

ANNUAL FINANCIAL STATEMENTS OF BEIERSDORF AG

AS OF DECEMBER 31, 2019

Beiersdorf

We are Beiersdorf

At Beiersdorf we have been caring about skin since 1882. Beiersdorf's success is based on its strong portfolio of internationally leading brands. It is thanks to them that millions of people around the world choose Beiersdorf day after day. Our brands boast innovative strength, outstanding quality, and exceptional closeness to our consumers. By responding quickly and flexibly to regional requirements, we are winning the hearts of consumers in nearly all countries worldwide. Our successful skin and body care brands form the focus of our successful brand portfolio and each brand serves very different segments: NIVEA is aimed at the mass market, EUCERIN at the dermocosmetics segment, and LA PRAIRIE at the selective cosmetics market. With its HANSAPLAST and ELASTOPLAST brands, Beiersdorf also has a global presence in the field of plasters and wound care. Renowned brands such as LABELLO, AQUAPHOR, FLORENA, 8X4, HIDROFUGAL, GAMMON, COPPERTONE, ATRIX, FLORENA FERMENTED SKINCARE, SKIN STORIES, and MAESTRO round off our extensive portfolio in the Consumer Business Segment. Through the tesa brand, which has been managed since 2001 by Beiersdorf's independent tesa subgroup, we also offer highly innovative self-adhesive system and product solutions for industry, craft businesses, and consumers.



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Income Statement – Beiersdorf AG

(IN € MILLION)

	Note	2018	2019
Sales	01	1,262	1,336
Other operating income	02	38	40
Cost of materials	03	-290	-296
Personnel expenses	04	-276	-307
Depreciation and amortization of property, plant, and equipment, and intangible assets	05	-11	-21
Other operating expenses	06	-575	-669
Operating result		148	83
Net income from investments	07	230	180
Net interest expense	08	-22	-31
Other financial result	09	-41	-2
Financial result		167	147
Profit before tax		315	230
Income taxes	10	-51	-41
Profit after tax		264	189
Transfer to other retained earnings		-88	-13
Net retained profits		176	176

Balance Sheet – Beiersdorf AG

(IN € MILLION)

Assets	Note	Dec. 31, 2018	Dec. 31, 2019
Intangible assets	12	1	200
Property, plant, and equipment	13	138	139
Financial assets	14	4,069	4,638
Fixed assets		4,208	4,977
Inventories		2	3
Receivables and other assets	15	772	783
Securities	16	1,116	650
Cash and cash equivalents	17	73	115
Current assets		1,963	1,551
Prepaid expenses		4	4
Deferred tax assets	10	43	64
		6,218	6,596
<hr/>			
Equity and liabilities	Note	Dec. 31, 2018	Dec. 31, 2019
Share capital		252	252
Own shares		-25	-25
Issued capital		227	227
Additional paid-in capital		47	47
Retained earnings		2,285	2,315
Net retained profits		176	176
Equity	18	2,735	2,765
Provisions for pensions and other post-employment benefits	19	522	573
Other provisions	20	283	232
Provisions		805	805
Liabilities	21	2,678	3,026
		6,218	6,596

Basis of Preparation of Beiersdorf AG's Financial Statements

Information on the Company

The registered office of Beiersdorf AG is at Unnastrasse 48 in Hamburg (Germany), and the company is registered with the commercial register of the Hamburg Local Court under the number HRB 1787.

Beiersdorf AG is an internationally leading branded consumer goods company developing and distributing skin and body care products in the Consumer Business Segment. It is responsible for the German consumer business and provides typical holding company services to its affiliates. In addition to its own operating activities, Beiersdorf AG manages an extensive investment portfolio and is the direct or indirect parent company of over 160 subsidiaries worldwide. The company also performs central planning/financial control, treasury, and human resources functions, as well as a large proportion of research and development activities for the consumer business.

As a parent company, Beiersdorf AG prepares its own consolidated financial statements. Beiersdorf's consolidated financial statements are also included in the consolidated financial statements of maxingvest ag, Hamburg, which prepares the consolidated financial statements for the largest group of companies. Both sets of consolidated financial statements are published in the *Bundesanzeiger* (Federal Gazette).

General Notes to the Annual Financial Statements

The annual financial statements of Beiersdorf AG are prepared in accordance with the provisions of the *Handelsgesetzbuch* (German Commercial Code, *HGB*) and the *Aktiengesetz* (German Stock Corporation Act, *AktG*). The recommendations of the German Corporate Governance Code that are relevant to the annual financial statements were taken into account.

The financial statements comprise the balance sheet, the income statement, and the notes. The income statement was prepared using the total cost (nature of expense) method. Where items in the balance sheet and the income statement have been summarized to aid clarity, they are disclosed and explained separately in the notes. The annual financial statements are prepared in euros (€); amounts are given in millions of euros (€ million). The accounting policies used in the previous year have not changed in the reporting year.

The management report of Beiersdorf AG and the Group management report have been combined in accordance with § 315 (5) *HGB* in conjunction with § 298 (2) *HGB* and published in the 2019 annual report.

The annual financial statements of Beiersdorf AG combined with the Group management report for the 2019 fiscal year are published digitally in the *Bundesanzeiger*.

Estimates and Assumptions

Preparation of the annual financial statements requires management to make estimates and assumptions to a limited extent that affect the amount and presentation of recognized assets and liabilities, income and expenses, and contingent liabilities. Such estimates and assumptions reflect all currently available information. Significant estimates and assumptions were made in particular in relation to the following accounting policies: impairment testing of investments in affiliated companies (Note 14 "Financial Assets"), write-downs of doubtful receivables (Note 15 "Receivables and Other Assets"), the actuarial assumptions for the defined benefit expense as well as for the present value of pension commitments (Note 19 "Provisions for Pensions and Other Post-Employment Benefits"), the determination of the amount of eligible deferred tax assets (Note 10 "Income Taxes"), and the recognition of other provisions (Note 20 "Other Provisions"). Specifically when recognizing the legal risks from the claims for damages (Note 22 "Contingent Liabilities"), existing uncertainty calls for significant discretion in evaluating whether and to what extent potential damages have arisen and the scale on which claims under joint and several liability may be met. In determining the amount of possible damages, particular discretion must be used in determining the emphasis on "overcharge" and "pass-on rate" factors used in the calculation. Furthermore, estimates and assumptions are made in particular when determining the useful lives of intangible assets and property, plant, and equipment, and when measuring inventories.

Actual amounts may differ from these estimates. Changes to estimates are recognized in profit or loss when more recent knowledge becomes available.

Notes to the Income Statement

01 Sales

Sales revenue includes sales of products and services, rental and lease income, and royalty income from affiliated companies. Sales revenue is recognized when the goods and products are delivered or the service is provided and the risk is transferred. Beiersdorf AG uses different terms of delivery to specify the contractual transfer of risk. Discounts, customer bonuses, and rebates are directly deducted from revenue as sales reductions. The probability of returns is reflected in the recognition and measurement of sales.

Beiersdorf AG is responsible for business in Germany with branded consumer products for skin and body care, which are bundled in the Consumer Business Segment. It also provides typical holding company services to affiliates in the course of its activities. Beiersdorf AG's sales increased by €74 million to €1,336 million (previous year: €1,262 million).

SALES BY REGION (IN € MILLION)

	2018	2019
Germany	966	1,022
Rest of Europe	155	155
Americas	54	61
Africa/Asia/Australia	87	98
	1,262	1,336

02 Other Operating Income

(IN € MILLION)

	2018	2019
Income from the disposal of fixed assets	–	1
Income from the reversal of provisions	26	20
Currency translation gains on trade receivables and payables	2	9
Income from services provided to affiliated companies	5	6
Other income	5	4
	38	40

Other operating income increased by €2 million compared with the previous year. The income from the sale of the Chinese hair care brand SLEK amounts to € 1 million.

03 Cost of Materials

The cost of materials of €296 million (previous year: €290 million) includes the acquisition cost of the goods sold.

04 Personnel Expenses

(IN € MILLION)

	2018	2019
Wages and salaries	235	250
Social security contributions and other benefits	28	31
Pension expenses	13	26
	276	307

Pension expenses include the impact of the change in biometric parameters in the amount of €10 million. The expenses attributable to the change in discount rate and the unwinding of the discount on the pension provisions are reported under "Net Interest Expense" as in the previous year.

05 Depreciation and Amortization of Property, Plant, and Equipment, and Intangible Assets

In addition to depreciation and amortization, no impairment losses were recognized on intangible assets and property, plant, and equipment in the fiscal year (previous year: €0 million). The sharp increase in depreciation and amortization is attributable to the acquisition of the COPPERTONE business from Bayer as of August 30, 2019.

06 Other Operating Expenses

(IN € MILLION)

	2018	2019
Marketing expenses	322	377
Maintenance costs	7	8
Outgoing freight	8	9
Write-downs of receivables	–	6
Currency translation losses on trade receivables and payables	3	8
Third-party services	29	31
Legal and consulting costs	23	34
Other personnel expenses	23	19
Costs of services invoiced by affiliated companies	106	126
Other taxes	1	1
Other expenses	53	50
	575	669

07 Net Income from Investments

(IN € MILLION)

	2018	2019
Income from investments	191	102
(thereof from affiliated companies)	(191)	(102)
Income from profit transfer agreements	72	75
Reversals of write-downs of financial assets and securities classified as current assets	–	14
Write-downs of financial assets and securities classified as current assets	–33	–11
	230	180

08 Net Interest Expense

(IN € MILLION)

	2018	2019
Other interest and similar income	36	35
(thereof from affiliated companies)	(10)	(11)
Interest and similar expenses	–5	–9
(thereof to affiliated companies)	(–4)	(–5)
Expenses from unwinding of discounts on provisions for pensions and other long-term obligations	–53	–57
	–22	–31

Expenses from unwinding of discounts on provisions for pensions and other long-term obligations include €41 million in expenses from the change in the discount rate for post-employment benefit obligations (previous year: €32 million).

Income from cover assets of €2 million (previous year: €0 million) was offset against expenses from the unwinding of discounts on pension obligations during fiscal year 2019.

09 Other Financial Result

(IN € MILLION)

	2018	2019
Other financial income	114	109
Other financial expenses	–155	–111
	–41	–2

Other financial income comprises currency translation gains on financial items of €102 million (previous year: €112 million) and income from the sale of securities of €7 million (previous year: €2 million). Other financial expenses comprise currency translation losses on financial items of €107 million (previous year: €118 million) and miscellaneous financial expenses of €4 million (previous year: €37 million).

10 Income Taxes

Corporation tax, the solidarity surcharge, trade tax, and paid withholding tax are reported as income tax expenses. Deferred tax expenses and income are also included in this item. Any aggregate tax liability resulting from differences between the carrying amounts in the financial statements of assets, liabilities, or items of prepaid expenses and deferred income, and their tax base that are expected to reverse in future fiscal years must be recognized as deferred tax liabilities. Any resulting aggregate tax benefit may be recognized as deferred tax assets. The amounts are measured using the company's individual tax rate of 31.9% (previous year: 31.9%).

Beiersdorf AG is the consolidated income tax group parent of various consolidated tax group subsidiaries. A consolidated income tax group exists if a consolidated tax group subsidiary within the meaning of § 14 (1) sentence 1 in conjunction with § 17 (1) sentence 1 *Körperschaftsteuergesetz* (German Corporate Income Tax Act, *KStG*) undertakes by way of a profit transfer agreement within the meaning of § 291 (1) *AktG* to transfer its entire profit to a single other commercial enterprise. As a result, the income of the consolidated tax group subsidiary is attributable to the entity's parent (consolidated tax group parent). Future tax liabilities or benefits resulting from temporary differences between the carrying amounts of assets and liabilities or items of prepaid expenses and deferred income in the annual financial statements of the consolidated tax group subsidiaries and their corresponding tax bases are therefore recognized in Beiersdorf AG's annual financial statements.

Deferred tax assets of €59 million (previous year: €40 million) were recognized for pension provisions as a result of the higher liabilities recognized in the financial statements as against the tax base. Other deferred tax assets of €9 million (previous year: €7 million) were due to certain other provisions not being recognizable for tax purposes, or to lower values being recognized. Deferred tax liabilities mainly result from differences in the carrying amounts of fixed assets of €12 million (previous year: €13 million).

Overall, Beiersdorf AG expects an aggregate future tax benefit of €64 million (previous year: €43 million) from its own temporary accounting differences and those relating to companies in its consolidated tax group as of December 31, 2019. The tax result for the fiscal year includes income of €21 million from deferred taxes (previous year: €17 million).

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits. Given the positive assessments of future business development, it is assumed there is a reasonable probability that future taxable income will be sufficient to allow utilization of the deferred tax assets.

11 Other Taxes

Other taxes are reported under other operating expenses. They amount to €1 million (previous year: €1 million).

Notes to the Balance Sheet

12 Intangible Assets

(IN € MILLION)

	Purchased patents, licenses, trademarks, and similar rights and assets	Advance payments	Total
Cost			
Opening balance Jan. 1, 2019	360	–	360
Additions	209	–	209
Disposals	–91	–	–91
Transfers	–	–	–
Closing balance Dec. 31, 2019	478	–	478
Amortization			
Opening balance Jan. 1, 2019	359	–	359
Write-downs	10	–	10
Reversals of write-downs	–	–	–
Disposals/transfers	–91	–	–91
Closing balance Dec. 31, 2019	278	–	278
Carrying amount Dec. 31, 2019	200	–	200
Carrying amount Dec. 31, 2018	1	–	1

Purchased intangible assets are recognized at cost and, in general, amortized on a straight-line basis over a period of five years or, in exceptional cases, over three to ten years. Internally generated intangible assets and research and development expenses are not capitalized.

Write-downs for impairment are recognized if other than temporary impairments in value are likely to occur. Write-downs are reversed up to amortized cost if the reasons for the impairment no longer apply.

The additions to this item in 2019 primarily concern trademarks and patents from the acquisition of the COPPERTONE business from Bayer. Disposals during the fiscal year relate to the sale of Chinese hair care business SLEK.

13 Property, Plant, and Equipment

(IN € MILLION)

	Land, land rights, and buildings	Technical equipment and machinery	Office and other equipment	Advance payments and assets under construction	Total
Cost					
Opening balance Jan. 1, 2019	233	2	130	7	372
Additions	1	–	7	5	13
Disposals	–	–	–1	–	–1
Transfers	3	–	3	–6	–
Closing balance Dec. 31, 2019	237	2	139	6	384
Depreciation					
Opening balance Jan. 1, 2019	127	2	105	–	234
Depreciation	3	–	8	–	11
Disposals/transfers	1	–	–1	–	–
Closing balance Dec. 31, 2019	131	2	112	–	245
Carrying amount Dec. 31, 2019	106	–	27	6	139
Carrying amount Dec. 31, 2018	106	–	25	7	138

Property, plant, and equipment is carried at cost and depreciated on a straight-line basis over the assets' expected useful lives. Buildings are depreciated over a useful life of 25 to 50 years. The useful life of technical equipment and machinery, and office and other equipment, is generally ten years, and in exceptional cases three to 15 years.

Up to 2017, low-value assets costing up to €150 were written off in full in the year of acquisition, and assets costing between €150 and €1,000 were pooled and written down over five years.

As of 2018, low-value assets costing up to €250 are written off in full in the year of acquisition. Assets costing between €250 and €1,000 are pooled and written down over five years.

Write-downs for impairment are recognized if other than temporary impairments in value are likely to occur. Write-downs are reversed up to amortized cost if the reasons for the impairment no longer apply.

14 Financial Assets

(IN € MILLION)

	Investments in affiliated companies	Other equity investments	Long-term securities	Total
Cost				
Opening balance Jan. 1, 2019	1,702	2	2,392	4,096
Additions	49	1	921	971
Disposals	–	–	–	–
Transfers	–	–	–405	–405
Closing balance Dec. 31, 2019	1,751	3	2,908	4,662
Write-downs				
Opening balance Jan. 1, 2019	9	–	18	27
Write-downs/reversals of write-downs	11	–	–14	–3
Disposals/transfers	–	–	–	–
Closing balance Dec. 31, 2019	20	–	4	24
Carrying amount Dec. 31, 2019	1,731	3	2,904	4,638
Carrying amount Dec. 31, 2018	1,693	2	2,374	4,069

Investments in affiliated companies are recognized at cost. Write-downs to a lower value at the balance sheet date are recognized if the impairment is expected to be other than temporary. Write-downs are reversed up to cost if the reasons for permanent impairment no longer apply.

The additions to investments in affiliated companies stem from capital increases at existing subsidiaries, especially NIVEA Beiersdorf Turkey Kozmetik Sanayi ve Ticaret A.S., Istanbul (Turkey) and Beiersdorf Indústria e Comércio Ltda, Itatiba/São Paulo (Brazil).

The write-downs of investments in affiliated companies are attributable to lower discounted cash flows of Beiersdorf S.A., Buenos Aires (Argentina).

Long-term securities include long-term government and corporate bonds with a remaining maturity of more than four years at the time of their acquisition. Long-term securities are measured at net book value. Write-downs for impairment to the lower fair value on the balance sheet date are recognized even if the impairment is expected to be temporary.

Long-term government and corporate bonds with an investment volume totaling €921 million were purchased in the past fiscal year. These listed securities have remaining maturities of between four and eight years.

15 Receivables and Other Assets

(IN € MILLION)		
	Dec. 31, 2018	Dec. 31, 2019
Trade receivables	110	76
(thereof due after more than one year)	(1)	(-)
Receivables from affiliated companies	605	662
(thereof due after more than one year)	(-)	(-)
Other assets	57	45
(thereof due after more than one year)	(-)	(-)
	772	783

Receivables and other assets are carried at their nominal value. Appropriate individual valuation adjustments are charged for identifiable individual risks. General valuation adjustments are charged to take account of general credit risk.

Receivables and assets in foreign currency due within one year are translated at the middle spot rate on the balance sheet date. Hedged foreign currency receivables are carried at the hedge rate. There are no receivables and assets in foreign currency due after more than one year.

Receivables from affiliated companies comprise financial receivables of €548 million (previous year: €455 million) and trade receivables of €114 million (previous year: €150 million).

In addition to a large number of individual items, such as payroll receivables and advance payments, the "Other Assets" item largely comprises tax receivables and interest receivables on securities.

16 Securities

As of December 31, 2019, Beiersdorf AG had invested a total of €650 million (previous year: €1,116 million) in short-term listed government and corporate bonds, near-money market retail funds, and equity funds. These investments classified as current assets are carried at the lower of amortized cost and fair value. €365 million (previous year: €492 million) of the bonds have a remaining maturity of up to one year, and €285 million (previous year: €583 million) have a remaining maturity of between one and four years. As of the balance sheet date, bonds lent to banks in short-term securities lending transactions amounted to €346 million (previous year: €368 million).

17 Cash and Cash Equivalents

Cash and cash equivalents comprise bank balances, cash-on-hand, checks, and short-term liquid investments such as overnight funds and short-term deposits.

18 Equity

The following changes in equity were recorded in fiscal year 2019:

(IN € MILLION)

	Dec. 31, 2018	Utilization of 2018 net retained profits	2019 profit after tax	Dec. 31, 2019
Share capital	252	–	–	252
Own shares	–25	–	–	–25
Issued capital	227	–	–	227
Additional paid-in capital	47	–	–	47
Legal reserve	4	–	–	4
Other retained earnings	2,281	17	13	2,311
Net retained profits	176	–176	176	176
	2,735	–159	189	2,765

SHARE CAPITAL

The share capital of Beiersdorf Aktiengesellschaft amounts to € 252 million (previous year: €252 million) and is composed of 252 million no-par-value bearer shares, each with an equal share in the company's share capital. Since the settlement of the share buy-back program on February 3, 2004, and following implementation of the share split in 2006, Beiersdorf Aktiengesellschaft holds 25,181,016 no-par-value shares, corresponding to 9.99% of the company's share capital.

AUTHORIZED CAPITAL

The Annual General Meeting on March 31, 2015, authorized the Executive Board to increase the share capital with the approval of the Supervisory Board in the period until March 30, 2020, by up to a total of €92 million (Authorized Capital I: €42 million; Authorized Capital II: €25 million; Authorized Capital III: €25 million) by issuing new no-par-value bearer shares on one or several occasions. In this context, the dividend rights for new shares may be determined by a different method than that set out in § 60 (2) AktG.

Shareholders shall be granted preemptive rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to disapply shareholders' preemptive rights in the following cases:

1. to eliminate fractions created as a result of capital increases against cash contributions (Authorized Capital I, II, III);
2. to the extent necessary to grant the holders/creditors of convertible bonds or bonds with warrants issued by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, rights to subscribe for new shares in the amount to which they would be entitled after exercising their conversion or option rights, or after fulfilling their conversion obligation (Authorized Capital I, II, III);

3. if the total amount of share capital attributable to the new shares for which preemptive rights are to be disappplied does not exceed 10% of the share capital existing at the time this authorization comes into effect or, in the event that this amount is lower, at the time the new shares are issued and the issue price of the new shares is not materially lower than the quoted market price of the existing listed shares at the time when the issue price is finalized, which should be as near as possible to the time the shares are placed. If, during the term of the authorized capital, other authorizations to issue or sell shares in the company or to issue rights that enable or oblige the holder to subscribe for shares in the company are exercised while disapplying preemptive rights pursuant to or in accordance with § 186 (3) sentence 4 AktG, this must be counted toward the above-mentioned 10% limit (Authorized Capital II);
4. in the case of capital increases against non-cash contributions for the purpose of acquiring companies, business units of companies, or equity interests in companies (Authorized Capital III).

The Executive Board may only exercise the above authorizations to disapply preemptive rights to the extent that the total proportionate interest in the share capital attributable to the shares issued while disapplying preemptive rights does not exceed 20% of the share capital at the time these authorizations become effective or at the time these authorizations are exercised. If other authorizations to issue or sell shares in the company or to issue rights that enable or oblige the holder to subscribe for shares in the company are exercised while disapplying preemptive rights during the term of the authorized capital until such time as it is utilized, this must be counted towards the above-mentioned limit.

The Executive Board was also authorized to determine the further details of the capital increase and its implementation with the approval of the Supervisory Board.

CONTINGENT CAPITAL

In addition, the Annual General Meeting on March 31, 2015, resolved to contingently increase the share capital by up to a total of €42 million, composed of up to 42 million no-par-value bearer shares. In accordance with the underlying resolution of the Annual General Meeting, the contingent capital increase will be implemented only if:

1. the holders or creditors of conversion and/or option rights attached to the convertible bonds and/or bonds with warrants issued in the period until March 30, 2020, by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, choose to exercise their conversion or option rights, or
2. the holders or creditors of convertible bonds giving rise to a conversion obligation issued in the period until March 30, 2020, by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, comply with such obligation,

and the contingent capital is required for this in accordance with the terms and conditions of the bonds.

The new shares bear dividend rights from the beginning of the fiscal year in which they are created as a result of the exercise of conversion or option rights, or as a result of compliance with a conversion obligation.

The Executive Board was authorized to determine the further details of the implementation of a contingent capital increase.

ADDITIONAL PAID-IN CAPITAL

Additional paid-in capital comprises the premium arising from the issue of shares by Beiersdorf AG.

RETAINED EARNINGS

The Annual General Meeting on April 17, 2019, resolved to transfer €17 million from net retained profits for fiscal year 2018 to other retained earnings. €13 million of the profit after tax for fiscal year 2019 was transferred to other retained earnings.

DISCLOSURES ON AMOUNTS SUBJECT TO RESTRICTIONS ON DISTRIBUTION

An amount of €2 million subject to a restriction on distribution in accordance with § 268 (8) *HGB* was produced on the difference resulting from the measurement of assets whose fair value exceeds cost, after deduction of the deferred tax liabilities recognized for this purpose.

The difference between provisions for post-employment benefit obligations based on the average market interest rate of the past ten fiscal years and provisions based on the average market

interest rate of the past seven fiscal years amounting to €69 million is banned from distribution in accordance with § 253 (6) *HGB*.

The excess of deferred tax assets over deferred tax liabilities shown in the balance sheet (excluding the deferred tax liability recognized in accordance with § 246 (2) *HGB*) totaling €65 million is also subject to a restriction on distribution in accordance with § 268 (8) *HGB*.

As freely available reserves of €2,311 million exceed the amount of €136 million barred from distribution, the net retained profits of €176 million are not subject to any restrictions on distribution.

19 Provisions for Pensions and Other Post-Employment Benefits

Pension provisions cover benefit obligations to former and current employees.

Pension obligations are measured using the projected unit credit method taking into account future wage, salary, and pension increases. In accordance with § 253 (2) *HGB*, provisions for post-employment benefit obligations are to be discounted at the average market interest rate of the past ten years. The ten-year average interest rate is calculated and published by the Deutsche Bundesbank based on an assumed remaining maturity of 15 years. The applied discount rate was 2.71% (previous year: 3.21%), the wage and salary growth figure 3.0% (previous year: 3.5%), and the pension growth figure 1.75% (previous year: 1.75%). The RT 2018 G mortality tables by K. Heubeck were used as a basis for calculation.

The amount needed for the provisions for post-employment benefit obligations at the average market interest rate of the past seven fiscal years (1.97%) exceeded the applied amount needed for pension provisions at the average market interest rate of the past ten fiscal years (2.71%) by €69 million. This difference is subject to a restriction on distribution in accordance with § 253 (6) *HGB*.

Assets that serve solely to settle liabilities from post-employment benefit obligations and that are exempt from attachment by all other creditors are offset against the provisions at their fair value. The fair value of assets invested in mixed-use funds, which has been offset against the amount needed to satisfy the obligations, was €76 million as of the balance sheet date (previous year: €46 million; cost: €73 million).

20 Other Provisions

(IN € MILLION)		
	Dec. 31, 2018	Dec. 31, 2019
Provisions for taxes	19	10
Miscellaneous provisions	264	222
(thereof for personnel expenses)	(102)	(89)
(thereof for marketing and selling expenses)	(91)	(66)
(thereof other)	(71)	(67)
	283	232

Other provisions include all identifiable future payment obligations, risks, and uncertain obligations of the company. They are measured using the settlement amount dictated by prudent business judgment to fund future payment obligations. Provisions expected to be settled after more than one year are discounted at the average market interest rate for the past seven years corresponding to their remaining maturity.

Provisions for personnel expenses primarily comprise provisions for obligations relating to flextime account balances, annual bonuses, vacation pay, severance agreements, and anniversary payments. Obligations relating to flextime account balances are offset against the corresponding dedicated asset – mixed-use funds of €25 million (previous year: €22 million) – in this item.

The provisions for marketing and selling expenses relate in particular to cooperative advertising allowances, rebates, and returns.

The other provisions relate in particular to outstanding invoices and litigation risks.

21 Liabilities

(IN € MILLION)		
	Dec. 31, 2018	Dec. 31, 2019
Liabilities to banks	–	263
Trade payables	71	80
Liabilities to affiliated companies	2,601	2,675
Other liabilities	6	8
(thereof tax liabilities)	(5)	(5)
(thereof social security liabilities)	(1)	(–)
	2,678	3,026

Liabilities are recognized at their settlement amount at the balance sheet date.

Liabilities in foreign currency due within one year are translated at the middle spot rate on the balance sheet date. Non-current foreign currency liabilities are recognized at the closing rate on the balance sheet date or at the higher rate at the transaction date. Hedged foreign currency liabilities are carried at the hedge rate. There are no liabilities in foreign currency due after more than one year (previous year: €0 million).

In order to optimize asset and liquidity management during the persistently low interest rate situation, short-term liabilities to banks in the amount of €263 million (previous year: €0 million) were used.

Liabilities to affiliated companies comprise financial liabilities of €2,615 million (previous year: €2,557 million) and trade payables of €52 million (previous year: €42 million).

Of the other liabilities, none (previous year: €0 million) are due in more than one year. The liabilities are not collateralized.

Other Disclosures

22 Contingent Liabilities, Other Financial Obligations, and Legal Risks

(IN € MILLION)		
	Dec. 31, 2018	Dec. 31, 2019
Contingent liabilities		
Obligations under guarantees and letters of comfort	6	55
(thereof for affiliated companies)	(6)	(50)
Other financial obligations		
Obligations under rental agreements and leases	18	14
Obligations under purchase commitments for investments	4	5
	22	19

OTHER FINANCIAL OBLIGATIONS

Obligations from rental and lease agreements primarily relate to the leasing of real estate and company cars and are reported at the total amount due until the earliest termination deadline.

The risk of contingent liability claims being asserted is considered to be low.

LEGAL RISKS

The claim for damages from the liquidator of Schlecker e. K. with reference to German antitrust proceedings already concluded, which has been pending since 2016, was rejected by the court of first instance. The plaintiff has appealed this judgment. The proceedings are also directed against six other companies. The claim for compensation, which involves joint and several liability of all defendants, totals approximately €200 million plus interest. A further claim in connection with these antitrust proceedings was also dismissed in the first instance. Decisions are still pending on other claims for damages made in and out of court in connection with concluded antitrust proceedings. Beiersdorf contests these claims.

Assessments of the course and results of legal disputes are associated with considerable difficulty and uncertainty. Based on the currently available information, we do not expect these disputes to result in significant charges for Beiersdorf AG.

23 Derivative Financial Instruments

Beiersdorf AG's Corporate Treasury department is responsible for central currency and interest rate management within the Beiersdorf Group, and hence for all transactions involving financial derivatives. Derivative financial instruments are used to hedge the operational business and material financial transactions. Beiersdorf AG is not exposed to any additional risks as a result. The transactions are conducted exclusively with marketable instruments.

CURRENCY RISKS

Currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of exchange rate movements.

As a matter of principle, currency risks relating to cross-border intragroup financing are hedged centrally by Beiersdorf AG in full and at matching maturities using currency forwards. These hedging activities mean that Beiersdorf was not exposed to material currency risks from financing activities as of the reporting date. The effect on earnings of currency forwards is offset by equivalent fluctuations in the value of the underlying transactions.

At operational level, as a general rule, most of the net cash flows in foreign currency planned for the next 12 months within the Beiersdorf Group are hedged externally by Beiersdorf AG using standard currency forwards; these currency forwards are then largely passed on at matching maturities to Group companies.

All of these transactions are recorded, measured, and managed centrally in the treasury management system.

The notional value of the currency forwards at the balance sheet date was €2,317 million (previous year: €2,277 million). Of this amount, €2,317 million is due within one year. The notional values represent the aggregate of all purchase and selling amounts for derivatives. The notional values shown are not netted.

The fair value of the currency forwards at the balance sheet date was €-1,130 thousand (previous year: €98 thousand). The fair value is calculated by measuring the outstanding items at market prices at the balance sheet date. At Beiersdorf AG, the derivatives entered into with banks and the offsetting transactions passed on to the subsidiaries or the contracts representing the underlying transactions constitute hedges. There were no provisions required at the balance sheet date for expected losses from negative market values for derivative financial instruments that are not included in hedge accounting (previous year: €0 million).

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

Beiersdorf holds very few long-term financial instruments that are not measured at amortized cost and no interest rate derivatives. Consequently, fair value changes are of minor significance for Beiersdorf. The short- and long-term bonds held are not exposed to interest rate risk, since they are held to maturity in line with the investment strategy applied. Interim fluctuations in value are tolerated.

DEFAULT RISK

Beiersdorf's exposure to default risk from external financial assets is limited, since such investments are only entered into with selected counterparties with good credit ratings. Maximum limits have been set for investments with partner banks and securities issuers (counterparty limits). Beiersdorf regularly checks the investments actually made against these limits. The bulk of Beiersdorf's liquidity is invested in low-risk securities, such as government or corporate bonds.

The positive fair values of derivatives are exposed in principle to default risk relating to the non-fulfillment of contractual obligations by counterparties. External counterparties are banks for which Beiersdorf considers the risk of default to be extremely low.

24 Employees by Function

AVERAGE NUMBER DURING THE YEAR		
	2018	2019
Research and development	656	684
Supply chain	314	312
Sales and marketing	586	604
Other functions	645	688
	2,201	2,288

25 Disclosures on the Supervisory and Executive Boards

For fiscal year 2019, the members of the Supervisory Board received remuneration totaling €1,637 thousand (previous year: €1,524 thousand) and the Executive Board received total remuneration (including additions to provisions for Enterprise Value Components) totaling €17,218 thousand (previous year: €11,247 thousand). For information on the principles of the system governing Executive and Supervisory Board remuneration and the amount of members' individual remuneration, please refer to the remuneration report. Payments to former members of the Executive Board and their surviving dependents totaled €4,523 thousand (previous year: €3,769 thousand). Provisions for pension commitments to former members of the Executive Board and their surviving dependents totaled €58,588 thousand (previous year: €36,822 thousand).

Members of the Executive and Supervisory Boards did not receive any loans from the Company.

Beiersdorf AG discloses details on the components of Executive and Supervisory Board remuneration in its remuneration report. The remuneration report is part of the combined management report and can be accessed online at WWW.BEIERSDORF.COM.

26 Auditors' Fees

The Annual General Meeting on April 17, 2019, elected Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as auditors for fiscal year 2019. The total fees invoiced by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft for Beiersdorf AG and the subsidiaries under its control for the fiscal year are contained in the relevant notes to the consolidated financial statements.

Non-audit services in fiscal year 2019 mainly comprised the voluntary limited assurance engagement on the combined non-financial report, voluntary audits of the annual financial statements, reviews, particularly of the condensed interim consolidated financial statements and interim Group management report for the period from January 1, 2019 to June 30, 2019, agreed-upon procedures, and other legally prescribed, contractually agreed, or voluntarily requested assurance services.

27 List of Shareholdings

The following list shows those companies and equity interests in which Beiersdorf AG holds shares and/or voting rights of more than 5% on the balance sheet date.

BEIERSDORF AG'S SHAREHOLDINGS

Germany

Name of the company	Registered office	Equity interest (in %)	Equity as of Dec. 31, 2019 (in accordance with IFRSs) in € thousand	Profit/loss for fiscal year 2019 (in accordance with IFRSs) in € thousand
La Prairie Group Deutschland GmbH ¹	Baden-Baden	100.00	3,912	0
Produits de Beauté Logistik GmbH ¹	Baden-Baden	100.00	33,384	0
Produits de Beauté Produktions GmbH ¹	Baden-Baden	100.00	12,864	0
Beiersdorf Manufacturing Berlin GmbH ¹	Berlin	100.00	3,719	0
GUHL IKEBANA GmbH	Darmstadt	10.00	7,807	524
Beiersdorf Beteiligungs GmbH	Gallin	100.00	773,741	61,359
Tape International GmbH	Gallin	100.00	95	18
tesa Grundstücksverwaltungsgesellschaft mbH & Co. KG	Gallin	100.00	16,296	7,792
Beiersdorf Customer Supply GmbH	Hamburg	100.00	110,760	13,157
Beiersdorf Dermo Medical GmbH ³	Hamburg	100.00	490	153
Beiersdorf Hautpflege GmbH ²	Hamburg	100.00	0	0
Beiersdorf Health Care AG & Co. KG	Hamburg	100.00	-590	154
Beiersdorf Immo GmbH ³	Hamburg	100.00	42	2
Beiersdorf Immobilienentwicklungs GmbH ³	Hamburg	100.00	2,098	180
Beiersdorf Manufacturing Hamburg GmbH ¹	Hamburg	100.00	23,202	0
Beiersdorf Shared Services GmbH ¹	Hamburg	100.00	29,126	0
Next Commerce Accelerator Beteiligungsgesellschaft mbH & Co. KG ³	Hamburg	9.90	188	-71
Next Commerce Accelerator 2. Beteiligungsgesellschaft mbH & Co. KG ³	Hamburg	7.03	477	-239
Phanex Handelsgesellschaft mbH ¹	Hamburg	100.00	28	0
tesa Converting Center GmbH ¹	Hamburg	100.00	1,312	0
tesa Werk Hamburg GmbH ¹	Hamburg	100.00	17,171	0
Ultra Kosmetik GmbH	Hamburg	100.00	89	0
W5 Immobilien GmbH & Co. KG	Hamburg	100.00	5,057	-22
WINGMAN-STUDIOS GmbH ²	Hamburg	100.00	0	0
tesa nie wieder bohren GmbH	Hanau	100.00	707	-369
tesa scribos GmbH ¹	Heidelberg	100.00	1,943	0
tesa Labtec GmbH	Langenfeld	100.00	-1,782	-158
tesa SE	Norderstedt	100.00	593,622	102,836
tesa Werk Offenburg GmbH ¹	Offenburg	100.00	3,220	0
Brain Trust UG ³	Schwanewede	35.65	106	7
Polymount Deutschland GmbH ²	Waghäusel	100.00	0	0
Beiersdorf Manufacturing Waldheim GmbH ¹	Waldheim	100.00	20,365	0

Europe

Name of the company	Registered office	Equity interest (in %)	Equity as of Dec. 31, 2019 (in accordance with IFRSs) in € thousand	Profit/loss for fiscal year 2019 (in accordance with IFRSs) in € thousand
Beiersdorf CEE Holding GmbH	AT, Vienna	100.00	768,836	113,299
Beiersdorf Ges mbH	AT, Vienna	100.00	15,571	14,173
La Prairie Group Austria GmbH	AT, Vienna	100.00	475	-420
Skin Care Emerging Markets GmbH	AT, Vienna	100.00	-122	-157
tesa GmbH	AT, Vienna	100.00	762	391
S-Biomedic NV ³	BE, Berse	16.32	2,386	-1,414
SA Beiersdorf NV	BE, Brussels	100.00	132,481	11,908
tesa sa-nv	BE, Brussels	100.00	2,072	128
Beiersdorf Bulgaria EOOD	BG, Sofia	100.00	3,480	1,806
tesa tape Schweiz AG	CH, Bergdietikon	100.00	1,323	517
Swiss Cosmetics Production AG ³	CH, Berneck	35.00	108	-2,209
Beiersdorf AG	CH, Reinach	100.00	27,873	21,258
La Prairie Group AG	CH, Volketswil	100.00	170,254	95,798
Laboratoires La Prairie SA	CH, Volketswil	100.00	30,313	30,430
Polymount Brno spol. s.r.o. ²	CZ, Brno	100.00	0	0
Beiersdorf spol. s.r.o.	CZ, Prague	100.00	7,856	5,055
tesa tape s.r.o.	CZ, Prague	100.00	2,674	329
tesa A/S	DK, Birkerød	100.00	6,181	2,353
Beiersdorf A/S	DK, Copenhagen	100.00	4,266	2,547
Beiersdorf Manufacturing Argentona, S.L.	ES, Argentona	100.00	18,649	470
tesa tape S.A.	ES, Argentona	100.00	2,294	298
La Prairie Group Iberia S.A.U.	ES, Madrid	100.00	-171	-1,090
Beiersdorf Holding, S.L.	ES, Tres Cantos	100.00	204,391	25,920
Beiersdorf Manufacturing Tres Cantos, S.L.	ES, Tres Cantos	100.00	34,226	4,826
Beiersdorf S.A.	ES, Tres Cantos	100.00	23,000	16,169
Beiersdorf Oy	FI, Turku	100.00	6,024	3,896
tesa Oy	FI, Turku	100.00	337	115
La Prairie Group France S.A.S.	FR, Boulogne-Billancourt	100.00	4,333	1,045
Beiersdorf Holding France	FR, Paris	100.00	158,634	15,860
Beiersdorf s.a.s.	FR, Paris	99.91	52,235	9,033
SARL Polymount France ²	FR, Saint Paul en Gattine	100.00	0	0
tesa s.a.s.	FR, Savigny-le-Temple	100.00	2,242	1,045
Beiersdorf UK Ltd.	GB, Birmingham	100.00	37,724	24,445
FormFormForm Ltd.	GB, London	100.00	-1,503	-799
La Prairie (UK) Limited	GB, London	100.00	2,885	2,196
tesa UK Ltd.	GB, Milton Keynes	100.00	5,786	900
Beiersdorf Hellas A.E.	GR, Gerakas	100.00	23,196	3,773
tesa tape A.E.	GR, Gerakas	100.00	1,491	363
Beiersdorf d.o.o.	HR, Zagreb	100.00	6,808	4,660
Beiersdorf Kft.	HU, Budapest	100.00	7,994	3,898
Tartsay Beruházó Kft.	HU, Budapest	100.00	842	23
tesa tape Ragasztószalag Termelő és Kereskedelmi Kft.	HU, Budapest	100.00	1,939	430
Beiersdorf ehf	IS, Reykjavík	100.00	721	488
Comet SpA	IT, Concagno Solbiate	100.00	18,206	2,942

Europe (continued)

Name of the company	Registered office	Equity interest (in %)	Equity as of Dec. 31, 2019 (in accordance with IFRSs) in € thousand	Profit/loss for fiscal year 2019 (in accordance with IFRSs) in € thousand
Beiersdorf SpA	IT, Milan	100.00	25,720	12,597
La Prairie SpA	IT, Milan	100.00	5,449	551
tesa SpA	IT, Vimodrone	100.00	3,940	668
Beiersdorf Kazakhstan LLP	KZ, Almaty	100.00	3,118	3,034
tesa tape UAB	LT, Vilnius	100.00	833	138
Guhl Ikebana Cosmetics B.V.	NL, Almere	10.00	970	324
Beiersdorf Holding B.V.	NL, Amsterdam	100.00	1,362,921	91,525
Beiersdorf NV	NL, Amsterdam	100.00	42,727	19,311
tesa Western Europe B.V.	NL, Amsterdam	100.00	495	386
tesa BV	NL, Hilversum	100.00	1,019	638
tesa TL B.V.	NL, Nijkerk	100.00	1,302	-680
Beiersdorf AS	NO, Oslo	100.00	17	-1
tesa AS	NO, Oslo	100.00	659	284
Beiersdorf Manufacturing Poznan Sp. z o.o.	PL, Poznan	100.00	41,322	2,919
NIVEA Polska Sp. z o.o.	PL, Poznan	100.00	65,484	22,631
tesa tape Sp. z o.o.	PL, Poznan	100.00	1,865	810
Beiersdorf Portuguesa, Limitada	PT, Queluz	100.00	11,790	6,034
tesa Portugal - Produtos Adesivos, Lda.	PT, Queluz	100.00	614	15
Beiersdorf Romania s.r.l.	RO, Bucharest	100.00	5,603	4,271
tesa tape s.r.l.	RO, Cluj-Napoca	100.00	621	232
Beiersdorf d.o.o.	RS, Belgrade	100.00	5,827	5,037
Beiersdorf LLC	RU, Moscow	100.00	16,283	14,240
La Prairie Group (RUS) LLC	RU, Moscow	100.00	254	-1,229
tesa tape OOO	RU, Moscow	100.00	2,767	1,084
Polymount Scandinavia AB ²	SE, Askim	100.00	0	0
Beiersdorf Aktiebolag	SE, Gothenburg	100.00	10,746	7,182
Beiersdorf Nordic Holding AB	SE, Gothenburg	100.00	111,287	13,876
tesa AB	SE, Kungsbacka	100.00	1,017	496
Beiersdorf d.o.o.	SI, Ljubljana	100.00	121,654	4,864
tesa tape posrednistvo in trgovina d.o.o.	SI, Ljubljana	100.00	673	225
Beiersdorf Slovakia, s.r.o.	SK, Bratislava	100.00	5,174	3,466
tesa Bant Sanayi ve Ticaret A.S.	TR, Istanbul	100.00	4,418	2,439
Beiersdorf Ukraine LLC	UA, Kiev	100.00	6,167	5,145

Americas

Name of the company	Registered office	Equity interest (in %)	Equity as of Dec. 31, 2019 (in accordance with IFRSs) in € thousand	Profit/loss for fiscal year 2019 (in accordance with IFRSs) in € thousand
Beiersdorf S.A.	AR, Buenos Aires	100.00	15,766	5,337
tesa tape Argentina S.R.L.	AR, Buenos Aires	100.00	866	437
Beiersdorf S.R.L.	BO, Santa Cruz de la Sierra	100.00	5,032	546
tesa Brasil Ltda.	BR, Curitiba	100.00	2,702	1,027
Beiersdorf Indústria e Comércio Ltda.	BR, Itatiba	100.00	96,115	-1,343
BDF NIVEA LTDA.	BR, São Paulo	100.00	82,032	10,499
Beiersdorf Canada Inc.	CA, Saint-Laurent	100.00	28,333	2,737
Beiersdorf Chile S.A.	CL, Santiago de Chile	100.00	24,992	5,089
Beiersdorf S.A.	CL, Santiago de Chile	100.00	25,674	2,115
tesa tape Chile SA	CL, Santiago de Chile	100.00	2,587	420
Beiersdorf S.A.	CO, Bogotá	100.00	10,206	2,533
tesa tape Colombia Ltda.	CO, Santiago de Cali	100.00	2,973	498
BDF Costa Rica, S.A.	CR, San José	100.00	4,095	2,964
Beiersdorf, SRL	DO, Santo Domingo	100.00	1,537	633
Beiersdorf S.A.	EC, Quito	100.00	5,959	3,426
BDF Centroamérica, S.A.	GT, Guatemala City	100.00	6,095	3,399
tesa tape Centro América S.A.	GT, Guatemala City	100.00	1,559	367
BDF Corporativo, S.A. de C.V.	MX, Mexico City	100.00	3,653	204
BDF México, S.A. de C.V.	MX, Mexico City	100.00	25,634	4,967
tesa tape México, S.A. de C.V.	MX, Mexico City	100.00	7,713	172
Beiersdorf Manufacturing México, S.A. de C.V.	MX, Silao	100.00	26,315	-117
Beiersdorf Manufacturing México Servicios, S.A. de C.V.	MX, Silao	100.00	2,528	731
BDF Panamá, S.A.	PA, Panama City	100.00	735	-498
HUB LIMITED S.A.	PA, Panama City	100.00	-2,282	15
Beiersdorf S.A.C.	PE, Lima	99.81	4,130	1,313
Beiersdorf S.A.	PY, Asunción	100.00	5,704	1,403
BDF El Salvador, S.A. de C.V.	SV, San Salvador	100.00	932	204
tesa tape inc.	US, Charlotte, NC	100.00	35,888	5,827
Beiersdorf Manufacturing, LLC	US, Cleveland, TN	100.00	1,622	1,627
LaPrairie.com LLC	US, Edison, NJ	100.00	0	0
La Prairie, Inc.	US, New York City, NY	100.00	31,794	7,214
Functional Coatings LLC	US, Newburyport, MA	97.33	10,462	420
tesa TL LLC	US, Newnan, GA	100.00	2,382	121
tesa Plant Sparta LLC	US, Sparta, MI	100.00	24,716	1,088
Sugru Inc.	US, Wilmington, DE	100.00	0	0
tesa Functional Coatings Inc. USA	US, Wilmington, DE	97.33	-1,186	-1,236
Beiersdorf, Inc.	US, Wilton, CT	100.00	119,939	19,658
Beiersdorf North America Inc.	US, Wilton, CT	100.00	339,894	-63
Beiersdorf S.A.	UY, Montevideo	100.00	2,281	311
Beiersdorf S.A.	VE, Caracas	100.00	295	94

Africa/Asia/Australia

Name of the company	Registered office	Equity interest (in %)	Equity as of Dec. 31, 2019 (in accordance with IFRSs) in € thousand	Profit/loss for fiscal year 2019 (in accordance with IFRSs) in € thousand
Beiersdorf Middle East FZCO	AE, Dubai	100.00	20,988	11,362
Beiersdorf Near East FZ-LLC	AE, Dubai	100.00	12,960	3,274
Beiersdorf Australia Ltd.	AU, North Ryde, NSW	100.00	18,937	5,758
Beiersdorf Health Care Australia Pty. Ltd.	AU, North Ryde, NSW	100.00	2,736	1,008
La Prairie Group Australia Pty. Ltd.	AU, Rosebery, NSW	100.00	8,081	4,499
tesa tape Australia Pty. Ltd.	AU, Sydney, NSW	100.00	2,526	224
Beiersdorf Hong Kong Limited	CN, Hong Kong	100.00	-2,107	-3,060
La Prairie Hong Kong Limited	CN, Hong Kong	100.00	15,157	10,883
tesa tape (Hong Kong) Limited	CN, Hong Kong	100.00	23,294	4,910
Beiersdorf Trading (Shanghai) Co., Ltd.	CN, Shanghai	100.00	407	315
La Prairie (Shanghai) Co., Ltd.	CN, Shanghai	100.00	15,641	16,432
NIVEA (Shanghai) Company Limited	CN, Shanghai	100.00	2,233	-6,520
tesa tape (Shanghai) Co., Ltd.	CN, Shanghai	100.00	76,459	69,190
tesa Plant (Suzhou) Co., Ltd.	CN, Suzhou	100.00	32,365	4,369
tesa tape (Suzhou) Co., Ltd.	CN, Suzhou	100.00	-175	-124
Beiersdorf Daily Chemical (Wuhan) Co., Ltd.	CN, Wuhan	100.00	-3,652	-4,159
Beiersdorf Personal Care (China) Co., Ltd.	CN, Xiantao	100.00	-89,211	-30,569
Beiersdorf Egypt for Trading JSC	EG, Kairo	100.00	306	-52
Beiersdorf LLC	EG, Kairo	100.00	23	16
Beiersdorf Nivea Egypt LLC	EG, Cairo	100.00	3,700	-278
Beiersdorf Ghana Limited	GH, Accra	100.00	2,506	1,155
P.T. Beiersdorf Indonesia	ID, Jakarta	80.00	1,790	-6,084
Alpa-BDF Ltd.	IL, Herzeliya	60.00	2,655	-1,730
Beiersdorf India Pvt. Limited	IN, Mumbai	51.00	3,482	768
Beiersdorf India Service Private Limited	IN, Mumbai	100.00	2,457	-75
NIVEA India Pvt. Ltd.	IN, Mumbai	100.00	51,998	11,004
tesa tapes (India) Private Limited	IN, Navi Mumbai	100.00	2,853	730
Beiersdorf Holding Japan Yugen Kaisha	JP, Tokyo	100.00	83,252	23,752
La Prairie Japan K.K.	JP, Tokyo	100.00	-1,319	1,590
Nivea-Kao Co., Ltd.	JP, Tokyo	60.00	44,304	42,100
tesa tape K.K.	JP, Tokyo	100.00	7,976	2,416
Beiersdorf East Africa Limited	KE, Nairobi	100.00	6,139	1,007
Alkynes Co. Ltd. ³	KR, Gyeonggi-do	25.01	25,192	1,511
Beiersdorf Korea Limited	KR, Seoul	100.00	7,484	1,586
La Prairie Korea Limited	KR, Seoul	100.00	36,862	36,738
LYCL Inc. ²	KR, Seoul	24.98	0	0
tesa tape Korea Limited	KR, Seoul	100.00	4,698	4,920
Beiersdorf S.A.	MA, Casablanca	100.00	7,414	2,260
Beiersdorf (Myanmar) Ltd.,	MM, Rangoon	100.00	1,815	-430
tesa tape (Malaysia) Sdn. Bhd.	MY, Kajang	96.25	5,293	44
tesa tape Industries (Malaysia) Sdn. Bhd.	MY, Kajang	96.25	1,928	183
Beiersdorf (Malaysia) SDN. BHD.	MY, Petaling Jaya	100.00	-1,682	1,213
Beiersdorf Nivea Consumer Products Nigeria Limited	NG, Lagos	100.00	8,479	-1,713
Beiersdorf Pakistan (Private) Limited	PK, Lahore	100.00	2,380	-960
Beiersdorf Philippines Incorporated	PH, Bonifacio Global City	100.00	-490	-1,303

Africa/Asia/Australia (continued)

Name of the company	Registered office	Equity interest (in %)	Equity as of Dec. 31, 2019 (in accordance with IFRSs) in € thousand	Profit/loss for fiscal year 2019 (in accordance with IFRSs) in € thousand
Turath Al-Bashara for Trading Limited (Skin Heritage for Trading)	SA, Jeddah	70.00	17,790	9,261
Beiersdorf Singapore Pte. Ltd.	SG, Singapore	100.00	374	997
tesa tape Asia Pacific Pte. Ltd.	SG, Singapore	100.00	78,531	71,232
Beiersdorf (Thailand) Co., Ltd.	TH, Bangkok	100.00	148,777	36,011
tesa tape (Thailand) Limited	TH, Bangkok	90.57	834	496
NIVEA Beiersdorf Turkey Kozmetik Sanayi ve Ticaret A.S.	TR, Istanbul	100.00	43,297	3,662
La Prairie (Taiwan) Limited	TW, Taipei	100.00	-855	-1,035
NIVEA (Taiwan) Ltd.	TW, Taipei	100.00	-160	444
tesa Vietnam Limited ²	VN, Hanoi	100.00	0	0
Beiersdorf Vietnam Limited Liability Company	VN, Ho Chi Minh City	100.00	-2,988	-282
Beiersdorf Consumer Products (Pty.) Ltd.	ZA, Umhlanga	100.00	27,734	19,932

¹ Since these companies have entered into a profit and loss transfer agreement, the accounting profit is presented after the transfer of profit and loss due to *HGB* (German Commercial Code)

² Figures for 2019 were not available at the date of publication.

³ Preliminary data.

28 Shareholdings in Beiersdorf AG

Beiersdorf AG received the following notifications in accordance with the provisions of the *Wertpapierhandelsgesetz* (German Securities Trading Act, *WpHG*), by the preparation date of the balance sheet (February 11, 2020).* In each case, the disclosures represent the discloser's most recent notification to the company, unless additional notifications are required to be provided for reasons of transparency.

1.

a) Voting right notifications in accordance with § 21 (1) *WpHG* (former version) dated April 2, 2004, April 14, 2004, and April 16, 2004. The persons subject to the disclosure requirement (the "disclosers") listed in the table below notified Beiersdorf Aktiengesellschaft on April 2, 2004, April 14, 2004, and April 16, 2004, in accordance with § 21 (1) *WpHG* (former version) that they had, for the first time, exceeded the 50% threshold and held 50.46% (42,386,400 voting rights) of Beiersdorf Aktiengesellschaft as of March 30, 2004.

After adjustment for Beiersdorf Aktiengesellschaft's share buy-back program, which was implemented on February 3, 2004, and the resulting attribution of the 9.99% (8,393,672 own shares) held by Beiersdorf Aktiengesellschaft in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG* (former version), the disclosers in accordance

with § 21 (1) *WpHG* (former version) each exceeded the 50% threshold for the first time as of February 3, 2004, and each held a 59.95% share (50,360,072 voting rights) in Beiersdorf Aktiengesellschaft as of this date. This increase was solely the result of the attribution of the own shares held by Beiersdorf Aktiengesellschaft in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG* (former version).**

The disclosers' total share of voting rights as of March 30, 2004, amounted to 60.45% (50,780,072 voting rights) in each case instead of 50.46% (42,386,400 voting rights).**

All shares of voting rights were attributable to the disclosers, with the exception of Tchibo Holding AG, in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG* (former version). 30.36% (25,500,805 voting rights) was attributable to Tchibo Holding AG (now renamed to maxingvest ag) in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG* (former version); at the time, it directly held 20.10% (16,884,000 voting rights).

* The following disclosures do not reflect the 1:3 share split resolved by the company's Annual General Meeting on May 17, 2006, because they were received before this date. As a result of this share split, each no-par-value share of the company with a notional interest in the share capital of €2.56 was split into three no-par-value shares with a notional interest in the share capital of €1.00 each (following the increase of the share capital without the issue of new shares).

** Due to a change in the administrative practice of the *Bundesanstalt für Finanzdienstleistungsaufsicht* (*BaFin* - the Federal Financial Supervisory Authority) in December 2014 concerning the attribution of own shares, own shares held by the issuer are no longer counted towards a shareholder's share of voting rights.

The chains of controlled companies are as follows:

Discloser*	Discloser's domicile and country of residence or of domicile	Disclosures in accordance with § 17 (2) <i>Verordnung zur Konkretisierung von Anzeige-, Mitteilungs- und Veröffentlichungspflichten sowie der Pflicht zur Führung von Insiderverzeichnissen nach dem Wertpapierhandelsgesetz</i> (Regulation setting out in detail the disclosure, notification, and announcement duties as well as the duty to maintain a list of insiders in accordance with the <i>WpHG, WpAIV</i>) (former version) (controlled companies via which the voting rights are effectively held and whose attributed share of the voting rights amounts to 3% or more) at the time of § 17 (1) no. 6 <i>WpAIV</i> (former version)
SPM Beteiligungs- und Verwaltungs GmbH (now renamed S.P.M. Beteiligungs- und Verwaltungs GmbH)	Norderstedt (Germany) (now with registered office in Hamburg (Germany))	Trivium Vermögensverwaltungs GmbH, Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
EH Real Grundstücksverwaltungsgesellschaft mbH (now renamed E. H. Real Vermögensverwaltungs GmbH)	Norderstedt (Germany) (now with registered office in Hamburg (Germany))	Scintia Vermögensverwaltungs GmbH, EH Real Grundstücksgesellschaft mbH & Co. KG, Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Scintia Vermögensverwaltungs GmbH	Norderstedt (Germany) (now with registered office in Hamburg (Germany))	Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Trivium Vermögensverwaltungs GmbH	Norderstedt (Germany) (now with registered office in Hamburg (Germany))	Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Michael Herz	Germany	SPM Beteiligungs- und Verwaltungs GmbH, Trivium Vermögensverwaltungs GmbH, Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Wolfgang Herz	Germany	EH Real Grundstücksverwaltungsgesellschaft mbH, EH Real Grundstücksgesellschaft mbH & Co. KG, Scintia Vermögensverwaltungs GmbH, Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Max und Ingeburg Herz Stiftung	Norderstedt (Germany) (now with registered office in Hamburg (Germany))	Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
maxingvest ag (named Tchibo Holding AG until September 12, 2007)	Hamburg (Germany)	Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft

* The following parties have since disclosed that they hold 0% (0 voting rights): EH Real Grundstücksgesellschaft mbH & Co. KG (Norderstedt, Germany); Agneta Peleback-Herz (Germany); Joachim Herz, represented by the Joachim Herz Stiftung as his legal successor (Hamburg, Germany); Coro Vermögensverwaltungsgesellschaft mbH (Hamburg, Germany); Ingeburg Herz GbR (Norderstedt, Germany). Ingeburg Herz passed away during financial year 2015.

To clarify: The own shares held by Beiersdorf Aktiengesellschaft do not bear voting or dividend rights in accordance with § 71b *AktG*.

b) Voting right notification in accordance with § 21 (1) *WpHG* (former version) dated December 29, 2004. The voting right notification issued on December 29, 2004, by Tchibo Holding AG (now renamed to maxingvest ag) in accordance with § 21 (1) *WpHG* (former version) disclosed that Tchibo Beteiligungsgesellschaft mbH (now renamed to BBG Beteiligungsgesellschaft mbH) exceeded the 50% threshold for the first time when it acquired 20.10% of the voting rights in Beiersdorf Aktiengesellschaft from Tchibo Holding AG, and that it held 50.46% (42,386,400 voting rights) of Beiersdorf Aktiengesellschaft as of December 22, 2004.

After adjustment for Beiersdorf Aktiengesellschaft's share buyback program, which was implemented on February 3, 2004, and the now performed attribution in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG* (former version) of the 9.99% (8,393,672 own shares) acquired as part of the buyback program, Tchibo Beteiligungsgesellschaft mbH exceeded the 50% threshold in accordance with § 21 (1) *WpHG* (former version) for the first time as of December 22, 2004, and held 60.45% of the voting rights in Beiersdorf Aktiengesellschaft (50,780,072 voting rights) as of this date.** A total of 40.35% (33,894,477 voting rights) was attributable to Tchibo Beteiligungsgesellschaft mbH. The chain of controlled companies was as follows: Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft. This increase was solely the result of the attribution of the own shares held by Beiersdorf Aktiengesellschaft in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG* (former version).**

c) Voting right notification in accordance with § 21 (1) *WpHG* (former version) dated April 16, 2009. EH Real Grundstücksverwaltungsgesellschaft mbH's voting right notification dated March 11, 2008, has hereby been revoked. EH Real Grundstücksverwaltungsgesellschaft mbH's share of voting rights also exceeded the 3, 5, 10, 15, 20, 25, 30, and 50% thresholds as of January 15, 2007, and continued to do so thereafter and, including the 9.99% held by Beiersdorf Aktiengesellschaft (25,181,016 own shares) after adjustment for the increase of the share capital from retained earnings without the issue of new shares and the 1:3 reclassification of the share capital (share split) in 2006, continued to amount to 60.45% in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG* (former version) (152,340,216 voting rights).**

2. In accordance with § 25 (1) sentence 3 in conjunction with § 21 (1) sentence 1 *WpHG* (former version), Beiersdorf Aktiengesellschaft also announced that it had exceeded the threshold of 5% of the voting rights in its own company on February 3, 2004, and that a share of 9.99% has been attributable to it since then. The own shares held by the company do not bear voting or dividend rights in accordance with § 71b *AktG*.

29 Declaration of Compliance with the German Corporate Governance Code

In December 2019, Beiersdorf Aktiengesellschaft's Executive Board and Supervisory Board issued their Declaration of Compliance with the recommendations of the Government Commission on the German Corporate Governance Code for fiscal year 2019 in accordance with § 161 *Aktengesetz* (German Stock Corporation Act, *AktG*). The Declaration of Compliance was made permanently accessible to shareholders on the company's website at WWW.BEIERSDORF.COM/DECLARATION_OF_COMPLIANCE.

** Due to a change in the administrative practice of the *Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)* – the Federal Financial Supervisory Authority) in December 2014 concerning the attribution of own shares, own shares held by the issuer are no longer counted towards a shareholder's share of voting rights.

Report on Post-Balance Sheet Date Events

No significant events occurred after the end of the fiscal year.

Proposal on the Appropriation of Beiersdorf AG's Net Retained Profits

(IN €)	
	2019
Profit after tax of Beiersdorf AG	188,784,256.81
Transfer to other retained earnings	12,384,256.81
Net retained profits	176,400,000.00

The Executive Board and the Supervisory Board will propose to the Annual General Meeting that the net retained profits for fiscal year 2019 of €176,400,000.00 should be appropriated as follows:

(IN €)	
	2019
Distribution of a dividend of €0.70 per no-par value share bearing dividend rights (226,818,984 no-par value shares)	158,773,288.80
Transfer to other retained earnings	17,626,711.20
Net retained profits	176,400,000.00

The amounts specified for the total dividend and for the transfer to other retained earnings reflect the shares bearing dividend rights at the time of the Executive Board's proposal on the appropriation of the net retained profits. The own shares held by the company do not bear dividend rights in accordance with § 71b AktG.

If the number of own shares held by the company at the time of the resolution by the Annual General Meeting on the appropriation of the net retained profits is higher or lower than at the time of the Executive Board's proposal on the appropriation of the net retained profits, the total amount to be distributed to the shareholders shall be reduced or increased by the portion of the dividend attributable to the difference in the number of shares. The amount to be appropriated to the other retained earnings shall be adjusted inversely by the same amount. In contrast, the dividend to be distributed per no-par-value share bearing dividend rights remains unchanged. If necessary, an appropriately modified proposal for resolution will be presented to the Annual General Meeting.

Beiersdorf AG Boards

SUPERVISORY BOARD		
Name	Profession	Memberships
Hong Chow	General Manager, Roche Pharmaceuticals, Shanghai, China	
Frank Ganschow (until April 17, 2019)	Chairman of the Works Council of tesa SE	Member of the Supervisory Board: – tesa SE (intragroup)
Reiner Hansert	Director Legal Affairs Europe and Director Corporate Brand Protection, Beiersdorf AG	
Martin Hansson* Deputy Chairman	Member of the Executive Board, maxingvest ag	Member of the Supervisory Board: – Tchibo GmbH
Michael Herz	Member of the Executive Board, maxingvest ag	Chairman of the Supervisory Board: – Tchibo GmbH Member of the Supervisory Board: – tesa SE (intragroup)
Thorsten Irtz Stellvertretender Vorsitzender (until April 17, 2019)	Commercial employee, Beiersdorf AG	Member of the Supervisory Board (since June 27, 2019): – maxingvest ag
Jan Koltze (since April 17, 2019)	Regional Head, Industriegewerkschaft Bergbau, Chemie, Energie	Member of the Supervisory Board: – Aurubis AG – ExxonMobil Deutschland Holding – maxingvest ag
Matthias Locher (until April 17, 2019)	Quality Assurance employee, tesa Werk Offenburg GmbH	Member of the Supervisory Board: – tesa SE (intragroup)
Dr. Dr. Christine Martel	Head of Global Commercial, Nestlé S.A., Switzerland, Nestlé Group	
Tomas Nieber (until April 17, 2019)	Research Associate, Foundation of Labour and Environment of Industriegewerkschaft Bergbau, Chemie, Energie	Member of the Supervisory Board: – maxingvest ag Member of the Advisory Board: – Qualifizierungsförderwerk Chemie GmbH
Olaf Papier (since April 17, 2019)	Chairman of the Works Council, Beiersdorf AG	Deputy Chairman of the Supervisory Board: – Ilume Informatik AG
Frédéric Pflanz (since April 17, 2019)	Chief Financial Officer, Aryzta AG, Switzerland	Member of the Advisory Board: – meridian Stiftung Member of the <i>Verwaltungsrat</i> (since May 23, 2019): – Cambiata Schweiz AG, Switzerland Several intragroup mandates within Aryzta-Group
Prof. Dr. Reinhard Pöllath Chairman	Lawyer, P+P Pöllath + Partners, Munich	Chairman of the Supervisory Board: – maxingvest ag Member of the Supervisory Board: – Wanzl GmbH & Co. Holding KG
Prof. Manuela Rousseau* (Stellvertretende Vorsitzende) (since April 17, 2019)	Head of Corporate Social Responsibility Headquarters, Beiersdorf AG Professor at the Academy of Music and Theater, Hamburg	Member of the Supervisory Board: – maxingvest ag
Regina Schillings (since April 17, 2019)	Employee, Inventory Accounting, Beiersdorf Shared Services GmbH	Member of the Supervisory Board: – maxingvest ag
Poul Weihrauch (until April 17, 2019)	Member of the Executive Management Team, Mars Inc., United States, Global President Petcare	
Kirstin Weiland (since April 17, 2019)	Chairman of the Works Council, tesa SE	Member of the Supervisory Board (since December 1, 2019): – tesa SE (intragroup)

* The Supervisory Board's diversity officers.

SUPERVISORY BOARD COMMITTEES

Members of the Presiding Committee	Members of the Audit Committee	Members of the Finance Committee	Members of the Nomination Committee	Members of the Mediation Committee	Members of the Personnel Committee
<ul style="list-style-type: none"> - Prof. Dr. Reinhard Pöllath (Chairman) - Martin Hansson - Michael Herz - Thorsten Irtz (until April 17, 2019) - Prof. Manuela Rousseau (since April 17, 2019) 	<ul style="list-style-type: none"> - Dr. Dr. Christine Martel (Chairwoman) - Reiner Hansert - Martin Hansson - Tomas Nieber (until April 17, 2019) - Prof. Dr. Reinhard Pöllath - Regina Schillings (since April 17, 2019) 	<ul style="list-style-type: none"> - Martin Hansson (Chairman) - Reiner Hansert - Dr. Dr. Christine Martel - Tomas Nieber (until April 17, 2019) - Prof. Dr. Reinhard Pöllath - Regina Schillings (since April 17, 2019) 	<ul style="list-style-type: none"> - Prof. Dr. Reinhard Pöllath (Chairman) - Hong Chow - Martin Hansson - Dr. Dr. Christine Martel 	<ul style="list-style-type: none"> - Prof. Dr. Reinhard Pöllath (Chairman) - Reiner Hansert (until April 17, 2019) - Martin Hansson (until April 17, 2019) - Thorsten Irtz (until April 17, 2019) - Olaf Papier (since April 17, 2019) - Prof. Manuela Rousseau (since April 17, 2019) 	<ul style="list-style-type: none"> - Martin Hansson (Chairman) - Hong Chow - Reiner Hansert - Olaf Papier (since April 17, 2019) - Prof. Dr. Reinhard Pöllath (since April 17, 2019) - Prof. Manuela Rousseau (until April 17, 2019) - Kirstin Weiland (since April 17, 2019)

EXECUTIVE BOARD

Name	Function/responsibilities		Memberships*
Stefan De Loecker	Chairman	Corporate Development, Strategy Internal Audit Supply Chain Research and Development Germany/Switzerland, Japan	
Ralph Gusko (until December 31, 2019)	Asia Pacific	South East Asia, Indonesia/Philippines, Australia/ New Zealand (excluding North East Asia and Japan)	
Thomas Ingelfinger	Europe	Europa (excluding Germany/Switzerland)	Member of the <i>Consiglio di Amministrazione</i> (until April 16, 2019): – Davide Campari-Milano S.p.A., Italy
Zhengrong Liu	Human Resources & Corporate Communications	Human Resources Corporate Communication & Sustainability General Services & Real Estate – Labor Relations Director –	
	Greater China/North East Asia	China Hong Kong, Taiwan, Korea	
Ramon A. Mirt (since March 1, 2019)	Emerging Markets	Latin America, Africa, Asia & Asia Pacific (excluding Greater China/North East Asia), Russia	
Asim Naseer	NIVEA	Brand Management Digital	
Dessi Temperley	Finance & Quality	Finance & Controlling, IT Legal & Compliance Quality Assurance	
	tesa SE	tesa SE	
Vincent Warnery	Pharmacy & Selective	Derma, Pflaster, La Prairie	Member of the <i>Bestyrelse</i> (since March 14, 2019): – ALK-Abelló A/S, Denmark
	USA/Kanada	USA/Canada	

* In connection with their Group management and supervisory duties, the members of the Executive Board of Beiersdorf AG also hold offices in comparable supervisory bodies at Group companies and other associated companies.

Hamburg, February 11, 2020
Beiersdorf AG

The Executive Board

Independent Auditor's Report

To Beiersdorf Aktiengesellschaft

Report on the audit of the annual financial statements and of the management report

Audit opinions

We have audited the annual financial statements of Beiersdorf Aktiengesellschaft, Hamburg, which comprise the balance sheet as at December 31, 2019, and the income statement for the fiscal year from January 1 to December 31, 2019, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Beiersdorf Aktiengesellschaft, which is combined with the group management report of the Company, for the fiscal year from January 1 to December 31, 2019. In accordance with the German legal requirements we have not audited the components of the management report stated in the annex.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2019 and of its financial performance for the fiscal year from January 1 to December 31, 2019 in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the components of the management report stated in the annex.

Pursuant to Sec. 322 (3) sentence 1 of the German Commercial Code (*HGB*), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the audit opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 *HGB* and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and

we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the fiscal year from January 1 to December 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

1) Recognizing revenue from the sale of goods and products

Reasons why the matter was determined to be a key audit matter

The annual financial statements of Beiersdorf AG recognize revenue from the sale of goods and products at the transfer of risk, less discounts, customer bonuses, and rebates, and taking into account returns. Given the large number of different contractual arrangements in relation to discounts, customer bonuses, rebates, and the judgment to be exercised in evaluating the expected discounts, customer bonuses and rebates, as well as returns, there is an elevated risk of material misstatement in the recognition of revenue from the sale of goods and products.

Auditor's Response

As part of our audit, we walked through the process for revenue recognition implemented by the executive directors of Beiersdorf AG and the accruals for expected discounts, customer bonuses, rebates, and expected returns using individual transactions from order receipt to recognition in the financial statements, and tested the controls implemented in this process. Moreover, we performed an examination on a test basis to determine whether the contractually agreed and awarded discounts, customer bonuses, and rebates, and the actual returns were deducted from sales revenue on an accrual basis. To prove the existence of sales revenue, we performed, among other things, an examination to establish whether it led to the recognition of trade receivables and whether these receivables were in turn settled by payments received. Using a comparison of plan and actual figures for the assumptions made in previous years to calculate expected returns of goods and products, and taking into account the contractual agreements made with customers, we analyzed the calculation of still expected returns of goods and products and their deduction from sales revenue.

Our audit procedures did not give rise to any reservations in respect of the recognition of revenue from the sale of goods and products.

Reference to related disclosures

For the accounting policies applied in relation to the recognition of revenue from the sale of goods and products and for the associated disclosures on the exercise of judgment, we refer to the information in the notes to the annual financial statements, note 01 in the chapter "Notes to the Income Statement."

2) Current and deferred income taxes

Reasons why the matter was determined to be a key audit matter

The Beiersdorf AG Group operates its business activities in different legal jurisdictions, with the associated complexity which also impacts on Beiersdorf AG and the recognition of current and deferred income taxes, specifically the transfer prices applied, intragroup financing, and changing tax laws. The calculation of provisions for income tax liabilities and the calculation of deferred tax items require the executive directors of Beiersdorf AG to exercise significant judgment in evaluating tax-related matters and to estimate tax risks.

Auditor's Response

As part of its assessment of tax risks, the executive directors of Beiersdorf AG regularly engage external tax experts to provide professional statements on individual matters. We involved our tax experts to evaluate the tax-related assessments made by the executive directors of Beiersdorf AG, taking into account any professional statements from external experts where these had been provided. We also examined the correspondence with the competent tax authorities and the latest status of ongoing appeal proceedings and court cases. We examined the assumptions used to calculate current income tax provisions and deferred taxes, taking particular account of the transfer prices used, on the basis of our knowledge and experience of the current application of the relevant legal provisions by authorities and courts. We also evaluated the information in the notes to the annual financial statements of Beiersdorf AG on current and deferred income taxes.

Our audit procedures did not give rise to any reservations in respect of the recognition of current and deferred income taxes.

Reference to related disclosures

For the accounting policies applied in relation to current and deferred income taxes and for the associated disclosures on the exercise of judgment by the executive directors as well as the sources of estimation uncertainty, we refer to the information in the notes to the annual financial statements, section "General Notes to the Annual Financial Statements" in the chapter "Basis of Preparation of Beiersdorf AG's Financial Statements" and note 10 in the chapter "Notes to the Income Statement."

3) Legal disputes in connection with concluded antitrust proceedings

Reasons why the matter was determined to be a key audit matter

In October 2016, Beiersdorf AG was served with a claim for damages from the insolvency administrator of Anton Schlecker e. K. i. L., Ehingen Donau, in connection with German antitrust proceedings already concluded. Claims have been made against six other companies in addition to Beiersdorf AG. The claim by the insolvency administrator of Anton Schlecker e. K. i. L., Ehingen Donau, which involves joint and several liability of all defendants, totals approximately €200 million plus interest. This claim was dismissed by the court of first instance in fiscal 2018. The insolvency administrator of Anton Schlecker e. K. i. L., Ehingen Donau, has filed an appeal against this ruling. In connection with the already concluded antitrust proceedings, other customers of Beiersdorf AG filed claims for damages against Beiersdorf AG or announced claims out of court in fiscal years 2016 and 2017. One of these claims was likewise dismissed by the court of first instance in the 2018 fiscal year. Given the uncertainty that exists, accounting for the legal risks from the damages claims filed in the annual financial statements requires the executive directors of Beiersdorf AG to exercise significant judgment in evaluating whether and to what extent potential damages have arisen and the scale on which claims under joint and several liability may be enforced. In determining the amount of possible damages, there is considerable judgment in relation to the assumptions concerning the amount of the "overcharge" and the level of the "pass-on rate." The overcharge is the percentage difference between the prices actually observed on the market and the prices that would be expected in the absence of a cartel. The pass-on rate is the percentage of the supplier price increases that was passed on to customers.

Auditor's Response

In assessing the legal risks, the executive directors of Beiersdorf AG commissioned external lawyers to provide professional statements evaluating the legal basis for the claims filed and the potential joint and several liability, as well as reports from external experts calculating the extent of potential damages. With the support of our legal experts, we examined the existing claims for damages, statements of defense, replies to the statements of defense, rulings by the court of first instance, and other correspondence to determine whether these had been taken into account in the risk assessment by the executive directors of Beiersdorf AG. Furthermore, we obtained an understanding of the calculation of possible damages, and particularly of the assumptions based on econometric models in relation to the amount of the overcharge and the level of the pass-on rate, by discussing the external expert's methodology with the external expert and evaluating it. We also evaluated the professional qualifications of the external expert. In addition, our audit procedures involved assessing the disclosures in the

notes to the annual financial statements of Beiersdorf AG on the legal risks arising from the damages claims filed.

Our audit procedures did not give rise to any reservations in respect of the accounting treatment of the legal risks arising from legal disputes in connection with antitrust proceedings already concluded.

Reference to related disclosures

For the disclosures concerning legal risks in connection with one concluded case of antitrust proceedings, we refer to “Estimates and Assumptions” in the chapter “Basis of Preparation of Beiersdorf AG’s Financial Statements” as well as note 22 in the chapter “Other Disclosures” in the notes to the annual financial statements.

Other information

The Supervisory Board is responsible for its own report. The executive directors are responsible for the remaining other information. Other information comprises the components of the management report stated in the annex, as well as the other components of the annual report, with the exception of the audited annual financial statements, the management report and our related auditor’s report, in particular the Executive Board’s Responsibility Statement in accordance with Sec. 297 (2) sentence 4 *HGB*, the report by the supervisory board in accordance with Sec. 171 (2) of the German Stock Corporation Act (*AktG*), and the sections “We are Beiersdorf,” “The Year at a Glance,” “Letter from the Chairman,” “Beiersdorf’s Shares and Investor Relations,” and “Corporate Governance Report” in the annual report. We had obtained a version of this other information by the time this auditor’s report was issued.

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or,
- otherwise appears to be materially misstated.

If, on the basis of the activities that we have performed, we conclude that there has been a material misstatement of this other information, we are obliged to report that fact. We have nothing to report in this respect.

Responsibilities of the executive directors and the Supervisory Board for the annual financial statements and the management report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company’s ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company’s position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company’s financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor’s responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company’s position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor’s report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 *HGB* and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

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

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial

statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters discussed with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Further information pursuant to article 10 of the audit regulation

We were elected as auditor by the annual general meeting on April 17, 2019. We were engaged by the supervisory board on May 22, 2019. We have been the auditor of Beiersdorf AG without interruption since fiscal year 2006.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Kristian Ludwig.

Annex to the auditor's report: Components of the management report that have not been audited

We have not audited the following components of the management report:

- The separate non-financial report
- The Corporate Governance Statement

In addition, we have not audited the following disclosures that are not typical of or required in a management report. They are disclosures that are not prescribed by Sec. 289 and 289a *HGB* or Sec. 289b to 289f *HGB*.

- Special full-page graph, „Acquisition of Brand Icon COPPERTONE“ in the “Business and Strategy” chapter
- The section on “Innovations” in the “Research and Development” chapter
- Special full-page graph, “Research Success Thiamidol” in the “Research and Development” chapter
- “Sustainability”chapter
- “People at Beiersdorf”chapter

Hamburg, February 12, 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

LUDWIG
German Public Auditor

JESCHONNECK
German Public Auditor

Responsibility Statement by the Executive Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the company, and the management report includes a fair review of the development and performance of the business and the position of the company, together with a description of the material opportunities and risks associated with the expected development of the company.

Hamburg, February 11, 2020
The Executive Board

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The Annual Financial Statements of Beiersdorf AG are also available in German.

The online versions of the Beiersdorf financial publications are available at WWW.BEIERSDORF.COM/FINANCIAL_REPORTS.

Financial Calendar

2020

APRIL 29

—
ANNUAL GENERAL MEETING

MAY 5

—
QUARTERLY STATEMENT
JANUARY TO MARCH 2020

AUGUST 6

—
HALF-YEAR RESULTS 2020

OCTOBER 28

—
QUARTERLY STATEMENT
JANUARY TO SEPTEMBER 2020

2021

FEBRUARY/
MARCH

—
PUBLICATION OF
ANNUAL REPORT 2020,
ANNUAL PRESS CONFERENCE,
FINANCIAL ANALYST MEETING

APRIL

—
ANNUAL GENERAL MEETING

MAY

—
QUARTERLY STATEMENT
JANUARY TO MARCH 2021

AUGUST

—
HALF-YEAR REPORT 2021

OCTOBER

—
QUARTERLY STATEMENT
JANUARY TO SEPTEMBER 2021
