



# ANNUAL FINANCIAL STATEMENTS OF HENKEL AG & CO. KGAA 2023



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The annual financial statements and the management report of Henkel AG & Co. KGaA for fiscal 2023 will be submitted electronically to the operator of the Federal Gazette (Bundesanzeiger Verlag GmbH, Cologne) and published in the Federal Gazette. The management report of Henkel AG & Co. KGaA is summarized in the group management report; it is published in our annual report.

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# BALANCE SHEET OF HENKEL AG & CO. KGAA

## Assets

in million euros	Notes	December 31, 2022	December 31, 2023
Intangible assets	1	1,640	1,510
Property, plant and equipment	2	684	681
Financial assets	3	13,553	13,344
<b>Non-current assets</b>		<b>15,877</b>	<b>15,535</b>
Inventories	4	22	20
Receivables and miscellaneous assets	5	1,435	1,013
Marketable securities	6	212	214
Liquid funds	7	469	1,132
<b>Current assets</b>		<b>2,137</b>	<b>2,378</b>
<b>Prepaid expenses</b>	8	<b>51</b>	<b>43</b>
<b>Assets arising from the overfunding of pension obligations</b>	9	<b>13</b>	<b>9</b>
<b>Total assets</b>		<b>18,078</b>	<b>17,965</b>

Note: All individual figures in this report have been commercially rounded. Addition may result in deviations from the totals indicated.

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# BALANCE SHEET OF HENKEL AG & CO. KGAA

## Equity and liabilities

in million euros	Notes	December 31, 2022	December 31, 2023
Shares outstanding		422	419
Issued capital	10	438	438
Nominal value of treasury shares	11	-16	-19
Capital reserve	12	698	699
Retained earnings	13	3,506	3,325
Unappropriated profit		1,742	2,181
<b>Equity</b>		<b>6,368</b>	<b>6,624</b>
<b>Special accounts with reserve element</b>	14	<b>64</b>	<b>60</b>
Provisions for pensions and similar obligations	15	221	278
Other provisions	16	719	756
<b>Provisions</b>		<b>940</b>	<b>1,035</b>
<b>Liabilities</b>	17	<b>10,701</b>	<b>10,157</b>
<b>Deferred income</b>	18	<b>5</b>	<b>88</b>
<b>Total equity and liabilities</b>		<b>18,078</b>	<b>17,965</b>

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# INCOME STATEMENT OF HENKEL AG & CO. KGAA

in million euros	Notes	2022	2023
Sales	19	3,855	3,756
Cost of goods and services sold	20	-2,832	-2,635
<b>Gross profit</b>		<b>1,022</b>	<b>1,120</b>
Marketing, selling and distribution expenses	21	-775	-811
Research and development expenses	22	-532	-540
General administrative expenses	23	-307	-346
Other operating income	24	448	440
Other operating expenses	25	-139	-247
<b>Operating profit</b>		<b>-283</b>	<b>-384</b>
<b>Financial result</b>	26	<b>1,021</b>	<b>1,635</b>
<b>Income before tax</b>		<b>738</b>	<b>1,252</b>
Taxes on income	27	-13	-42
<b>Income after tax/Net income</b>		<b>725</b>	<b>1,210</b>
Profit brought forward		1,017	971
<b>Unappropriated profit</b>		<b>1,742</b>	<b>2,181</b>

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# NOTES ON HENKEL AG & CO. KGAA

## Preliminary remarks

Henkel AG & Co. KGaA is the parent company of the Henkel Group. It is operationally active primarily in Germany and also performs central tasks in the interests of the Group and its domestic and foreign companies.

Henkel AG & Co. KGaA has its registered office at Henkelstrasse 67 in Düsseldorf, Germany, and is registered in the commercial register of Düsseldorf Regional Court under HRB 4724.

## General notes on the annual financial statements

The annual financial statements have been prepared in euros in accordance with accounting principles under commercial law and provisions of stock corporation law.

The management report of Henkel AG & Co. KGaA and the group management report are summarized in accordance with Section 315 (5) of the German Commercial Code (HGB) in conjunction with Section 298 (2) HGB and published in the 2023 annual report.

With regard to the notes within the meaning of Sections 289b and 315b HGB, please refer to our Sustainability Report 2023. This also constitutes the separate, combined non-financial Group report for the Henkel Group and Henkel AG & Co. KGaA for fiscal 2023 within the meaning of Sections 315b and 315c in conjunction with Sections 289b to 289e HGB; it is made available to the public by means of publication on the Company's website: [www.henkel.com/sustainability/reports](http://www.henkel.com/sustainability/reports)

In order to improve the clarity and informational value of the annual financial statements, individual items are summarized in the balance sheet and in the income statement and reported separately in the notes.

In respect of their particular significance, the research and development expenses are presented separately in the income statement that is prepared in accordance with the cost-of-sales method.

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# NOTES ON THE BALANCE SHEET ITEMS

## 1 Intangible assets

This item includes goodwill plus trademarks and similar rights acquired in return for payment – measured at cost less scheduled amortization. Internally generated intangible assets are not capitalized.

Purchased software is amortized in 3 to 8 years; patents, licenses, trademarks and other intellectual property rights, and expertise are amortized on a straight-line basis in 5 to 20 years or in accordance with contractual agreements.

Goodwill acquired in return for payment is amortized over the expected useful life. This is 5 to 15 years and reflects the period over which the acquired businesses are expected to make a positive contribution to income. If the expected useful life cannot be reliably estimated, scheduled amortization will occur over a period of 10 years.

Extraordinary amortization occurs to the extent that a likely permanent impairment is to be expected. Writeups occur if the reason for previous extraordinary amortization no longer applies. This does not apply to goodwill.

Additions in 2023 mainly related to technologies acquired in the fiscal year and technologies transferred to Henkel AG & Co. KGaA from affiliated companies.

The increase in scheduled amortization is due mainly to amortization of trademarks and similar rights acquired in return for payment.

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## **2 Property, plant and equipment**

Property, plant and equipment is measured at cost less scheduled depreciation. In addition to direct costs, the cost of goods includes appropriate elements of the overheads; interest on debt capital is not included.

For assets acquired since 2010, depreciation is carried out on a straight-line basis as a result of the omission of the reverse authoritative principle. Previously, additions were depreciated on a straight-line basis unless degressive depreciation was permitted for tax purposes.

Low-value assets are fully depreciated in the year of acquisition. Assets with an acquisition value of between 250 euros and 1,000 euros are capitalized in a collective item and depreciated over 5 years.

Commercial buildings are depreciated in a maximum of 40 years, and manufacturing buildings in 25 years.

A useful life of 10 to 20 years generally applies to plant and machinery; a period of 2 to 20 years applies to other plant and operating and business equipment.

We carry out extraordinary depreciation to the extent that a likely permanent impairment is to be expected. Writeups in accordance with Section 253 (5) sentence 1 HGB occur if the reason for previous extraordinary depreciation no longer applies.

Additions in 2023 include mainly investments in replacements and expansions.

In fiscal 2023, extraordinary depreciation affected mainly various plant items.

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**Non-current assets**

Non-current assets developed as follows in fiscal 2023:

**Non-current assets**

	Cost				At Dec. 31, 20 23	Accumulated depreciation					Net carrying amounts		
	At Jan. 1, 20 23	Addi- tions	Re- bookings	Disposals		At Jan. 1, 20 23	Addi- tions	Writeups	Re- bookings	Disposals	At Dec. 31, 20 23	At Dec. 31, 20 22	At Dec. 31, 20 23
in million euros													
Trademarks and similar rights acquired in return for payment	2,438	31	1	6	2,464	893	145	–	–	1	1,036	1,545	1,427
Goodwill	217	6	-0	–	222	122	18	–	-0	–	140	95	82
Intangible assets in development and advance payments made	202	–	–	202	–	202	–	–	–	202	–	–	–
<b>Intangible assets</b>	<b>2,856</b>	<b>37</b>	<b>1</b>	<b>208</b>	<b>2,685</b>	<b>1,216</b>	<b>163</b>	<b>–</b>	<b>-0</b>	<b>203</b>	<b>1,176</b>	<b>1,640</b>	<b>1,510</b>
Land, rights equivalent to land, and buildings, including buildings on third-party land	934	6	8	9	939	591	16	–	–	3	604	343	335
Plant and machinery	1,023	15	23	24	1,038	831	40	–	0	23	848	191	189
Other plant, and operating and business equipment	421	13	12	24	422	341	29	–	0	23	347	80	75
Advance payments made and plant under construction	69	57	-43	0	82	0	0	–	–	0	0	69	82
<b>Property, plant and equipment</b>	<b>2,447</b>	<b>91</b>	<b>-1</b>	<b>56</b>	<b>2,481</b>	<b>1,763</b>	<b>85</b>	<b>–</b>	<b>0</b>	<b>48</b>	<b>1,800</b>	<b>684</b>	<b>681</b>
Shares in affiliated companies	12,735	2,953	–	1,786	13,901	624	19	–	–	14	629	12,111	13,272
Equity investments	64	17	–	0	81	7	–	–	–	-2	9	57	72
Lending to affiliated companies	1,385	–	–	1,385	–	–	–	–	–	–	–	1,385	–
<b>Financial assets</b>	<b>14,184</b>	<b>2,969</b>	<b>–</b>	<b>3,171</b>	<b>13,982</b>	<b>631</b>	<b>19</b>	<b>–</b>	<b>–</b>	<b>12</b>	<b>638</b>	<b>13,553</b>	<b>13,344</b>
<b>Non-current assets</b>	<b>19,486</b>	<b>3,097</b>	<b>–</b>	<b>3,435</b>	<b>19,148</b>	<b>3,610</b>	<b>267</b>	<b>–</b>	<b>–</b>	<b>262</b>	<b>3,614</b>	<b>15,877</b>	<b>15,535</b>

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### 3 Financial assets

We recognized financial assets at cost or at the lower fair values. The decrease in fiscal 2023 resulted in particular from the settlement of a loan that included a long-term loan issued to a subsidiary in the United States, plus the disposal of shares in a Russian subsidiary. The decrease was partially offset by the addition of shares in an affiliated company.

Writedowns of shares in affiliated companies was attributable to three foreign subsidiaries, due to a lower fair value. These are expected to be permanent impairments. Please refer to the section entitled "Subsidiaries and other investments" for a schedule of shareholdings.

### Current assets

### 4 Inventories

Inventories of raw material and supplies are measured at the moving average price in observance of the strict lower-of-cost-or-market principle.

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## 5 Receivables and miscellaneous assets

Receivables and miscellaneous assets are recognized at their nominal value. We have taken risks into account by means of individual and flat-rate value adjustments.

Receivables from affiliated companies consist of 196 million euros in financial receivables and 202 million euros in trade receivables.

The decrease in miscellaneous assets resulted mainly from lower receivables from Henkel Trust e.V. These relate to pension payments made by Henkel AG & Co. KGaA for which a claim for reimbursement exists against Henkel Trust e.V.

in million euros	<b>December 31, 2022</b>	<b>December 31, 2023</b>
Trade receivables	399	<b>365</b>
(of which residual term more than one year)	(0)	(–)
Receivables from affiliated companies	507	<b>397</b>
(of which residual term more than one year)	(21)	<b>(21)</b>
Receivables from companies in which a participating interest is held	2	<b>3</b>
(of which residual term more than one year)	(0)	(–)
Miscellaneous assets	527	<b>247</b>
(of which residual term more than one year)	(0)	<b>(2)</b>
<b>Total</b>	<b>1,435</b>	<b>1,013</b>

## 6 Marketable securities

We recognized marketable securities at cost or at the lower fair values. In 2023, units in an existing fund were increased by 2 million euros.

## 7 Liquid funds

Liquid funds recognized at nominal values include credit balances with banks plus cash and time deposits. The increase in 2023 resulted mainly from higher holdings of short-term time deposits.

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## 8 Prepaid expenses

The decrease is due mainly to lower accruals of expenses for our Global LTI Plan 2020+. It is also due in large part to accruals of expenses for IT services and marketing-related rights of use. As in the previous year, no itemized difference within the meaning of Section 250 (3) HGB is included.

## 9 Assets arising from the overfunding of pension obligations

The "Assets arising from the overfunding of pension obligations" item represents the balance resulting from offsetting the partial retirement obligations against the respective associated fair values of the coverage assets (plan assets). By paying into security trust assets, Henkel fulfilled its obligation to provide insolvency protection.

	<b>December 31, 2022</b>	<b>December 31, 2023</b>
in million euros		
From pension obligations	–	–
Coverage assets	–	–
Pension provisions	–	–
From partial retirement obligations	13	<b>9</b>
Coverage assets for partial retirement obligations	40	<b>41</b>
Partial retirement obligations	27	<b>32</b>
<b>Assets arising from the overfunding of pension obligations</b>	<b>13</b>	<b>9</b>

The offsetting of a large portion of the pension obligations against the associated coverage assets resulted in an itemized difference in liabilities in fiscal 2023 just as in the previous year; this difference is shown under the "Provisions for pensions and similar obligations" item.

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## Equity

Equity developed as follows in fiscal 2023:

### Equity

	January 1, 2023	Share buyback program	Use of treasury shares	Dividend for 2022	Net income	December 31, 2023
in million euros						
Shares outstanding	422	-3	0	-	-	419
Issued capital	438	-	-	-	-	438
Nominal value of treasury shares	-16	-3	0	-	-	-19
Capital reserve	698	-	1	-	-	699
Other retained earnings	3,506	-184	3	-	-	3,325
Unappropriated profit	1,742	-	-	-771	1,210	2,181
<b>Total</b>	<b>6,368</b>	<b>-186</b>	<b>4</b>	<b>-771</b>	<b>1,210</b>	<b>6,624</b>

## 10 Issued capital

### Issued capital

	December 31, 2022	December 31, 2023
in million euros		
Ordinary bearer shares	260	260
Preferred bearer shares	178	178
<b>Capital stock</b>	<b>438</b>	<b>438</b>

Comprising:  
259,795,875 ordinary shares, 178,162,875 non-voting preferred shares.

All shares are fully paid in. The ordinary and preferred shares are bearer shares of no par value, each of which represents a nominal proportion of the capital stock amounting to 1 euro. The liquidation proceeds are the same for all shares. The number of issued ordinary shares remained unchanged year on year.

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The number of ordinary and preferred shares outstanding, i.e. the number of shares issued less treasury shares, decreased compared to the previous year as a result of the share buyback program that ended on March 31, 2023; as at December 31, 2023, there were 256,505,172 ordinary shares (previous year: 256,882,347) and 162,822,096 preferred shares (previous year: 165,208,354). Henkel preferred shares with a total purchase price of 800 million euros and ordinary shares with a total purchase price of 200 million euros (in each case excluding incidental acquisition costs) were repurchased as part of the now-closed share buy-back program for 2022/2023.

Pursuant to the resolution adopted by the Annual General Meeting on April 8, 2019, the Personally Liable Partner is authorized to purchase ordinary and/or preferred shares of the Company at any time until April 7, 2024 up to a maximum proportion of 10 percent of the capital stock existing at the time the resolution is adopted by the Annual General Meeting or at the time the authorization is exercised, whichever is lower. Equity derivatives (put and/or call options and/or forward contracts or a combination of same) can also be used for such purchase. The volume of any and all shares purchased using such derivatives must not exceed 5 percent of the capital stock existing at the time the resolution is adopted by the Annual General Meeting or at the time the authorization is exercised, whichever is lower. The term of the derivative must not exceed 18 months in each case. The choice of derivative must ensure that it is not possible to purchase treasury shares by exercising the derivative after April 7, 2024.

This authorization to purchase treasury shares may be exercised for any legally permissible purpose. To the exclusion of the pre-emptive rights of existing shareholders, treasury shares may, in particular, be transferred to third parties for the purpose of acquiring entities or participating interests in entities. Treasury shares may also be sold to third parties against payment in cash, provided that the selling price is not significantly below the quoted market price at the time of share disposal. Treasury shares may also be offered for purchase or transferred to members of the Company's staff, or managers and employees of affiliated companies, particularly in connection with share-based payment plans, including the Long Term Incentive Plan 2020\*. The shares may likewise be used to satisfy warrants or conversion rights granted by the Company. The Personally Liable Partner was further authorized, with the approval of the Shareholders' Committee and of the Supervisory Board, to withdraw treasury shares without the need for further resolution by the Annual General Meeting.

Moreover, authorized capital was created by resolution of the Annual General Meeting on June 17, 2020 (Art. 6 (5) of the Articles of Association). Under the resolution, the Personally Liable Partner is authorized, with the approval of the Shareholders' Committee and of the Supervisory Board, to increase the capital of the Company at any time through to June 16, 2025, by up to a nominal amount of 43,795,875 euros in total

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from the issuance of up to 43,795,875 new non-voting preferred bearer shares for cash consideration (Authorized Capital 2020). The new shares have exactly the same rights as the preferred shares already in circulation in respect of eligibility for distribution of profits or Company assets. Shareholders must in this case be granted pre-emptive subscription rights. Pursuant to Section 186 (5) sentence 1 of the German Stock Corporation Act (AktG), the new shares can be acquired by one or more banks or companies to be nominated by the Personally Liable Partner on condition that they offer them for purchase to the shareholders.

The authorization may be utilized to the full extent allowed either once or several times in installments. The new non-voting preferred shares participate in profit distributions from the beginning of the fiscal year in which they are issued. To the extent permitted by law, the Personally Liable Partner may, with the approval of the Shareholders' Committee and of the Supervisory Board and in derogation from Section 60 (2) AktG, otherwise determine that the new shares shall participate in profits from the beginning of a fiscal year that has already elapsed and for which, at the time of their issuance, no resolution has yet been passed by the Annual General Meeting on the appropriation of profit.

Insofar as shares are issued or used to the exclusion of pre-emptive rights, the proportion of capital stock represented by such shares shall not exceed 10 percent.

## **11 Treasury shares**

Treasury shares held by the Company – stated as 2,913,528 ordinary shares and 12,954,521 preferred shares as at December 31, 2022 – changed as follows in the year under review:

As part of the share buyback program that ended on March 31, 2023, in 2023 Henkel AG & Co. KGaA repurchased 377,175 ordinary shares (equivalent to a notional share of 0.4 million euros or 0.09 percent of the capital stock) at a total cost of 24.0 million euros, and 2,441,605 preferred shares (equivalent to a notional share of 2.4 million euros or 0.56 percent of the capital stock) at a total cost of 164.4 million euros.

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Over the entire duration of the share buyback program from February 15, 2022 up to and including March 31, 2023, a total of 12,641,546 preferred shares and 3,290,703 ordinary shares were acquired. These purchases equate – in the case of the preferred shares – to a notional share of 12.6 million euros or 2.89 percent of the capital stock and – in the case of the ordinary shares – to a notional share of 3.3 million euros or 0.75 percent of the capital stock.

The share buyback was based on the authorization granted by the Annual General Meeting of Henkel AG & Co. KGaA on April 8, 2019 for the purpose of allowing shareholders to participate in the success of the Company in addition to benefiting from the dividend policy.

Treasury shares are recognized at cost. The costs include both the amounts paid for the buybacks on the stock exchange, and payments and credits governed by reimbursement agreements with the bank that executed the share buyback program. Treasury shares are deducted from equity in the balance sheet.

During the reporting period, a total of 55,347 preferred shares (equivalent to a notional share of 0.06 million euros or 0.01 percent of the capital stock) were taken from the treasury share portfolio to fulfill commitments arising from the share-based Global Long Term Incentive Plan 2020<sup>†</sup>. Their issue to eligible employees resulted in a portfolio reduction of 4 million euros.

As at December 31, 2023, treasury shares held by the Company amounted to

- 3,290,703 ordinary shares (equivalent to a notional share of 3.3 million euros or 0.75 percent of the capital stock) and
- 15,340,779 preferred shares (equivalent to a notional share of 15.3 million euros or 3.5 percent of the capital stock).

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## 12 Capital reserve

The capital reserve comprises the amounts received in previous years in excess of the nominal value of preferred shares and convertible warrant bonds issued by Henkel AG & Co. KGaA.

In addition, the capital reserve contains the profits generated since 2010 on the sale of treasury shares. In 2023, 1 million euros from the use of treasury shares for the Global LTI Plan 2020<sup>+</sup> was transferred to the capital reserve.

## 13 Retained earnings

As at December 31, 2023, retained earnings exclusively related to other retained earnings.

As in the previous year, the share buyback program initiated in 2022 led to a reduction in retained earnings in the year under review, in this instance a reduction of 184 million euros. This figure corresponds to the itemized difference between the purchase price and the nominal value of the treasury shares acquired in 2023. Due to the use of a portion (55,347 shares) of the treasury shares for the allocation under the Global LTI Plan 2020<sup>+</sup>, a partial amount of 3 million euros was returned to retained earnings. This is calculated as the itemized difference between the average cost when the shares are bought back and the nominal amount that is returned to the capital issued. Overall, the two aforementioned circumstances resulted in a decrease in retained earnings of 181 million euros compared to the previous year.

The valuation of assets for which the fair value exceeded the cost resulted in an itemized difference of 122 million euros. This is subject to a restriction on profit distribution in accordance with Section 268 (8) HGB in the amount of 84 million euros. The itemized difference between the recognition of pension provisions based on the average market interest rate from the past 10 fiscal years and the recognition based on the average market interest rate from the past 7 fiscal years is 15 million euros. This is subject to a restriction on profit distribution in accordance with Section 253 (6) HGB. As the amounts for which distribution is restricted are offset against higher freely disposable retained earnings, there is no restriction on distribution in respect of the unappropriated profit.

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## 14 Special accounts with reserve element

Special accounts with reserve element includes amounts for reinvestment in accordance with Section 6b of the German Income Tax Act (EStG) that were transferred to non-current assets in previous years.

### Provisions

We have recognized the provisions at the amount payable in accordance with reasonable commercial judgment. Regardless of whether or not they contain an interest portion, they have been discounted at the average market interest rate for the past seven fiscal years corresponding to their residual term – as published by Deutsche Bundesbank – if their term is more than one year.

## 15 Provisions for pensions and similar obligations

As at December 31, 2023, this item includes the balance from the offsetting of pension obligations against the associated fair values of the coverage assets (plan assets) in the amount of 278 million euros (previous year: 221 million euros).

in million euros	December 31, 2022	December 31, 2023
Pension obligations	1,689	1,777
Coverage assets	1,468	1,498
<b>Total pension provisions</b>	<b>221</b>	<b>278</b>

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We have calculated pension obligations using the projected unit credit method, taking into account future wage, salary and pension trends. The underlying probability of death and disability is based on the Heubeck 2018 G mortality tables. We took the following parameters into account when calculating the obligations:

in percent	December 31, 2022	December 31, 2023
Wage and salary trends	3.0	3.5
Accrual trend for executive benefit commitments	2.4	2.4
Accrual trend for supplementary benefits for executives	2.0	2.0
Pension trend for commitments with one percent guarantee adjustment	1.0	1.0
Pension trend for other commitments	2.0	2.0
Weighted pension trend	1.81	1.81
Trend for statutory pension insurance contribution ceiling	3.0	3.5
Company-specific staff turnover rate	4.6	5.2
Discount rate	1.78	1.82

The pension trend remained constant compared to the previous year at 2.0 percent. The inflation that has already occurred in 2023 has been taken into account by increasing the obligation to retirees by a flat rate of 8.3 percent. The discount rate corresponds to the average market interest rate for the past 10 years with an assumed residual term of 15 years and was determined by Deutsche Bundesbank in accordance with a statutory ordinance.

Henkel has designed one element of the pension scheme to consist of a capital sum paid into a pension fund in what is referred to as a securities-linked commitment. In this context, the amount of the pension obligation generally represents the greater of the present value of the earned minimum guarantee and the fair value of the underlying notional fund assets per beneficiary. This offsetting results in an excess commitment of 13 million euros (previous year: 17 million euros).

Henkel has hived down a portion of the financing of the pension obligations for employees. The hive-down is based on the model of a contractual trust arrangement (CTA) taking into account the specifics of tax and labor law in Germany. Access to the assets by the employer or other third parties is generally excluded. In the event of the Company's insolvency, employees have a direct claim against the CTA, which then continues to pay out the benefits.

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Henkel transferred the entitlements of most Henkel AG & Co. KGaA pensioners and their surviving dependents in Germany to an external pension fund. The pension fund is subject to the German Insurance Supervision Act (VAG) and thus to the supervision of the Federal Financial Supervisory Authority. Henkel is obligated to make an additional contribution if there is insufficient coverage for the pension obligations in the pension fund. In 2023, this resulted in extraordinary expenses of 110 million euros within other operating expenses. The offsetting of the pension obligations in the pension fund against the coverage assets held in the pension fund resulted in a net liability of 301 million euros, for which there was no requirement for Henkel AG & Co. KGaA to form a provision in accordance with Section 28 (1) of the Introductory Act to the German Civil Code (EGHGB).

The coverage assets developed as follows in the fiscal year:

in million euros	
<b>Cost</b>	
At January 1, 2023	1,353
Additions/income	72
Disposals	-140
At December 31, 2023	1,285
<b>Valuation amendment to fair value</b>	
At January 1, 2023	115
Fair value amendments	97
Disposals	2
At December 31, 2023	214
<b>Net carrying amounts</b>	
At January 1, 2023	1,468
At December 31, 2023	1,498

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As at December 31, 2023, the coverage assets consisted of the following:

in million euros	December 31, 2022	December 31, 2023
<b>Non-current assets</b>		
Non-current asset securities	1,013	866
Other lending	75	73
<b>Current assets</b>		
Miscellaneous assets	3	2
Liquid funds	12	12
<b>Liabilities</b>		
Other provisions	-1	-1
Other liabilities	-178	-83
<b>Henkel Trust e.V. assets</b>	<b>923</b>	<b>869</b>
<b>Metzler Trust e.V. assets</b>	<b>538</b>	<b>621</b>
<b>Other coverage assets</b>	<b>8</b>	<b>8</b>
<b>Assets held in trust</b>	<b>1,468</b>	<b>1,498</b>

The units in Henkel Trust e.V. and Metzler Trust e.V. are units in a fund within the meaning of Section 1 (10) of the German Capital Investment Code (KAGB). This fund also includes units in Metzler Trust e.V. in the amount of 16 million euros that relate to the extension over several years of lump-sum payments that are granted at the time of retirement. As at December 31, 2023, the carrying amount/market value of the units totaled 1,506 million euros. The cost was 1,292 million euros; the difference between the carrying amount/market value and the cost was 214 million euros. Units can be returned on a daily basis. The units are units in balanced funds.

In 2023, Henkel Trust e.V. reimbursed pension payments made by Henkel AG & Co. KGaA in previous years in the amount of 107 million euros.

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**16 Other provisions****Other provisions**

in million euros	<b>December 31, 2022</b>	<b>December 31, 2023</b>
Tax provisions	58	<b>61</b>
Other provisions	661	<b>695</b>
Of which		
Sales	226	<b>282</b>
Human resources	276	<b>282</b>
Production and engineering	2	<b>2</b>
Other	157	<b>129</b>
<b>Total</b>	<b>719</b>	<b>756</b>

Other provisions include amounts for anniversary payments, special payments and bonuses, restructuring measures, outstanding bills, sales commissions, financial risks, advertising, restoration measures, guarantee risks and other amounts. These provisions cover the identifiable risks. The increase compared to the previous year is due in particular to an increase in provisions for sales commissions and higher provisions for performance-related remuneration components. In the year under review, provisions for restructuring and outstanding bills developed in the opposite direction.

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## 17 Liabilities

Liabilities are valued at the amount payable.

In 2023, a Swiss franc bond totaling 330 million Swiss francs was repaid.

Liabilities to affiliated companies consist of 7,621 million euros in financial liabilities and 189 million euros in trade payables. Financial liabilities to affiliated companies are affected by factors such as the cash pool management function performed by Henkel AG & Co. KGaA within the Henkel Group.

The liabilities are not collateralized.

### Maturity of the liabilities

in million euros	December 31, 2022				December 31, 2023			
	Up to 1 year	More than 1 year	More than 5 years	Total	Up to 1 year	More than 1 year	More than 5 years	Total
Bonds	313	1,866	500	2,179	–	1,864	500	1,864
Commercial paper	99	–	–	99	–	–	–	–
Liabilities to banks	157	–	–	157	81	–	–	81
Trade accounts payable	339	–	–	339	356	–	–	356
Liabilities to affiliated companies	7,827	–	–	7,827	7,809	–	–	7,809
Liabilities from taxes	16	–	–	16	17	–	–	17
Liabilities in respect of social security	1	–	–	1	1	–	–	1
Other liabilities	84	–	–	84	29	–	–	29
<b>Total</b>	<b>8,836</b>	<b>1,866</b>	<b>500</b>	<b>10,701</b>	<b>8,293</b>	<b>1,864</b>	<b>500</b>	<b>10,157</b>

## 18 Deferred income

Deferred income concerns in particular a contractual liability arising from the granting of rights of use for trademarks. In addition, it includes lease payments made in advance and deferred income from services.

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# NOTES ON THE INCOME STATEMENT ITEMS

## 19 Sales

Sales revenue includes sales of goods and services plus income from rental and leasing, less direct sales deductions such as customer-related discounts, rebates and other charges. Sales revenue is recognized as soon as the delivery has been made or the service has been rendered. In the case of delivery transactions, this is generally the case after the physical delivery, at the time of the transfer of risk. Henkel AG & Co. KGaA uses different delivery terms that contractually regulate the transfer of risk. In addition, the economic benefits must be sufficiently probable and it must be possible to reliably determine the costs incurred.

Services are generally provided in conjunction with the sale of goods and the corresponding sales revenue recorded once the service has been performed.

Sales revenue also includes license fees from affiliated companies.

Following the merger of the Laundry & Home Care and Beauty Care business units into the new Consumer Brands business unit, in fiscal 2023 Henkel AG & Co. KGaA was operationally active in the two business units Adhesive Technologies and Consumer Brands, and in the Corporate business unit.

### Sales by product group or activity

in million euros	2022	2023
Adhesive Technologies	1,160	1,160
Consumer Brands	1,423	1,437
Corporate	1,272	1,159
<b>Total</b>	<b>3,855</b>	<b>3,756</b>

The breakdown by product group follows the structure of the Henkel AG & Co. KGaA business units.

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**Sales by region**

in million euros	<b>2022</b>	<b>2023</b>
Germany	2,151	<b>2,072</b>
Western Europe	1,039	<b>1,058</b>
Eastern Europe	317	<b>276</b>
Africa/Middle East	53	<b>55</b>
North America	96	<b>95</b>
Latin America	42	<b>48</b>
Asia-Pacific	158	<b>151</b>
<b>Total</b>	<b>3,855</b>	<b>3,756</b>

**20 Cost of goods and services sold**

This item includes the costs of the products and services sold, the purchase costs of the goods sold, and license expenses.

The costs include both output-related costs such as production material, staffing and energy costs, and imputed costs such as depreciation of property, plant and equipment and amortization of intangible assets. Interest is not included.

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## **21 Marketing, selling and distribution expenses**

This item includes the costs of the sales organization, distribution, advertising, market research and write-offs of receivables from customers.

## **22 Research and development expenses**

This item includes the costs of research and product and process development.

## **23 General administrative expenses**

General administrative expenses include staffing and material costs for Group management, human resources, purchasing, accounting and information technology.

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## 24 Other operating income

### Other operating income

in million euros	2022	2023
Income from cost recharging	349	388
Profit from disposal of assets	31	3
Income from release of provisions	43	37
Income from reversal of allowances for receivables	0	2
Income from currency conversion	9	2
Income from reversal of transferred special accounts with reserve element	4	3
Sundry operating income	11	4
<b>Total</b>	<b>448</b>	<b>440</b>

Other operating income includes income from other periods in the amount of 38 million euros (previous year: 57 million euros). This results mainly from costs passed on to affiliated companies and from the release of provisions.

## 25 Other operating expenses

This item mainly includes pension expenses in connection with the obligation to make additional contributions to an external pension fund, and expenses relating to the divestment of business activities in Russia. In addition, other operating expenses included reimbursements of costs to affiliated companies in the amount of 73 million euros (previous year: 94 million euros); of which 3 million euros (previous year: 30 million euros) is from other periods.

Currency conversion expenses amounted to 0 million euros (previous year: 0 million euros).

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**26 Financial result****Financial result**

in million euros	<b>2022</b>	<b>2023</b>
Income from equity investments		
Affiliated companies	1,530	<b>1,004</b>
Other investments	0	<b>0</b>
Income from profit transfer agreements	3	<b>484</b>
Profit on the disposal of shares in affiliated companies and equity investments	1	<b>353</b>
Writeups on financial assets and on current asset securities	0	-
Interest and similar income		
from affiliated companies	52	<b>23</b>
from third parties	2	<b>37</b>
from discounting	0	<b>0</b>
Net income from coverage assets offset against interest portion for pension provisions and comparable long-term obligations	-323	<b>60</b>
Other financial income		
from currency conversion	174	<b>157</b>
from other	4	<b>9</b>
Losses on the disposal of shares in affiliated companies and equity investments	-2	<b>-3</b>
Depreciation and amortization on financial assets and on current asset securities	-89	<b>-20</b>
Expenses from the assumption of loss	-87	<b>-0</b>
Interest		
to affiliated companies	-60	<b>-300</b>
to third parties	-10	<b>-7</b>
from compounding	-0	<b>-1</b>
Interest portion for long-term obligations comparable to pensions to which no coverage assets are allocated	-0	<b>-0</b>
Other financial expenses		
from currency conversion	-163	<b>-158</b>
from other	-9	<b>-4</b>
<b>Financial result</b>	<b>1,021</b>	<b>1,635</b>

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The profit on the disposal of shares in affiliated companies and equity investments is largely attributable to extraordinary income from the sale of shares in a Russian subsidiary.

Net income from coverage assets is offset against the interest expenses for pension provisions and comparable long-term obligations. The balance of 60 million euros consists mainly of income in the amount of 112 million euros from the revaluation of assets included in the coverage assets due to developments on the financial and capital markets. It also includes interest expenses of 30 million euros from the compounding of pension obligations and expenses in the amount of 29 million euros from the adjustment of the securities-linked portion of the pension obligations due to higher prices. This item also includes the effect of the increase in the actuarial interest rate in the amount of 8 million euros.

Interest to third parties includes the original interest expenses from the bonds issued together with the interest credits from the cross-currency interest rate swaps concluded in order to properly reflect the actual interest charge to Henkel AG & Co. KGaA. In addition, interest to third parties includes negative interest income of 2 million euros (previous year: 2 million euros).

**27 Taxes on income**

Taxes on income mainly consist of trade income taxes, corporate income taxes and foreign income taxes. In fiscal 2023, there was income of 4 million euros from other periods (previous year: 26 million euros). This includes, in particular, 7 million euros in income from reimbursements for previous years and 3 million euros in expenses from the formation of provisions for tax risks. The taxes chargeable as expenses, for example property tax and motor vehicle tax, are offset in the operating profit. They amounted to 8 million euros (previous year: 5 million euros).

Deferred taxes are calculated in accordance with Section 274 HGB on temporary differences between the commercial and tax valuations. Deferred tax liabilities are recognized only to the extent that they exceed deferred tax assets.

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As at December 31, 2023, net deferred tax assets amounted to 323 million euros (previous year: 286 million euros). Net deferred tax assets mainly result from carrying amount differences in pension obligations, from other provisions, from non-current liabilities, from deferred tax assets from tax loss carryforwards, and from a tax adjustment item from the transfer of pension obligations. The balance sheet disclosure of the net deferred tax assets is waived in accordance with Section 274 (1) sentence 2 HGB. The deferred taxes are calculated based on the tax rates that apply or are expected to apply in Germany at the time of realization.

Currently there is a uniform corporate income tax rate of 15 percent plus a solidarity surcharge of 5.5 percent. After taking into account trade tax, this yields an overall tax rate of 31 percent. Deferred taxes arising from temporary differences between the tax and commercial valuations of non-corporate entities held by Henkel AG & Co. KGaA are calculated at the corporate income tax rate of 15 percent plus the solidarity surcharge of 5.5 percent. As at the reporting date, there were corporate tax loss carryforwards in the amount of 143 million euros (previous year: 180 million euros) and trade tax loss carryforwards in the amount of 255 million euros (previous year: 145 million euros).

As an international group, Henkel is tax domiciled in around 80 countries and subject to the OECD's "Pillar Two" model rules. Germany has already adopted "Pillar Two" legislation, which will come into force on January 1, 2024. Henkel's response to this requirement is to ensure that the structure of its internal processes will allow it to honor its international statutory obligations in full from fiscal 2024 onward. Since the legislation was not yet applicable in the year under review, the Group was not subject to any associated tax charges. After taking into account the exceptions allowable in virtually all the countries for a transition period, however, Henkel assumes that the income tax expense arising from the global minimum tax (estimated to be in the single or low double-digit million euros range) will not have any material impact. In addition, Henkel will observe the obligatory exception to temporary non-recognition of deferred taxes in accordance with Section 274 (3) HGB. As such, any future associated tax burdens/tax relief will not produce any deferred tax effect.

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## OTHER DISCLOSURES

### 28 Contingent liabilities

As at December 31, 2023, there were liabilities from guarantees in the amount of 286 million euros (previous year: 322 million euros). Of this amount, 285 million euros (previous year: 322 million euros) was attributable to liabilities from Group companies and 0 million euros (previous year: 0 million euros) to liabilities from third parties. Guarantees have been given to several affiliated companies abroad for the continuation of business activities. These are generally Group-internal contingent liabilities.

There are 1 million euros (previous year: 0 million euros) of contingent liabilities in accordance with Section 172 (4) HGB.

Liability claims have been assessed as unlikely. As part of an annual analysis, we reviewed the recoverability of our equity investments. This impairment test did not give rise to any specific indications suggesting that the continuation of the business activities of our equity investments was in jeopardy.

### 29 Other financial obligations and off-balance sheet transactions

The obligations from rental and lease agreements are reported at the sum of the amounts due up to the earliest termination date. As at December 31, 2023 and together with the liabilities from orders for property, plant and equipment, they amount to 79 million euros (previous year: 75 million euros).

As at the reporting date, payment commitments under the terms of agreements for capital increases and share purchases contracted prior to December 31, 2023 amounted to 18 million euros (previous year: 27 million euros).

There are no off-balance sheet transactions that have a material impact on the assessment of the financial position of the Company.

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## 30 Derivatives and other financial instruments

Within the scope of its global business activities, Henkel AG & Co. KGaA is exposed in particular to foreign currency, interest rate and other price risks, such as share price and commodity price risks in the context of procurement transactions. These risks are limited or eliminated by the use of derivative financial instruments. The management of these risks is governed by Group-wide guidelines. Only those derivative financial instruments that can be modeled and assessed in the risk management system may be used. Furthermore, Henkel Group companies are prohibited from using derivative financial instruments for speculative purposes.

A key component of our centralized risk management is the hedging of exchange rate risks. The objective of currency hedging is to fix prices based on hedging rates so that we are protected from future adverse fluctuations in exchange rates. The financial instruments used in the context of foreign currency hedging are primarily currency forwards and currency swaps with maturities in the year under review, plus cross-currency interest rate swaps.

The financing and cash investment activities mainly take place on international money and capital markets. The resultant financial liabilities and cash deposits are exposed to the interest rate risk. The aim of our centralized interest rate management is to manage and optimize this risk by choosing fixed interest rate contracts and by using derivative financial instruments. Only those derivative financial instruments that can be modeled and assessed in the risk management system may be used to hedge the interest rate risk. Interest rate hedging is primarily carried out by means of interest rate swaps.

Interest rate management decisions are based on the bonds issued, the securities and time deposits used for investment and the other financial instruments. Depending on forecasts with respect to interest rate developments, Henkel enters into derivative financial instruments in order to optimize the interest rate lock-down structure.

The fair values of currency forwards and cross-currency interest rate swaps are determined based on the latest European Central Bank reference rates, taking into account forward premiums and discounts. Currency options are valued using price quotations or recognized models for determining option prices.

The fair values of all derivative financial instruments held by Henkel AG & Co. KGaA totaling 25 million euros (previous year: 54 million euros) are the result of the valuation of the outstanding net items at market prices on the reporting date.

The derivative financial instruments held as at December 31, 2023 had the following fair values:

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## Derivative financial instruments

	Nominal value		Positive fair value		Negative fair value	
	2022	2023	2022	2023	2022	2023
At December 31 in million euros						
Currency forwards	15,859	<b>11,925</b>	229	<b>102</b>	-208	<b>-97</b>
of which: included in valuation units	(14,344)	<b>(11,231)</b>	(226)	<b>(99)</b>	(-207)	<b>(-95)</b>
Commodity forwards	12	<b>0</b>	1	<b>1</b>	-1	<b>-1</b>
of which: included in valuation units	(12)	<b>(0)</b>	(1)	<b>(1)</b>	(-1)	<b>(-1)</b>
Interest rate swaps	1,213	<b>1,193</b>	26	<b>24</b>	-45	<b>-28</b>
of which: included in valuation units	(1,213)	<b>(1,193)</b>	(26)	<b>(24)</b>	(-45)	<b>(-28)</b>
Cross-currency interest rate swaps	795	<b>466</b>	53	<b>25</b>	-	-
of which: included in valuation units	(795)	<b>(466)</b>	(53)	<b>(25)</b>	-	-
<b>Total</b>	<b>17,879</b>	<b>13,584</b>	<b>308</b>	<b>151</b>	<b>-254</b>	<b>-126</b>

## Valuation units

Valuation units are formed if fair value changes from certain underlying transactions are offset by fair value changes from derivatives. The hedged underlying transactions are primarily external financing measures, Henkel-internal financing, currency forwards forwarded within the Henkel Group, and currency hedging of anticipated sales and material purchases. Derivative financial instruments not included in a valuation unit and the ineffective component of formed valuation units are valued according to the general principles. The provisions formed in this context for expected losses from negative fair values of currency forwards and cross-currency interest rate swaps as at December 31, 2023 amounted to 5 million euros (previous year: 14 million euros).

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With regard to the balance sheet presentation of the effective component of the valuation unit, there is an option under commercial law to use the "freezing method" or the "gross method." Depending on the nature of the underlying transaction, accounting is carried out in accordance with either the freezing method or the gross method. With the freezing method, the offsetting changes in value arising from the hedged risk are not recognized. With the gross method, the offsetting changes in value arising from the hedged risk, both from the underlying instrument and from the hedging instrument, are recognized. The offsetting changes in value or the positive or negative fair values of the derivative financial instruments included in the valuation unit are reported on the reporting date as miscellaneous assets or other liabilities. The prospective effectiveness of the hedging relationship was calculated using the critical terms match method.

The following valuation units were formed to ensure that the external debt capital raised in foreign currency by Henkel AG & Co. KGaA was hedged in accordance with the amount and maturity.

#### Valuation units for hedging foreign currency risk from Group-external financing measures

 At December 31  
in million euros

Underlying transaction	Hedging instrument	Hedged risk	Type of valuation unit	Balance sheet presentation of the valuation unit formed	Nominal amount of the hedged underlying transaction		Positive fair values of the included derivatives		Negative fair values of the included derivatives		Provision for expected losses	
					2022	2023	2022	2023	2022	2023	2022	2023
US dollar bond	Currency forwards	Foreign currency risk from external financing	Portfolio hedges	Gross method	234	–	0	–	–6	–	–	–
Pound sterling bonds	Cross-currency interest rate swap	Foreign currency risk from external financing	Micro hedges	Freezing method	395	403	29	24	–	–	1	1
Swiss franc bond	Cross-currency interest rate swap	Foreign currency risk from external financing	Micro hedges	Freezing method	335	–	21	–	–	–	2	–
US dollar bond (plastic waste reduction bond)	Cross-currency interest rate swap	Foreign currency risk from external financing	Micro hedges	Freezing method	66	63	3	1	–	–	1	1
<b>Total</b>					<b>1,030</b>	<b>466</b>	<b>53</b>	<b>25</b>	<b>–6</b>	<b>0</b>	<b>4</b>	<b>2</b>

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The following valuation units were formed to hedge the foreign currency risk from transactions within the Henkel Group:

**Valuation units for hedging foreign currency risk from transactions within the Henkel Group**

At December 31  
in million euros

Underlying transaction	Hedging instrument	Hedged risk	Type of valuation unit	Balance sheet presentation of the valuation unit formed	Nominal amount of the hedged underlying transaction		Positive fair values of the included derivatives		Negative fair values of the included derivatives		Provision for expected losses	
					2022	2023	2022	2023	2022	2023	2022	2023
Group-internal foreign currency transaction	US dollar bond	Foreign currency risk of Group-internal foreign currency transaction	Micro hedges	Modified gross method	-	250	-	-	-	-	-	0
Group-internal loans	Currency forwards	Foreign currency risk of Group-internal financing	Micro hedges	Freezing method	178	164	5	3	-1	-0	-	-
Group-internal cash pool balances	Currency forwards	Foreign currency risk of international cash pooling arrangements	Portfolio hedges	Gross method	2,792	1,817	72	7	-52	-6	8	1
Externally concluded commodity forwards	Commodity forwards forwarded within the Henkel Group	Foreign currency risk of planned commodity purchases	Micro hedges	Freezing method	6	0	1	1	-1	-1	-	-
Externally concluded currency forwards	Currency forwards forwarded within the Henkel Group	Foreign currency risk of operating receivables and liabilities	Micro hedges	Freezing method	1,859	1,669	29	17	-29	-17	-	-
Externally concluded currency forwards	Currency forwards forwarded within the Henkel Group	Foreign currency risk of financial receivables and liabilities	Micro hedges	Freezing method	745	897	50	41	-50	-40	-	-
Planned sales revenue and material purchases for the coming fiscal year	Currency forwards	Foreign currency risk of planned sales and material purchases	Micro hedges	Freezing method	3,083	2,054	69	31	-69	-31	-	-
<b>Total</b>					<b>8,663</b>	<b>6,601</b>	<b>226</b>	<b>99</b>	<b>-202</b>	<b>-95</b>	<b>8</b>	<b>1</b>

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To hedge the US dollar interest rate level, a valuation unit was formed from an externally concluded interest rate swap and an interest rate swap transferred within the Henkel Group. In addition, to hedge the interest rate risk a valuation unit was formed from the euro bond issued in 2023 and the interest rate swap concluded for this purpose:

#### Valuation units for hedging interest rate risk

 At December 31  
in million euros

Underlying transaction	Hedging instrument	Hedged risk	Type of valuation unit	Balance sheet presentation of the valuation unit formed	Nominal amount of the hedged underlying transaction		Positive fair values of the included derivatives		Negative fair values of the included derivatives		Provision for expected losses	
					2022	2023	2022	2023	2022	2023	2022	2023
Externally concluded interest rate swaps	Interest rate swaps forwarded within the Henkel Group	Interest rate risk	Portfolio hedges	Freezing method	281	271	26	24	-26	-24	-	-
Euro-denominated bond	Interest rate swap	Interest rate risk	Micro hedges	Freezing method	650	650	-	-	-19	-4	-	-
<b>Total</b>					<b>931</b>	<b>921</b>	<b>26</b>	<b>24</b>	<b>-45</b>	<b>-28</b>	<b>-</b>	<b>-</b>

#### Derivative financial instruments not included in valuation units

The other derivative financial instruments that are not included in valuation units mainly related to the hedging of foreign currency risk.

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**31 Additional disclosures in accordance with the total cost method****Amortization on intangible assets and depreciation on property, plant and equipment**

in million euros	2022	2023
Scheduled depreciation on property, plant and equipment and scheduled amortization on intangible non-current assets	243	242
Extraordinary depreciation on property, plant and equipment and extraordinary amortization on intangible non-current assets	9	5
<b>Total</b>	<b>253</b>	<b>248</b>

**Cost of materials**

in million euros	2022	2023
Expenses for commodities, ancillary and operating materials, and purchased goods	1,588	1,427
Expenses for purchased services	869	880
<b>Total</b>	<b>2,456</b>	<b>2,307</b>

**Payroll cost<sup>1</sup>**

in million euros	2022	2023
Wages and salaries	734	775
Social security contributions and staff welfare costs	183	277
of which pension expenses <sup>2</sup>	76	166
<b>Total</b>	<b>917</b>	<b>1,052</b>

<sup>1</sup> Excluding personnel-related restructuring expenses of 37 million euros in 2023 (previous year: 76 million euros).

<sup>2</sup> Includes pension expenses in connection with the obligation to make additional contributions to an external pension fund in the amount of 110 million euros (previous year: 15 million euros).

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## 32 Number of employees

### Number of employees by operational function<sup>1</sup>

	2022	2023
Production	3,000	3,000
Sales	1,750	1,750
Research and development	1,250	1,250
Administration	2,550	2,650
<b>Total</b>	<b>8,550</b>	<b>8,650</b>

<sup>1</sup> Average annual figures excluding trainees, work placement students and interns. Figures rounded.

## 33 Share-based payment plans

### Global Long Term Incentive Plan (LTI Plan) 2020<sup>+</sup>

The Global Long Term Incentive (LTI) Plan 2020<sup>+</sup> was introduced effective January 1, 2017 to replace the previous Global LTI Plan 2013.

The Global LTI Plan 2020<sup>+</sup> provides for share-based remuneration settled with preferred shares of Henkel AG & Co. KGaA. These treasury shares are granted on condition that members of the plan are employed for four years by Henkel AG & Co. KGaA or one of its subsidiaries in a position senior enough to qualify for participation, and that they are not under notice during that period. This minimum period of employment pertains to the calendar year in which the treasury shares are granted and the three subsequent calendar years. A performance-related investment amount is pledged to eligible employees at the start of each four-year cycle. Target achievement is determined, and the investment amount for the cycle specified, at the end of the first calendar year. At the start of the second calendar year, this investment amount – after deduction of taxes and social security contributions, where applicable – is used to purchase treasury shares on the stock exchange, which are then transferred to the employees. The number of shares transferred to each employee on the basis of the investment amount is determined by the actual market price (stock exchange price) of the shares at the time of purchase. The shares are subject to a lock-up period that ends upon completion of the relevant four-year cycle. During this time, the employees participate in all share price developments. Once the lock-up period has expired, the employees may dispose of the shares as they wish. Employees who do not become eligible to participate in the Global LTI Plan 2020<sup>+</sup> until after the start of the respective cycle participate on a pro-rata basis in the cycles already in progress. The dividends attributable to the shares during the lock-up period are reinvested in preferred shares.

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The investment amount specified in the first year of the cycle based on target achievement is recognized as a proportionate payroll cost spread over the four-year performance period. In the year under review, expenses of 12 million euros (previous year: 15 million euros) were booked.

The Global LTI Plan 2020<sup>+</sup> was replaced by the Global LTI Plan 2023 from January 1, 2023 onward. The cycles within the new plan now only run for three years. As such, due to the switch to the Global LTI Plan 2023, no further cycle relating to the Global LTI Plan 2020<sup>+</sup> commenced in fiscal 2022. The Global LTI Plan 2020<sup>+</sup> therefore acted as an incentive for the last time in the cycle 2021–2024.

In the 2023 reporting year, after deduction of taxes and social security payments, 55,347 shares with a total value of 4 million euros were issued from the treasury share portfolio; they will be freely available to employees as at January 1, 2025. The shares transferred to the employees had an average market value of 68.48 euros at the time of allocation.

#### **Global Long Term Incentive Plan (Global LTI Plan) 2023 for employees**

The Global LTI Plan 2023 was introduced on January 1, 2023 to replace the Global LTI Plan 2020<sup>+</sup>. The Global LTI Plan 2023 provides for variable cash remuneration over a performance and measurement period of three years. The LTI is a rolling program. As such, a new cycle with a three-year performance measurement period commences every year. At the start of each cycle, beneficiaries are awarded an opportunity defined as a fixed percentage derived from their individual base salary. At the end of the three-year cycle it is multiplied by the average target achievement over the measurement period of defined performance indicators and paid out to the employees. Exceptionally, employees moving to different positions in other countries may be eligible for premature payment at the time of the change.

One exception from these general conditions relates to eligible employees at the highest level of the hierarchy, to whom 45 percent of the potential benefit is awarded as virtual shares. The number of virtual shares awarded is determined at the start of each three-year performance measurement period – usually January 1 – by dividing 45 percent of the overall opportunity awarded by the average price of Henkel preferred shares over the first 15 stock exchange trading days in January of the first fiscal year of the performance measurement period. The value of a virtual share on the settlement date equates to the average price of Henkel preferred shares over the first 15 stock exchange trading days in January of the year following the three-year performance period. The dividends attributable to the virtual shares during the performance measurement period are reinvested in virtual shares. At the end of the three-year performance measurement period, the virtual shares are paid to the employees in cash.

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The remuneration under the Global LTI Plan 2023 is payable on condition that members of the plan were employed for three years by Henkel AG & Co. KGaA or one of its subsidiaries in a position senior enough to qualify for participation and that they were not under notice during that period. This minimum period of employment pertains to the calendar year of the award and the two subsequent calendar years.

The performance indicators of relevance for the current fiscal year for all current cycles are specified by the Management Board at the start of the fiscal year. For fiscal 2023, LTI remuneration is dependent on the weighted target achievement of three performance criteria – adjusted return on capital employed (adjusted ROCE), relative total shareholder return (TSR) and ESG targets. The cash remuneration payable to the executives under the LTI is redetermined on each reporting date based on anticipated target achievement, the number of virtual shares awarded and the closing price of Henkel preferred shares and is recognized as an expense pro rata temporis over the period of service of the employee. Appropriate provisions are accrued. All changes to the measurement of this provision are reported under payroll cost.

The addition to the LTI 2023 provision for all hierarchy levels recognized in payroll cost totaled 6 million euros in fiscal 2023. The carrying amount of the provision as at December 31, 2023 was also 6 million euros.

**Employee share plan**

Since 2001, Henkel has been offering its employees a share plan whereby employees can voluntarily invest up to 4 percent of their salary up to a maximum amount of 4,992 euros each year in Henkel preferred shares. As was also the case in the previous year, in 2024 Henkel rewarded each euro invested by employees with a bonus of 33 eurocents, which was also invested in Henkel preferred shares. Employees can dispose freely of these bonus shares after a lock-up period of three years on condition that they remain employed by Henkel AG & Co. KGaA or one of its subsidiaries without being under notice during that period. Expenses are recognized in payroll cost. In the year under review, expenses of 3 million euros (previous year: 3 million euros) were recognized.

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## 34 Voting rights/related party disclosures

Disclosures in accordance with Section 160 (1) number 8 AktG:

Henkel AG & Co. KGaA, Düsseldorf, has been notified that, on November 23, 2023, the proportion of voting rights held by the members of the Henkel family share-pooling agreement represented a total share of 61.82 percent of the voting rights (160,599,025 votes) in Henkel AG & Co. KGaA (ISIN DE0006048408) and is held

by

- 139 members of the families of the descendants of Fritz Henkel, the Company's founder,
- 18 foundations set up by members of those families,
- three trusts set up by members of those families,
- 2 private limited companies (GmbH) set up by members of those families, and 12 limited partnerships with a limited company as general partner (GmbH & Co. KG)

on the basis of a share-pooling agreement in accordance with Section 34 (2) of the German Securities Trading Act (WpHG), whereby the shares held by the 2 private limited companies and 12 limited partnerships with a limited company as general partner in the total amount of 15.89 percent of the voting rights (41,284,284 votes) are also allocated to the members of the family who control these companies in accordance with Section 34 (1) number 1 WpHG.

No party to the share-pooling agreement is obliged to notify that it has reached or exceeded three percent or more of the total voting rights in Henkel AG & Co. KGaA, whether with or without the addition of voting rights expressly granted under the terms of usufruct agreements.

Dr. Simone Bagel-Trah, Germany, is the authorized representative of the parties to the Henkel family share-pooling agreement.

Henkel Trust e.V. and Metzler Trust e.V., as parties to relevant contractual trust arrangements (CTA), hold the assets required to cover the Company's pension obligations in Germany. The claim against Henkel Trust e.V. for reimbursement of pension payments made is shown under miscellaneous assets. The claim does not bear interest.

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## 35 Remuneration of the corporate bodies

The total remuneration of the members of the Supervisory Board and the Shareholders' Committee of Henkel AG & Co. KGaA amounted to 1,634,000 euros plus sales tax (previous year: 1,630,164 euros) and 2,350,000 euros respectively (previous year: 2,350,000 euros). The total remuneration (Section 285 number 9a HGB) of the Management Board and the members of the Management Board of Henkel Management AG amounted to 29,129,355 euros (previous year: 23,686,594 euros).

Under the former regulations governing fulfillment of the Share Ownership Guideline, the members of the Management Board were obligated to invest some of their short-term variable remuneration (STI) in Henkel preferred shares and to hold them for their entire tenure on the Management Board. Under the Share Ownership Guideline that entered into force on January 1, 2023, members of the Management Board who have not yet complied with the minimum investment requirements are now obligated to invest a total of 206,250 euros in Henkel preferred shares from the (net) amount of variable remuneration (STI and LTI) paid at the end of fiscal 2023. The Henkel preferred shares were acquired via the stock exchange on the first exchange trading day of the month following the 2024 Annual General Meeting at the stock market price applicable on that day. Based on the Xetra closing price on December 29, 2023 of 72.86 euros per Henkel preferred share, this amount equates to 2,830 Henkel preferred shares in total. In the previous year, the members of the Management Board were obligated to invest a total of 1,835,193 euros in preferred shares from the (net) amount paid under the STI 2022 based on the Share Ownership Guideline in force at the time. Based on the share purchase price on May 2, 2023 – the day of purchase – of 73.03 euros per Henkel preferred share, this amount equates to 25,218 Henkel preferred shares in total.

Provisions for pension obligations to former members of the Management Board and the management of Henkel KGaA, and the former management of its legal predecessor and surviving dependents, amounted to 116,221,040 euros (previous year: 99,041,840 euros). The total remuneration (Section 285 number 9b HGB) of this group of people, including the tranches of the Long Term Incentive or non-competition compensation paid to members of the Management Board who have left the company in the year under review, and a compensation payment made in connection with early withdrawal from the Management Board amounted to 9,475,746 euros in the year under review (previous year: 19,397,202 euros). Further discussion of the remuneration paid to the individual members who served on the Management Board, Supervisory Board and Shareholders' Committee in the year under review can be found in the separate, audited remuneration report.

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## **36 Declaration of compliance with the German Corporate Governance Code**

In March 2023, the Management Board of Henkel Management AG and the Supervisory Board and Shareholders' Committee of Henkel AG & Co. KGaA approved a joint declaration of compliance with the recommendations of the German Corporate Governance Code (GCGC) in accordance with Section 161 AktG. The declaration has been made permanently available to shareholders on the Company's website:

[www.henkel.com/corporate-governance](http://www.henkel.com/corporate-governance)

## **37 Subsidiaries and other investments**

Details relating to the investments held by Henkel AG & Co. KGaA and the Henkel Group, which form part of these financial statements, are provided in a separate schedule appended to these notes but not included in this version of the annual financial statements. Said schedule is included in the accounting record submitted for publication in the electronic Federal Gazette and can be viewed there. The schedule is also published on our website: [www.henkel.com/reports](http://www.henkel.com/reports)

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## 38 Auditor's fees and services

The total fees charged for the services of the auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, amounted to:

### Type of fee

in million euros	2022	2023
Audit services	3.6	3.7
Other attestation services	0.3	0.5
Tax advisory services	–	–
Other services	0.0	0.0
<b>Total</b>	<b>3.9</b>	<b>4.2</b>

The audit services item includes the fees and expenses for the statutory audit of the annual financial statements and consolidated financial statements of Henkel AG & Co. KGaA and the limited review of the interim financial statements.

The other attestation services related to other statutory or contractual audits.

The other services related to project-related consultancy services.

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**39 Corporate bodies of Henkel AG & Co. KGaA****Corporate bodies/memberships as defined by Section 125 (1) sentence 5 AktG****Honorary Chair of the Henkel Group: Dipl.-Ing. Albrecht Woeste****Supervisory Board of Henkel AG & Co. KGaA****Dr. rer. nat. Simone Bagel-Trah**

Chair,  
Private Investor, Düsseldorf Place of residence: Düsseldorf  
Born: January 10, 1969  
Nationality: German  
Member since: April 14, 2008  
Elected until: 2024  
*Memberships:*  
Henkel AG & Co. KGaA  
(Shareholders' Committee, Chair)<sup>2</sup>  
Henkel Management AG (Chair)<sup>1</sup>  
Bayer AG<sup>1</sup>  
Heraeus Holding GmbH<sup>1</sup>

**Birgit Helten-Kindlein\***

Vice Chair,  
Chair of the General Works Council and Chair of the Works Council of Henkel AG & Co. KGaA, Düsseldorf site  
Place of residence: Monheim  
Born: February 16, 1964  
Nationality: German  
Member since: April 14, 2008  
Elected until: 2028

**Michael Baumscheiper**

Member of the General Works Council of Henkel AG & Co. KGaA and Chair of the Works Council of Henkel AG & Co. KGaA, Hamburg site  
Place of residence: Heidgraben  
Born: September 3, 1966  
Nationality: German  
Member since: December 11, 2020  
Elected until: 2028

**Dr. rer. nat. Konstantin Benda**

(since April 24, 2023)  
Chemist, Transaction Manager  
Chair of the Senior Staff Representative Committee of Henkel AG & Co. KGaA  
Place of residence: Mettmann  
Born: October 7, 1972  
Nationality: German  
Member since: April 24, 2023  
Elected until: 2028

**Jutta Bernicke\***

(until September 22, 2023)  
Member of the Works Council of Henkel AG & Co. KGaA, Düsseldorf site  
Place of residence: Düsseldorf  
Born: January 26, 1962  
Nationality: German  
Member since: April 14, 2008

**Lutz Bunnenberg**

Private Investor, Munich Place of residence: Munich  
Born: November 16, 1973  
Nationality: German  
Member since: June 17, 2020  
Elected until: 2024

**Sabine Friedrich**

(since September 23, 2023)  
Assistance and Product Management for Product Development Metal Coil/General Industries  
Member of the Works Council of Henkel AG & Co. KGaA, Düsseldorf site  
Place of residence: Ratingen  
Born: February 24, 1973  
Nationality: German  
Member since: September 23, 2023  
Elected until: 2028

\* Employee representatives.

<sup>1</sup> Membership of statutory supervisory and administrative boards in Germany.<sup>2</sup> Membership of comparable oversight bodies.

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**Benedikt-Richard Freiherr von Herman**

Private Investor, Wain Place of residence:  
Wain  
Born: October 04, 1972  
Nationality: German  
Member since: April 11, 2016  
Elected until: 2024

**Prof. Dr. sc. nat. Michael Kaschke**

(until April 24, 2023)  
Former Chair of the Management Board  
of Carl Zeiss AG, Oberkochen  
Place of residence: Oberkochen  
Born: June 18, 1957  
Nationality: German  
Member since: April 14, 2008  
*Memberships:*  
Ottobock Management SE<sup>1</sup>  
Robert Bosch GmbH<sup>1</sup>

**Barbara Kux**

Private Investor, Zurich, Switzerland Place  
of residence: Zurich, Switzerland  
Born: February 26, 1954  
Nationality: Swiss  
Member since: July 3, 2013  
Elected until: 2024

**Laurent Martinez**

(since April 24, 2023)  
Chief Financial Officer, Orange S.A.,  
Issy-les-Moulineaux, France  
Place of residence: Paris, France  
Born: June 23, 1968  
Nationality: French  
Member since: April 24, 2023  
Elected until: 2024

*Memberships:*

BuyIn S.A., Belgium<sup>2</sup>  
Orange Group:  
Orange MEA S.A., France<sup>2</sup>  
Orange Polska S.A., Poland<sup>2</sup>

**Simone Menne**

Private Investor, Kiel Place of residence:  
Kiel  
Born: October 7, 1960  
Nationality: German  
Member since: June 17, 2020  
Elected until: 2024

*Memberships:*

Deutsche Post AG<sup>1</sup>  
Johnson Control International plc., Ireland<sup>2</sup>  
Russel Reynolds Associates Inc., USA<sup>2</sup>  
Universitätsklinikum Schleswig-Holstein<sup>1</sup>

**Andrea Pichottka\***

Managing Director, IG BCE  
Bonusagentur GmbH, Hannover  
Managing Director, IG BCE  
Bonusassekuranz GmbH, Hannover  
Place of residence: Bad Münde  
Born: November 21, 1959  
Nationality: German  
Member since: October 26, 2004  
Elected until: 2028

**Philipp Scholz**

Adjunct Professor at  
Humboldt University Berlin,  
Germany  
Place of residence: Berlin  
Born: February 18, 1967  
Nationality: German  
Member since: April 9, 2018  
Elected until: 2024

**Dr. rer. nat. Martina Seiler\***

(until April 24, 2023)  
Chemist  
Member of the Senior Staff Representative  
Committee  
of Henkel AG & Co. KGaA  
Place of residence: Duisburg  
Born: April 14, 1971  
Nationality: German  
Member since: January 1, 2012

**Dirk Thiede\***

Member of the Works Council of  
Henkel AG & Co. KGaA, Düsseldorf site  
Place of residence: Düsseldorf  
Born: December 3, 1969  
Nationality: German  
Member since: April 9, 2018  
Elected until: 2028

**Edgar Topsch\***

Member of the General Works Council of  
Henkel AG & Co. KGaA and  
Vice Chair of the Works Council of  
Henkel AG & Co. KGaA, Düsseldorf site  
Place of residence: Düsseldorf  
Born: September 16, 1960  
Nationality: German  
Member since: August 01, 2010  
Elected until: 2028

**Michael Vassiliadis\***

Chair of IG BCE, Hannover Place of resi-  
dence: Hannover Born: March 13, 1964  
Nationality: German  
Member since: April 9, 2018  
Elected until: 2028  
*Memberships:*  
BASF SE<sup>1</sup>  
RAG AG (Vice Chair)<sup>1</sup>  
STEAG GmbH<sup>1</sup>  
Vivawest GmbH<sup>1</sup>

**Poul Weihrauch**

CEO/Office of the President,  
Mars Inc., McLean, Virginia, USA  
Place of residence: Waterloo, Belgium  
Born: June 19, 1968  
Nationality: Danish  
Member since: April 4, 2022  
Elected until: 2024

\* Employee representatives.

<sup>1</sup> Membership of statutory supervisory and administrative boards in Germany.<sup>2</sup> Membership of comparable oversight bodies.

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**Committees of the Supervisory Board****Nominations Committee****Functions**

The Nominations Committee prepares the resolutions of the Supervisory Board on election proposals to be presented to the Annual General Meeting for the election of members of the Supervisory Board (representatives of the shareholders).

**Members**

Dr. Simone Bagel-Trah, Chair  
Benedikt-Richard Freiherr von Herman, Vice Chair  
Barbara Kux

**Audit Committee****Functions**

The Audit Committee prepares the proceedings and resolutions of the Supervisory Board relating to the approval of the annual financial statements and the consolidated financial statements, and relating to ratification of the proposal to be put before the Annual General Meeting regarding appointment of the auditor. It also deals with accounting, risk management and compliance issues.

**Members**

Prof. Dr. Michael Kaschke, Chair (until April 24, 2023)  
Simone Menne, Vice Chair (until April 24, 2023),  
Chair (since April 24, 2023)  
Laurent Martinez, Vice Chair (since April 24, 2023)  
Dr. Simone Bagel-Trah  
Birgit Helten-Kindlein  
Edgar Topsch  
Michael Vassiliadis

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## Shareholders' Committee of Henkel AG &amp; Co. KGaA

**Dr. rer. nat. Simone Bagel-Trah**

Chair,  
Private Investor, Düsseldorf Place of residence: Düsseldorf  
Born: January 10, 1969  
Nationality: German  
Member since: April 18, 2005  
Elected until: 2024  
*Memberships:*  
Henkel AG & Co. KGaA (Chair)<sup>1</sup>  
Henkel Management AG (Chair)<sup>1</sup>  
Bayer AG<sup>1</sup>  
Heraeus Holding GmbH<sup>1</sup>

**Konstantin von Unger**

Vice Chair,  
Chair of the Supervisory Board,  
HFO GmbH, Düsseldorf Place of residence: London, UK  
Born: September 5, 1966  
Nationality: German  
Member since: April 14, 2003  
Elected until: 2024  
*Membership:*  
HFO GmbH (Chair)<sup>2</sup>

**Dr. rer. pol. HSG Paul Achleitner**

Investor, Munich Place of residence: Munich  
Born: September 28, 1956  
Nationality: Austrian  
Member since: April 30, 2001  
Elected until: 2024  
*Membership:*  
Bayer AG<sup>1</sup>

**Alexander Birken**

Chair of the Management Board,  
Otto Group (GmbH & Co. KG), Hamburg  
Place of residence: Hamburg  
Born: November 13, 1964  
Nationality: German  
Member since: June 17, 2020  
Elected until: 2024  
*Memberships:*  
C&A AG, Switzerland<sup>2</sup>  
Otto Group:  
Hermes Germany GmbH<sup>1</sup>  
Crate & Barrel Holdings, Inc., USA<sup>2</sup>  
EDI Sourcing, LLC, USA<sup>2</sup>  
Euromarket Design, Inc., USA<sup>2</sup>

**Kaspar von Braun, Ph.D.**

Astrophysicist, Pasadena, USA Place of residence: Pasadena, USA  
Born: February 12, 1971  
Nationality: German  
Member since: April 4, 2022  
Elected until: 2024

**Johann-Christoph Frey**

Private Investor, Klosters, Switzerland  
Place of residence: Klosters, Switzerland  
Born: November 26, 1955  
Nationality: German  
Member since: April 9, 2018  
Elected until: 2024  
*Memberships:*  
Henkel Management AG<sup>1</sup>  
Antai Venture Builder S.L., Spain<sup>2</sup>

**Dr. rer. oec. Christoph Kneip**

Tax Consultant, Düsseldorf Place of residence: Düsseldorf  
Born: February 8, 1962  
Nationality: German  
Member since: June 17, 2020  
Elected until: 2024  
*Memberships:*  
Arenberg Schleiden GmbH<sup>2</sup>  
Arenberg Recklinghausen GmbH<sup>2</sup>  
Rheinische Bodenverwaltung AG<sup>1</sup>

**Dr.-Ing. Dr.-Ing. E.h. Norbert Reithofer**

Chair of the Supervisory Board of  
Bayerische Motoren Werke  
Aktiengesellschaft, Munich  
Place of residence: Penzberg  
Born: May 29, 1956  
Nationality: German  
Member since: April 11, 2011  
Elected until: 2024  
*Memberships:*  
Henkel Management AG<sup>1</sup>  
Bayerische Motoren Werke  
Aktiengesellschaft (Chair)<sup>1</sup>

**James Rowan**

Chief Executive Officer & President Volvo  
Car AB, Gothenburg, Sweden  
Place of residence Singapore  
Born: October 14, 1965  
Nationality: British  
Member since: April 16, 2021  
Elected until: 2024  
*Memberships:*  
Link & Co. International AB, Sweden<sup>2</sup>  
Polestar Automotive Holding UK PLC, UK<sup>2</sup>  
Zenseact AB, Sweden<sup>2</sup>

**Jean-François van Boxmeer**

Chair of the Board of Directors of  
Vodafone Group plc., London, UK  
Place of residence: Tervuren, Belgium  
Born: September 12, 1961  
Nationality: Belgian  
Member since: April 15, 2013  
Elected until: 2024  
*Memberships:*  
Heineken Holding N.V., Netherlands<sup>2</sup>  
Vodafone Group plc. (Chair), UK<sup>2</sup>

<sup>1</sup> Membership of statutory supervisory and administrative boards in Germany.<sup>2</sup> Membership of comparable oversight bodies.

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**Committees of the Shareholders' Committee****Finance Committee****Functions**

The Finance Committee deals principally with financial matters, accounting issues including the statutory year-end audit, taxation and accounting policy, internal auditing, and risk management in the corporation.

**Members**

Konstantin von Unger, Chair  
Dr. Christoph Kneip, Vice Chair  
Dr. Paul Achleitner  
Kaspar von Braun, Ph.D. (until 4/26/2023)  
James Rowan

**Personnel Committee****Functions**

The Personnel Committee deals principally with personnel matters relating to members of the Management Board, issues pertaining to human resources strategy, and with remuneration.

**Members**

Dr. Simone Bagel-Trah, Chair  
Johann-Christoph Frey, Vice Chair  
Alexander Birken  
Kaspar von Braun, Ph.D. (since April 26, 2023)  
Dr. Norbert Reithofer  
Jean-François van Boxmeer

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**Management Board of Henkel Management AG\***
**Carsten Knobel**

Chair of the Management Board Place of residence: Hilden

Born: January 11, 1969

Nationality: German

Member since: July 1, 2012

*Memberships:*Deutsche Lufthansa AG<sup>1</sup>Kühne Holding AG, Switzerland<sup>2</sup>**Mark Dorn**

(since February 1, 2023)

Adhesive Technologies

Place of residence: Düsseldorf

Born: January 31, 1973

Nationality: British-German

Member since: February 01, 2023

**Wolfgang König**

Consumer Brands Place of residence: Düsseldorf

Born: May 02, 1972

Nationality: German

Member since: June 01, 2021

**Sylvie Nicol**

Human Resources, Infrastructure, Sustainability Place of residence: Düsseldorf

Born: February 28, 1973

Nationality: French

Member since: April 9, 2019

Membership: Henkel Central Eastern Europe GmbH, Austria<sup>2</sup>**Marco Swoboda**

Finance

Place of residence: Düsseldorf

Born: September 23, 1971

Nationality: German

Member since: January 1, 2020 *Memberships:*Henkel Central Eastern Europe GmbH (Chair), Austria<sup>2</sup>Henkel South Africa (Pty.) Ltd. (Chair), South Africa<sup>2</sup> Henkel Strategic Business Solutions B.V. (Chair), Netherlands<sup>2</sup>


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**Supervisory Board of Henkel Management AG\***
**Dr. rer. nat. Simone Bagel-Trah**

Chair,

Private Investor, Düsseldorf Place of residence: Düsseldorf

Born: January 10, 1969

Nationality: German

Member since: February 15, 2008

Elected until: 2024

*Memberships:*Henkel AG & Co. KGaA (Chair)<sup>1</sup>

Henkel AG &amp; Co. KGaA

(Shareholders' Committee, Chair)<sup>2</sup>Bayer AG<sup>1</sup>Heraeus Holding GmbH<sup>1</sup>**Johann-Christoph Frey**

Vice Chair,

Private Investor, Klosters, Switzerland

Place of residence: Klosters, Switzerland

Born: November 26, 1955

Nationality: German

Member since: June 22, 2020

Elected until: 2024

*Memberships:*

Henkel AG &amp; Co. KGaA

(Shareholders' Committee)<sup>2</sup>Antai Venture Builder S.L., Spain<sup>2</sup>**Dr.-Ing. Dr.-Ing. E.h. Norbert Reithofer**

Chair of the Supervisory Board of

Bayerische Motoren Werke Aktiengesellschaft, Munich

Place of residence: Penzberg

Born: May 29, 1956

Nationality: German

Member since: June 22, 2020

Elected until: 2024

*Memberships:*

Henkel AG &amp; Co. KGaA

(Shareholders' Committee)<sup>2</sup>

Bayerische Motoren Werke

Aktiengesellschaft (Chair)<sup>1</sup>

\*Personally Liable Partner of Henkel AG &amp; Co. KGaA.

<sup>1</sup> Membership of statutory supervisory and administrative boards in Germany.<sup>2</sup> Membership of comparable oversight bodies.

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## SUBSEQUENT EVENTS

After December 31, 2023, there were no reportable events of particular significance for the net assets, financial position and results of operations of Henkel AG & Co. KGaA.

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## Recommendation for the approval of the annual financial statements and the appropriation of the profit of Henkel AG & Co. KGaA

It is proposed that the annual financial statements of Henkel AG & Co. KGaA be approved as presented and that the unappropriated profit of 2,181,250,585.45 euros for fiscal 2023 be applied as follows:

a) Payment of a dividend for fiscal 2023 of 1,83 euros per eligible ordinary share (256,505,172 shares)	=	469.404.464,76 euros
b) Payment of a dividend for fiscal 2023 of 1,85 euros per eligible preferred share (162,822,096 shares)	=	301.220.877,60 euros
c) Carry forward of the remaining amount (profit carried forward)	=	1,410,625,243.09 euros
		<u>2,181,250,585.45 euros</u>

The proposal for appropriation of the profit allows for the 3,290,703 ordinary shares and 15,340,779 preferred shares held directly or indirectly as treasury shares by the Company as at December 31, 2023. According to Section 71b AktG, treasury shares do not qualify for dividends. If the number of shares qualifying for dividends for fiscal 2023 changes between now and the Annual General Meeting, a correspondingly adapted proposal for the appropriation of profit will be submitted to the Annual General Meeting providing for an unchanged payout of 1.83 euros per eligible ordinary share and 1.85 euros per eligible preferred share, with corresponding amendment of the payout totals and of retained earnings carried forward.

Pursuant to Section 58 (4) sentence 2 AktG, dividends are payable on the third business day following the resolution in the Annual General Meeting, i.e. on Thursday, April 25, 2024.

Düsseldorf, February 7, 2024

Henkel Management AG,  
Personally Liable Partner  
of Henkel AG & Co. KGaA

Management Board

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# INDEPENDENT AUDITOR'S REPORT

To Henkel AG & Co. KGaA, Düsseldorf

## REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

### Audit opinions

We have audited the annual financial statements of Henkel AG & Co. KGaA, Düsseldorf, consisting of the balance sheet as at December 31, 2023, the income statement for the fiscal year from January 1 to December 31, 2023 and the notes, including the presentation of the accounting policies. In addition, we have audited the management report of Henkel AG & Co. KGaA, which is combined with the Group management report, for the fiscal year from January 1 to December 31, 2023. In accordance with German legal requirements, we have not audited the content of the statement on corporate governance pursuant to Section 289f HGB and Section 315d HGB.

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 provisions of German commercial law and give a true and fair view of the net assets and financial position of the Company as at December 31, 2023 and of its results of operations for the fiscal year from January 1 to December 31, 2023 in compliance with German generally accepted principles of proper accounting, 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 audit opinion on the management report does not cover the content of the statement on corporate governance referred to above.

In accordance with Section 322 (3) sentence 1 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 Section 317 HGB and the EU Audit Regulation (No. 537/2014, hereinafter "EU Audit Regulation"; APrVO) in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by

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the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW). Our responsibilities under those provisions and standards 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 provisions of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) APrVO, we declare that we have not provided non-audit services prohibited under Article 5 (1) APrVO. 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 annual financial statements for the fiscal year from January 1 to December 31, 2023. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

- 1. Valuation of shares in affiliated companies**
- 2. Recognition and measurement of pension provisions**

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Our presentation of these key audit matters has been structured in each case as follows:

1. Matter and issue
2. Audit approach and findings
3. Reference to further information

Hereinafter we present the key audit matters:

**1. Valuation of shares in affiliated companies**

1. In the annual financial statements of Henkel AG & Co. KGaA, shares in affiliated companies amounting to 13,272 million euros (74 percent of total assets) are reported under the balance sheet item "Financial assets." The valuation of shares in affiliated companies under commercial law is based on costs and the lower fair value. The valuations are based on the present values of the expected future cash flows, which result from the planning calculations prepared by the executive directors. Expectations relating to future market developments, country-specific assumptions about the development of macroeconomic factors and the effects of geopolitical and economic upheavals on the business activities of the affiliated companies are also taken into account. If there are indications of impairment in an initial stage when comparing the carrying amount of the investment with the proportionate equity and with a company value calculated on the basis of a simplified multiplier method, the present values for these investments are determined using discounted cash flow models in a second stage. The discount rate used is the weighted average cost of capital for the respective financial asset. On the basis of the fair values calculated and other documentation, a devaluation requirement of a total of 19 million euros was determined for the reporting year. The result of this valuation is highly dependent on how the executive directors estimate the future cash flows, and on the discount rates and growth rates used in each case. Taking into account also the possible effects of geopolitical and economic upheavals, the valuation is therefore subject to material uncertainty. Against this background and due to the considerable complexity of the valuation, this matter was of particular significance in the context of our audit.

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2. In our audit of the recoverability of the shares in affiliated companies, we reviewed factors such as the method used for valuation and assessed whether the future cash flows on which the valuations are based form a suitable basis for the impairment test of the shares in affiliated companies. We evaluated the appropriateness of the future cash inflows used in the calculations, among other things by comparing this data with the planning calculations, by reconciling it against general and sector-specific market expectations, and on the basis of the executive directors' explanations regarding key planning value drivers. In addition, we evaluated the assessment of the executive directors with regard to the impact of the geopolitical and economic upheavals on the business activities of the affiliated companies and examined how these had been taken into account in the determination of future cash flows. With the knowledge that even relatively small changes in the discount rate applied can have material effects on the company value calculated in this way, we also focused our assessment on the parameters used to determine the discount rate applied, and evaluated the calculation model. In our opinion, the valuation parameters and assumptions applied by the executive directors are generally suitable for carrying out the valuation of the shares in affiliated companies in an appropriate manner, taking into account the available information.
3. The Company's disclosures on shares in affiliated companies are contained in the notes, in the section entitled "Notes on the balance sheet items" in note "(3) Financial assets."

## **2. Recognition and measurement of pension provisions**

1. In the annual financial statements of Henkel AG & Co. KGaA, pension provisions amounting to 278 million euros are reported under the balance sheet item "Provisions for pensions and similar obligations." The provisions for pensions and similar obligations represent the balance of the settlement amount under commercial law of the direct obligations under the respective pension plans in the amount of 1,777 million euros and the fair value of the coverage assets in the amount of 1,498 million euros. With regard to the obligations outsourced to Henkel Trust e.V., there is a coverage shortfall of 265 million euros, and with regard to the obligations outsourced to Metzler Trust e.V., there is a coverage shortfall of 13 million euros; these are reported in the pension provisions. The obligations arising from the direct pension commitments are measured using the projected unit credit method. This requires assumptions to be made in particular about long-term salary and pension trends, average life expectancy and staff turnover. The average life expectancy is calculated as at December 31, 2023 based on the mortality tables published by Heubeck-Richttafeln GmbH (Heubeck 2018 G). The coverage assets are measured at fair value, which in turn involves estimation uncertainties. This matter was of particular significance in the context of our audit because the recognition and measurement of this significant item in terms of its amount are based to a large extent on estimates and assumptions made by the Company's executive directors.

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2. In the course of our audit, we assessed factors such as the actuarial expert reports obtained and the professional qualifications of the external expert. We also examined the specific features of the actuarial calculations and assessed the numerical data, the actuarial parameters and the valuation methods on which the valuations were based for appropriateness, in addition to other procedures. With this basis, we reviewed the calculation of provisions and the presentation in the balance sheet and notes, for instance. For the audit of the fair value of the coverage assets, we obtained bank and fund confirmations and assessed the methods on which the respective valuation was based and the market data and valuation parameters applied for the valuation. Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors are substantiated and sufficiently documented.
3. The Company's disclosures relating to the pension obligations and coverage assets are contained in the notes, in the section entitled "Notes on the balance sheet items" in note "(15) Provisions for pensions and similar obligations."

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*OTHER INFORMATION*

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to Section 289f HGB and Section 315d HGB as an unaudited part of the management report.

The other information also includes the separate non-financial report to comply with Sections 289b to 289e HGB and with Sections 315b to 315c HGB.

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

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

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

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*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 provisions of German commercial law and for ensuring that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in compliance with German generally accepted principles of proper accounting. In addition, the executive directors are responsible for such internal controls as they have determined necessary in accordance with German generally accepted principles of proper accounting to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) 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 are also responsible for disclosing, as applicable, matters related to going concern. In addition, they are responsible for preparing financial statements on the going concern basis of accounting unless precluded by prevailing circumstances or legal conditions.

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, in all material respects, is 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 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.

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*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 German legal requirements and appropriately presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit 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 Section 317 HGB and APrVO and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the assurance work. 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 audit opinions. The risk that material misstatements resulting from fraudulent activities will not be detected is higher than the risk that material misstatements resulting from errors will not be detected, as fraudulent activities may involve collusion, forgery, intentional omissions, misleading representations, or the override of internal controls.
- 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 audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

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- Reach conclusions 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 audit opinion. 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.
- Assess the presentation, structure and content of the annual financial statements as a whole, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in such a way that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in compliance with German generally accepted principles of proper accounting.
- 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 audit 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, actions taken to eliminate threats or safeguards applied.

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From the matters communicated 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 of the matter.

**Other legal and regulatory requirements**

**Report on the assurance on the electronic rendering of the annual financial statements and the management report prepared for publication purposes in accordance with Section 317 (3a) HGB.**

*ASSURANCE OPINION*

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance as to whether the rendering of the annual financial statements and the management report contained in the electronic file Henkel\_AG\_EA+LB\_ESEF-2023-02-07.zip and prepared for publication purposes (hereinafter the "ESEF documents") complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the annual financial statements and the management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying annual financial statements and the accompanying management report for the fiscal year from January 1 to December 31, 2023 contained in the "Report on the audit of the annual financial statements and of the management report" above, we do not express any assurance opinion on the information contained within these renderings or on any other information contained in the electronic file identified above.

*BASIS FOR THE ASSURANCE OPINION*

We conducted our assurance work on the rendering of the annual financial statements and the management report contained in the electronic file identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the "Auditor's responsibilities for the assurance engagement on

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the ESEF documents" section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

*RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ESEF DOCUMENTS*

The Company's executive directors are responsible for preparing the ESEF documents with the electronic renderings of the annual financial statements and the management report in accordance with Section 328 (1) sentence 4 number 1 HGB.

In addition, the Company's executive directors are responsible for such internal controls as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

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*AUDITOR'S RESPONSIBILITIES FOR THE ASSURANCE ENGAGEMENT ON THE ESEF DOCUMENTS*

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of Section 328 (1) HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of Section 328 (1) HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force on the reporting date on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited annual financial statements and the audited management report.

**Further information pursuant to Article 10 APrVO**

We were elected as auditor by the Annual General Meeting on April 24, 2023. We were engaged by the Supervisory Board on May 2, 2023. We have been the auditor of Henkel AG & Co. KGaA, Düsseldorf, without interruption since fiscal 2020.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 APrVO (long-form audit report).

**--- Convenience Translation ---**

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**REFERENCE TO ANOTHER MATTER – USE OF THE AUDITOR'S REPORT**

Our auditor's report must always be read together with the audited annual financial statements and the audited management report, and the assured ESEF documents. The annual financial statements and the management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited annual financial statements and the audited management report and do not take their place. In particular, the "Report on the assurance on the electronic rendering of the annual financial statements and the management report prepared for publication purposes in accordance with Section 317 (3a) HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

**GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT**

The German Public Auditor responsible for the engagement is Antje Schlotter.

Düsseldorf, February 7, 2024

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

**Dr. Peter Bartels**  
Wirtschaftsprüfer  
(German Public Auditor)

**Antje Schlotter**  
Wirtschaftsprüferin  
(German Public Auditor)

--- Convenience Translation ---

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## RESPONSIBILITY STATEMENT

To the best of our knowledge and in accordance with the applicable accounting principles, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company, and the management report of Henkel AG & Co. KGaA, which is combined with the Group management report, gives a true and fair view of the development, performance and results of the business and the position of the Company, together with a cogent description of the principal opportunities and risks associated with the expected development of the Company.

Düsseldorf, February 7, 2024

Henkel Management AG

Management Board

**Carsten Knobel,**

**Mark Dorn, Wolfgang König, Sylvie Nicol, Marco Swoboda**

## --- Convenience Translation ---

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# CREDITS

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## --- Convenience Translation ---

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[www.henkel.com/financial-reports](http://www.henkel.com/financial-reports)

### Our sustainability publications:

[www.henkel.com/sustainability/reports](http://www.henkel.com/sustainability/reports)

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## FINANCIAL CALENDAR

### Annual General Meeting of Henkel AG & Co. KGaA 2024:

Monday, April 22, 2024

### Publication of

#### Statement for the First Quarter 2024:

Wednesday, May 8, 2024

### Publication of

#### Report for the First Half Year 2024:

Tuesday, August 13, 2024

### Publication of

#### Statement for the Third Quarter 2024:

Wednesday, November 6, 2024

### Publication of

#### Report for Fiscal 2024:

Tuesday, March 11, 2025