



Annual Report

2022

tesa SE, Norderstedt

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Corporate Governance

Corporate Governance at tesa

tesa welcomes and supports the German Corporate Governance Code. The declaration of compliance of Beiersdorf AG is available permanently at www.Beiersdorf.com.

Audit opinion

The consolidated financial statement of the tesa Group, prepared in accordance with International Financial Reporting Standards (IFRS), was audited by the audit firm Ernst & Young GmbH, which issued its certification without any reservations.

Foreword

Ladies and Gentlemen,

Looking back on a successful and simultaneously momentous 2022 fiscal year, we see that it is marked by contrasts. Never before has tesa achieved such a good business result. And never before have we had to make such a huge effort to be able to adjust to and compensate for the volatile global developments.

It paid off. We learned many new things, abandoned some things that had proven reliable in the past, and as a result tweaked some processes. With this high degree of agility, tesa was able to satisfy its customers and further strengthen its market position. tesa grew organically by approximately 8.8% and has sales of 1.67 billion euros and an EBIT margin without one-time effects of 16.7%, thus achieving its goals despite the challenging environment. All business segments contributed to this effort equally.

It was a feat of our 5,000 employees in the 61 affiliates in a hundred countries around the world, and our Executive Board is extremely grateful to them. The tesa team is crisis-resistant. Our values and goals led us safely through these unstable times. As a result, the company was able to steadfastly pursue its strategies and even exceed its growth targets. This provides security for the upcoming years, which I am proud of.

The fact that we were also able to considerably move our sustainability strategy forward and make it a priority this year was important. We are all working emphatically on this meaningful transformation for our environment and our future.

The foundation for tesa's success, however, was the wide base of industrial customers from a wide range of sectors: industrial products and trade, electronics, automobile, printing & paper, solar, foodstuffs, packaging and building industries. And the business with end customers, who have valued the tesa brand for more than 125 years for decorating their homes, was also expanded.

With its very good supply chain, tesa is able to reliably manufacture and deliver its products worldwide at all times. tesa has over 14 production locations, including five

large plants in the USA, Europe and Asia, and benefits from 50 warehouse locations. Production capacity expansion is also moving forward. In China, a factory expansion was completed in 2022. In Vietnam, the cornerstone was laid for a new plant and, in the USA, a new environmentally friendly production plant is being prepared. With the new construction, the capacities will be considerably increased starting in 2023, staying close to our sales markets and our customers.

Purchasing and producing "in the region for the region" – this strategic direction, which we have been consistently refining for years, has proven prudent more than once during these currently critical times. And it was the guarantee for reliable delivery capability in those months when supply chain routes were partially disrupted and availability of raw materials and shipping capacities were reduced or were subject to extreme price increases. tesa was able to deliver the entire year, almost without limitation, and was even able to overcome the new lockdown in China. Our factory workers in Suzhou lived and worked in the factory in a closed loop for weeks as a precautionary measure.

This past year has greatly challenged us all. As people, as managers, as doers. The war in Ukraine worsened many effects of the still persistent pandemic unexpectedly and massively, whether these were supply chain issues, high costs or shortages of energy and raw materials. Factors that had already impacted the company in prior years were once again bottlenecks to business growth. However, we responded early and took countermeasures at the start of the year.

With its "Balanced Response Program," tesa was able to successfully balance out considerable cost increases by means of six sets of measures. Product formulations were adjusted when raw materials were not available, and the product palette was restructured in order to save on raw materials, storage space and shipping. Energy consumption was reduced in the production facilities, and solutions

were found for the European locations in order to replace 90% of gas consumption with oil and electricity.

And, of course, tesa responded with appropriate price increases in 2022 both in the Industry segment and with regard to retail customers and consumers, in order to reasonably counteract the cost increases for energy, logistics and raw materials. New sales measures were developed to reach fair and reasonable agreements with customers, and they were met with high acceptance.

New customer acquisition, volume increases and increased revenue on account of price increases were the basis for the solid growth all of tesa's business segments experienced in 2022.

Business development was highly satisfactory in all divisions in the 2022 fiscal year. The sales revenue from industrial customers increased considerably and grew by 10% in 2022 – strong growth after an already strong previous year.

The consumer business increased its sales and market position by 5.1% by means of attractive new product assortments such as adhesive bathroom accessories, among other things. Only the performance of the eCommerce business was less than that of the prior year, because European consumers are buying less online again and are shopping more in brick and mortar stores, since there are no longer any restrictions on going out due to the coronavirus pandemic.

The business in Europe was very successful in 2021 after the restructuring, despite the noticeable effects of the war on business development in this region. The growth drivers for the regions of America and Asia were the strengthening automotive markets, and, of course, the electronics business, which tesa was able to expand further.

The good development of business with customers in the automobile and automotive parts industries should be highlighted, especially the future and growth market of electromobility. In this market, tesa was able to win over customers with its adhesive solutions for e-batteries, display mounting, wire coverings and for modern vehicle design. Through partnerships with manufacturers for modern development concepts such as automation, we were able to establish and expand customer relationships.

New project orders from the Asian electronics industry for smartphones and tablets were just as important for good business performance. tesa is the leading competitor in the area of high-quality adhesives, especially for front and back modules, as well as for removable adhesives for batteries. As a result, we were able to increase our market share in a strongly declining market environment.

The specialized tesa applications for the building industry also contributed to growth, including in North America. The converting business with prestamped adhesive solutions, which tesa considerably increased in 2022, was also well-received.

During the past year, the desire for sustainable product solutions was felt in all sectors. In this regard, we were able to strengthen the product assortment for the industrial products business with product developments in the area of sustainable adhesive tapes. The packaging industry also relies on biobased materials. The print and paper industry continues to boom, and we were able to grow here as well.

tesa works around the clock on innovations that protect the environment and optimize recycling. Within a few years, we want to be the leaders in this respect, not only in individual segments but in general. Over 500 scientists, product developers and engineers are working on new product formulations and concepts, on how our customers' products can become more sustainable with tesa adhesive solutions. Important product ranges from tesa have already become more sustainable and are contributing to a better carbon footprint. Our attention to energy-optimized and sustainable manufacturing applies to our production facilities as well – for example, the use of extrusion technology and water-based processes. Large capital investments were made towards this during the 2022 fiscal year, which will be beneficial in future years.

As I mentioned before, the people are what makes a company successful. During this year, the resilience and creativity of our employees has shaped the course of tesa and successfully expanded the business. This is not a foregone conclusion. The Executive Board commends this performance wholeheartedly.

I am also grateful to our shareholder Beiersdorf for their constant reliable and successful collaboration. The support

of our shareholders in our objective of making great strides toward more sustainability by 2030 is exemplary. Only with large investments in our plants, our technological development and our employees can we realize this transformation. We were able to get all of this off the ground in 2022. As a result, tesa is well-equipped for the coming years.

At tesa, we have the knowledge and expertise that will help shape the future with sustainable innovations. Our aspiration is to employ all of our technological expertise and our passion to develop sustainable adhesive solutions and products.

A handwritten signature in black ink, appearing to read 'N. Goldberg', with a large, sweeping flourish at the end.

Dr. Norman Goldberg
Chairman of the Executive Board of tesa SE

Group Management Report for 2022

I. Business Parameters

General information

tesa SE (referred to in the following as “tesa”) is one of the world’s leading manufacturers of self-adhesive products and system solutions for industrial customers and consumers. tesa SE, a 100% owned subsidiary of Beiersdorf Aktiengesellschaft, is managed as an independent subgroup that is the direct or indirect parent company of 61 tesa affiliates (previous year: 61), employs 4,982 people and operates in more than 100 countries.

In the 2022 fiscal year, tesa sold tesa Labtec GmbH, Germany. In addition, tesa ME FZE, Dubai, has been launched in the United Arab Emirates. The number of affiliates thus remains unchanged.

Regions and major locations

tesa operates worldwide, with its main focus on Europe, followed by the business regions of Africa/Asia/Australia and the Americas. In addition to the German locations, the affiliates in China, the United States, Italy, and Singapore are among tesa’s largest and most strategically important single companies. tesa has production facilities in Europe (Germany and Italy), the Americas (USA), and Asia (China). A further site is being built in Vietnam. The company headquarters, which include the research and technology center, are located in Norderstedt, near Hamburg.

Changes to divisions from 2022 onward

For 2022, tesa further developed its internal organizational structure with the aim of creating optimal organizational conditions for the different requirements of markets and work processes. As of this year, tesa thus no longer operates in the Direct Industries and Trade Markets divisions, but instead in the Industry and Consumer divisions.

In essence, the individual divisions have been reassigned in order to align the business in a future-oriented manner. As a result, the reporting lines and market/customer responsibilities within the organization have also changed.

Industry

In the Industry division, tesa supplies specialized system solutions directly to industrial customers, especially in the automotive, electronics, printing and paper, and building and construction industries. The strategic focus is primarily on developing and expanding profitable business lines in technologically advanced fields of application. tesa’s system solutions are used to optimize and enhance the efficiency of production processes, as fastening solutions in construction-related applications – often offering features beyond just bonding – and as customized protection and packaging systems.

Along with direct business, the technical retail trade is part of the Industry division. Through retail partners, tesa offers a wide range of products for diverse applications in various industrial sectors, including product ranges for assembly and repair, tapes to secure items during transportation, and adhesive solutions for the packaging industry.

Consumer

The Consumer division encompasses those markets in which tesa supplies end consumers with market-driven products via retail partners or retail-like channels. This includes product ranges aimed at private consumers and craftspeople. tesa also uses online business to offer products for sale directly to end customers.

The Consumer business is focused on Europe and Latin America. It sells both long-established and innovative product solutions intended for various applications, including for daily use in offices, at home, and in crafts. Under the tesa® umbrella brand, end consumers find a broad assortment of more than 300 innovative products in DIY stores

and superstores as well as in paper goods and stationery shops and online. tesa provides tailor-made ranges for professional craftspeople and designs its marketing concepts for the specific target groups.

Value management and control system

The objective of the tesa Group is to expand its market share through sustained growth while at the same time boosting its earnings base. For this purpose, tesa is integrated into the management system of the entire Beiersdorf Group. tesa focuses on continuous, profitable growth in sales volume, with an eye to increasing its earning power over the long term. The benchmarks for this are the operating result (EBIT) combined with the return on sales (ROS) and return on capital employed (ROCE). Active cost management and the highly efficient use of resources are aimed at generating returns that are internationally competitive.

Economic environment

2022 was a turbulent year for the global economy. In particular, geopolitical and economic events created a volatile macroeconomy. While the easing of COVID-19 restrictions at the beginning of the year initially improved the economic situation, optimism quickly subsided again due to the Russian invasion of Ukraine. In summary, the year was marked by a stronger-than-expected economic downturn. This was caused by inflation reaching heights not seen for several decades and interacting with an imbalance of supply and demand. Central banks responded by tightening the monetary policy reins and hiking interest rates. Global inflation rises therefore slowed in the second half of the year, but this came at the price of a more difficult financing environment in many regions. In addition, shortages on labor markets, combined with a loss in purchasing power, put pressure on wage and salary structures. The supply chain problems continued to act as a brake on the global economy in 2022; however, the supply chain situation improved somewhat toward the end of the year.

The European economy was particularly affected by the impacts of the Ukraine war in 2022. In economic terms,

the Russian invasion resulted in uncertainty around gas supplies and a dramatic rise in energy prices in the eurozone. The energy price situation was also linked to a dramatic rise in the inflation rate, which translated into higher consumer prices. This meant that European consumer spending was low. The service sector was particularly affected by consumer restraint. Industry in the eurozone was additionally hit by the continuing supply chain problems. In particular, a shortage of intermediate products hit the output of European industry. In response to the high rate of inflation, the European Central Bank (ECB) began to hike key interest rates starting from the middle of the year. The difficult financing environment began to make its mark in interest rate-sensitive markets such as real estate and resulted in falling property prices in the eurozone.

As part of the world economy, the German economy was also hit by numerous factors in 2022. Dramatic inflation rates, supply shortages, and uncertainty following the Russian invasion of Ukraine put the brakes on economic activity. While Germany's exports suffered, its import spending rose, driven by expensive energy imports from abroad. However, the relief packages adopted by the German government largely offset the rising cost of imported energy, at least in mathematical terms. Higher interest rates to tackle inflation resulted in a fall in residential property prices in Germany starting from the middle of the year. Manufacturing output rose slightly, and the supply chain problems also eased somewhat toward the end of the year. While the supply situation differs from industry to industry, chemical plants, for example, are again finding it easier to access raw materials and intermediate products.

The United States started 2022 with negative economic growth, which continued until the middle of the year. In June, inflation reached its highest level for four decades. The Federal Reserve responded throughout the year with sharp interest rate hikes. Inflation slowed as a result; however, it still remained at a high level. Interest rate-sensitive markets such as the real estate sector responded quickly to the rate hikes. From June 2022, this triggered a fall in US property prices. Other sectors were robust to the more restrictive monetary policy of the Federal Reserve. This is partly explained by the release of high pent-up demand in the second half of the year and was also helped by the eas-

ing of supply shortages caused by the COVID-19 measures. The automotive sector was a noteworthy example. Overall, after a difficult start to 2022, the US economy recovered in the second half of the year.

Japan was also affected by the global economic situation and faced rising inflation and elevated import and energy costs. This resulted in a slowdown in growth in 2022. Toward the end of the year, however, an upturn in consumer spending was seen. Demand for services, in particular, rose again. The upturn was linked to the reopening of the border and an easing supply chain situation. At the same time, the Bank of Japan decided for the first time in over two decades to move away from its loose monetary policy and raised yields on long-term Japanese bonds.

Although the emerging markets recovered economically from the pandemic, the difficult global economic context put them under pressure again. China's economy was kept stable overall by capital investment in infrastructure and manufacturing. Consumer spending, meanwhile, remained at a reduced level due to the zero-Covid policy. With the difficult global economic situation reducing demand from abroad, the Chinese economy lost an important growth driver. The Russian economy was dominated by the impacts of the Russian invasion of Ukraine in February 2022. According to information from the European Union – based on independent analyses by the World Bank, the International Monetary Fund (IMF), and the Organisation for Economic Co-operation and Development (OECD) – the sanctions imposed were effective. The Russian economy shrank, and trade declined. High inflation rates complicated the economic environment in Russia, too. Economic activity was also hit by the partial mobilization of the Russian population for the war in Ukraine. Wage inflation and increased momentum in services were also observed. Overall, Russia ended the fiscal year with a declining GDP. The economic situation in Brazil was marked by uncertainty. The debate about a change in the constitution, which would enable government spending to exceed the existing cap, triggered a sharp rise in market prices. The uncertainty was further amplified by the lack of appointments to key government posts, including that of finance minister. The Middle East economies enjoyed the highest growth rate since 2016. This was largely due to high oil prices; however, growth was also generated in non-

oil-extracting sectors. In India, exports declined significantly relative to imports. Sales fell across the economy, as demand for both durable and non-durable consumer goods was well below the pre-pandemic level. However, industrial output remains on a par with pre-COVID-19 times. In the Southeast Asian emerging markets, inflation peaked at the end of 2022. Border reopenings enabled an economic recovery, especially in the contact-intensive service sector.

Sales market trends

The tesa subsidiary's business activities were characterized by high uncertainty in 2022. Hard lockdown measures in the People's Republic of China due to the COVID-19 pandemic temporarily weakened the local market, as did the ongoing disruption to global supply chains. The Ukraine war led to a significant increase in energy prices. The continued lack of availability of semiconductors and other industrial materials also contributed to high inflation. However, industrial sales markets proved highly robust in this environment. Global automotive markets in particular saw noticeable year-on-year growth, especially compared with the weaker second half of 2021. There were differences in the impact on distribution to end consumers and industry. While traditional retail rallied since it was now only slightly affected by COVID-19 restrictions, growth in online retail slowed noticeably.

Procurement market trends

The year 2022 was marked by continuous supply shortages and significant inflation on most commodity, packaging, and logistics markets. This was partly due to COVID-19-related capacity restrictions affecting many producers and entire supplier countries such as China. In addition to this, energy costs, which had already risen in 2021, were lifted to new heights by the Ukraine war, resulting in a strong increase in production costs for our suppliers. All this meant that prices for raw materials, packaging, and logistics services were substantially up on the previous year's levels, particularly in the second half of 2022. Our focused, cross-departmental management of supply short-

ages and preferential position with key suppliers enabled us to limit the negative impact of supply difficulties on our production sites and retail partners.

Product and technology development¹

Technology development has been consistently aligned with the sustainability strategy (see tesa sustainability report), resulting in a multitude of new products with excellent sustainability.

For the distribution business, tesa has developed prototypes of new bio-based adhesive tapes for packaging. This technology was recently even transferred to superior masking tapes that have both a bio-based carrier and adhesive. For the mobile devices segment, which is technically challenging for adhesives, product solutions whose individual components are made entirely from post-consumer recycled polyester were developed. These also contain largely bio-based carbon. The tapes perform to the same high level as our petroleum-based products. Further projects have been launched to replace petroleum-based components in adhesive tapes. At the tesa Hamburg site, a manufacturing process for adhesive mass polymers using bio-based materials was implemented. These will make a major contribution on the way to climate-neutral production.

To enable tesa customers to manufacture recyclable products, new technology concepts for separating adhesives were developed so that the individual components can be reused when required. First customers were provided with prototypes of the various technologies in the electronics business, and some designs have already been used in product development projects. The technology portfolio is also set to be expanded to cover new applications. The first feasibility studies have been initiated to test further technologies for separating an adhesive bond, and patent applications have already been submitted. The first prototypes have also been developed for the automotive sector. These were well received by global innovation leaders and met the high demands of automotive vehicles for temperature resistance, bonding strength, and longevity.

tesa continued to develop solvent-free coating technologies in 2022 and consistently aligned their development

goals with the sustainability strategy. The ability to use our technology for extrusion of adhesive masses was extended to thinner coatings, which were previously the preserve of solvent coating technology. In future, this will enable us to serve new markets and applications with solvent-free products. By replicating the processes in data-based models, quantitative proof of the positive impact on the energy balance could be obtained. These models will also make it possible to simulate future products.

The technology of water-based adhesive masses to replace solvent systems has also been further enhanced and transferred to new areas of use. These include complex masking applications, new prototypes for cable bandaging, and, in particular, the isolation of battery cells. tesa reduced the carbon footprint of an adhesive mass by 80% by working with external partners to use new bio-based materials.

During the reporting period, tesa supplied major customers with numerous new prototypes for foldable and rollable displays for future generations of mobile phones. These highly flexible display tapes have a precisely configured mechanical behavior to withstand the complex movements and stresses in the devices.

tesa has also developed new prototypes that have performed well in tests by global automotive manufacturers. Integrating multiple functions such as light and heat management also meets the demands on the latest generation of displays, which need to work reliably despite rapid and dramatic changes in the vehicle's environment.

Global innovation leaders in the automotive and electronics industries are increasingly digitalizing their development processes. This also requires the provision of digital data for the adhesive solutions used. tesa therefore drove further digitalization of product and technology development during the reporting period. For example, digital twins for many products were created. These enable tesa customers themselves to directly simulate the mechanical behavior of the adhesive in their specific application under different temperature conditions and stresses. This cuts development time and minimizes material consumption, while also allowing the products' performance to be improved.

To streamline, accelerate, and refine internal tasks for developing formulations and processes, digitalization was also used, to meet customer-specific requirements even better. This involves the use of artificial intelligence and simulation.

¹ This section was not part of the audit of the Management Report.

A new focus of our product and technology development is on solutions for the energy transition. This relates to fuel cells, energy savings, and e-mobility, for example. For the manufacture of modern fuel cells, functional films were developed that enable the fuel cells to be assembled particularly quickly and efficiently. This development was also transferred to pilot-scale production, enabling us to supply customers with prototypes. A first prototype of a multilayer film was recently successfully tested for retrofitting windowpanes. The films allow the amount of light and heat that a window lets through to be controlled at the push of a button, thereby reducing room heating in summer and cutting the energy consumption of air conditioning systems.

For e-mobility, tesa developed new technologies and prototypes that allow particularly efficient and secure bonding and protection of battery components. For the different requirements of global innovation leaders in the automotive sector. Examples included reversible adhesion for lids on battery housings and high-strength bonding of the battery cells themselves.

Sustainability²

We view sustainability at tesa as a responsibility, as an attitude – and as an opportunity. Sustainable behavior challenges us to think one step further and to continuously improve. Which is why sustainability has been part of our company strategy since 2001. We raised the bar we had set for ourselves considerably during the reporting year: We want to use all our expertise and passion to develop products and adhesive solutions that are more sustainable.

The sustainability strategy is based on five strategic action areas, for which we formulated long-term targets up to 2030. The action areas cover the entire value chain and comprise: reducing emissions, responsible procurement, the use of recycled and bio-based materials, circular economy and waste prevention as well as actively supporting our customers with their sustainability goals.

With the revision to the strategy, we set even more ambitious climate goals in 2022: By 2025, we intend to cut our absolute Scope 1 and Scope 2 emissions by 30% compared with 2018. By 2030, we want our productions to be climate

neutral. tesa was already able to reduce Scope 1 and 2 emissions by 27% in absolute terms between 2018 and 2022. We aim to reduce our Scope 3 emissions by 20% in absolute terms by 2030, compared to the 2018 baseline. The Science Based Targets initiative (SBTi) has confirmed our climate goals up to 2025 as part of the Beiersdorf Group. In addition, we have signed a long-term voluntary commitment of achieving net zero emissions by 2050, at the latest, as part of the SBTi Business Ambition for 1.5 °C. We achieved our goal of sourcing 100% of our electricity from renewable energy sources at all of our offices and production facilities worldwide already in 2020.

We obligate our business partners to meet our standards as well as to pass them down to their upstream supply chains. This concerns both the required product quality and transparent, fair and responsible business practices. In this way, we would like to ensure that our business partners fulfill their social, ecological and economic responsibilities – and also that high-quality products are created. We have the goal of incrementally improving transparency and sustainability in the supply chain. Since 2020, we have been inviting direct suppliers to undergo a self-assessment on the “EcoVadis” platform. Suppliers with a rating can thus demonstrate the extent to which they adhere to human rights, fair working conditions and environmental aspects as well as responsibly produce and procure their products, raw materials and services. At the end of 2022, EcoVadis self-disclosure information was available for 54% (prior year: 43%) of our direct purchasing volume. We intend to gradually increase this share over the next few years so that we have sustainability assessments covering 80% of our direct purchasing volume by 2025. Our goal is to ensure that 80% of our purchasing volume is directed solely to suppliers that meet our requirements in respect of responsible supply chains by 2030.

We also work every day to increase product sustainability considerably. A wide range of new products are in development that will contribute to sustainability in our top product ranges for the automotive, electronics and construction industries and for the office and household needs of our consumers. tesa is concentrating on reducing non-recycled fossil plastics and is increasingly using recycled and bio-based materials. Sustainable packaging tape, such as a bio-based paper packaging tape or hole-covering tape for the automotive industry, with a 90% PCR PET base, are ex-

² This section was not part of the audit of the Management Report.

amples of products that have made the grade and established themselves on the market in recent months.

Occupational safety and health management have always been fundamental aspects of tesa's organization. A principle of our internal management system in the area of occupational safety is our Group-wide occupational safety policy, which was adopted in 2022 ("tesa Policy on Occupational Safety and Health"). Our occupational safety management activities focus on ISO 14001-certified production facilities. We have established an ambitious road map in this respect: By 2025, we intend for all tesa sites that already have an ISO 14001-certified environmental management system to also obtain ISO 45001 occupational safety certification. Germany's professional association for the raw materials and chemical industry (Berufsgenossenschaft Rohstoffe & chemische Industrie, BG RCI) evaluated tesa's Hamburg and Offenburg plants in 2022 and awarded them the "Sicher mit System" seal of approval for occupational safety. Another occupational safety milestone has thus been achieved at tesa. The seal confirms that occupational safety has been systematically integrated into leadership responsibility at the respective plant. We use the Accident Frequency Rate (AFR) to document all work accidents that result in at least one lost day. At tesa, the AFR of the documented accidents with at least one lost day at the sites certified in accordance with ISO 14001 amounted to 3.6 per million hours worked worldwide during the reporting year (previous year: 4.1).

More detailed information is available in the annual sustainability report available at <https://www.tesa.com/en/about-tesa/sustainability/sustainability-report> as well as in the non-financial report in Beiersdorf AG's annual report at <https://reports.beiersdorf.com/annual-report/2022>.

Declaration on corporate management³

Pursuant to Section 111 (5) of the German Stock Corporation Act as amended, the Supervisory Board established a target of 0% for the percentage of women on the Supervisory Board and on the Executive Board through June 30, 2022. At the end of this period, the percentage of women on the Supervisory board was 33.3% and 0% on the Executive Board due to the resignation of Ms. Cackovich.

Effective from July 1, 2022, the Supervisory Board has laid out new goals, which should be achieved by the end of

the current term of the Supervisory Board after the Shareholders' Meeting in 2027, at the latest. For the Supervisory Board, a target of 16.7% was established (this corresponds to one woman); for the Executive Board, the target is 0%.

The rationale for the target of 0% for the Executive Board is that, due to the resignation of Ms. Cackovich in mid-2022, the Executive Board was filled with a new member at the same time that the targets were being established and there are no planned changes in the Executive Board in the next few years; in addition, consideration is given to the industry-specific challenges of finding women for Executive Board positions at tesa.

In 2017, the Executive Board had set a target of 6% in for the first management level and 15% for the second management level by June 30, 2022 in accordance with Section 76 (4) of the German Stock Corporation Act. At the end of that period, the percentage of women in the first level of management below the Executive Board was 12% and it was 28% in the second level of management.

Effective as of September 7, 2022, the Executive Board decided on new targets, which should be achieved by June 30, 2027, at the latest. For the first level of management, a target of 30% was established, and a target of 35% was established for the second level of management.

As of December 31, 2022, the percentages of women at tesa were as follows: Supervisory Board: 33%, Executive Board: 0%, first management level: 14%, second management level: 23%.

Employees⁴

As one of the world's technology leaders in the field of technical adhesive tapes and adhesive system solutions, tesa has positioned itself as an attractive and sustainable employer. It is vital for the company to recruit highly qualified staff and retain them long-term as a prerequisite for maintaining tesa's positive performance.

The number of employees stood at 4,982 as of the end of the 2022 fiscal year (previous year: 4,827).

In 2022, tesa once again invested in training its staff and creating further attractive development opportunities for them. Taking account of the continuing global COVID-19

^{3/4} This section was not part of the audit of the Management Report.

pandemic, further online learning offerings were added to the development opportunities in the reporting year. We offered development centers and other activities specially for our high potentials, and supported these individuals with tailor-made development measures.

Managers' ability to offer employees a motivating work environment and encourage them to express their talents is key to tesa's business success and its attractiveness as an employer. That is why tesa began to design a new Management Development Program (MDP) back in 2019. The program aims to impart key management skills in areas such as strategy development, finance and controlling, and supply chain and HR management. The one-year program includes various remote modules and two in-person components. It started in May 2022 and is due to conclude in September 2023.

A further focal aspect of HR work is to encourage tesa's talents. In the Competencies Review, talented people are given the opportunity to take part in exercises related to their occupation in a format similar to an assessment center. The participants then receive informed feedback on their strengths and areas for development based on the tesa Key Competencies. Major components include continuous peer feedback, a presentation by participants, and a learning path covering the ten months beyond the Competencies Review. During this time, participants receive a high level of support from their line managers and from HR.

The People Values campaign "Dare to create" in 2021 and 2022 brought all tesa employees closer to the six corporate values with the strong support of the Executive Board members. Workshops also took place at the senior executive level to even more strongly instill the People Values in everyday work. These core values of the company are: "Team up, Set the pace, Challenge yourself, Focus on your customers, Act responsibly," and "Achieve & Improve." The People Values are also reflected in the tools provided by HR, such as the tesa Performance Appraisal, which was conducted in this format for the first time in 2022. Employers and managers have integrated the Values into their day-to-day work and use them as a tool for providing guidance.

The pandemic continued to present some challenges for the training and professional development of managers and employees during the reporting year. The global train-

ing programs could only sporadically be offered face to face in 2022 and were instead held in digital, virtual formats.

Apart from replacement of face-to-face formats by digital learning opportunities, tesa further customized use of the external digital platform LinkedIn Learning to tesa's specific requirements and developed company-specific learning paths tailored to needs.

tesa is continuing to make use of e-learning formats for knowledge transfer. Current offerings include e-learning on topics such as compliance, occupational safety, sustainability, product and technology, sales, and the Supply Network. Employees can access all tesa's professional development offerings at any time via a digital tesa Learning Hub.

In 2022, a new leadership training series was further adapted to hybrid forms of working. It is divided into a "basics" and an "advanced" training program. Participants in international groups are taught fundamental management skills and how to handle management tasks in the "basics" part. In the "advanced" part, experienced managers acquire competencies in areas such as team development, change management, or coaching. The content of the management training series is focused on the challenges of the current tesa strategy and Leadership@tesa.

The global employee review – tesa Performance Appraisal – takes place throughout the tesa organization. The purpose of this meeting between employee and manager is to discuss feedback on work results and work behavior in a spirit of dialogue and to receive guidance from the manager for the coming year. Under the new process, not only managers, but also all employees are urged to prepare for the appraisal using the questionnaire. Backed by this process, tesa is strengthening individuals' personal responsibility and initiative, as well as awareness of their performance and accomplishments. A further aim is to enable employees and managers to benefit from a stronger culture of feedback and dialogue at tesa.

In the reporting year, tesa pursued further initiatives aimed at fostering an attractive working environment:

Occupational health management

For years now, employees at the tesa headquarters in Nordstedt have been offered an extensive health management scheme under the umbrella brand "It's for you!", with the focus on the issues of "working environment" (e.g. er-

gonomics advice), “balance” (e.g. massages), “exercise” (e.g. in-house gym), “diet,” and “prevention” (e.g. colorectal cancer screening).

During the coronavirus crisis, health management has successfully gone online: Just about all existing offerings are available in an adapted digital form (such as virtual active breaks, or online training in “healthy management at a distance”).

tesa Young Connection

The tesa Young Connection face-to-face events were able to take place again in 2022. They included a large annual event held over two days. The days began with workshops on tesa-specific topics such as employer branding and then focused on networking activities to foster cohesion and engagement among tesa’s young talent.

tesa Women’s Network

In 2022 tesa cooperated with Beiersdorf’s new women’s network #SisterhoodisPower. Regular online events were held throughout the year as part of this. Internal and external speakers held various keynotes on the subjects of career, family, resilience, and self-empowerment.

Back2Office

tesa invested heavily in IT and communications technology for hybrid working and modernized social spaces such as the canteen and coffee bar. These are inviting settings for meetings and creative collaboration. We are also testing our first desk-sharing concepts to enable even greater individual freedom in the choice of working location and to better reflect working in matrix structures.

More detailed information is available in the non-financial report in Beiersdorf AG’s annual report at <https://reports.beiersdorf.com/annual-report/2022>.

II. Results of operations

Results of operations in the tesa Group

	2021	2022	Change	
	in € million	in € million	in € million	in percent
Sales	1,498.8	1,667.8	+169.0	11.3
Costs of goods sold	-830.6	-926.2	-95.6	11.5
Gross profit	668.2	741.6	+73.4	11.0
Marketing and selling expenses	-263.3	-291.8	-28.5	10.8
Research and development expenses	-66.2	-74.7	-8.5	12.8
General and administrative expenses	-82.7	-92.0	-9.3	11.2
Other operating income	52.7	78.1	+25.4	48.2
Other operating expenses	-56.0	-82.7	-26.7	47.7
Operating result (EBIT, excluding special factors)	252.7	278.5	+25.8	10.2
Special factors	-0.4	-14.9	-14.5	3,625.0
Operating result (EBIT)	252.3	263.6	+11.3	4.5
Financial income	12.2	31.0	+18.8	154.1
Financial costs	-9.4	-36.6	-27.2	289.4
Financial result	2.8	-5.6	-8.4	-300.0
Profit before tax	255.1	258.0	+2.9	1.1
Income taxes	-77.3	-87.8	-10.5	13.6
Profit after tax	177.8	170.2	-7.6	-4.3

In the 2022 fiscal year, the tesa Group posted an operating result (EBIT, excluding special factors) of € 278.5 million, which was € 25.8 million (+10.2%) higher than in the previous year. The operating result including special factors (EBIT) increased to € 263.6 million (+4.5%). The special factors in the amount of € -14.9 million primarily relate to write-downs in goodwill identified as part of the acquisition of tesa TL B.V. with headquarters in Nijkerk, Netherlands, (€ -8.4 million) as well as expenses arising pursuant to the sale of tesa Labtec GmbH, Langenfeld, Germany (€ -6.3 million).

While gross profit totaled € 741.6 million (+11.0%), the result from operating expenses and income excluding special factors changed by 11.5% overall to € -463.1 million in 2022 (previous year: € -415.5 million).

The tesa Group completed the fiscal year with profit after tax of € 170.2 million (-4.3%).

Sales increased by € 169.0 million (+11.3%) to € 1,667.8 million. This is primarily attributed to the Industry segment. In addition to a successful project in the Consumer Electronics segment and as consequence of the recovery in the Automotive Markets, price increases contributed to this development to a significant extent. The cost of goods sold increased in proportion to sales by € 95.6 million (+11.5%) to € 926.2 million.

The EBIT margin without special factors was 16.7% (previous year: 16.9%). Taking special factors into account, the EBIT margin came to 15.8% (previous year: 16.8%).

Other operating income increased by € 25.4 million to € 78.1 million. The development was primarily characterized by income that was € 8.0 million higher from the release of provisions and increased currency gains of € 15.3 million.

Other operating expenses excluding special factors increased by € 26.7 million to € 82.7 million in 2022, mainly due to increased currency exchange losses.

Marketing and selling expenses increased proportional to sales by € 28.5 million to € 291.8 million.

Research and development expenses increased by 12.8% to € 74.7 million. General and administrative expenses amounted to € 92.0 million, an increase of € 9.3 million compared with the previous year (+11.2%).

The financial result decreased by € 8.4 million due to exchange rate effects to € -5.6 million.

Taxes on income increased by a total of € 10.5 million to € 87.8 million during the 2022 fiscal year (previous year: € 77.3 million).

The tesa Group was able to exceed the 2022 sales forecast and the EBIT margin forecast considerably.

On the whole, the tesa Group posted good performance in the past fiscal year. Significantly higher investments were made in comparison to the prior year in order to strengthen the market position in the long term.

Business development by region

tesa achieved very healthy organic sales growth of 8.8% in 2022 in a difficult market environment. Positive exchange rate effects impacted this development by 3.3 percentage points. In contrast, the sale of tesa Labtec in the third quarter had a negative impact on sales of 0.8 percentage points. In nominal terms, sales therefore rose by 11.3%, from € 1,498 million in the previous year to € 1,668 million.

Europe

In Europe, organic sales were up by 7.6%. The Industry division achieved significant increases in all markets. Price rises were implemented to counter cost pressure from materials, logistics, and energy price inflation. tesa's Consumer division also continued its growth on the back of a healthy prior-year period. In a difficult market environment, sales in the end consumer business, including via digital sales channels, trended upwards. In nominal terms, tesa generated European sales of € 796 million (previous year: € 766 million). The region's share of Group sales fell to 47.7% (previous year: 51.1%).

Americas

In North and South America, tesa achieved a very positive sales trend with organic growth of 13.7%. Sales in the Industry division made a substantial recovery and recorded growth particularly in the automotive market. Sales in the end consumer business in Latin America also developed very positively. The region's sales were up by 26.4% in nominal terms to € 285 million (previous year: € 225 million). The region's share of Group sales rose to 17.1% (previous year: 15.0%).

Africa / Asia / Australia

In Africa / Asia / Australia tesa achieved organic sales growth of 8.4%, particularly due to new project business with products for the electronics industry. The recovery in the automotive sector led to additional business in this region, too. In nominal terms, sales in Asia increased by 15.8% to € 587 million (previous year: € 507 million). The region's share of Group sales rose to 35.2% (previous year: 33.9%).

Business development by division

Industry

Sales in tesa **industry** increased considerably. Alongside successful project business in consumer electronics and the recovery in automotive markets, price increases contributed in significant part to this trend. The Industry division recorded organic sales growth of 10.0%. Nominal sales climbed by 13.3% to € 1,297 million (previous year: € 1,145 million). The share of the Industry division in total sales was 77.8% (previous year: 76.4%).

In **consumer electronics**, tesa once again grew strongly and further enhanced its position as an important provider of innovative products and solutions for the manufacture of smartphones and tablets. The range for assembling front and rear modules and for battery mounting was developed further and translated into bespoke solutions. tesa gained market share in a sharply deteriorating overall market environment.

The **automotive and electrical systems** businesses achieved double-digit growth in 2022. This was partly due to strong market growth in the second half of the year on the back of a weaker prior-year period dominated by shortages in the semiconductor industry. In addition, the automotive business grew through successful project business in e-mobility, particularly with adhesive solutions for components to affix displays, for e-batteries, and for vehicle design. tesa continued its targeted expansion of the product range in close cooperation with automotive manufacturers and suppliers and invested further in research and development in line with the transformation of the automotive industry.

tesa further expanded its activities in the **printing and paper business**. In particular, the strong product portfolio in flexographic printing contributed to this growth. tesa con-

tinues to benefit from a growing market in the packaging industry all around the world.

In **building industries**, business activity declined during the reporting year. High real estate prices, the sharply increased cost of building materials, and interest rate hikes dented market performance particularly in the United States, where tesa provides airtight and waterproof adhesives for the construction and building supplies industry.

The industrial distribution business grew globally in 2022. This was due to the targeted addition of sustainable adhesive tapes to the product portfolio, an expansion of business with industrial converters, and the implementation of price rises. Business performance in Europe saw a downturn in the fourth quarter.

Until September 30, 2022, tesa's portfolio also included Labtec GmbH with its applications for the **pharmaceutical industry**. Labtec GmbH was sold to the French company AdhexPharma.

Consumer

Organic sales in the consumer division increased by 5.1%. In nominal terms, this translated to growth of 4.9%, lifting sales to € 363 million (previous year: € 346 million). As a result, the Consumer division contributed 21.8% (previous year: 23.1%) of tesa's total sales in the reporting year.

Business with private consumers and professional tradespeople grew moderately in Europe and markedly in Latin America. Significant price adjustments along with product launches and successfully realized customer projects contributed to this.

Sales channels for professional tradespeople and stationery showed particularly strong growth. The hardware store business, which was partly affected by COVID-19 lockdowns in the previous year, contributed to the positive sales growth. E-commerce accounts were unable to escape the negative market trend and fell short of the previous year's figures, which had been bolstered by strong market growth.

Product ranges driving growth chiefly included tesa-moll®, packaging tapes and tapes for painters and repairs. For the latter, tesa made changes to the product range and shelf presentation in hardware stores. In the bathroom accessories category, tesa sells products that are quick and easy to mount with the innovative "nie wieder bohren"

technology. Newly introduced product options, expanded distribution, and media campaigns enabled tesa to further enhance its market position in 2022.

III. Financial position

Cash flow statement

	2021	2022	Change
	in € million	in € million	in € million
Cash and cash equivalents as of Jan. 1	177.7	244.2	66.5
Gross cash flow	238.3	267.7	29.4
Change in net current assets	-51.8	-110.8	-59.0
Net cash flow from operating activities	186.5	156.9	-29.6
Net cash flow from investing activities	-43.6	-74.7	-31.1
Free cash flow	142.9	82.2	-60.7
Net cash flow from financing activities	-88.0	-130.2	-42.2
Other changes	11.6	3.1	-8.5
Net change in cash and cash equivalents	66.5	-44.9	-111.4
Cash and cash equivalents as of Dec. 31	244.2	199.3	-44.9

*of which € 2.8 million are subject to foreign currency transfer restrictions as of 12/31/2022

Cash flow from operating activities decreased by € 29.6 million to € 156.9 million compared to the previous year.

Cash flow from investing activities accounted for a net outflow of € 74.7 million. This is primarily attributable to investments in intangible assets and property, plant and equipment (€ 82.6 million) as well as granting loans to affiliate companies (€ 23.7 million). At the same time, payments of € 8.1 million were received from the sale of tesa Labtec GmbH. Investments in property, plant and equipment (€ 79.7 million) mainly resulted from production expansions amounting to € 59.4 million, of which € 15.6 million was invested in Germany (see “Investments” section). **Free cash flow** decreased by a total of € 60.7 million to € 82.2 million.

The negative **cash flow from financing activities** was due in particular to a dividend payment of € 88.9 million to shareholders.

As of the end of the fiscal year, **cash and cash equivalents** had decreased by a total of € 44.9 million to € 199.3 million.

Key financial indicators

The **EBIT margin** without special factors is 16.7% (previous year: 16.9%). Including special factors, this decreased from the previous year to 15.8% (previous year: 16.8%).

Return on capital employed (ROCE) including special factors was 27.9% (previous year: 30.5%).

Net profit – measured against sales – decreased relative to the previous year from 11.9% to 10.2%.

Earnings per share decreased to € 6.59 (previous year: € 6.89).

The **equity ratio** amounted to 65.4% (previous year: 55.8%).

Capitalized right-of-use assets from leases accounted for under IFRS 16 exist in the amount of € 62.2 million (previous year: € 67.8 million). These are offset by lease liabilities of a comparable amount.

Excluding the capitalized right-of-use assets accounted for under IFRS 16, the ratio increased to 67.8% (previous year: 58.1%). The ratio of equity to non-current assets was 182.8% (previous year: 142.3%).

Capital expenditure

During the reporting year, tesa invested a total of € 82.6 million in intangible assets and property, plant and equipment. Of this amount, capital expenditure of € 30.9 million applied to sites in Germany.

The sum of € 3.6 million was invested in the rest of Europe, while € 17.0 million was invested in the Americas and € 31.1 million in the Africa / Asia / Australia region. The capital expenditure in Asia in particular is attributable to the extension and expansion of production capacities for the Industry division.

The year 2022 was mainly characterized by expenditure for technology and capacity expansion in strategic large-scale projects, some of which have now been completed. In addition, tesa continued to make relevant investments to modernize the global IT infrastructure and system landscape, which will continue in the years to come.

Capital expenditure for productivity, replacements, and capacity expansions at production sites worldwide totaled € 59.4 million.

IV. Balance sheet structure

Balance sheet structure of the tesa Group

	31/12/21	31/12/22	Change	
	in € million	in € million	in € million	in percent
Assets				
Non-current assets	676.7	629.9	-46.8	-6.9
Inventories	358.7	424.4	65.7	18.3
Other current assets	446.4	506.3	59.9	13.4
Cash and cash equivalents	244.2	199.3	-44.9	-18.4
Total	1,726.0	1,759.9	33.9	2.0
Equity and liabilities	in € million	in € million	in € million	in percent
Equity	963.3	1,151.5	188.2	19.5
Non-current provisions	311.2	179.2	-132.0	-42.4
Non-current liabilities	53.5	51.4	-2.1	-3.9
Current provisions	113.8	95.0	-18.8	-16.5
Current liabilities	284.2	282.8	-1.4	-0.5
Total	1,726.0	1,759.9	33.9	2.0

The increase on the assets side is mainly due to an increase in inventories (€ +65.7 million) and an increase in other current assets (€ +59.9 million). Inventories increased by 18.3% from the previous year to € 424.4 million. This development resulted primarily from the expansion of inventories to ensure supply capability.

Other current assets increased due to higher receivables from products and services (€ +27.2 million) as well as due to changes in intra-Group receivables (€ +23.7 million).

Non-current assets decreased by € 46.8 million. This is primarily due to the decrease in deferred taxes related to provisions for pensions and similar obligations.

Cash and cash equivalents decreased by € 44.9 million to € 199.3 million. Please see the remarks concerning the financial position for further information.

With regard to liabilities and shareholders' equity, equity in particular increased by € 188.2 million.

The change in equity was mainly attributable to the dividend payment to shareholders of € 88.9 million (previous year: € 66.4 million) and the interest rate change for pensions of € 94.8 million.

The change in non-current provisions by € 132.0 million to € 179.2 million was primarily attributable to the decrease in provisions for pensions and similar obligations which was not recognized in profit or loss, mainly as a result in the increase in the interest rate.

V. Risk report

As part of its global activities, tesa is faced with a wide variety of risks that are inseparably linked to its corporate activities. Risk management, which is a component of the overall planning, oversight, and reporting systems, is aimed at consistently leveraging opportunities to add value and at reducing identified risks to a level manageable for the organization or at avoiding them altogether. tesa systematically records, analyzes and monitors global risks using its planning and reporting system – both at a centralized level at tesa SE and locally in the regions.

Management of operational risks is largely decentralized, while monitoring is centralized. tesa centrally monitors any overarching international risks associated with production and safety standards, legal violations, brand management, financing, and value development within the Group. Objective-driven managerial accounting practices and regular strategy reviews ensure that opportunities and risks are favorably balanced. Beiersdorf Aktiengesellschaft's internal audit department monitors compliance with the internal control system and ensures the integrity of business processes.

With respect to market risks, tesa regards itself as exposed to both procurement and sales risks. Price and availability risks in the procurement markets are reduced by using supply contracts intended to ensure reliable planning, for example through prolonged contract validity periods and price escalation clauses. tesa reduces dependency on individual suppliers and short-term price fluctuations by developing alternative sources of procurement in a targeted manner.

On the sales side, tesa is exposed to economic and supply chain-related risks in the industrial sectors where tesa generates a high proportion of its sales, especially in the automotive and electronics industries. tesa monitors market trends closely, both centrally and in individual regions, in order to be able to intervene at an early stage. Furthermore, tesa is exposed to the risk of losing individual customers completely and to default risk for receivables. However, its broad sales base and diversification mean that tesa does not have single customers that account for such a high share of sales or receivables that their default or loss could threaten the company's existence. Even so, the company additionally takes out trade credit insurance to a feasible extent, via tesa Credit Management, for specific customers identified as posing an elevated risk

due to their company profile or the scope of their receivables.

Customer confidence in tesa's products and the tesa® brand requires that we maintain high standards with regard to the quality and safety of our products. They are thus subject to a comprehensive, end-to-end quality assurance system throughout the entire procurement, production and distribution process. tesa ensures the development of and compliance with the necessary processes by means of periodic internal and external audits in accordance with international standards. The company is fully certified in accordance with ISO 9001 and, where necessary, under IATF 16949, as well as ISO 14001, 45001 and 50001. Occupational health & safety and environmental risks are mitigated by process controls and are also ensured through external certification. tesa has established appropriate provisions for covering the financial impact of liability risks and any potential loss or damage events by taking out insurance within the scope possible and in accordance with economic considerations.

The possibility of the complete failure of one or more production units cannot be ruled out and poses a potential threat to the long-term supply capability of the company. tesa counters this risk with a system of preventive maintenance, alternative energy supply, fire safety measures and corresponding in-depth employee training. As far as it is economically feasible, tesa is also insured against loss or damage that may be incurred despite these precautions.

Continuous innovation, an additional focus on the sustainability of products and production processes and intensive cooperation with customers with the aim of improving production processes encourage the long-term acceptance of tesa's products on the market. Innovative products help to counteract purely price-based competition and reduce the risk of the expansion of private labels in the end consumer business.

tesa reduces research and technology risks by maintaining in-house adhesive technology and product development facilities and conducting regular exchanges with research institutes. Ongoing market observation and cross-functional decision-making processes for assessing and selecting development projects ensure that development activities are market-oriented. Technological expertise and maintenance of the tesa® brand as a guarantee of

quality and innovation are of particular significance. The legal positions associated with this are protected and maintained centrally in cooperation with the operating regions.

tesa manages financial risks via active treasury management and on the basis of globally applicable guidelines through its Corporate Treasury division.

The overarching goal is to safeguard the financial power of the Group and to be able to meet financial obligations at all times. Through its financial management efforts, tesa ensures the solvency of the Group on a continuous basis, monitors risks related to financial instruments, and optimizes cash management for the entire Group.

Legal violations can harm tesa's good reputation and lead to penalties, sanctions, claims for damages, legal costs, and other adverse effects. tesa minimizes the risks associated with legal violations with a risk-oriented approach to compliance. The company's compliance activities and programs currently focus on the subjects of antitrust law, the fight against corruption, and data protection. tesa strives to minimize risks systematically through guidelines, processes and training programs geared toward the relevant risks. This is also supported by a mandatory global Code of Conduct.

tesa hedges 75% of the currency risk for freely convertible currencies where this is economically feasible. The hedges entered into in line with this policy are handled centrally at Beiersdorf Aktiengesellschaft. Potential risks associated with the investment of liquid funds are fundamentally limited by the use of counterparty limits across the Group, as managed by Beiersdorf. The development of exchange rate risks is monitored regularly.

Because of its very low volume of bank loans, both interest rate risk and liquidity risk are of minor importance for tesa.

As a matter of principle, hedges are used solely to hedge operational activities or financial transactions that are necessary for the business.

tesa constantly monitors the availability, reliability and efficiency of its IT systems and ensures that they are consistent with modern technological standards. To limit risks involved in mobile data communication and in the use of cloud applications, tesa monitors the effectiveness of the measures taken and maintains emergency plans. Technical and organizational measures rule out unauthorized access and data loss to the greatest possible extent.

Performance-based compensation systems help tesa recruit and retain qualified specialists and management personnel, as do selected further education and training programs and the ongoing recruitment and development of young professionals and junior managers.

From today's viewpoint, no other specific risks can be identified for the coming twelve months that could endanger tesa's continued existence, either individually or in their totality.

VI. Outlook

The geopolitical risks and their effects on overall economic development as well as effects of the COVID-19 pandemic will have a lasting impact on tesa's business in 2023. The future development of the automotive market and the rather reserved expectations in the electronics industry will have a particular impact on business development and thus growth expectations at tesa. In addition, tesa expects uncertain availability of raw materials and energy on the global markets.

After 2022, tesa anticipates a volatile situation in Europe in 2023 as well, as the war in Ukraine coupled with rising inflation may have negative effects on market development.

In North America, less positive momentum is expected in comparison to 2022. As a result, tesa's forecast for this region is more cautious. The reason for this is the flattened, but still high, inflation in conjunction with high interest rates, resulting in lower volume expectations in the automotive and construction industries, which are important for tesa.

The development in Asia is highly dependent on the development of the Chinese economy. tesa expects moderate growth in Asia in 2023, in which it expects to participate with its customers through the automotive sector and, as before, through the electronics industry. However, the increasing pressure on prices may dampen sales growth somewhat in both areas. The close collaboration with the electronics industry in Asia continues to be constructive, although the project-based nature of this collaboration continues to pose a significant risk of volatility. tesa is strengthening its market position with continuous investments in the research and development of innovative products as well as the construction of a new plant in Vietnam.

As seen in 2022, we expect currency exchange rates to remain volatile in 2023 as well. The devaluation of the euro over the course of 2022 will presumably have an impact on the development of tesa's business in 2023. Conventional financial instruments are used to hedge currency translation risks.

tesa will continue to invest in innovative technologies at all of its production sites worldwide in the future. The capital expenditure volume will exceed total write-downs. Financing for capital expenditure in 2023 has been secured.

Growth is expected to outperform the market slightly in 2023. This applies to both the consumer business and industrial business. Due to continued investment in product

and technology development, and thus in innovative products, tesa expects to strengthen its market position.

Subject to the same uncertainty regarding market development in 2023, we also expect sales growth above the market in the tesa Business Segment. Based on this, we expect organic sales growth in the mid-single-digit range. The EBIT margin from ongoing operations (excluding special factors) will be slightly below the previous year's level.

With the same uncertainty with regard to market development in 2023, we expect sales growth exceeding the market. With this assumption, organic sales growth will be in the middle single-digit range. The operating EBIT margin for ongoing business, not including special factors, will be slightly below that of the previous year.

VII. Report by the Executive Board regarding dealings with affiliated companies

In accordance with Section 312 of the Aktiengesetz (German Stock Corporation Act), the Executive Board has issued a report regarding dealings with affiliated companies which contains the following concluding declaration: "According to the circumstances known to us at the time at which transactions were executed, or at which measures were implemented or omitted, tesa SE received appropriate consideration for every transaction and has not been disadvantaged by the implementation or omission of any measures."

Norderstedt, March 22, 2023
Executive Board



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