hold", while one research firm is (as a matter of principle) currently not providing any assessment due to the general coronavirus situation. The price targets of these analysts are between 94.50 and 117 euros. For an overview of these analysts and their recommendations, please go to the Investor Relations section of CEWE's website [ir.cewe.de](https://www.cewe.de).

Overview of current analysts' assessments

	Analysts' assessment	Date
Frankfurt Main Research AG	Hold	May 15, 2020
Baader Bank	Buy	May 12, 2020
Bankhaus Lampe	Buy	May 12, 2020
Kepler Cheuvreux	Hold	May 12, 2020
Warburg Research	Buy	May 12, 2020

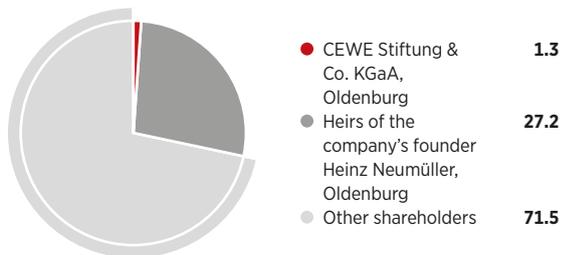
CEWE very solidly positioned in the SDAX

According to the “Trading volume” criterion, in June 2020 CEWE was in 144th position (June 2019: 149th position) and in terms of “Market capitalisation” it was in 129th position (June 2019: 142nd position) in Deutsche Börse’s ranking. The CEWE share has thus strengthened its position as a permanent fixture on the SDAX index, whose current structure normally features shares with a ranking of 165 or higher.

Stable shareholder structure strengthens management’s strategy

With the heirs of the company’s founder Heinz Neumüller (represented by AN Assets GmbH & Co. KG and CN Assets GmbH & Co. KG) who jointly hold around 27.3% of its shares, CEWE has reliable anchor shareholders and enjoys a high level of ownership stability.

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



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 also immediately made available as webcasts and audiocasts on CEWE’s website. An up-to-date company presentation is published online at the same time as conferences and other events.

The Board of Management and the Investor Relations team present the company at key capital market conferences and attend road shows in European and US financial centres – in the “coronavirus year”, 2020, they are increasingly doing so virtually, by means of videoconferences. For details of the dates currently scheduled for 2020, please refer to the financial diary on the penultimate page of this report.



Winner CEWE Photo Award 2019
REZA VAHDATI
Baseball Hold

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BASIC INFORMATION ON THE GROUP

BUSINESS MODEL

CEWE operates in three strategic business units: Photofinishing, Retail and Commercial Online Printing. This segment reporting reflects these strategic business units as well as the additional business unit Other Activities.

Photofinishing: our core business unit

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 image data. As well as CEWE PHOTOBOOK as its main product, CEWE has continuously expanded its product range with its calendars, greetings cards, wall art and instant photos product groups.

Hardware retail: also serves as a distribution channel for photo products

CEWE has multichannel retailing operations for photo hardware and photofinishing products in Poland, the Czech Republic, Slovakia, Norway and Sweden. 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 consistently shown in the Photofinishing business unit.

Commercial Online Printing: printing products for the commercial sector

CEWE is active in its Commercial Online Printing business unit through the production and marketing of printed advertising media via the distribution platforms SAXOPRINT, viaprinto and LASERLINE. 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).

For further details of CEWE's business model, please see [pages 28 ff.](#) of its Annual Report 2019 or its website at ir.cewe.de > Investor Relations > News & Publications > Business reports > Annual Report 2019.

ECONOMIC REPORT

PHOTOFINISHING BUSINESS UNIT

- » Coronavirus-related stay-at-home effect has positive impact on sales, turnover and earnings for core business
- » Strong sales growth for CEWE PHOTOBOOK, +11.1%: 1.369 million copies (Q2 2019: 1.232 million copies)
- » Turnover per photo continues to increase: +10.8% to 23.78 euro cents per photo (Q2 2019: 21.46 euro cents)
- » At 110.6 million euros, Photofinishing turnover exceeds previous year's level by 13.8% (Q2 2019: 97.2 million euros)
- » Photofinishing EBIT improves by a strong 6.3 million euros due to business growth and cost savings: 5.1 million euros (Q2 2019: -1.1 million euros)

Photofinishing benefits from stay-at-home effect

The increase in photo products online business in particular has had a positive impact on earnings in the Photofinishing business unit. This also reflects the coronavirus-related stay-at-home effect: since people have been spending so much time at home, many of them have dedicated this extra time to photo memories. Particularly during difficult times with contact restrictions, photo memories and gifts serve as an important emotional anchor for people. Many CEWE customers have used their time at home in order to order photo products – with a higher volume of older photos from previous years than usual.

CEWE PHOTOBOOK sales clearly exceed previous year's level

Following growth of 2.2% in the first quarter of 2020, the number of CEWE PHOTOBOOKS sold developed very positively in the second quarter of 2020: with 1.369 million copies in the second quarter of 2020, the CEWE PHOTOBOOK sales volume was a strong 11.1% higher than the previous year's level (Q2 2019: 1.232 million copies). In the first six months of 2020, CEWE thus already sold 2.732 million books, which represents a growth rate of 6.5% (H1 2019: 2.566 million copies).

Total number of CEWE PHOTOBOOKS Q2 in thousand units/
change on previous year as %

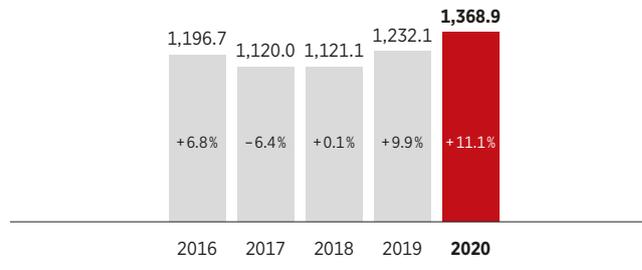


Photo gift sales also on the rise

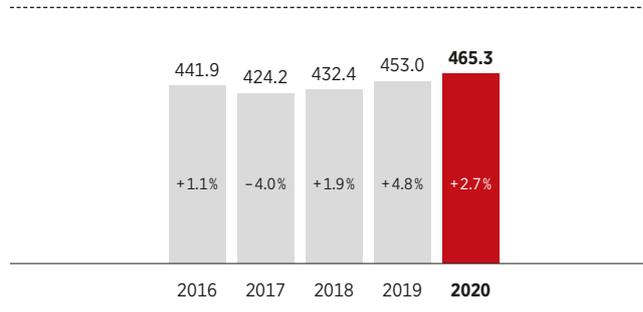
As well as CEWE PHOTOBOOKS, the Group's other value-added products such as calendars, greeting cards, wall art and other customised photo gifts have also achieved gains – in some cases, with clearly double-digit percentage growth rates – and thus supported the positive overall volume trend in the Photofinishing business unit, which is reflected in terms of the total number of photos produced.

Turnover per photo increases by 10.8% in Q2

Turnover per photo continued to increase in the second quarter of 2020. The trend of higher-quality photo products thus continues to strengthen the turnover trend. For all of CEWE's photo products, in the second quarter of 2020 turnover per photo rose by an outstanding 10.8%, from 21.46 euro cents per photo in the second quarter of 2019 to 23.78 euro cents per photo in the second quarter of 2020. This trend remains underpinned by the wall art specialist WhiteWall which was acquired in June 2019.

The overall trend for the first half of 2020 looks similarly positive: for this period, too, turnover per photo increased, by 10.6% from 20.93 euro cents in the same six-month period in the previous year to 23.15 euro cents.

Total volume of photos Q2 in million units/ change on previous year as %



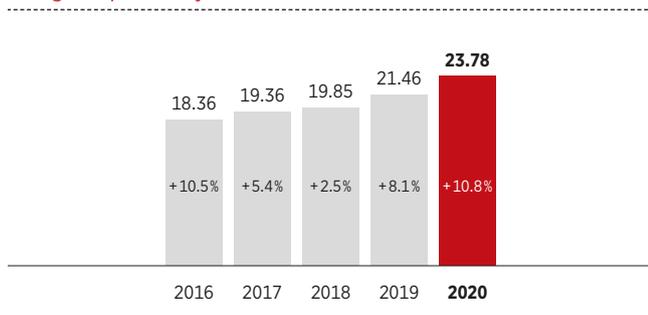
Photofinishing turnover climbs above the 100 million euros mark in the second quarter of the year for the first time

At 110.6 million euros, Photofinishing turnover in the second quarter of 2020 has exceeded the turnover figure for the same quarter in the previous year of 97.2 million euros by a strong 13.4 million euros, with growth of 13.8%, and has thus passed the 100 million euros mark in the second quarter of the year for the first time.

Over the first six months of 2020, the Photofinishing business unit realised turnover of 225.3 million euros – growth of 12.2% by comparison with the previous year's turnover (H1 2019: 200.8 million euros). The wall art specialist WhiteWall (initially consolidated on June 1, 2019) provided an inorganic growth contribution in the period from January to May 2020.

In the current pandemic situation, it is not yet possible to provide a reliable assessment of the turnover trend for the second half of the year. For instance, it remains to be seen to what extent Photofinishing's third quarter – which has already been experiencing a declining share of turnover for some years now – will be adversely affected e.g. by a possible change in holiday behaviour as a result of the coronavirus. Many holiday photos typically find their way into a photo product such as CEWE PHOTOBOOK.

**Photofinishing turnover per photo Q2 in euro cents/
change on previous year as %**



Photofinishing earnings significantly increased due to business growth and cost savings

Due to the coronavirus-related increased volume of sales of high-quality and high-margin photo products, in the Photofinishing business unit the EBIT figure improved significantly in the second quarter of 2020, by 6.3 million euros to +5.1 million euros (Q2 2019: -1.1 million euros; restated previous-year figure due to the finalisation of the purchase price allocation for WhiteWall). Moreover, in March CEWE immediately launched a cost-cutting programme in view of the potentially huge effects of the pandemic. This has likewise contributed to the strong earnings in the second quarter of 2020. Savings were achieved above all in areas of the company that were particularly negatively affected by the coronavirus pandemic on account of the lockdown and store closures: for instance, in Photofinishing the unit which handles the business associated with photos directly printed out in retail outlets, or our field service personnel who were unable to perform their work duties due to store closures. The social security benefit (short-time allowance) with a total volume of around 0.7 million euros which was claimed due to the decrease in employment in these areas of the company in particular partially made up for the personnel expenses which resulted here.

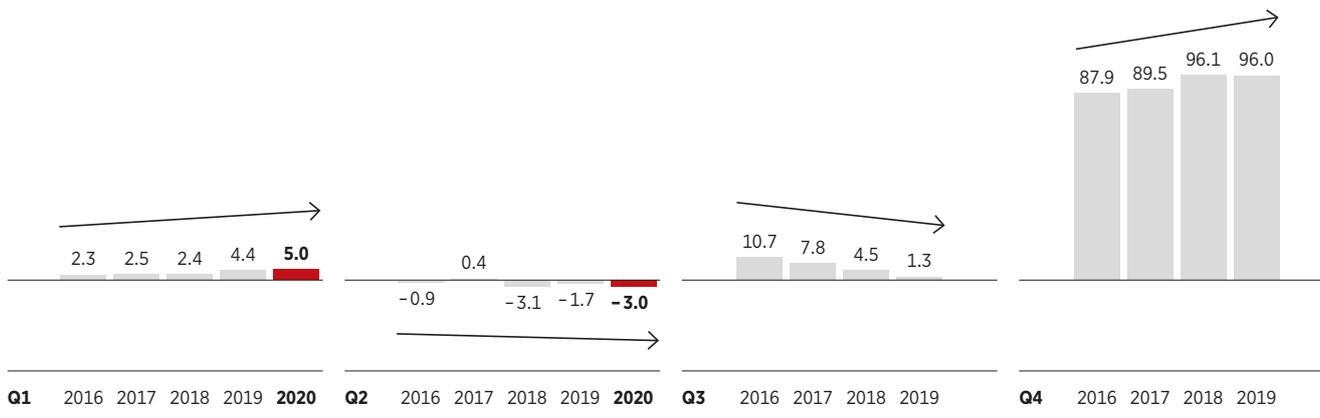
In the second quarter of 2020, non-operating depreciation effects due to the purchase price allocations of DeinDesign in the amount of 0.1 million euros (Q2 2019: 0.1 million euros), Cheerz in the amount of 0.5 million euros (Q2 2019: 0.5 million euros) and WhiteWall in the amount of 0.5 million euros (Q2 2019: 0.1 million euros) arose as a one-off factor. Adjusted for these one-off factors, at 6.2 million euros the operating Q2 Photofinishing EBIT figure in the second quarter of 2020 was around 6.6 million euros better than the adjusted figure for the previous year (Q2 2019: -0.4 million euros).

Photofinishing earnings also clearly exceed the previous year's level in H1

In the first six months of 2020, the result for CEWE's Photofinishing business unit improved by a significant 6.6 million euros on the

previous year, with an EBIT figure of 8.4 million euros (H1 2019: 1.8 million euros). In the first half of the year 2020, non-operating depreciation effects on account of the purchase price allocations of DeinDesign totalling 0.2 million euros (H1 2019: 0.2 million euros), Cheerz totalling 1.0 million euros (H1 2019: 1.0 million euros) and WhiteWall totalling 1.0 million euros (H1 2019: 0.1 million euros) were recognised as one-off factors. Adjusted for these one-off factors in the first half of the year, the operating EBIT figure for the first six months of 2020 amounts to 10.6 million euros, compared to an (adjusted) previous-year EBIT figure of 3.2 million euros. This represents an improvement of more than 7.4 million euros.

Development of EBIT - seasonal breakdown in millions of euros



COMMERCIAL ONLINE PRINTING BUSINESS UNIT

- » **Commercial Online Printing strongly affected by the pandemic: turnover decreases by 56.5 % to 10.9 million euros (Q2 2019: 25.0 million euros)**
- » **Stringent cost management during the crisis keeps decline in earnings under control: Q2 EBIT of –2.8 million euros (Q2 2019: –1.1 million euros)**
- » **New momentum following the crisis: streamlining of the brand portfolio and concentration on SAXOPRINT, viaprinto and LASERLINE**
- » **Berlin's LASERLINE production operations successfully integrated at SAXOPRINT's Dresden location**

Coronavirus crisis results in significant decline in Commercial Online Printing business

Commercial Online Printing has felt the full impact of the coronavirus pandemic. The decline in the volume of business activity in general has had a significant impact on the level of demand for print products such as printed advertising media. In this context, in the second quarter the Commercial Online Printing business segment registered a strong, 56.5% turnover decline to 10.9 million euros (Q2 2019: 25.0 million euros). In late February – prior to the coronavirus shutdown – CEWE had registered slight single-digit turnover growth in its business stationery segment.

In the first six months of 2020 which were dominated by the coronavirus from mid-March onwards, the Commercial Online Printing

business unit achieved a turnover figure of 33.4 million euros and thus registered an equally significant turnover decline of 33.4 % (H1 2019: 50.2 million euros).

Stringent cost management during the coronavirus crisis keeps fall in earnings in check

With an EBIT figure of –2.8 million euros, in the second quarter of 2020 the Commercial Online Printing business unit registered earnings which were 1.7 million euros lower than in the same quarter in the previous year and has thus kept in check the decline in earnings associated with the coronavirus-related drop in turnover thanks to stringent cost management (Q2 2019: –1.1 million euros).

Cost savings have been achieved for all of the P&L items: mail order logistics costs, personnel expenses, other operating expenses as well as depreciation and amortisation. The approx. 0.9 million euros of social security benefits which were provided through the short-term allowance scheme helped to partly compensate for the personnel costs which CEWE incurred without any work being performed, as turnover dropped by more than half.

Also on coronavirus-related grounds, it was necessary to change the depreciation methods for the major online offset printing machines in particular from a time-based method to a units-of-production-oriented method. This reduced the volume of depreciation recognised in the second quarter of 2020 by around 0.4 million euros and thus overall in the first half of 2020 by approx. 0.6 million euros.

The non-operating expense resulting from the LASERLINE purchase price allocation in the amount of approx. –0.1 million euros was a further one-off factor in the second quarter of 2020. In particular, this comprises amortisation on identified intangible assets. In the same quarter in the previous year, effects had arisen due to the purchase price allocations for SAXOPRINT (–0.1 million euros) and LASERLINE (–0.1 million euros). Adjusted for these one-off factors, Commercial Online Printing's EBIT in the second quarter of 2020 amounts to –3.3 million euros (adjusted EBIT in the same quarter in the previous year, Q2 2019: –0.9 million euros).

Overall in the first six months of the year 2020, Commercial Online Printing has achieved an EBIT figure of –3.4 million euros, compared to –1.4 million euros in the same period in the previous year. Adjusted for the one-off factors resulting from the purchase price allocations (H1 2020: –0.2 million euros; H1 2019: –0.3 million euros) and the depreciation change (H1 2020: 0.6 million euros), the volume of earnings amounts to –3.9 million euros (adjusted EBIT H1 2019: –1.1 million euros).

Emerging strengthened from the coronavirus crisis: new momentum for CEWE's brands

In its Commercial Online Printing business unit, CEWE operates with its brands in ten countries: as well as online shops in Germany, the United Kingdom, France, Spain, Italy, Switzerland and Austria, CEWE also markets business stationery in the Netherlands and Belgium. To achieve a focused and efficient kick-start for its online printing brands following the coronavirus crisis, CEWE will streamline

its brand portfolio in Commercial Online Printing and concentrate on its SAXOPRINT, viaprinto and LASERLINE brands. CEWE is convinced that it will emerge strengthened from the coronavirus crisis thanks to this strategy and its long-term optimisation of its cost structure. The integration of Berlin's LASERLINE production operations at SAXOPRINT's Dresden location which was initiated at the start of the year has likewise already been successfully implemented.

RETAIL BUSINESS UNIT

- » **CEWE RETAIL strongly affected by coronavirus-related store closures: turnover falls to 7.6 million euros in the second quarter of 2020 (Q2 2019: 10.6 million euros)**
- » **Balanced adjusted EBIT (0.0 million euros) has actually improved year-on-year (Q2 2019: –0.3 million euros)**
- » **Accelerated continuation of optimisation strategy, with focus on photofinishing and online business: restructuring accruals for branch closures and valuation adjustments on inventories result in 3.2 million euros negative impact on EBIT**

CEWE RETAIL is the distribution channel for photofinishing products

CEWE operates multichannel retailing in Poland, the Czech Republic, Slovakia, Norway and Sweden in the form of retail outlets and online shops. CEWE RETAIL offers its customers an attractive selection of cameras, lenses, accessories and services as well as CEWE's entire Photofinishing range.

CEWE RETAIL clearly focuses on generating photofinishing business, i. e. the marketing of CEWE PHOTOBLOCKS, 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 with cameras, lenses and other photo equipment. In future, CEWE will continue to develop this merchandise business with optimal margins, while deliberately avoiding unprofitable turnover.

CEWE RETAIL: strongly affected by the closures in the retail sector

The Retail business unit was strongly affected by the coronavirus-related store closures: in the second quarter of 2020, turnover was 7.6 million euros and thus 28.8% lower than in the previous year (Q2 2019: 10.6 million euros). Adjusted for currency effects, the decline is slightly lower at -24.0% (Q2 2020 currency-adjusted turnover: 8.1 million euros).

Turnover in the Retail business unit is in any case declining, as envisaged, due to the deliberate abandonment of low-margin turnover. However, this decline has been significantly more pronounced due to the effects of the pandemic on the overall retail sector. Due to

the focus on photofinishing business and the abandonment of low-margin hardware business, the active decline in turnover prior to the start of the coronavirus crisis was still around -10% to -15%, in line with the company's strategy.

The same picture applies for the figures for the first six months of the year: following declining turnover in the first quarter of 2020 for similar reasons, H1 2020 has ended with a turnover volume of 15.1 million euros, a decrease of 28.2% (H1 2019: 21.0 million euros). Adjusted for currency effects, here too the decline is slightly lower at -24.3% (H1 2020 currency-adjusted turnover: 15.9 million euros).

Balanced adjusted EBIT actually improved year-on-year

The adjusted EBIT in the Retail business unit has actually improved year-on-year, with a balanced result of 0.0 million euros (Q2 2019: -0.3 million euros). Cost savings throughout the company's P&L items and partial offsetting of its personnel expenses through approx. 0.8 million euros of social security benefits within the scope of the short-term allowance scheme have helped to achieve this operating result despite the strong, coronavirus-related decline in turnover.

Emerging strengthened from the crisis: accelerated continuation of CEWE's optimisation strategy

The coronavirus pandemic is speeding up the trend of focusing on photofinishing and online business in CEWE RETAIL which was in any case already under way. CEWE will thus close more than 30 branches in total in all of the countries where CEWE's Retail business unit is active. Restructuring accruals with a volume of around 1.7 million euros were established for these store closures in the second quarter. In addition, valuation adjustments were recognised with a volume of around 1.5 million euros on inventories in the hardware retail segment. Accordingly, the EBIT reported for the Retail business unit declined overall to -3.2 million euros (Q2 2019: -0.3 million euros).

In the first half of 2020, the Retail business unit's EBIT figure amounted to -3.7 million euros on account of these one-off factors (H1 2019: -0.7 million euros).

OTHER ACTIVITIES BUSINESS UNIT

Structural and company expenses, real estate and equity investments summarised in the 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. Structural and company costs mainly comprise the costs associated with the company's committees as well as the costs of its general meetings and the costs of investor relations activities 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 second quarter of 2020, CEWE realised turnover in the amount of 1.5 million euros (Q2 2019: 1.3 million euros) in its Other Activities business unit. This turnover is entirely attributable to futalis.

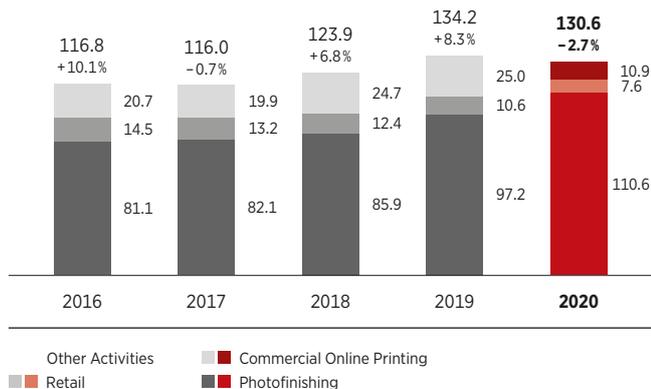
In the second quarter of 2020, the EBIT contribution to consolidated income deriving from the expense items for structural and company costs and the result of real estate holdings and equity investments amounted to -0.1 million euros (Q2 2019: -0.9 million euros). This improvement has resulted, in particular, due to the improvement in earnings achieved by futalis, which is continuing to develop highly positively and is on track to break even. In addition, due to the general meeting which has been postponed until the second half of the year (October 6, 2020), fewer IR costs were incurred. This year, in response to the coronavirus the general meeting will take place as an online general meeting in purely virtual form.

In the first six months of 2020, CEWE thus realised revenues in the amount of 3.1 million euros (H1 2019: 2.6 million euros) in its Other Activities business unit, all of which were generated by futalis. The Other Activities business unit likewise provided an increased earnings contribution to Group EBIT in this period, in the amount of -0.3 million euros (H1 2019: -1.2 million euros).

CONSOLIDATED PROFIT AND LOSS ACCOUNT

- » Photofinishing boom thanks to stay-at-home requirements results in Group turnover of 130.6 million euros (Q2 2019: 134.2 million euros; - 2.7%), despite coronavirus-related decreases in COP and Retail business units
- » Due to extraordinary Photofinishing result and rigorous cost management, 2.4 million euros improvement in Q2 Group EBIT on the previous year: -1.0 million euros (Q2 2019: - 3.4 million euros)

Turnover Q2 in millions of euros /
change on previous year as %



EBIT by business units in millions of euros

	Q2 2016	Q2 2017	Q2 2018	Q2 2019	Q2 2020
Photofinishing	-0.7	0.2	-1.8	-1.1	5.1
Commercial Online Printing	0.3	-0.3	-1.5	-1.1	-2.8
Retail	0.0	-0.1	-0.2	-0.3	-3.2
Other Activities	-0.7	-0.9	-0.6	-0.9	-0.1
Group	-1.1	-1.0	-4.1	-3.4	-1.0

Group turnover reaches 130.6 million euros in the second quarter

The turnover growth in the Photofinishing business unit almost entirely compensated for the declines in turnover in the Commercial Online Printing and Retail business units. In the second quarter of 2020, this resulted in **Group turnover (1)** of 130.6 million euros (Q2 2019: 134.2 million euros). It should be borne in mind that, in line with IFRS 5 the CEWE Group turnover outlined here and any other P&L items above earnings after tax are now once again shown including the Group company futalis, which had previously been held for sale. This reflects the fact that no sales negotiations took place in the past quarter due to the ongoing coronavirus situation.

Consolidated profit and loss account in millions of euros

	Q2 2019	% of turnover	Q2 2020	% of turnover	Change as %	Change in millions of euros
Revenues (1)	134.2	100	130.6	100	-2.7	-3.6
Change in inventories	-0.1	-0.1	0.1	0.1	-	+0.2
Other own work capitalised	0.2	0.1	0.4	0.3	+105	+0.2
Other operating income	4.9	3.7	4.2	3.2	-14.2	-0.7
Cost of materials	(3) -40.7	-30.3	-33.5	-25.7	+17.6	+7.2
Gross profit	98.4	73.4	101.7	77.9	+3.4	+3.3
Personnel expenses	(4) -44.8	-33.4	-43.4	-33.3	+3.1	+1.4
Other operating expenses	(5) -43.6	-32.5	-45.4	-34.8	-4.2	-1.9
EBITDA	10.0	7.5	12.9	9.9	+28.3	+2.8
Depreciation	(6) -13.4	-10.0	-13.8	-10.6	-3.2	-0.4
EBIT	-3.4	-2.5	-1.0	-0.7	+71.1	+2.4
Financial income	0.2	0.1	0.0	0.0	-99.4	-0.2
Financial expenses	-0.3	-0.2	-0.3	-0.2	+0.4	+0.0
EBT	-3.5	-2.6	-1.2	-0.9	+64.3	+2.2
Income taxes	1.4	1.0	0.6	0.4	-57.4	-0.8
Earnings after taxes	-2.1	-1.6	-0.7	-0.5	+68.9	+1.4

In the first six months of 2020, Group turnover amounted to 277.0 million euros, compared to 274.6 million euros in the previous year (+0.9%). Here too, the picture is similar to the trend in the second quarter of the year: the Group's growth is being driven above all by organic growth as well as the Photofinishing boom.

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

The decline in **other operating income (2)** is attributable, in particular, to the reduced proceeds from recyclable printing plates in the Commercial Online Printing business unit as well as reduced advertising costs subsidies from camera manufacturers in the Retail business unit. The **material expense ratio (3)** has declined in line with the change in the turnover structure from 30.3% in the same quarter in the previous year to 25.7% in the quarter under review: in particular, the significant turnover declines in the Retail business segment which has high cost of sales ratios, in conjunction with growing photofinishing business, which has lower cost of sales ratios, have reduced the overall cost of sales ratio even though approx. 1.5 million euros of valuation adjustments on inventories in the Retail business unit increased the cost of sales from an accounting point of view in the second quarter of 2020. The absolute decrease in **personnel expenses (4)** has resulted, on the one hand, due to the integration of LASERLINE at SAXOPRINT's printing plant in Dresden and the related decline in the number of employees. The restructuring accruals made for the optimisation measures in the Retail business unit are having the opposite effect within the scope of this item. On the other hand,

further savings and the social security benefits claimed through the short-term allowance scheme are helping in the Commercial Online Printing and Retail business units in particular to keep the ratio of personnel expenses to turnover roughly stable by comparison with the previous year, at 33.3% (Q2 2019: 33.4%). **Other operating expenses (5)** have increased both absolutely and in relation to turnover, by 34.8% (Q2 2019: 32.5%). This is almost entirely due to the rise in mail-order shipping costs resulting from the business growth in the Photofinishing business unit. Due to the coronavirus, the proportion of photo orders placed online and delivered to customers' homes by post has strongly increased. In regard to the **depreciation figure (6)** which has also increased in absolute terms, at 10.6% of turnover the depreciation ratio is slightly higher than the previous year's level, in line with expectations (Q2 2019: 10.0%). On the one hand, this reflects the amortisation on the purchase price allocation for WhiteWall, which has arisen for the full second quarter of this year. In the previous year, PPA effects only arose in June, when WhiteWall was initially consolidated. The changeover of the depreciation method to a units-of-production-oriented method at SAXOPRINT in the Commercial Online Printing business unit – which has reduced the absolute volume of depreciation and amortisation, considered in isolation – has had the opposite effect in this item. On the other hand, the restructuring accruals recognised in the Retail business unit for the optimisation of its branch structure has also increased the volume of depreciation and amortisation for the CEWE Group in overall terms.

Group EBIT improves by 2.4 million euros

The Group EBIT figure reported in the second quarter of 2020 has improved by around 2.4 million euros to –1.0 million euros (Q2 2019: –3.4 million euros). The extraordinary trend in the Photofinishing business unit, together with rigorous cost management throughout the Group's business operations, has very clearly more than made up for the decline in Retail and Commercial Online Printing earnings.

In the first half of 2020, the Group EBIT figure thus now amounts to +1.0 million euros, compared to –1.5 million euros in the same period in the previous year. This is a strong first half of the year – despite all of the coronavirus issues – with earnings growth of 2.5 million euros by comparison with the same period in the previous year.

Normalised Group tax rate of 32.8%

Overall, tax income has resulted in the first half of 2020 in terms of the tax result reported. On the one hand, tax expenses have arisen in the amount of approx. 0.2 million euros due to the positive EBT in the first half of the year. On the other hand, this contrasts in particular with the release of a tax reserve which has mainly resulted from the purchase price allocations recognised due to acquisitions. Adjusted for these effects, a normalised tax rate of 32.8% applies (normalised tax rate for H1 2019: 31.3%).

EMPLOYEES

Volume of employees declines to 3,798

At the end of June 2020, the number of employees of the CEWE Group was at 3,798 lower than in the previous year (3,907 employees).

The difference by comparison with the same date in the previous year is due, in particular, to the integration of LASERLINE at SAXO-PRINT's printing plant in Dresden and the related decline in the number of positions. In addition, in the Commercial Online Printing business unit SAXOPRINT itself likewise has fewer employees than in the previous year. The Retail business unit also had fewer employees in late June than at the end of the same quarter in the previous year. The increase in the volume of personnel in the Photofinishing business unit is attributable, in particular, to hirings made for CEWE's central functions in Oldenburg.

Employees by business unit number of

	H1 2019	H1 2020
Photofinishing	2,615	2,650
Commercial Online Printing	724	616
Retail	509	479
Other Activities	59	53
Total employees	3,907	3,798

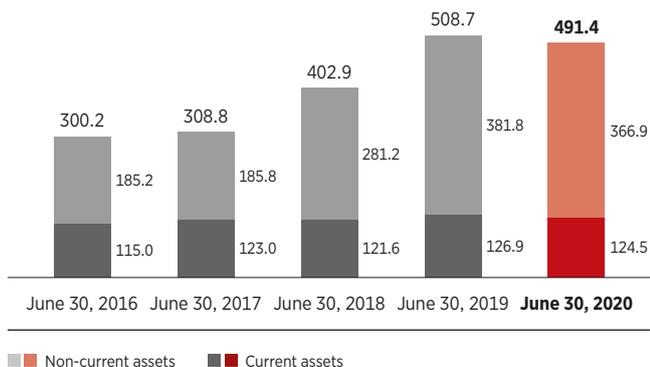
ASSET AND FINANCIAL POSITION

- » CEWE maintains strong equity ratio of 53.7 %
- » Operating net working capital falls by 24.1% in the second quarter of 2020 due to coronavirus
- » Coronavirus-related shift in seasonal financing requirements

The following comments on the balance sheet mainly refer to the development of the management balance sheet during the second quarter of 2020. They are preceded by a section detailing general balance sheet trends by comparison with June 30, 2019. It should be noted that, in line with IFRS 5 the consolidated balance sheet no longer presents futalis as a Group company held for sale and instead presents it as a fully consolidated Group entity.

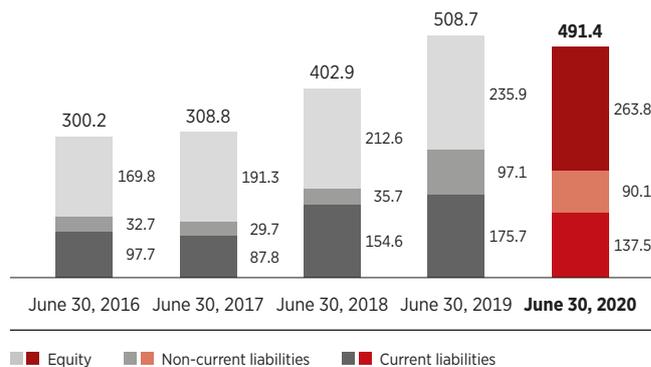
Balance sheet figures – Assets

in millions of euros



Balance sheet figures – Equity and liabilities

in millions of euros



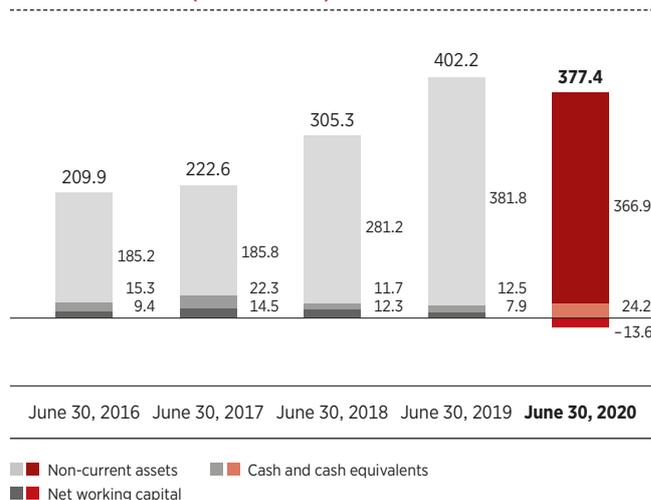
Decline in total assets due to depreciation and amortisation

As of June 30, 2020, total assets have decreased by 17.3 million euros to 491.4 million euros by comparison with the same date in the previous year. The assets side of the balance sheet has been shaped, in particular, by non-current assets, which have declined by -14.9 million euros due to scheduled amortisation of intangible assets purchased through acquisitions as well as scheduled depreciation of IFRS 16 leasing rights of use.

CEWE maintains strong equity ratio of 53.7%

Equity has increased by a total of 27.9 million euros by comparison with June 30, 2019 and amounts to 263.8 million euros. This mainly reflects positive comprehensive income for the past four quarters, in the amount of 30.2 million euros, less owner-related equity changes in the amount of -2.3 million euros. The dividend distribution which is normally implemented in the second quarter has not yet occurred due to the coronavirus. For this reason, the equity ratio amounts to a strong 53.7%. This also reflects the 17.3 million euros decline in total assets. The Group's debt has decreased by 45.2 million euros to 227.6 million euros, by comparison with June 30, 2019. In particular, this is attributable to the 46.9 million euros decrease in interest-bearing financial liabilities which were originally entered into in order to finance the acquisition of WhiteWall. In addition, liabilities from leasing decreased by 7.6 million euros. These decreases are reflected in non-current liabilities (-7.0 million euros to 90.1 million euros) as well as current liabilities (-38.2 million euros to 137.5 million euros). The further effects of the coronavirus crisis are outlined below in terms of the development of the second quarter.

Management balance-sheet figures – Capital employed in millions of euros (as of June 30)



Capital employed decreases by 24.8 million euros year-on-year

Since the start of the quarter, the volume of capital employed (1) has decreased by 0.8 million euros: non-current assets (2) have declined slightly, by 0.3 million euros, and net working capital (3) by 5.0 million euros. On the other hand, cash and cash equivalents (4) have increased by 4.5 million euros to 24.2 million euros.

Capital employed in millions of euros

		March 31, 2020	% of capital employed	June 30, 2020	% of capital employed	Change as %	Change in millions of euros
Non-current assets	(2)	367.2	97.1	366.9	97.2	-0.1	-0.3
+ Net working capital	(3)	-8.6	-2.3	-13.6	-3.6	-57.7	-5.0
+ Cash and cash equivalents	(4)	19.7	5.2	24.2	6.4	+22.7	+4.5
Capital employed	(1)	378.2	100	377.4	100	-0.2	-0.8

Non-current assets in millions of euros

		March 31, 2020	% of capital employed	June 30, 2020	% of capital employed	Change as %	Change in millions of euros
Property, plant and equipment	(6)	213.6	56.5	214.6	56.9	+0.5	+1.0
Investment properties		17.2	4.5	17.5	4.6	+1.4	+0.2
Goodwill		77.8	20.6	77.8	20.6	+0.0	+0.0
Intangible assets	(7)	37.2	9.8	35.0	9.3	-5.9	-2.2
Financial assets		6.2	1.6	6.3	1.7	+1.7	+0.1
Non-current financial assets		1.3	0.3	1.4	0.4	+6.1	+0.1
Non-current other receivables and assets		0.1	0.0	0.5	0.1	+764	+0.4
Deferred tax assets		14.0	3.7	14.0	3.7	+0.2	+0.0
Non-current assets	(5)	367.2	97.1	366.9	97.2	-0.1	-0.3

In the past quarter, **non-current assets (5)** remained almost unchanged, as already outlined, and also underwent only minor changes in terms of their makeup. Overall, CEWE invested 10.6 million euros, of which 3.5 million euros in point-of-sale presences, 2.3 million euros in digital printing and finishing, 1.3 million euros in IT

infrastructure, 0.4 million euros in offset printing and finishing and 2.4 million euros in various items of **property, plant and equipment (6)**. Investments in **intangible assets (7)** amounted to 0.7 million euros and mainly related to software. Depreciation and amortisation have had an opposite effect, with a total volume of 13.8 million euros.

Net working capital in millions of euros

		March 31, 2020	% of capital employed	June 30, 2020	% of capital employed	Change as %	Change in millions of euros
Operating net working capital	(9)	23.9	6.3	18.2	4.8	-24.1	-5.8
- Other net working capital	(10)	-32.6	-8.6	-31.8	-8.4	+2.4	+0.8
Net working capital	(8)	-8.6	-2.3	-13.6	-3.6	-57.7	-5.0

The decline in **net working capital (8)** has resulted from the coronavirus-induced decrease in **operating net working capital (9)** as well as only a slight increase in **other net working capital (10)**.

Operating net working capital in millions of euros

		March 31, 2020	% of capital employed	June 30, 2020	% of capital employed	Change as %	Change in millions of euros
Inventories		44.5	11.8	48.4	12.8	+8.9	+3.9
+ Current trade receivables		35.0	9.3	29.6	7.8	-15.4	-5.4
Operating gross working capital		79.5	21.0	78.1	20.7	-1.8	-1.5
- Current trade payables		55.6	14.7	59.9	15.9	+7.8	+4.3
Operating net working capital	(11)	23.9	6.3	18.2	4.8	-24.1	-5.8

Operating net working capital falls by 24.1% in the second quarter due to coronavirus

Since March 31, 2020, **operating net working capital (11)** has decreased by 5.8 million euros to 18.2 million euros; by comparison with June 30, 2019, this represents a decline of 16.3 million euros.

Scope of working capital in relation to the previous quarter's turnover in days

	June 30, 2019	March 31, 2020	June 30, 2020
Inventories (14)	31	27	33
Current trade receivables (13)	29	22	20
Current trade payables (15)	35	34	41
Operating net working capital (12)	25	15	12

The scope of **operating net working capital (12)** was at 12 days lower than the level of 15 days as of March 31, 2020 and clearly reflects the effects of the coronavirus crisis. Due to the decline in Commercial Online Printing turnover and the increased proportion of Internet business for Photofinishing, with its shorter than average payment periods, trade accounts receivable have declined by

5.4 million euros and even by 11.7 million euros by comparison with June 30, 2019. Due to the decline in Commercial Online Printing turnover and the increased proportion of Internet business for Photofinishing, with its shorter than average payment periods, trade accounts receivable have declined by 5.4 million euros and even by 11.7 million euros by comparison with June 30, 2019. The **average payment period (13)** thus decreased in the second quarter by two days to 20 days, compared to 29 days as of June 30, 2019, despite the decline in turnover. The scope of **inventories (14)** increased significantly from 27 days to 33 days – in particular, due to a build-up in inventories for CEWE INSTANT PHOTOS which had declined due to the branch closures – while material deliveries which had been ordered some time ago and were already on their way continued to arrive. **Trade payables (15)** are funding the build-up in inventories and increased by 4.3 million euros to 59.9 million euros in the second quarter. For this reason and due to the decline in turnover, the accounts payable collection period amounted to 41 days (previous quarter: 34 days).

Other net working capital in millions of euros

	March 31, 2020	% of capital employed	June 30, 2020	% of capital employed	Change as %	Change in millions of euros
+ Current receivables from income tax refunds (17)	6.2	1.6	6.9	1.8	+12.0	+0.7
+ Current financial assets	3.4	0.9	4.5	1.2	+32.9	+1.1
+ Other current receivables and assets	12.2	3.2	10.9	2.9	-10.7	-1.3
Other gross working capital	21.8	5.8	22.3	5.9	+2.5	+0.5
- Current tax liabilities	7.3	1.9	6.5	1.7	-11.7	-0.9
- Current other accruals	6.4	1.7	7.2	1.9	+12.3	+0.8
- Current financial liabilities (19)	8.5	2.2	6.8	1.8	-20.5	-1.7
- Current other liabilities (20)	32.0	8.5	33.6	8.9	+4.9	+1.6
Other current liabilities (18)	54.3	14.4	54.1	14.3	-0.4	-0.2
Other net working capital (16)	-32.6	-8.6	-31.8	-8.4	+2.4	+0.8

Other net working capital continues to contribute to financing

Since March 31, 2020, **other net working capital (16)** has increased slightly, by 0.8 million euros, and has provided a -31.8 million euros contribution to the company's financing. However, by comparison with the same period in the previous year this has decreased by 5.2 million euros, mainly on account of the coronavirus. The income

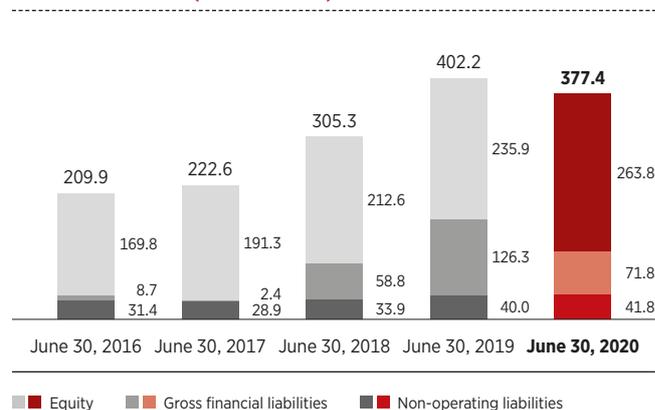
tax prepayments which have been partially deferred or reduced on account of the coronavirus and which are capitalised as **current receivables from income tax refunds (17)** as of the quarterly reporting dates have only risen by 0.7 million euros. They normally increase in the second quarter due to higher prepayments. They are thus 5.2 million euros lower than as of June 30, 2019 (12.1 million euros). At the same time, **other current liabilities (18)** have hardly

changed. On the one hand, the **current financial liabilities (19)** included in this item due to the exercise of put and call options as well as the settlement of liabilities resulting from acquisitions have decreased. On the other hand, **current other liabilities (20)** have mainly increased due to the wage tax and social security contributions deferred by the French government within the scope of its liquidity promotion measures.

Decline in financial liabilities results in decrease in volume of capital invested

On June 30, 2020, the **capital invested (21)** – identical with the capital employed – totalled 377.4 million euros and was thus 24.8 million euros lower than in the previous year. This decrease was primarily attributable to the 54.5 million euros decline in **gross financial liabilities (22)** to 71.8 million euros. On the other hand, **equity (23)** has risen by 27.9 million euros to 263.8 million euros. **Non-operating liabilities (24)** have increased minimally, by 1.8 million euros to 41.8 million euros.

Management balance-sheet figures – Capital invested in millions of euros (as of June 30)



Capital invested in millions of euros

	March 31, 2020	% of capital invested	June 30, 2020	% of capital invested	Change as %	Change in millions of euros
Equity (23)	263.4	69.7	263.8	69.9	+0.1	+0.3
Non-current accruals for pensions	35.9	9.5	36.3	9.6	+1.2	+0.4
+ Non-current deferred tax liabilities	3.4	0.9	2.7	0.7	-19.3	-0.7
+ Non-current other accruals	0.4	0.1	0.5	0.1	+3.7	+0.0
+ Non-current financial liabilities	1.9	0.5	1.9	0.5	+0.0	+0.0
+ Non-current other liabilities	0.5	0.1	0.5	0.1	+0.0	+0.0
Non-operating liabilities (24)	42.0	11.1	41.8	11.1	-0.5	-0.2
Non-current interest bearing financial liabilities	1.0	0.3	1.0	0.3	-2.9	-0.0
+ Non-current liabilities from leasing (25)	48.6	12.9	47.4	12.5	-2.6	-1.3
+ Current interest-bearing financial liabilities	12.9	3.4	12.6	3.3	-2.4	-0.3
+ Current liabilities from leasing	10.2	2.7	10.9	2.9	+6.6	+0.7
Gross financial liabilities (22)	72.8	19.2	71.8	19.0	-1.3	-0.9
Capital invested (21)	378.2	100	377.4	100	-0.2	-0.8

In the second quarter of 2020, the volume of **capital invested** (21) decreased by just 0.8 million euros. These changes are minor in scope. The largest item relates to the decline in **non-current liabilities from leasing** (25).

Net cash position in millions of euros

	March 31, 2020	% of capital invested	June 30, 2020	% of capital invested	Change as %	Change in millions of euros
Gross financial liabilities (27)	72.8	19.2	71.8	19.0	-1.3	-0.9
+ Cash and cash equivalents (28)	19.7	5.2	24.2	6.4	+22.7	+4.5
Net financial liabilities (+) (26)	53.1	14.0	47.6	12.6	-10.2	-5.4

Coronavirus-related shift in seasonal financing requirements

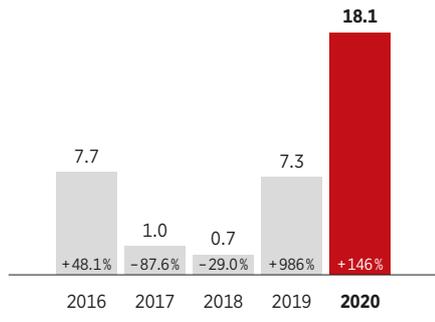
In the second quarter, the **net financial liability (26)** decreased by 5.4 million euros to 47.6 million euros. This normally rises in the second quarter of the year, since the dividend payment to shareholders occurs then. However, this year the general meeting has not yet been held, due to the coronavirus. On account of the acquisition of WhiteWall in June 2019, the financing requirements for the previous year likewise increased. No such acquisition has been entered on the books to date in the current year. By comparison

with June 30, 2019, **financial liabilities (27)** have decreased by 54.5 million euros, while **cash and cash equivalents (28)** have increased by 11.7 million euros. As well as the effects outlined above, this was financed by means of net working capital. In subsequent quarters, these financing effects will be reversed in some cases, since the dividend will be paid and the net working capital components such as deferred income tax prepayments and social security contributions will fall due. Overall, the **net financial liability (26)** has decreased by 66.2 million euros by comparison with June 30, 2019.

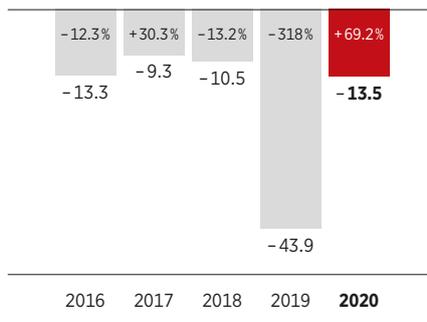
CASH FLOW

- » Stronger operating result and reduced working capital and income tax prepayments increase cash flow from operating activities by 10.7 million euros
- » Decline in net cash used in investing activities by 30.4 million euros due to extensive investments in the previous year
- » Accordingly, very strong increase in free cash flow in the second quarter by 41.1 million euros

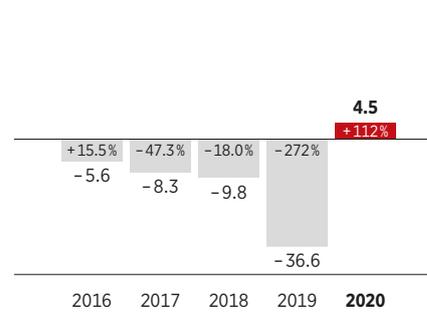
Cash flow from operating activities Q2 in millions of euros/ change on previous year as %



Net cash used in investing activities Q2 in millions of euros/ change on previous year as %



Free cash flow Q2 in millions of euros/ change on previous year as %



Cash flow from operating activities in millions of euros

		Q2 2019	Q2 2020	Change as %	Change in millions of euros
EBITDA	(2)	10.0	12.9	+28.3	+2.8
+/- Non-cash factors		-2.4	-1.2	49.7	+1.2
+ Decrease in operating net working capital	(3)	1.6	5.8	262	+4.2
- Increase in other net working capital	(5)	3.1	2.3	-25.4	-0.8
+ Taxes paid	(4)	-5.0	-1.7	+66.3	+3.3
+ Interest received		0.0	0.0	-69.2	-0.0
= Cash flow from operating activities	(1)	7.3	18.1	+146	+10.7

Stronger operating result and reduced working capital and income tax prepayments increase cash flow from operating activities by 10.7 million euros

In the second quarter of 2020, at 18.1 million euros cash flow from operating activities (1) was 10.7 million euros higher than in the same period in the previous year (7.3 million euros). In particular, this reflects an improved operating result (2), very strongly supported by the operating net working capital (3). The cash flow from operating activities has mainly increased due to the coronavirus-related decline in trade receivables, while the changes in inventories

and in trade payables have more or less offset one another. In addition, in the second quarter of 2020 a reduced volume of income tax prepayments (4) were made due to coronavirus-related deferrals and reductions. Overall, other net working capital (5) has not had any major effect on cash flow from operating activities, but includes positive effects resulting from the deferral of social insurance payments in France. The tax and social insurance deferral effects will result in additional cash and cash equivalents outflows in the remainder of the year.

Cash flow from investing activities in millions of euros

		Q2 2019	Q2 2020	Change as %	Change in millions of euros	
-	Outflows from investments in fixed assets	(8)	-10.8	-13.8	-26.9	-2.9
-	Outflows from purchases of consolidated interests/acquisitions	(7)	-34.0	-1.5	95.6	32.5
-	Outflows from investments in financial assets		0.0	-0.1	-	-0.1
+/-	Inflows (+)/outflows (-) from investments in non-current financial instruments		0.0	-0.1	-	-0.1
+	Inflows from the sale of property, plant and equipment and intangible assets		0.9	1.9	107	1.0
=	Cash flow from investing activities	(6)	-43.9	-13.5	69.2	30.4

Decline in net cash used in investing activities by 30.4 million euros due to extensive investments in the previous year

In the second quarter, net cash used in investing activities (6) was reduced by 30.4 million euros to -13.5 million euros due to the lack of cash and cash equivalents outflows for acquisitions (7) as well as increased inflows resulting from the sale of property, plant and equipment. This was moderated by a slight rise in cash flows for investments in fixed assets (8), mainly due to the rollout of kiosk business in the United Kingdom.

Accordingly, very strong increase in free cash flow in the second quarter by 41.1 million euros

Due to the increase in cash flow from operating activities to 18.1 million euros and the decline in cash outflows from investments to 13.5 million euros, free cash flow increased by +41.1 million euros to +4.5 million euros.

Free cash flow in the first half of the year increases due to the reduced cash flow from investing activities in particular

Free cash flow in the first half of 2020 increased by 40.6 million euros to -10.6 million euros and is in line with the trend for the second quarter. In particular, the non-committed acquisition payments for WhiteWall in the amount of 30.5 million euros have increased the net cash used in investing activities in the first half of the year by 26.3 million euros to -21.5 million euros. The cash flow from operating activities has increased by 14.3 million euros to 7.5 million euros and reflects the positive effects (+11.3 million euros to 8.1 million euros) in the second quarter for operating net working capital, due to payment inflows from customer receivables as well as higher cash and cash equivalents outflows for value added tax and other taxes.

RETURN ON CAPITAL EMPLOYED

- » Average capital employed increased to 383.1 million euros, due to acquisitions and on account of IFRS 16
- » Earnings trend causes adjusted ROCE to increase to relatively high level of 20.3%

Average capital employed increased to 383.1 million euros, due to acquisitions and on account of IFRS 16

As of June 30, 2020, the capital employed figure was 377.4 million euros and thus 24.7 million euros lower than as of June 30, 2019. On June 30, 2020, at 383.1 million euros the average capital employed – calculated on the basis of the four quarterly reporting dates within a given 12-month period – was 43.4 million euros higher than

in the previous year and now includes the IFRS 16 rights of use as well as the acquisition of WhiteWall over a full 12-month period.

Earnings trend causes adjusted ROCE to increase to relatively high level of 20.3%

The return on capital employed (ROCE) – a ratio indicating the return on capital – has decreased from 16.5% to 15.5% since June 30, 2019. The value of 16.5% reflects a twelve-month EBIT figure of 59.3 million euros and an average volume of capital employed of 383.1 million euros. The positive earnings trend has caused the ROCE – adjusted for restructuring costs and IFRS 16 effects (leasing accounting) – to increase to a relatively high level of 20.3% (adjusted figure for the previous year: 18.1%).

12-month EBIT Q3 2019 – H1 2020

in millions of euros / change on previous year as %



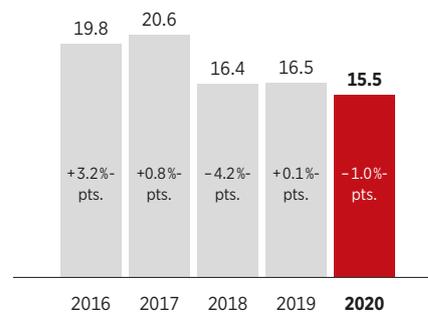
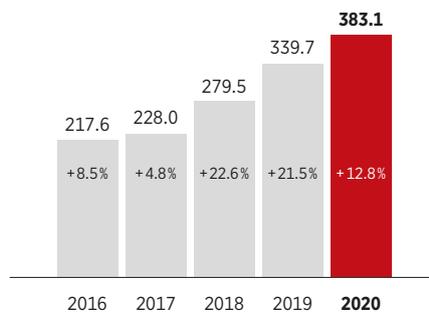
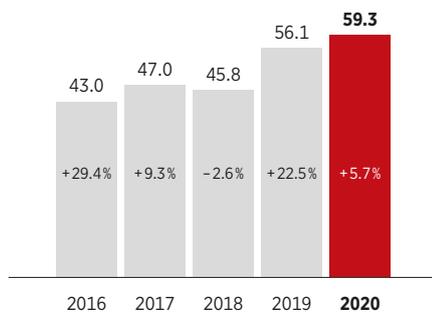
Average capital employed over the past 4 quarters Q3 2019 – H1 2020

in millions of euros / change on previous year as %



ROCE Q3 2019 – H1 2020

as % / change on previous year in percentage points



FORECAST, OPPORTUNITIES AND RISK REPORT

Risks and opportunities

The consolidated management report for the financial year 2019 outlines the key risks and opportunities associated with the envisaged development of the CEWE Group. Ongoing systematic risk monitoring and control measures implemented by the Group's risk management have not identified any risks which, individually or collectively, are liable to jeopardise the Group's status as a going concern.

CEWE considers the risk of default to be a key risk during the coronavirus pandemic. So far, no significant defaults have arisen during the coronavirus crisis. Risk exposure as of June 30, 2020 is relatively low overall due to the decline in the volume of receivables. Accordingly, owing to the receivables collection period no significant effects should be expected for the next quarter either. Within the scope of its provision for risks, CEWE assume that as of its next reporting date, September 30, 2020, an increased default risk may apply: business partners might potentially need to pre-finance their Christmas business in a tense liquidity situation, which might in turn increase their risk of insolvency.

You will find further information in the report on risks and opportunities on  pages 64 ff. of the Annual Report 2019.

2020 forecast: it is not yet possible to provide a reliable prediction concerning the effects of the coronavirus pandemic on the company's goals for the year as a whole

It is not yet possible to provide a reliable forecast – i.e. with the normal level of certainty – regarding how the coronavirus pandemic will continue to shape the company's business over the next few months. For instance, it remains to be seen to what extent Photofinishing's third quarter – which has already been experiencing a declining share of turnover for some years now – will be adversely affected by a change in holiday behaviour as a result of the coronavirus. Many holiday photos typically find their way into a photo product such as CEWE PHOTOBOOK.

CEWE is convinced that its Photofinishing core business unit will continue to provide strong support for the company during the pandemic, particularly through online photo products which can be delivered by post. CEWE is stably positioned and assumes that in 2020 it will once again achieve a solid profit for the year.

Pre-coronavirus perspective for 2020

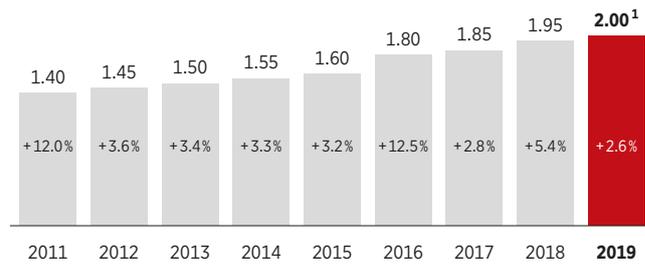
Prior to the outbreak of the global coronavirus perspective, CEWE had provided an earnings outlook for the financial year 2020. This is the “pre-coronavirus outlook for 2020” which is repeated below. Both then and now, this was expressly not a target for the current financial year and nor was it ever presented as such. But it does very much convey a sense of CEWE’s assessment of its continuing turnover and earnings growth without the exogenous effects of the coronavirus situation, i. e. a continued positive trend:

From a pre-coronavirus perspective, Group turnover in 2020 was expected to increase from 714.9 million euros in the previous year, 2019, to between 725 million euros and 755 million euros. Group EBIT was envisaged to fall within a range of between 58 million euros and 64 million euros, the EBT figure to amount to between 56.5 million euros and 62.5 million euros and earnings after tax to amount to between 38 million euros and 43 million euros. This was expected to correspond to an increase of approx. 6 million euros in the EBIT earnings target range by comparison with the goal for the previous year, 2019. At the present time, it is not possible to provide a sufficiently reliable assessment of how strongly the coronavirus pandemic will ultimately cause the results for the year to diverge from these ranges – which should once again expressly not be understood as targets for the “coronavirus year” 2020. For this reason, CEWE will continue to refrain from providing a forecast for 2020.

Minimum goal of dividend continuity

In general, CEWE pursues the goal of dividend continuity. Where this appears appropriate in view of the company’s economic situation and the available investment opportunities, this entails at least constant dividends and, ideally, absolute dividend growth. This policy clearly focuses on the absolute dividend value, with the pay-out ratio as a secondary element.

Dividend in euros



¹ Dividend proposal of the Supervisory Board and the Board of Management, to be presented at the general meeting on October 6, 202

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 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 provisions for pensions, non-current deferred tax liabilities, other non-current provisions, non-current financial liabilities and other non-current liabilities

NOPAT

EBIT less income taxes and other taxes

Operating net working capital

Inventories plus current trade receivables less current trade payables

Other current liabilities

Current provisions for taxes, other current provisions, other current financial liabilities and other current 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

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 financial report, figures include CEWE PHOTOBOOK prints and the images included 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.



Winner CEWE Photo Award 2019
TERESA COMES
Silence

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR H1 2020 OF CEWE STIFTUNG & CO. KGAA

	Q2 2019 in € thsd.	Q2 2020 in € thsd.	Change as %	H1 2019 in € thsd.	H1 2020 in € thsd.	Change as %
Revenues	134,165	130,558	-2.7	274,573	276,963	0.9
Increase/decrease in finished and unfinished goods	-136	98	-	-344	-596	-73.3
Other own work capitalised	184	377	105	336	607	80.7
Other operating income	4,934	4,232	-14.2	9,604	10,083	5.0
Cost of materials	-40,710	-33,527	17.6	-79,554	-70,568	11.3
Gross profit	98,437	101,738	3.4	204,615	216,489	5.8
Personnel expenses	-44,830	-43,444	3.1	-89,576	-91,630	-2.3
Other operating expenses	-43,576	-45,426	-4.2	-90,342	-96,468	-6.8
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	10,031	12,868	28.3	24,697	28,391	15.0
Amortisation of intangible assets, depreciation of property, plant and equipment	-13,417	-13,845	-3.2	-26,158	-27,367	-4.6
Earnings before interest and taxes (EBIT)	-3,386	-977	71.1	-1,461	1,024	-
Financial income	177	1	-99.4	195	11	-94.4
Financial expenses	-264	-263	0.4	-518	-526	-1.5
Financial result	-87	-262	201	-323	-515	-59.4
Earnings before taxes (EBT)	-3,473	-1,239	64.3	-1,784	509	-
Income taxes	1,379	587	-57.4	821	582	-29.1
Group earnings after taxes	-2,094	-652	68.9	-963	1,091	-
Group earnings per share (in euross)						
Undiluted	-0.29	-0.09	68.9	-0.13	0.15	-
Diluted	-0.29	-0.09	69.0	-0.13	0.15	-

The reference figures have been restated, as outlined on [page 60](#).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR H1 2020 OF CEWE STIFTUNG & CO. KGAA

	Q2 2019 in € thsd.	Q2 2020 in € thsd.	Change as %	H1 2019 in € thsd.	H1 2020 in € thsd.	Change as %
Earnings after taxes	-2,094	-652	68.9	-963	1,091	-
Difference resulting from currency translation	-920	585	-	-227	-2,690	> -1,000
Amounts which may be reclassified to the profit and loss account in future periods	-920	585	-	-227	-2,690	> -1,000
Actuarial losses	-3,122		-	-3,122		-
Income taxes on income and expenses not affecting net income	995		-	995		-
Other comprehensive income from equity instruments measured at fair value	-273		-	-273	396	-
Other comprehensive income not subsequently reclassified to the profit and loss account	-2,400	0	-	-2,400	396	-
Other comprehensive income	-3,320	585	-	-2,627	-2,294	12.7
Comprehensive income	-5,414	-67	98.8	-3,590	-1,203	66.5

CONSOLIDATED BALANCE SHEET

AS OF JUNE 30, 2020 OF CEWE STIFTUNG & CO. KGAA

	Dec. 31, 2019 in € thsd.	June 30, 2019 in € thsd.	March 31, 2020 in € thsd.	June 30, 2020 in € thsd.	Change as of March 31, 2020	Change as of June 30, 2019
AKTIVA						
Property, plant and equipment	222,543	224,237	213,586	214,569	0.5	-4.3
Investment properties	17,240	17,421	17,204	17,452	1.4	0.2
Goodwill	77,758	77,759	77,758	77,758	0.0	0.0
Intangible assets	39,083	40,710	37,154	34,963	-5.9	-14.1
Financial assets	5,579	6,850	6,154	6,256	1.7	-8.7
Non-current financial assets	1,468	1,279	1,304	1,383	6.1	8.1
Non-current other receivables and assets	655	242	58	501	764	107
Deferred tax assets	14,203	13,287	13,950	13,971	0.2	5.1
Non-current assets	378,529	381,785	367,168	366,853	-0.1	-3.9
Inventories	48,757	46,118	44,492	48,436	8.9	5.0
Current trade receivables	91,379	41,369	35,026	29,624	-15.4	-28.4
Current receivables from income tax refunds	1,520	12,050	6,154	6,892	12.0	-42.8
Current financial assets	5,354	3,580	3,375	4,487	32.9	25.3
Other current receivables and assets	8,644	11,334	12,232	10,927	-10.7	-3.6
Cash and cash equivalents	32,958	12,483	19,697	24,177	22.7	93.7
Current assets	188,612	126,934	120,976	124,543	2.9	-1.9
Assets	567,141	508,719	488,144	491,396	0.7	-3.4

The reference figures have been restated, as outlined on [page 60](#).

	Dec. 31, 2019 in € thsd.	June 30, 2019 in € thsd.	March 31, 2020 in € thsd.	June 30, 2020 in € thsd.	Change as of March 31, 2020	Change as of June 30, 2019
EQUITY AND LIABILITIES						
Subscribed capital	19,279	19,240	19,279	19,279	-	0.2
Capital reserve	76,491	74,478	73,380	73,491	0.2	-1.3
Treasury shares at acquisition cost	-6,655	-6,917	-8,610	-8,305	3.5	-20.1
Retained earnings and unappropriated profits	180,529	149,132	179,394	179,327	0.0	20.2
Equity	269,644	235,933	263,443	263,792	0.1	11.8
Non-current accruals for pensions	35,546	32,967	35,893	36,306	1.2	10.1
Non-current deferred tax liabilities	3,500	3,749	3,388	2,734	-19.3	-27.1
Non-current other accruals	501	621	436	452	3.7	-27.2
Non-current interest-bearing financial liabilities	1,115	1,456	1,007	978	-2.9	-32.8
Non-current lease liabilities	52,453	55,717	48,627	47,350	-2.6	-15.0
Non-current financial liabilities	1,865	2,025	1,858	1,858	0.0	-8.2
Non-current other liabilities	451	592	451	451	0.0	-23.8
Non-current liabilities	95,431	97,127	91,660	90,129	-1.7	-7.2
Current tax liabilities	7,456	8,104	7,338	6,481	-11.7	-20.0
Current other accruals	6,347	4,110	6,437	7,226	12.3	75.8
Current interest-bearing financial liabilities	832	59,087	12,933	12,620	-2.4	-78.6
Current lease liabilities	10,668	10,062	10,196	10,871	6.6	8.0
Current trade payables	113,850	53,006	55,597	59,910	7.8	13.0
Current financial liabilities	11,201	11,837	8,503	6,757	-20.5	-42.9
Current other liabilities	51,712	29,453	32,037	33,610	4.9	14.1
Current liabilities	202,066	175,659	133,041	137,475	3.3	-21.7
Equity and liabilities	567,141	508,719	488,144	491,396	0.7	-3.4

The reference figures have been restated, as outlined on [page 60](#).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR H1 2020 OF CEWE STIFTUNG & CO. KGAA

in thousands of euros

	Subscribed capital	Capital reserve	Generated Group equity	Special item for stock option plans
As of Jan. 1, 2019 prior to restatement	19,240	75,334	179,344	-11,189
Comprehensive income	-	-	-1,236	-3,122
Dividend paid out	-	-	-14,080	-
Sale of treasury shares	-	-	-	-
Stock option plans	-	-856	-	-
Owner-related equity changes	-	-856	-14,080	-
As of June 30, 2019	19,240	74,478	164,028	-14,311
As of Jan. 1, 2020 prior to restatement	19,279	76,491	196,038	-16,183
futalis (amortisation in second half of 2019)	-	-	-116	-
As of Jan. 01, 2020	19,279	76,491	195,922	-16,183
Comprehensive income	-	-	1,487	-
Sale of treasury shares	-	138	-	-
Purchase of treasury shares	-	-	-	-
Stock option plans	-	-3,138	-	-
Owner-related equity changes	-	-3,000	-	-
As of June 30, 2020	19,279	73,491	197,409	-16,183

The reference figures have been restated, as outlined on [page 60](#).

Compensating item from currency translation	Income taxes not affecting net income	Retained earnings and unappropriated profits	Total	Treasury shares at acquisition cost	Total equity attributable to the shareholders of CEWE KGaA
- 5,220	3,867	166,802	261,376	- 7,176	254,200
- 227	995	- 3,590	- 3,590	-	- 3,590
-	-	- 14,080	- 14,080	-	- 14,080
-	-	-	-	259	259
-	-	-	- 856	-	- 856
-	-	- 14,080	- 14,936	259	- 14,677
- 5,447	4,862	149,132	242,850	- 6,917	235,933
- 4,487	5,278	180,646	276,416	- 6,655	269,761
-	-	- 116	- 116	-	- 116
- 4,487	5,278	180,530	276,300	- 6,655	269,645
- 2,690	-	- 1,203	- 1,203	-	- 1,203
-	-	-	138	496	634
-	-	-	-	- 2,146	- 2,146
-	-	-	- 3,138	-	- 3,138
-	-	-	- 3,000	- 1,650	- 4,650
- 7,177	5,278	179,327	272,097	- 8,305	263,792

CONSOLIDATED CASH FLOW STATEMENT

FOR H1 2020 OF CEWE STIFTUNG & CO. KGAA

	Q2 2019 in € thsd.	Q2 2020 in € thsd.		Change as %
EBITDA	10,031	12,868	28.3	
+/- Non-cash factors	-2,376	-1,196	49.7	
+/- Decrease (+)/increase (-) in operating net working capital	1,595	5,770	262	
+/- Decrease (+)/increase (-) in other net working capital (excl. income tax items)	3,070	2,289	-25.4	
- Taxes paid	-5,002	-1,685	66.3	
+ Interest received	13	4	-69.2	
= Cash flow from operating activities	7,331	18,050	146	
- Outflows from investments in property, plant and equipment and intangible assets	-10,838	-13,752	-26.9	
- Outflows from purchases of consolidated interests/acquisitions	-33,992	-1,480	95.6	
+ Inflows from investments in financial assets	0	-101	-	
+/- Inflows (+)/outflows (-) from investments in non-current financial instruments	14	-79	-	
+ Inflows from the sale of property, plant and equipment and intangible assets	919	1,906	107	
= Cash flow from investing activities	-43,897	-13,506	69.2	
= Free cash flow	-36,566	4,544	-	
- Dividends paid	-14,080	0	-	
- Purchase of treasury shares	0	-192	-	
- Stock option plans	-411	607	110	
= Outflows to shareholder	-14,491	415	-	
+/- Inflows (+)/outflows (-) from change in financial liabilities	49,702	-550	-	
- Interest paid	-50	-64	-28.0	
+/- Other financial transactions	162	-2	-	
= Cash flow from financing activities	35,323	-201	-	
Cash and cash equivalents at the start of the reporting period	13,103	19,697	50.3	
+/- Exchange-rate-related changes in cash and cash equivalents	623	137	-78.0	
+ Cash flow from operating activities	7,331	18,050	146	
- Cash flow from investing activities	-43,897	-13,506	69.2	
+/- Cash flow from financing activities	35,323	-201	-	
= Cash and cash equivalents at the end of the reporting period	12,483	24,177	93.7	

H1 2019 in € thsd.	H1 2020 in € thsd.		Change as %
24,697		28,391	15.0
-1,849		311	-
-3,159		8,136	-
-13,452		-19,630	-45.9
-9,597		-6,300	34.4
28		11	-60.7
-3,332		10,919	-
-14,690		-19,932	-35.7
-33,992		-3,453	89.8
-151		-281	-86.1
-26		85	-
999		2,044	105
-47,860		-21,537	55.0
-51,192		-10,618	79.3
-14,080		0	-
0		-2,146	-
-1,312		-2,504	-90.9
-15,392		-4,650	69.8
50,310		6,751	-86.6
-93		-129	-38.7
162		0	-
34,987		1,972	-94.4
28,061		32,958	17.5
627		-135	-
-3,332		10,919	-
-47,860		-21,537	55.0
34,987		1,972	-94.4
12,483		24,177	93.7

SEGMENT REPORTING BY BUSINESS UNIT¹

FOR Q2 2020 OF CEWE STIFTUNG & CO. KGAA

in thousands of euros

		Photofinishing	Retail	Commercial Online Printing	Other Activities	CEWE Group
External revenues	2020	110,635	7,557	10,865	1,501	130,558
	2019	97,229	10,619	24,992	1,325	134,165
External revenues, adjusted for currency effects	2020	110,838	8,067	10,833	1,501	131,239
	2019	97,229	10,619	24,992	1,325	134,165
EBIT prior to restructuring	2020	5,124	-1,456	-2,766	-148	754
	2019	-1,134	-300	-1,074	-878	-3,386
Restructuring	2020	-	-1,731	-	-	-1,731
	2019	-	-	-	-	-
EBIT	2020	5,124	-3,187	-2,766	-148	-977
	2019	-1,134	-300	-1,074	-878	-3,386

1 Segment reporting by business unit is an integral part of the selected notes.

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

SEGMENT REPORTING BY BUSINESS UNIT¹

FOR H1 2020 OF CEWE STIFTUNG & CO. KGAA

in thousands of euros

		Photofinishing	Retail	Commercial Online Printing	Other Activities	CEWE Group
External revenues	2020	225,336	15,083	33,449	3,095	276,963
	2019	200,756	20,999	50,239	2,579	274,573
External revenues, adjusted for currency effects	2020	225,615	15,887	33,354	3,095	277,951
	2019	200,756	20,999	50,239	2,579	274,573
EBIT prior to restructuring	2020	8,399	-1,954	-3,387	-303	2,755
	2019	1,832	-657	-1,432	-1,204	-1,461
Restructuring	2020	-	-1,731	-	-	-1,731
	2019	-	-	-	-	-
EBIT	2020	8,399	-3,685	-3,387	-303	1,024
	2019	1,832	-657	-1,432	-1,204	-1,461

1 Segment reporting by business unit is an integral part of the selected notes.

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

SELECTED NOTES

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 (26133 Oldenburg).

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

Principles for the preparation of the interim consolidated financial statements as of June 30, 2020

The interim consolidated financial statements of CEWE KGaA as of June 30, 2020 have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable on the reporting date and the interpretations of the International Accounting Standards Board (IASB) to be applied in the European Union.

These interim financial statements contain all data and information required according to IAS 34 for abridged interim financial statements.

In preparing the abridged interim financial statements, the Board of Management is obliged to make estimates and assumptions in compliance with the applicable accounting principles regarding the presentation of assets and liabilities as well as income and expenses and the disclosure of contingent liabilities and assets. The actual future amounts may deviate from these estimates.

IFRS applied for the first time in the financial year

The following standards and interpretations and amendments of existing IFRS which have been issued by the IASB are applicable for the first time in the interim financial statements as of June 30, 2020, since they have been endorsed in European law within the scope of the EU's IFRS endorsement process:

Amendment/standard

	Date of publication	Date of endorsement within the scope of EU law	Date of adoption (EU)
Amendments to References to the Conceptual Framework in IFRS Standards	March 29, 2018	Nov. 29, 2019	Jan. 01, 2020
Amendments to IAS 1 and IAS 8: Definition of "Material"	Oct. 31, 2018	Nov. 29, 2019	Jan. 01, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform	Sep. 26, 2019	Jan. 15, 2020	Jan. 01, 2020
Amendments to IFRS 3: Definition of a Business	Oct. 22, 2019	April 21, 2020	Jan. 01, 2020

The following standards and interpretations and amendments of existing IFRS which have also been issued by the IASB are – with the exception of the amendment of IFRS 16 – not yet applicable in

the interim financial statements as of June 30, 2020. They will become applicable once they have been endorsed in European law within the scope of the EU's IFRS endorsement process:

Amendment/standard

	Date of publication	Date of endorsement within the scope of EU law ¹	Date of adoption (EU)
IFRS 17 Insurance Contracts and Amendments to IFRS 17 Insurance Contracts	May 18, 2017/ June 25, 2020		Jan. 01, 2023
Amendment to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	Jan. 23, 2020		Jan. 01, 2023 ²
Annual Improvements to the IFRS Cycle 2018-2020	May 14, 2020		Jan. 01, 2022
Amendments to			
» IFRS 3 Business Combinations: Reference to the Conceptual Framework			
» IAS 16 Property, Plant and Equipment: Proceeds before Intended Use			
» IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Costs of Fulfilling a Contract	May 14, 2020		Jan. 01, 2022
Amendments to IFRS 16 Leases: Covid 19-Related Rent Concessions	May 28, 2020	Q3/Q4 2020	June 01, 2020
Amendments to IFRS 4 Insurance Contracts: Extension of the Temporary Exemption from Applying IFRS 9	June 25, 2020	Q4 2020	Jan. 01, 2021

1 Expected date.

2 At its meeting on April 17, 2020, the IASB decided to postpone the date of initial application to January 1, 2023.
The amendment to IAS 1 was published on July 15, 2020.

The practical relief granted by the IASB within the scope of its amendment of IFRS 16 “COVID-19 Related Rent Concessions” has been adopted early for the reporting of all COVID-19-related rent concessions which lessors have granted CEWE as a lessee. COVID-19-related rent concessions are thus treated as though no change had occurred in the respective lease.

At the start of the financial year 2020, Commercial Online Printing changed over the depreciation method for its offset machines from straight-line time-dependent depreciation to units-of-production depreciation. The coronavirus-related under-utilisation since the start of the coronavirus crisis had made it clear that the decline in the value of offset printing machines can be more accurately presented in terms of the volume of printing done than by means of time-dependent depreciation. If this method had already been applied in the previous year, depreciation in the first half of 2019 would have decreased by 200 thousand euros, while depreciation in the second quarter of 2019 would have been 180 thousand euros

lower. If the straight-line depreciation method had been maintained in the current financial year, depreciation in the first half of 2020 would have been 585 thousand euros higher while depreciation in the second quarter of 2020 would have been an estimated 336 thousand euros higher. The increase resulting from retrospective application of the consumption-based depreciation method is 200 thousand euros for the first half of 2019 and 380 thousand euros for 2019 as a whole. The previous-year figures have not been restated.

In the financial year 2019, cash and cash equivalents outflows in the amount of 1,973 thousand euros were incurred for the exercise of a put/call option for further interests in Stardust Media SAS (Cheerz). To date, this cash and cash equivalents outflow had been reported under cash flow from operating activities instead of cash flow from investing activities. This previously incorrect reporting item has been retrospectively adjusted in line with IAS 8 and has therefore increased the cash flow from operating activities while reducing the cash flow from investing activities.

The other accounting, valuation and recognition policies and consolidation methods were applied to the semi-annual financial report as of June 30, 2020, without any significant changes in relation to December 31, 2019. These policies and methods are detailed in the consolidated financial statements as of December 31, 2019. Nor have the fundamental principles and methods of estimation for the semi-annual financial report changed in comparison to previous periods.

Scope of consolidation

Apart from CEWE KGaA, the interim consolidated financial statements as of June 30, 2020 include domestic and foreign companies over which CEWE KGaA has a direct or indirect controlling interest.

As of June 30, 2020, apart from CEWE KGaA as the parent company, the scope of consolidation includes 12 German and 20 foreign companies. 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. 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, Bilder-planet.de GmbH, Cologne, has not been included in the scope of consolidation due to its economic insignificance.

Discontinued operations

On June 30, 2019, the subsidiary futalis GmbH was reported as a discontinued operation and classified as held for sale, on the basis of a concrete intention to sell as well as approval from the relevant bodies. Since no sale occurred in the period to June 30, 2020, the disposal plan has been abandoned. The twelve-month time limit has not been extended. This subsidiary has therefore been retrospectively reclassified as a continuing operation. Assets and liabilities have been recognised at their existing book values, less scheduled depreciation on non-current assets. The figures for the previous year have been restated, as presented in the following table. futalis GmbH is presented in the “Other Activities” business unit, [page 24](#).

Balance sheet in thousands of euros

	Dec. 31, 2019		June 30, 2019		Total change
	Restatement futalis	Finalisation purchase price allocation	Restatement futalis		
Property, plant and equipment	1,413	-	1,478		1,478
Goodwill	-	-9,566	-		-9,566
Intangible assets	91	11,766	87		11,853
Inventories	399	-	548		548
Current trade receivables	217	-2,456	302		-2,154
Current financial assets	34	-	23		23
Other current receivables and assets	79	-	42		42
Cash and cash equivalents	601	-	456		456
Assets classified as held for sale	-2,951	-	-2,937		-2,937
Assets	-117	-256	-1		-257
Retained earnings and unappropriated profits	-117	6	-		6
Non-current deferred tax liabilities	-	1,150	-		1,150
Non-current lease liabilities	-	-	37		37
Current other accruals	18	68	154		222
Current lease liabilities	92	-	83		83
Current trade payables	298	-1,480	315		-1,165
Current other liabilities	94	-	75		75
Current financial liabilities	3	-	-		-
Liabilities classified as held for sale	-505	-	-665		-665
Liabilities	-117	-256	-1		-257

Consolidated profit and loss account in thousands of euros

	Q2 2019		Total change
	Finalisation purchase price allocation	Restatement fufalis	
Revenues	-	2,579	2,579
Other operating income	-	48	48
Cost of materials	135	-924	-788
Gross profit	135	1,703	1,839
Personnel expenses	-	-1,144	-1,144
Other operating expenses	-	-1,009	-1,009
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	136	-450	-314
Amortisation of intangible assets, depreciation of property, plant and equipment	-141	-151	-292
Earnings before interest and taxes (EBIT)	-5	-601	-606
Income taxes	12	-	12
Earnings after taxes from continuing operations	6	-601	-594
Post-tax profit/loss for discontinued operation	-	601	601
Group earnings after taxes	6	0	7

Consolidated statement of comprehensive income in thousands of euros

	Q2 2019		Total change
	Finalisation purchase price allocation	Restatement fufalis	
Comprehensive income	6	-	6

Seasonal effects on business activities

Please see the notes on [pages 17 ff.](#) of the interim consolidated management report regarding the seasonal and economic effects on the condensed interim consolidated financial statements as of June 30, 2020.

Key business transactions

No events affecting the statement of financial position, the income statement or the cash flow which are significant on account of their nature, size or frequency have occurred in the period to June 30 of the current financial year.

Events following the reporting date

No events which are significant on account of their nature, size or frequency have occurred since June 30, 2020.

Notes on the profit and loss account, balance sheet, cash flow statement

CEWE considers the risk of default to be a key risk during the coronavirus pandemic. So far, no significant defaults have arisen during the coronavirus crisis. CEWE considers the risk of default to be a key risk during the coronavirus pandemic. So far, no significant defaults have arisen during the coronavirus crisis. Risk exposure as of June 30, 2020 is relatively low overall due to the decline in the volume of receivables. For this reason and on account of the short receivables collection period, no significant effects should be expected for the next quarter either. Within the scope of its provision for risks, CEWE assume that as of its next reporting date, September 30, 2020, an increased default risk may apply: business partners might potentially need to pre-finance their Christmas business in a tense liquidity situation due to the coronavirus, which might in turn increase their risk of insolvency.

As outlined in the segment reporting, the coronavirus pandemic has had a negative impact on Commercial Online Printing and Retail. Both of these business units have experienced significant turnover and earnings declines which qualify as a “triggering event” according to the IFRS. Accordingly, the affected cash-generating units have been subject to impairment tests. No need for a valuation adjustment has been identified. The figures are therefore the same as in the annual report as of December 31, 2019 (cf. [page 132](#) of the annual report).

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 current market environment is characterised by uncertainty due to the COVID-19 crisis – which is affecting point-of-sale sales opportunities (Retail) in particular – as well as a decline in the volume of advertising required (Commercial Online Printing). A conclusive assessment of the full impact is not yet possible. It remains highly uncertain how the coronavirus pandemic will continue to unfold, both in terms of its duration and in terms of the scope of the economic recovery in the financial year 2020. Due to the effects of the coronavirus, the target figures are subject to an increased level of uncertainty. However, this has been taken into consideration in the cash flow forecasts. These predictions reflect the current forecasts, including the observed and expected effects of the COVID-19 pandemic on the profitability of the relevant CGUs. In our earnings planning for the next five years, we expect the coronavirus pandemic to have a negative effect in 2020. In subsequent years, earnings are expected to return to their originally envisaged level. SAX-OPRINT, LASERLINE and viaprinto are the cash-generating unit with significant goodwill. They each have a long-term growth rate of 1.0% and a discount rate for the value-in-use calculation with a pre-tax interest rate of 7.98%. The discount interest rates for Retail

range between 6.59% and 10.68% and for Commercial Online Printing 7.98%. 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. On this basis, no impairment requirement applies for the cash-generating units or for the group of cash-generating units.

The operating EBIT includes expenses in the amount of 1.7 million euros for restructuring in the Retail business unit. This comprises 582 thousand euros for personnel expenses, 450 thousand euros for depreciation on property, plant and equipment and 699 thousand euros for other costs. Accruals have been established in the amount of 1.7 million euros for these restructuring measures. In addition, in the same business unit inventories have been subject to a 1.5 million euros valuation adjustment.

Temporary rent reductions have been agreed with some landlords due to the coronavirus pandemic. These have been treated as variable payments in line with the new IFRS 16 rules and recognised in profit or loss. The cumulative effect in the amount of 314 thousand euros has been reported under other operating income and is not significant, either individually or overall.

Detailed notes concerning the profit and loss account are set down in the interim consolidated management report in the chapters for the individual business units as well as the “Consolidated profit and loss account”; the notes on the balance sheet and the cash flow statement are provided in the chapters “Asset and financial position” and “Cash flow”. The development of equity is shown separately in the statement of changes in equity.

Equity

On December 31, 2019, CEWE KGaA held 88,047 no-par value shares as treasury shares. In addition, CEWE COLOR Versorgungskasse e.V., Wiesbaden, held 112,752 no-par value shares of the company on the same date. The latter were required to be included in the consolidated financial statements by way of adjustment, so that as of the reporting date December 31, 2019 a total of 200,799 no-par value shares were reportable as treasury shares in the consolidated financial statements of CEWE KGaA.

On June 30, 2020, CEWE KGaA's treasury shares portfolio pursuant to § 71 of the German Stock Corporation Act (AktG) amounted to 101,001 no-par shares (total amount: 4,534 thousand euros, average purchase price: 44.89 euros/share; previous year: 91,210 no-par shares, 2,986 thousand euros, 32.74 euros/share) and for the Group a total of 213,753 no-par shares (total amount: 8,307 thousand euros, average purchase price: 38.86 euros/share, previous year: 203,962 no-par shares, 6,759 thousand euros, 33.14 euros/share).

As of June 30, 2020, the share capital of CEWE KGaA was unchanged on December 31, 2019 at 19,279 thousand euros, divided up into 7,414,939 shares. Changes in equity are described in the consolidated statement of changes in equity and relevant explanations are provided in the "Balance sheet and financing" chapter of the interim consolidated management report on [page 30](#).

Financial instruments

With the exception of the derivatives carried in the balance sheet at fair value, 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.

Notes on the segment reporting

Detailed notes on the segment reporting can be found in the "Economic report" section of the interim consolidated management report, [pages 17 ff.](#)

Contingent liabilities

Contingent liabilities resulted from the grant of suretyships and guarantees for third parties, possible litigation risks and other issues and amounted to 1,100 thousand euros (end of the same quarter in the previous year: 965 thousand euros).

Transactions with related parties

The members of the Board of Management and the Board of Trustees of Neumüller CEWE COLOR Stiftung and the Supervisory Board, the heirs of Senator h.c. Heinz Neumüller, Oldenburg, and the affiliates of the heirs are defined as related parties of the CEWE Group. Transactions with related parties occurred in the first half of

2020. Key transactions relate to individual commercial tenancies concluded between the Group and affiliates of the heirs of Senator h.c. Heinz Neumüller, Oldenburg. There has not been any significant change in the nature or scope of these transactions by comparison with the consolidated financial statements as of December 31, 2019.

Group earnings per share

		Q2 2019	Q2 2020	H1 2019	H1 2020
Earnings after taxes	in thousands of euros	-2,094	-652	-963	1,091
Weighted average number of shares, undiluted	in units	7,194,034	7,196,860	7,189,660	7,204,921
Undiluted earnings per share	in euros	-0.29	-0.09	-0.13	0.15
Consolidated profits after minority interests	in thousands of euros	-2,094	-652	-963	1,091
Weighted average number of shares, diluted	in units	7,194,034	7,196,860	7,189,660	7,204,921
Diluting effect of stock options issued	in thousands of euros	65,789	87,429	54,888	97,212
Diluted earnings per share	in euros	-0.29	-0.09	-0.13	0.15

STATEMENT FROM THE COMPANY'S LEGAL REPRESENTATIVES

To the best of our knowledge, we hereby confirm that the condensed interim consolidated financial statements provide a true and fair view of the Group's net assets, financial position and results of operations in line with applicable accounting principles for interim reporting and that the interim consolidated management

report presents a fair review of the development and performance of the business and the position of the Group, while describing the key risks and opportunities associated with the Group's envisaged development in the remainder of the financial year.

Oldenburg, August 6, 2020

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



Dr Christian Friege
(Chairman of the
Board of Management)



Patrick Berkhouwer



Dr Reiner Fageth



Carsten Heitkamp



Dr Olaf Holzkämper



Thomas Mehls



Frank Zweigle

AUDITOR'S REVIEW REPORT

CEWE Stiftung & Co. KGaA

We have reviewed the condensed interim consolidated financial statements of CEWE Stiftung & Co. KGaA, Oldenburg, comprising the balance sheet, the profit and loss account, the statement of comprehensive income, the cash flow statement, the statement of changes in equity and selected explanatory notes, together with the interim consolidated management report of CEWE Stiftung & Co. KGaA, Oldenburg, for the period from January 1, 2020 to June 30, 2020, that are part of the semi-annual financial report pursuant to § 115 of the German Securities Trading Act

(Wertpapierhandelsgesetz – WpHG). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim consolidated management report in accordance with the requirements of the WpHG applicable to interim consolidated management reports, is the responsibility of the company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim consolidated management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and of the interim consolidated management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW). Those standards require that we plan and perform the review such that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and that the interim consolidated management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim consolidated management reports. A review is limited primarily to questioning of company employees and analytical assessments and therefore does not provide the level of assurance attainable in an audit of financial statements. Since, in accordance with our engagement, we have not performed an audit of financial statements, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, or that the interim consolidated management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim consolidated management reports.

Hamburg, August 6, 2020

BDO AG Wirtschaftsprüfungsgesellschaft

Sabath
German Public Auditor

Härle
German Public Auditor



Winner CEWE Photo Award 2019
JAN ULICKI
Zagajnik Miłości

FURTHER INFORMATION

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MULTI-YEAR OVERVIEW

KEY INDICATORS

Volumes and employees

		Q2 2014	Q2 2015	Q2 2016	Q2 2017	Q2 2018	Q2 2019	Q2 2020
Digital photos	in millions of units	440.1	418.4	427.2	412.2	421.9	444.0	460.4
Photos from film	in millions of units	23.1	18.7	14.7	12.0	10.5	9.0	4.9
Total volume of photos	in millions of units	463	437	442	424	432	453	465
CEWE PHOTOBOOKS	in millions of units	1,118.1	1,120.2	1,196.7	1,120.0	1,121.1	1,232.1	1,368.9
Employees (average)	converted to full-time equivalent	3,173	3,213	3,305	3,421	3,745	3,801	3,842
Employees (as of the reporting date)	converted to full-time equivalent	3,177	3,199	3,301	3,411	3,762	3,907	3,798

Income

		Q2 2014	Q2 2015	Q2 2016	Q2 2017	Q2 2018	Q2 2019	Q2 2020
Turnover	in millions of euros	104.2	106.1	116.8	116.0	123.9	134.2	130.6
EBITDA	in millions of euros	4.5	5.0	8.4	7.6	5.8	10.0	12.9
EBITDA margin	as % of turnover	4.3	4.7	7.2	6.5	4.7	7.5	9.9
EBIT	in millions of euros	-3.6	-3.6	-1.1	-1.0	-4.1	-3.4	-1.0
EBIT margin	as % of turnover	-3.4	-3.4	-0.9	-0.9	-3.3	-2.5	-0.7
Restructuring expenses	in millions of euros	0.0	0.0	0.2	0.0	0.0	0.0	1.7
EBIT prior to restructuring	in millions of euros	-3.6	-3.6	-0.9	-1.0	-4.1	-3.4	0.8
EBT	in millions of euros	-4.0	-3.7	-1.2	-1.1	-3.7	-3.5	-1.2
Earnings after taxes	in millions of euros	-2.9	-2.4	-0.8	-0.8	-2.6	-2.1	-0.7

H1 2014	H1 2015	H1 2016	H1 2017	H1 2018	H1 2019	H1 2020
891.1	868.9	898.8	840.6	879.8	943.0	961.7
41.1	32.8	25.5	21.2	18.5	16.4	11.7
932	902	924	862	898	959	973
2,259.7	2,279.9	2,474.4	2,279.1	2,369.1	2,567.7	2,732.3
3,160	3,251	3,319	3,446	3,757	3,806	3,930
3,177	3,199	3,301	3,411	3,762	3,907	3,798

H1 2014	H1 2015	H1 2016	H1 2017	H1 2018	H1 2019	H1 2020
207.2	212.9	236.0	234.6	254.5	274.6	277.0
8.4	9.8	18.0	16.7	15.8	24.7	28.4
4.1	4.6	7.6	7.1	6.2	9.0	10.3
-7.8	-7.1	-0.5	-0.4	-3.8	-1.5	1.0
-3.8	-3.3	-0.2	-0.2	-1.5	-0.5	0.4
0.0	1.0	0.2	0.0	0.0	0.0	1.7
-7.8	-6.1	-0.3	-0.4	-3.8	-1.5	2.8
-8.5	-7.4	-0.6	-0.4	-3.9	-1.8	0.5
-7.2	-6.1	-0.4	-0.3	-2.7	-1.0	1.1

Capital

		Q2 2014	Q2 2015	Q2 2016	Q2 2017	Q2 2018	Q2 2019	Q2 2020
Total assets	in millions of euros	273.6	286.7	300.2	308.8	402.8	508.7	491.4
Capital employed (CE)	in millions of euros	188.5	203.1	209.9	222.6	305.3	402.2	377.4
Equity	in millions of euros	147.2	158.0	170.5	192.7	212.6	235.9	263.8
Equity ratio	as % of the balance sheet total	53.8	55.1	56.8	62.4	52.8	46.4	53.7
Net financial liabilities	in millions of euros	4.7	7.1	-6.6	-19.9	47.0	113.8	47.6
ROCE (previous 12 months)	as % of average capital employed	16.5	16.6	19.8	20.6	16.4	16.5	15.5

Cash Flow

		Q2 2014	Q2 2015	Q2 2016	Q2 2017	Q2 2018	Q2 2019	Q2 2020
Cash flow from operating activities	in millions of euros	3.2	5.2	7.7	1.0	0.7	7.3	18.1
Cash flow from investing activities	in millions of euros	-9.1	-11.9	-13.3	-9.3	-10.5	-43.9	-13.5
Free cash flow	in millions of euros	-5.9	-6.7	-5.6	-8.3	-9.8	-36.6	4.5
Cash flow from financing activities	in millions of euros	4.8	4.2	-6.9	-13.3	6.2	35.3	-0.2
Change in cash and cash equivalents	in millions of euros	-1.1	-2.4	-12.6	-21.7	-3.6	-1.2	4.3

Share

		Q2 2014	Q2 2015	Q2 2016	Q2 2017	Q2 2018	Q2 2019	Q2 2020
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	7,400,020	7,414,939
Group earnings per share								
undiluted	in euro	-0.41	-0.34	-0.11	-0.11	-0.37	-0.29	-0.09
diluted	in euro	-0.41	-0.34	-0.11	-0.11	-0.36	-0.29	-0.09

	H1 2014	H1 2015	H1 2016	H1 2017	H1 2018	H1 2019	H1 2020
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

	H1 2014	H1 2015	H1 2016	H1 2017	H1 2018	H1 2019	H1 2020
	12.2	4.2	23.8	-0.6	-9.2	-3.3	10.9
	-12.9	-23.4	-19.5	-14.8	-59.5	-47.9	-21.5
	-0.7	-19.1	4.3	-15.4	-68.7	-51.2	-10.6
	-0.4	3.8	-10.9	-10.7	41.6	35.0	2.0
	-1.1	-15.4	-6.6	-26.0	-27.1	-16.2	-8.6

	H1 2014	H1 2015	H1 2016	H1 2017	H1 2018	H1 2019	H1 2020
	7,400,020	7,400,020	7,400,020	7,400,020	7,400,020	7,400,020	7,414,939
	-1.05	-0.85	-0.05	-0.05	-0.38	-0.13	0.15
	-1.05	-0.85	-0.05	-0.05	-0.37	-0.13	0.15

FINANCIAL CALENDAR

(DATES CURRENTLY SCHEDULED)

September 22, 2020 Berenberg & Goldman Sachs
German Corporate Conference 2020

September 23, 2020 Baader Investment Conference 2020

October 6, 2020 Virtual online general meeting 2020

November 12, 2020 Publication of the Q3 2020 Interim Report

November 12, 2020 Q3 2020 press release

November 16, 2020 German Equity Forum

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

 www.company.cewe.de

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Photos

Cover: Volker Sander “In the Middle”
p. 4: Richard Whitson “Catching Some
Morning Air”
p. 14: Reza Vahdati “Baseball Hold”
p. 46: Teresa Comes “Silence”
p. 66: Jan Ulicki “Zagajnik Miłości”
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This report occasionally refers to
“employees”. This should be understood
to include all of the company’s employees,
of any gender.

This interim report is also available in
German.

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