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Styrelsen och verkställande direktören för

Henkel Norden AB

Org nr 556061-4090

får härmed avge

Årsredovisning

för räkenskapsåret 1 januari - 31 december 2024

Innehåll:	sida
Förvaltningsberättelse	2
Resultaträkning	5
Balansräkning	6
Kassaflödesanalys	8
Noter med redovisningsprinciper och bokslutskommentarer	9
Underskrifter	18

Undertecknad styrelseledamot i Henkel Norden AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämman den 27/6 2025.
Årsstämman beslutade att godkänna styrelsens förslag till vinstdisposition.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Stockholm den 27/6 2025

Micael Forsberg

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Förvaltningsberättelse

Allmänt om verksamheten
Henkel Norden AB är ett helägt dotterbolag till Henkel Nederland BV med säte i Nieuwegein, Nederländerna. Henkel Nederland BV ingår i en koncern där det börsnoterade bolaget Henkel AG & Co. KGaA, med säte i Düsseldorf, är moderbolag.

Divisionen HCB Consumer marknadsför och säljer konsumentprodukter inom hårvård, hygien, och hushållsrengöring på den svenska marknaden samt har en viss exportverksamhet, främst till kunder i Norden. Kända varumärken är bl a Schwarzkopf, Barnängen, WC Bref och Dylon. Divisionen HCB Professional säljer bland annat varumärkena OSIS, Bonacure, Igora och Blondme direkt till frisörsalonger.

Divisionen Adhesive Technologies marknadsför och säljer lim, tätningsmedel och ytbehandlande produkter under varumärkena Bonderite och Loctite till företrädesvis metallarbetande industrier, men även till konsumenter i Norden.

Företaget upprättar enligt årsredovisningslagen (ÅRL) 6 kap 10§ inte någon lagstadgad hållbarhetsrapport. Henkel AG & Co. KGaA, med säte i Düsseldorf, upprättar hållbarhetsrapport för koncernen där företaget ingår. Koncernens hållbarhetsrapport finns tillgänglig på www.henkel.com/sustainability.

Utveckling av företagets verksamhet, resultat och ställning
tkr

Ekonomisk översikt	*2024*	*2023*	*2022*	*2021*
Nettoomsättning	1 152 699	1 191 190	1 149 973	1 102 364
Rörelsemarginal %	5,4%	1,5%	6,1%	3,8%
Balansomslutning	737 679	867 960	846 049	920 850
Avkastning på eget kapital %	10,3%	25,5%	11,1%	4,7%
Soliditet %	70,1%	70,4%	76,4%	75,5%

Definitioner, se not 34.

Väsentliga händelser under räkenskapsåret samt efter räkenskapsårets utgång

Affärshändelser under 2024
Henkel Norden AB:s omsättning för 2024 har minskat med 3,2% jämfört med 2023.

Nedgången i försäljning berodde främst på flytten av vissa stora kunder till andra Henkelbolag - Camfil i industrisegmentet och exportverksamheten i divisionen HCB Professional. Justerat för detta uppnådde Henkel en försäljningsökning med tvåsiffrig ökning i divisionen HCB Consumer (+17%) samt ökning i divisionen HCB Professional (+5%), men en minskning i divisionen Adhesive Technologies (HAT) inom segmenten Automotive och Packaging. Toppkunder i segmenten Adhesives & General Manufacturing inom HAT var i linje med 2023.

Bruttomarginalerna förbättrades inom alla affärsområden förutom segmentet Packaging (inom HAT), som påverkades negativt av högre frakt- och transportkostnader för produkter importerade från andra länder i Europa efter nedläggningen av verksamheten i Norrköping. I de andra divisionerna förbättrades marginalen av selektiva prishöjningar samt minskade kostnader för produkter importerade från Henkel Global Supply Chain B.V. Företaget fortsatte att öka investeringar i marknadsföring (dock i en lägre takt än 2023) i linje med företagets strategi att driva stark tillväxt på denna attraktiva marknad.

Förväntningar avseende den framtida utvecklingen samt information om risker och osäkerhetsfaktorer
Vi förväntar oss fortsatt stark tillväxt i divisionen HCB Consumer och måttlig tillväxt på 2-3% för de andra affärsområdena under 2025. Vi förväntar oss även stabila marginaler vilket bör leda till förbättrad lönsamhet.

Fortsatta geopolitiska spänningar runt om i världen och senaste handelstullar främst från USA och den därav följande påverkan på den globala ekonomin och konsumenternas förtroende, är ett riskområde som vi noga övervakar. Vi anser dock att företaget har goda förutsättningar att vidta lämpliga motåtgärder för att skydda verksamheten.

Dotterbolaget Henkel Sweden Operations AB förväntas upphöra som bolag i slutet av 2024 och fusioneras i Henkel Norden AB.

Finansiella risker
Bolagets finanspolicy för hantering av finansiella risker har utformats av styrelsen och bildar ett ramverk av riktlinjer och regler i form av riskmandat och limiter för finansverksamheten. Ansvaret för bolagets finansiella transaktioner och risker hanteras centralt av bolagets och moderbolagets finansavdelning. Den övergripande målsättningen för finansfunktionen är att tillhandahålla en kostnadseffektiv finansiering samt att minimera negativa effekter på bolagets resultat genom marknadsfluktuationer.

För att begränsa likviditetsrisken har bolaget en öppen kredit hos moderbolaget innebärande att bolaget är anknuten till en cash pool.

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Kreditrisker i kundfordringar
Risken att företagets kunder inte uppfyller sina åtaganden, dvs att betalning ej erhålls för kundfordringar utgör en kundkreditrisk. Företagets kunder kreditkontrolleras varvid information om kundernas finansiella ställning inhämtas från olika kreditupplysningsföretag. Bolaget följer Henkels globala kreditpolicy för hur kundkrediterna ska hanteras, i vilken beslutsnivåer för olika kreditlimiter anges och hur värdering av krediter och osäkra fordringar skall hanteras.

Valutarisker
Företaget är exponerat för olika typer av valutarisker. Den främsta exponeringen avser köp och försäljning i utländska valutor, där risken dels kan bestå av fluktuationer i valutan på det finansiella instrumentet, kund - eller leverantörsfakturan, dels valutarisken i förväntade eller kontrakterade betalningsflöden (transaktionsexponering).
Valutasäkring förekommer ej lokalt, utan hanteras via moderbolagets finansavdelning.

Icke-finansiella upplysningar
Henkel Norden AB har en uppförandekod som innehåller ett antal viktiga beteenderiktlinjer som är till för att guida de anställda såväl i den dagliga verksamheten, som vid strategisk planering och i beslutsprocesser. Uppförandekoden utvecklas kontinuerligt och anpassas till de ständiga förändringar som sker och som påverkar bolagets verksamhet.

Henkel har både centralt och lokalt en organisation för regelefterlevnad. Syftet med denna är att säkerställa att Henkel följer givna lagar och förordningar samt att medarbetarna agerar i enlighet med uppförandekoden.

Det finns även "Visioner och värderingar" som utgör de grundläggande principer som Henkel ansluter sig till. Detta åtagande inbegriper också FN-initiativet Global Compact. Vidare ser Henkel sitt jämställdhetsarbete som en naturlig del i verksamhetsutvecklingen. Arbetet syftar till att bolaget ska bedriva sin verksamhet i samstämmighet med de lagar som finns och att ingen ska känna sig diskriminerad.

För att på bästa sätt kunna uppfylla lagens krav på anställnings- och arbetsvillkor har Henkel Norden AB kollektivavtal med IKEM och Unionen, SI, Na, Ledarna och IF Metall.

Kompetensutvecklingsarbetet bedrivs löpande under året och ska leda till att företaget och den anställde utvecklas på ett positivt sätt. I samband med utvecklingssamtalen gås individens utvecklingsbehov igenom och detta ligger sedan som grund för kompetensutvecklingen under året.

Henkel Norden AB bedriver sin verksamhet på ett etiskt och socialt sätt med omtanke om miljö och allmänhet. Av yttersta vikt är att de produkter som framställs är säkra att använda och därför höjs kontinuerligt miljökompabiliteten hos bolagets produkter och processer.

Tillstånds- eller anmälningspliktig verksamhet enligt miljöbalken
Henkels miljö- och hållbarhetsarbete (Sustainability performance) är ett av fem kärnvärden och det har varit i fokus även under 2024.
Henkel Norden AB (division Adhesive Technologies) följer Henkels Globala Ledningspolicy och har ett integrerat ledningssystem för kvalitet-, miljö- och arbetsmiljöarbetet.
Henkels globala kvalitets- och miljökrav gäller hela verksamheten inklusive anläggningarna.
Adhesive Technologies nordiska organisation med huvudkontor i Sundbyberg (Oslo, Köpenhamn och Vantaa) är certifierade enligt ISO 9001:2015, ISO 14001:2015 och ISO 45001:2018. Licensema är giltiga till augusti 2027 (ISO 9001 & 14001) respektive juni 2026 (ISO 45001).

Henkel Norden AB genomför en rad olika aktiviteter som förebygger tillbud och skador på människas och miljö. Under 2024 har inga incidenter eller olyckor rapporterats till chefer eller företagsledningen. Hälsoundersökningar har också genomförts som planerat.

De globala åtagandena och miljömålen har under året kompletterats med lokala miljömål om minskad mängd farligt avfall, effektivare frakt och minskad pappersåtgång. Dessa miljömål har arbetats fram och förankrats i respektive affärsområde.
Miljödata rapporteras årligen till såväl lokala myndigheter som till Henkels globala miljö-och hållbarhetsrapport.

Alla produkter som sätts på marknaden säkerställs uppfylla lagstiftningen för kemiska respektive kosmetiska produkter.
Nationella säkerhetsdatablad tas fram för alla produkter och finns tillgängliga på företagets webbplatser samt andra kanaler.

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Förändringar i eget kapital

	Bundet eget kapital			Fritt eget kapital			
	Aktiekapital	*Uppskriv-ningsfond*	*Reservfond*	*Över-kursfond*	*Fond för verkligt värde*	*Bal.res. inkl årets resultat*	*Summa eget kapital*
Ingående balans	950	323 453	9 060	–	-985	274 923	607 401
Årets resultat						58 043	58 043
Transaktioner med ägare							
Utdelning						-150 000	-150 000
Summa	–	–	–	–	–	-150 000	-150 000
Vid årets utgång	950	323 453	9 060	–	-985	182 966	515 444

Förslag till disposition av företaget vinst eller förlust
Styrelsen föreslår att fritt eget kapital, 181 980 832 SEK, disponeras enligt följande:

Utdelning 1 901 aktier, 31 562,34 kr per aktie	60 000 000
Balanseras i ny räkning	121 980 832
Summa	181 980 832

Utdelningen beräknas bli fastställd vid årsstämman och är därefter tillgänglig för utbetalning.

Vad beträffar resultat och ställning i övrigt, hänvisas till efterföljande resultat- och balansräkningar med tillhörande noter.

Styrelsens yttrande över den föreslagna utdelningen
Styrelsen anser att den föreslagna vinstutdelningen är försvarlig med hänsyn till de krav som verksamhetens art, omfattning och risker ställer på storleken av det egna kapitalet samt bolagets konsolideringsbehov, likviditet och ställning i övrigt. Den föreslagna utdelningen kan därmed försvaras med hänsyn till vad som anförs i ABL 17 kap 3 § 1-3 st.

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Resultaträkning

Belopp i tkr	*Not*	*2024*	*2023*
Nettoomsättning	1	1 152 699	1 191 190
Övriga rörelseintäkter	2	111 251	112 882
		1 263 950	1 304 072
Rörelsens kostnader			
Färdiga varor och handelsvaror	33	-768 370	-840 847
Övriga externa kostnader	4,5	-248 516	-238 303
Personalkostnader	3	-169 870	-184 577
Av- och nedskrivningar av materiella och immateriella anläggningstillgångar		-5 644	-5 878
Övriga rörelsekostnader	6	-9 433	-16 134
Rörelseresultat		62 117	18 333
Resultat från finansiella poster			
Resultat från andelar i koncernföretag	7	4 974	47 723
Resultat från övriga värdepapper och fordringar som är anläggningstillgångar	8	-1 987	-374
Övriga ränteintäkter och liknande resultatposter	9	5 638	5 159
Räntekostnader och liknande resultatposter	10	-217	-205
Resultat efter finansiella poster		70 525	70 636
Bokslutsdispositioner			
Bokslutsdispositioner, övriga	11	2 000	106 100
Resultat före skatt		72 525	176 736
Skatt på årets resultat	12	-14 482	-28 170
Årets resultat		58 043	148 566

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Balansräkning

Belopp i tkr	*Not*	*2024-12-31*	*2023-12-31*
TILLGÅNGAR			
Anläggningstillgångar			
Immateriella anläggningstillgångar			
Koncessioner, patent, licenser, varumärken samt liknande rättigheter	13	4	27
Goodwill	14	367	2 572
		371	2 599
Materiella anläggningstillgångar			
Nedlagda utgifter på annans fastighet	15	2 734	1 994
Inventarier, verktyg och installationer	16	10 199	10 702
Pågående nyanläggningar avseende materiella anläggningstillgångar		185	837
		13 118	13 533
Finansiella anläggningstillgångar			
Andelar i koncernföretag	17	455 998	455 998
Uppskjuten skattefordran	18	1 972	3 973
Andra långfristiga fordringar	19	4 914	3 359
		462 884	463 330
Summa anläggningstillgångar		476 373	479 462
Omsättningstillgångar			
Kortfristiga fordringar			
Kundfordringar		203 678	204 549
Fordringar hos koncernföretag	20	33 201	167 400
Aktuell skattefordran		2 687	53
Övriga fordringar		17 630	9 098
Förutbetalda kostnader och upplupna intäkter	21	4 110	3 529
		261 306	384 629
Kassa och bank			
Kassa och bank	31	–	3 869
		–	3 869
Summa omsättningstillgångar		261 306	388 498
SUMMA TILLGÅNGAR		737 679	867 960

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Balansräkning

Belopp i tkr	*Not*	*2024-12-31*	*2023-12-31*
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital	23	950	950
Uppskrivningsfond		323 453	323 453
Reservfond		9 060	9 060
		333 463	333 463
Fritt eget kapital			
Fond för verkligt värde		-985	-985
Balanserat resultat		124 923	126 357
Årets resultat		58 043	148 566
	22	181 981	273 938
		515 444	607 401
Obeskattade reserver			
Ackumulerade överavskrivningar	24	2 500	4 500
		2 500	4 500
Avsättningar			
Avsättningar för pensioner och liknande förpliktelser	25	3 635	4 309
Övriga avsättningar	26	7 815	17 300
		11 450	21 609
Kortfristiga skulder			
Leverantörsskulder		46 991	65 164
Skulder till koncernföretag	27	73 125	63 394
Aktuell skatteskuld		–	17 673
Övriga skulder		28 461	19 212
Upplupna kostnader och förutbetalda intäkter	28	59 708	69 007
		208 285	234 450
SUMMA EGET KAPITAL OCH SKULDER		737 679	867 960

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Kassaflödesanalys

Belopp i tkr		2024	2023
Den löpande verksamheten			
Rörelseresultat		62 117	18 333
Justering för poster som inte ingår i kassaflödet	32	-6 202	27 421
		55 915	45 754
Erhållen ränta		5 638	5 159
Erhållna utdelningar		4 974	134 723
Erlagd ränta		-217	-205
Övriga finansiella poster		-1 987	-374
Betald inkomstskatt		-32 787	-16 250
Kassaflöde från den löpande verksamheten före förändringar av rörelsekapital		31 536	168 807
Förändringar i rörelsekapital			
Ökning(-)/Minskning(+) av rörelsefordringar		127 695	-101 759
Ökning(+)/Minskning(-) av rörelseskulder		-8 491	49 446
Kassaflöde från den löpande verksamheten		150 740	116 494
Investeringsverksamheten			
Förvärv av materiella anläggningstillgångar		-3 085	-12 306
Avyttring av materiella anläggningstillgångar		31	72
Ökning(-)/Minskning(+) av övriga långfristiga fordringar		-1 555	-391
Kassaflöde från investeringsverksamheten		-4 609	-12 625
Finansieringsverksamheten			
Utbetald utdelning till moderföretagets aktieägare		-150 000	-100 000
Kassaflöde från finansieringsverksamheten		-150 000	-100 000
Årets kassaflöde		-3 869	3 869
Likvida medel vid årets början		3 869	–
Likvida medel vid årets slut	31	–	3 869

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Noter

Belopp i tkr om inget annat anges

Redovisningsprinciper
Årsredovisningen har upprättats i enlighet med årsredovisningslagen enligt Bokföringsnämndens allmänna råd BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Tillgångar, avsättningar och skulder har värderats till anskaffningsvärden om inget annat anges nedan.

Redovisningsprinciperna är oförändrade i jämförelse mot föregående år.

Immateriella tillgångar
Internt upparbetade immateriella anläggningstillgångar redovisas till anskaffningsvärde minskat med ackumulerade avskrivningar och nedskrivningar.

Övriga immateriella anläggningstillgångar
Övriga immateriella anläggningstillgångar som förvärvats är redovisade till anskaffningsvärde minskat med ackumulerade avskrivningar och nedskrivningar.

Avskrivningsprinciper för anläggningstillgångar
Avskrivning enligt plan baseras på ursprungligt anskaffningsvärde och beräknad nyttjandeperiod. Nedskrivning sker vid bestående värdenedgång.

Förvärvade immateriella tillgångar	*Nyttjandeperiod*
Dataprogram	3 år
Varumärken/licenser	5-10 år
Goodwill	5-10 år

Bolaget har beräknat en framtida avkastning på goodwill som sträcker sig över en tidsperiod på 5-10 år.

Materiella anläggningstillgångar
Materiella anläggningstillgångar redovisas till anskaffningsvärde minskat med ackumulerade avskrivningar och nedskrivningar. I anskaffningsvärdet ingår förutom inköpspriset även utgifter som är direkt hänförliga till förvärvet.

Avskrivningar
Avskrivning sker linjärt över tillgångens beräknade nyttjandeperiod eftersom det återspeglar den förväntade förbrukningen av tillgångens framtida ekonomiska fördelar. Avskrivningen redovisas som kostnad i resultaträkningen.

	Nyttjandeperiod
Nedlagda utgifter på annans fastighet	5 år
Inventarier, verktyg och installationer	5/10 år

Nedskrivningar - materiella och immateriella anläggningstillgångar samt andelar i koncernföretag
Vid varje balansdag bedöms om det finns någon indikation på att en tillgångs värde är lägre än dess redovisade värde. Om en sådan indikation finns, beräknas tillgångens återvinningsvärde.

Återvinningsvärdet är det högsta av verkligt värde med avdrag för försäljningskostnader och nyttjandevärde. Vid beräkning av nyttjandevärdet beräknas nuvärdet av de framtida kassaflöden som tillgången väntas ge upphov till i den löpande verksamheten samt när den avyttras eller utrangeras. Den diskonteringsränta som används är före skatt och återspeglar marknadsmässiga bedömningar av pengars tidsvärde och de risker som avser tillgången. En tidigare nedskrivning återförs endast om de skäl som låg till grund för beräkningen av återvinningsvärdet vid den senaste nedskrivningen har förändrats.

Leasing
Alla leasingavtal redovisas som operationella leasingavtal.

Operationella leasingavtal
Leasingavgifterna enligt operationella leasingavtal, inklusive förhöjd förstagångshyra men exklusive utgifter för tjänster som försäkring och underhåll, redovisas som kostnad linjärt över leasingperioden.

Utländsk valuta
Tillgångar och skulder i utländsk valuta räknas om till balansdagens kurs.

Finansiella tillgångar och skulder
Finansiella tillgångar och skulder redovisas i enlighet med kapitel 12 (Finansiella instrument värderade enligt 4 kap. 14 a–14 e §§ årsredovisningslagen) i BFNAR 2012:1.

Redovisning i och borttagande från balansräkningen
En finansiell tillgång eller finansiell skuld tas upp i balansräkningen när företaget blir part i instrumentets avtalsmässiga villkor. En finansiell tillgång tas bort från balansräkningen när den avtalsenliga rätten till kassaflödet från tillgången har upphört eller reglerats. Detsamma gäller när de risker och fördelar som är förknippade med innehavet i allt väsentligt överförts till annan part och företaget inte längre har kontroll över den finansiella tillgången. En finansiell skuld tas bort från balansräkningen när den avtalade förpliktelsen fullgjorts eller upphört.

Klassificering och värdering
Finansiella tillgångar och skulder har klassificerats i olika värderingskategorier i enlighet med kapitel 12 i BFNAR 2012:1. Klassificeringen i olika värderingskategorier ligger till grund för hur de finansiella instrumenten ska värderas och hur värdeförändringar ska redovisas.

(i) Lånefordringar och kundfordringar
Lånefordringar och kundfordringar är finansiella tillgångar som har fastställda eller fastställbara betalningar, men som inte är derivat. Dessa tillgångar värderas till upplupet anskaffningsvärde.
Upplupet anskaffningsvärde bestäms utifrån den effektivränta som beräknades vid anskaffningstidpunkten.
Kundfordringar redovisas till det belopp som beräknas inflyta, dvs. efter avdrag för osäkra fordringar.
Kundfordringar redovisas huvudsakligen enligt de principer som råder inom moderkoncernen.
Kreditförluster för osäkra kundfordringar beräknas utifrån en nedskrivningsmodell avseende förväntade framtida kreditförluster.
Därutöver görs individuella bedömningar vid misstanke om kunders bristande förmåga att betala.

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(ii) Övriga finansiella skulder
Lån samt övriga finansiella skulder, t.ex. leverantörsskulder, ingår i denna kategori. Skulderna värderas till upplupet anskaffningsvärde.

Säkringsredovisning
Säkringsredovisning tillämpas endast då det finns en ekonomisk relation mellan säkringsinstrumentet och den säkrade posten som överensstämmer med företagets mål för riskhantering. Dessutom krävs att säkringsförhållandet förväntas vara mycket effektivt under den period för vilken säkringen har identifierats samt att säkringsförhållandet och företagets mål för riskhantering och riskhanteringsstrategi avseende säkringen är dokumenterade senast när säkringen ingås.

(i) Fordringar och skulder i utländsk valuta
För säkring av fordran eller skuld mot valutakursrisk används valutaterminer. För skydd mot valutarisk tillämpas inte säkringsredovisning eftersom en ekonomisk säkring avspeglas i redovisningen genom att både den underliggande fordran eller skulden och säkringsinstrumentet redovisas till balansdagens valutakurs och valutakursförändringarna redovisas i årets resultat. Valutakursförändringar avseende rörelserelaterade fordringar och skulder redovisas i rörelseresultatet medan valutakurs-förändringar avseende finansiella fordringar och skulder redovisas i finansnettot.

(ii) Kassaflödessäkringar av osäkerhet i prognostiserade transaktioner i utländsk valuta
Valutaterminer vilka används för säkring av mycket sannolika prognostiserade transaktioner i utländsk valuta redovisas i balans-räkningen till verkligt värde. Periodens värdeförändringar redovisas direkt i fond för verkligt värde i eget kapital. Vid säkring av inköp av varor eller materiella anläggningstillgångar i utländsk valuta inkluderas inte den ackumulerade värdeförändringen som är hänförlig till säkringsinstrumentet i anskaffningsvärdet för varulagret eller den materiella anläggningstillgången.

Ersättningar till anställda
Ersättningar till anställda efter avslutad anställning
Klassificering
Planer för ersättningar efter avslutad anställning klassificeras som antingen avgiftsbestämda eller förmånsbestämda.

Vid avgiftsbestämda planer betalas fastställda avgifter till ett annat företag, normalt ett försäkringsföretag, och bolaget har inte längre någon förpliktelse till den anställde när avgiften är betald. Storleken på den anställdes ersättningar efter avslutad anställning är beroende av de avgifter som har betalats och den kapitalavkastning som avgifterna ger.

Vid förmånsbestämda planer har företaget en förpliktelse att lämna de överenskomna ersättningarna till nuvarande och tidigare anställda. Företaget bär i allt väsentligt dels risken att ersättningarna kommer att bli högre än förväntat (aktuariell risk), dels risken att avkastningen på tillgångarna avviker från förväntningarna (investeringsrisk). Investeringsrisk föreligger även om tillgångarna är överförda till ett annat företag.

Avgiftsbestämda planer
Avgifterna för avgiftsbestämda planer redovisas som kostnad. Obetalda avgifter redovisas som skuld.

Förmånsbestämda planer
Företaget har valt att tillämpa de förenklingsregler som finns i BFNAR 2012:1.

I de fall förmånsbestämda pensionsplaner finansieras i egen regi redovisas pensionsskulden till det belopp som erhålls från PRI som lämnat uppgiften.

Ersättningar vid uppsägning
Ersättningar vid uppsägningar, i den omfattning ersättningen inte ger företaget några framtida ekonomiska fördelar, redovisas endast som en skuld och en kostnad när företaget har en legal eller informell förpliktelse att antingen
a) avsluta en anställds eller en grupp av anställdas anställning före den normala tidpunkten för anställningens upphörande, eller
b) lämna ersättningar vid uppsägning genom erbjudande för att uppmuntra frivillig avgång.
Ersättningar vid uppsägningar redovisas endast när företaget har en detaljerad plan för uppsägningen och inte har någon realistisk möjlighet att annullera planen.

Aktierelaterade ersättningar
Aktierelaterade ersättningar avser ersättningar till anställda i enlighet med ett personaloptionsprogram som startades 2017. Personalkostnader redovisas för värdet på erhållna tjänster, periodiserat över programmens intjänandeperioder, beräknat som det verkliga värdet på de tilldelade egetkapitalinstrumenten. Det verkliga värdet fastställs vid tilldelningstidpunkten, det vill säga då Henkel Norden AB och de anställda ingått överenskommelse om villkoren och bestämmelserna för programmen. Eftersom programmen regleras med egetkapitalinstrument klassificeras de som "egetkapitalreglerade" och ett belopp motsvarande den redovisade personalkostnaden redovisas direkt i eget kapital (balanserad vinst).

Optionernas intjänande är beroende av att programdeltagaren kvarstår i anställning och att vissa mål för nettoresultatet uppnås. När lösen av optioner sker ska sociala avgifter betalas för värdet av den anställdes förmån. En kostnad och avsättning redovisas periodiserat över intjänandeperioden för dessa sociala avgifter.

Skatt
Skatt på årets resultat i resultaträkningen består av aktuell skatt och uppskjuten skatt. Aktuell skatt är inkomstskatt för innevarande räkenskapsår som avser årets skattepliktiga resultat och den del av tidigare räkenskapsårs inkomstskatt som ännu inte har redovisats. Uppskjuten skatt är inkomstskatt för skattepliktigt resultat avseende framtida räkenskapsår till följd av tidigare transaktioner eller händelser.

Uppskjuten skatteskuld redovisas för alla skattepliktiga temporära skillnader, dock särredovisas inte uppskjuten skatt hänförlig till obeskattade reserver eftersom obeskattade reserver redovisas som en egen post i balansräkningen. Uppskjuten skattefordran redovisas för avdragsgilla temporära skillnader och för möjligheten att i framtiden använda skattemässiga underskottsavdrag.

Värderingen baseras på hur det redovisade värdet för motsvarande tillgång eller skuld förväntas återvinnas respektive regleras. Beloppen baseras på de skattesatser och skatteregler som är beslutade före balansdagen och har inte nuvärdeberäknats.

Uppskjutna skattefordringar har värderats till högst det belopp som sannolikt kommer att återvinnas baserat på innevarande och framtida skattepliktiga resultat. Värderingen omprövas varje balansdag.

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Avsättningar
En avsättning redovisas i balansräkningen när företaget har en legal eller informell förpliktelse till följd av en inträffad händelse och det är sannolikt att ett utflöde av resurser krävs för att reglera förpliktelsen och en tillförlitlig uppskattning av beloppet kan göras.

Vid första redovisningstillfället värderas avsättningar till den bästa uppskattningen av det belopp som kommer att krävas för att reglera förpliktelsen på balansdagen. Avsättningarna omprövas varje balansdag.

Omstruktureringsreserv
En avsättning för omstrukturering av verksamhet redovisas när företaget måste fullfölja omstruktureringen till följd av legal eller informell förpliktelse vilket innebär att företaget har en fastställd och utförlig omstruktureringsplan och de som berörs har en välgrundad uppfattning om att omstruktureringen kommer att genomföras.

Intäkter
Det inflöde av ekonomiska fördelar som företaget erhållit eller kommer att erhålla för egen räkning redovisas som intäkt. Intäkter värderas till verkliga värdet av det som erhållits eller kommer att erhållas, med avdrag för rabatter.

Försäljning av varor
Vid försäljning av varor redovisas intäkten vid leverans.

Ränta och utdelning
Intäkt redovisas när de ekonomiska fördelarna som är förknippade med transaktionen sannolikt kommer att tillfalla företaget samt när inkomsten kan beräknas på ett tillförlitligt sätt.

Utdelning redovisas när behörigt organ har fattat beslut om att utdelning ska lämnas.

Uppskattningar och bedömningar
Bolaget gör regelbundet bedömningar av värdet på andelar i dotterbolag för att identifiera eventuella behov av nedskrivningar. En nedskrivning görs om det bedömda återvinningsvärdet understiger det redovisade värdet.

Not 1 Nettoomsättning per rörelsegren och geografisk marknad

	2024	*2023*
Nettoomsättning per rörelsegren		
Henkel Adhesive Technologies (HAT)	724 940	783 213
Henkel Consumer Brands (HCB)	427 759	407 977
	1 152 699	1 191 190
Nettoomsättning per geografisk marknad		
Sverige	907 225	884 127
Danmark	69 050	77 520
Norge	40 630	72 650
Nederländerna	67 486	63 584
Polen	32 399	32 150
Övriga Europa	35 909	61 159
	1 152 699	1 191 190

Not 2 Övriga rörelseintäkter

	2024	*2023*
Kursvinster på fordringar/skulder av rörelsekaraktär	11 009	14 475
Realisationsvinster	–	67
Fakturerade tjänster	100 185	95 782
Övrigt	57	2 558
	111 251	112 882

Not 3 Anställda, personalkostnader och arvoden till styrelse och revisorer

Medelantalet anställda

	2024	*varav män*	*2023*	*varav män*
Sverige	152	40%	148	43%
Totalt	152	40%	148	43%

Redovisning av könsfördelning i företagsledningar

	2024-12-31 *Andel kvinnor*	*2023-12-31* *Andel kvinnor*
Styrelsen	33%	33%
Övriga ledande befattningshavare	50%	50%

Löner och andra ersättningar samt sociala kostnader, inklusive pensionskostnader

	2024	*2023*
Löner och ersättningar	111 597	119 727
Sociala kostnader	56 351	61 206
(varav pensionskostnad) 1)	(18 983)	(21 819)

1) Av företagets pensionskostnader avser 788 tkr (f.å. 785 tkr) företagets VD.

Uppsägningstiden är för VD tre månader vid egen uppsägning och tolv månader från bolaget.

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Löner och andra ersättningar fördelade mellan VD och övriga anställda

	2024		2023	
	Styrelse och VD	*Övriga anställda*	*Styrelse och VD*	*Övriga anställda*
Löner och andra ersättningar	1 746	109 851	1 986	117 741
(varav tantiem o.d.)	(–)	(–)	(–)	(–)

Uppsägningstiden är för VD tre månader vid egen uppsägning och tolv månader från bolaget.

Not 4 Arvode och kostnadsersättningar till revisorer

	2024	2023
Öhrlings PricewaterhouseCoopers AB		
Revisionsuppdrag	431	362

Med revisionsuppdrag avses lagstadgad revision av årsredovisningen och bokföringen samt styrelsens och verkställande direktörens förvaltning samt revision och annan granskning utförd i enlighet med överenskommelse eller avtal.

Med andra uppdrag inkluderas övriga arbetsuppgifter som det ankommer på bolagets revisor att utföra samt rådgivning eller annat biträde som föranleds av iakttagelser vid sådan granskning eller genomförandet av sådana övriga arbetsuppgifter.

Not 5 Operationell leasing

Leasingavtal där företaget är leasetagare

Framtida minimileaseavgifter avseende icke uppsägningsbara operationella leasingavtal	*2024-12-31*	*2023-12-31*
Inom ett år	7 263	8 191
Mellan ett och fem år	36 120	34 902
Senare än fem år	32 303	37 989
	75 686	81 082

	2024	*2023*
Räkenskapsårets kostnadsförda leasingavgifter	9 232	14 071

Not 6 Övriga rörelsekostnader

	2024	2023
Kursförluster på fordringar/skulder av rörelsekaraktär	-9 380	-13 213
Realisationsförluster	-53	-2 197
Övrigt	–	-724
	-9 433	-16 134

Not 7 Resultat från andelar i koncernföretag

	2024	2023
Utdelning från Henkel Sweden Operations AB	–	14 500
Utdelning från Henkel Norway AS	4 974	3 961
Utdelning från Henkel Denmark A/S	–	116 262
Nedskrivning av aktier i Henkel Sweden Operations AB	–	-2 600
Nedskrivning av aktier i Henkel Denmark A/S	–	-84 400
	4 974	47 723

Not 8 Resultat från övriga värdepapper och fordringar som är anläggningstillgångar

	2024	2023
Kursvinst finansiell	3 036	8 079
Kursförlust finansiell	-5 023	-8 453
	-1 987	-374

Not 9 Ränteintäkter och liknande resultatposter

	2024	2023
Ränteintäkter, koncernföretag	5 168	4 958
Ränteintäkter, övriga	327	180
Övrigt	143	21
	5 638	5 159

Not 10 Räntekostnader och liknande resultatposter

	2024	2023
Räntekostnader, övriga	-217	-205
	-217	-205

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Not 11 Bokslutsdispositioner, övriga

	2024	2023
Periodiseringsfond, årets återföring	–	102 700
Skillnad mellan skattemässig och redovisad avskrivning	2 000	3 400
	2 000	106 100

Not 12 Skatt på årets resultat

	2024	2023
Aktuell skattekostnad	-12 481	-30 357
Justering av skatt hänförlig till tidigare år	–	-504
Uppskjuten skatt	-2 001	2 691
	-14 482	-28 170

Avstämning av effektiv skatt

	2024		2023	
	Procent	Belopp	Procent	Belopp
Resultat före skatt		72 525		176 736
Skatt enligt gällande skattesats för moderföretaget	20,6%	-14 940	20,6%	-36 408
Nedskrivning av andelar i koncernföretag	0,0%	–	10,1%	-17 922
Utdelning och utskiftning från koncernföretag	-1,4%	1 024	-15,7%	27 753
Ej skattepliktiga intäkter	-0,1%	58	0,0%	8
Ej avdragsgilla kostnader	0,9%	-624	0,6%	-1 097
Skatt hänförlig till tidigare år	0,0%	–	0,3%	-504
Redovisad effektiv skatt	20,0%	-14 482	15,9%	-28 170

Not 13 Koncessioner, patent, licenser, varumärken samt liknande rättigheter

	2024-12-31	2023-12-31
Ackumulerade anskaffningsvärden		
Vid årets början	16 362	16 547
Avyttringar och utrangeringar	–	-185
Vid årets slut	16 362	16 362
Ackumulerade avskrivningar		
Vid årets början	-16 335	-14 514
Återförda avskrivningar på avyttringar och utrangeringar	–	148
Årets avskrivning	-23	-1 969
Vid årets slut	-16 358	-16 335
Redovisat värde vid årets slut	4	27

Not 14 Goodwill

	2024-12-31	2023-12-31
Ackumulerade anskaffningsvärden		
Vid årets början	98 368	109 774
Avyttringar och nedläggning av verksamhet	–	-11 406
Vid årets slut	98 368	98 368
Ackumulerade avskrivningar		
Vid årets början	-95 796	-102 526
Avyttringar och nedläggning av verksamhet	–	9 315
Årets avskrivning	-2 205	-2 585
Vid årets slut	-98 001	-95 796
Redovisat värde vid årets slut	367	2 572

Not 15 Nedlagda utgifter på annans fastighet

	2024-12-31	2023-12-31
Ackumulerade anskaffningsvärden		
Vid årets början	1 998	6 053
Nyanskaffningar	–	1 998
Avyttringar och utrangeringar	–	-6 053
Omklassificeringar	805	–
	2 803	1 998
Ackumulerade avskrivningar		
Vid årets början	-4	-6 053
Återförda avskrivningar på avyttringar och utrangeringar	–	6 053
Årets avskrivning	-65	-4
	-69	-4
Redovisat värde vid årets slut	2 734	1 994

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Not 16 Inventarier, verktyg och installationer

	2024-12-31	2023-12-31
Ackumulerade anskaffningsvärden		
Vid årets början	17 732	16 328
Nyanskaffningar	2 901	9 471
Avyttringar och utrangeringar	-4 114	-8 067
Omklassificeringar	–	–
	16 519	17 732
Ackumulerade avskrivningar		
Vid årets början	-7 030	-13 702
Återförda avskrivningar på avyttringar och utrangeringar	4 061	7 992
Årets avskrivning	-3 351	-1 320
	-6 320	-7 030
Redovisat värde vid årets slut	10 199	10 702

Not 17 Andelar i koncernföretag

	2024-12-31	2023-12-31
Ackumulerade anskaffningsvärden		
Vid årets början	605 838	605 838
	605 838	605 838
Ackumulerade uppskrivningar		
Vid årets början	323 453	407 853
Årets nedskrivningar på uppskrivet belopp	–	-84 400
	323 453	323 453
Ackumulerade nedskrivningar		
Vid årets början	-473 293	-470 693
Årets nedskrivningar	–	-2 600
	-473 293	-473 293
Redovisat värde vid årets slut	455 998	455 998

Spec av företagets innehav av andelar i koncernföretag

			2024-12-31	2023-12-31
Dotterföretag / Org nr / Säte	*Antal andelar*	*Andel i % i)*	*Redovisat värde*	*Redovisat värde*
Henkel Sweden Operations AB, 556161-0758, Stockholm	10 000	100,0	49 311	49 311
Henkel Denmark A/S CVR 37940224, Ballerup	700 000	100,0	328 630	328 630
Henkel Norway AS 917 472 890, Oslo	50 000	100,0	78 057	78 057
			455 998	455 998

i) Ägarandelen av kapitalet avses, vilket även överensstämmer med andelen av rösterna för totalt antal aktier.

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Not 18 Uppskjuten skatt

	2024-12-31		
	Redovisat värde	*Skattemässigt värde*	*Temporär skillnad*
Väsentliga temporära skillnader			
Byggnader och mark	2 734	2 665	69
Kundfordringar	204 007	205 631	-1 624
Pensionsavsättningar	-202	–	-202
Övriga avsättningar	-7 815	–	-7 815
	198 724	208 296	-9 572

	2024-12-31		
	Uppskjuten skattefordran	*Uppskjuten skatteskuld*	*Netto*
Byggnader och mark	–	14	-14
Kundfordringar	334	–	334
Pensionsavsättningar	42	–	42
Övriga avsättningar	1 610	–	1 610
Uppskjuten skattefordran/skuld	1 986	14	1 972

	2023-12-31		
	Redovisat värde	*Skattemässigt värde*	*Temporär skillnad*
Väsentliga temporära skillnader			
Byggnader och mark	1 994	1 990	4
Kundfordringar	213 427	214 817	-1 390
Pensionsavsättningar	-602	–	-602
Övriga avsättningar	-17 300	–	-17 300
	197 519	216 807	-19 288

	2023-12-31		
	Uppskjuten skattefordran	*Uppskjuten skatteskuld*	*Netto*
Väsentliga temporära skillnader			
Byggnader och mark	–	1	-1
Kundfordringar	286	–	286
Pensionsavsättningar	124	–	124
Övriga avsättningar	3 564	–	3 564
Uppskjuten skattefordran/skuld	3 974	1	3 973

Not 19 Andra långfristiga fordringar

	2024-12-31	*2023-12-31*
Ackumulerade anskaffningsvärden		
Vid årets början	11 201	10 811
Tillkommande fordringar	3 788	1 781
Reglerade fordringar	-524	–
Omklassificeringar	-1 709	-1 391
	12 756	11 201
Ackumulerade nedskrivningar		
Vid årets början	-7 842	-7 842
	-7 842	-7 842
Redovisat värde vid årets slut	4 914	3 359

Not 20 Fordringar hos koncernföretag

	2024-12-31	*2023-12-31*
Likvida medel hos moderbolaget	24 221	156 690
Fordringar hos koncernföretag	8 525	8 741
Terminssäkring av varuförsäljning	455	1 969
	33 201	167 400

Not 21 Förutbetalda kostnader och upplupna intäkter

	2024-12-31	*2023-12-31*
Förutbetalda hyror	2 400	1 283
Övriga förutbetalda kostnader	1 710	2 246
	4 110	3 529

Not 22 Förslag till disposition av företaget vinst

Styrelsen föreslår att fritt eget kapital, 181 980 832 SEK, disponeras enligt följande:

Utdelning 1 901 aktier, 31 562,34 kr per aktie	60 000 000
Balanseras i ny räkning	121 980 832
Summa	181 980 832

Utdelningen beräknas bli fastställd vid årsstämman och är därefter tillgänglig för lyftning.

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Not 23 Antal aktier och kvotvärde

Aktiekapitalet som är hänförligt till bolagets aktieägare fördelar sig på följande sätt:

Antal aktier	Kvotvärde
Per 31 december 2024	
1 901 aktier	500
Per 31 december 2023	
1 901 aktier	500

Not 24 Ackumulerade överavskrivningar

	2024-12-31	*2023-12-31*
Ackumulerade avskrivningar över plan	2 500	4 500
	2 500	4 500

Not 25 Avsättningar för pensioner och liknande förpliktelser

	2024-12-31	*2023-12-31*
FPG/PRI	2 494	2 809
Movestic	931	931
SPP	210	569
	3 635	4 309
Härav kreditförsäkrat via FPG/PRI	2 494	2 809
Ställda säkerheter för pensionsförpliktelser		
Ansvarighet till FPG/PRI	50	56

Not 26 Övriga avsättningar

	2024-12-31	*2023-12-31*
Omstruktureringsåtgärder	7 815	17 300
	7 815	17 300

Not 27 Skulder till koncernföretag

	2024-12-31	*2023-12-31*
Skulder till koncernföretag	73 125	63 394
	73 125	63 394

Not 28 Upplupna kostnader och förutbetalda intäkter

	2024-12-31	*2023-12-31*
Personalrelaterade kostnader	36 068	34 705
Rabatter	18 294	26 498
Övriga poster	5 346	7 804
	59 708	69 007

Not 29 Ställda säkerheter och eventualförpliktelser

	2024-12-31	*2023-12-31*
Ställda säkerheter	Inga	Inga
Eventualförpliktelser		
Garantiåtaganden, PRI	50	56

Not 30 Väsentliga händelser efter räkenskapsårets slut

Styrelsen har under räkenskapsåret påbörjat arbete med att fusionera Henkel Sweden Operations AB in i Henkel Norden AB. Fusionsplan är ännu inte fastställd och beslut på bolagsstämma har inte fattats. Kallelse till extra bolagsstämma planeras under det tredje eller fjärde kvartalet 2025.

Not 31 Likvida medel

	2024-12-31	*2023-12-31*
Följande delkomponenter ingår i likvida medel:		
Banktillgodohavanden	–	3 869
	–	3 869

Ovanstående poster har klassificerats som likvida medel med utgångspunkten att:
- De har en obetydlig risk för värdefluktuationer.
- De kan lätt omvandlas till kassamedel.
- De har en löptid om högst 3 månader från anskaffningstidpunkten.

Tillgodohavande på koncernkonto uppgår till 24 221 tkr (156 690 tkr).

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Not 32 Övriga upplysningar till kassaflödesanalysen

Justeringar för poster som inte ingår i kassaflödet m m

	2024	*2023*
Avskrivningar	5 644	5 878
Orealiserade kursdifferenser	-1 740	4 065
Nettoresultat försäljning av anläggningstillgångar	53	2 131
Avsättningar/fordringar avseende pensioner	-675	268
Övriga avsättningar	-9 484	15 079
	-6 202	27 421

Not 33 Koncernuppgifter

Bolaget är helägt dotterbolag till Henkel Nederland BV med säte i Nieuwegein, Nederländerna. Henkel Nederland BV ingår i en koncern där Henkel AG & Co. KGaA, med säte i Dusseldorf, är moderbolag. Henkel Norden AB har med hänvisning till reglerna i Årsredovisningslagen 7 kap 2 § under året ej upprättat koncernredovisning.

Koncernredovisning för Henkel AG & Co. KGaA finns att tillgå via www.henkel.com.

Henkel Norden AB upprättar enligt årsredovisningslagen (ÅRL) 6 kap 10§ inte någon lagstadgad hållbarhetsrapport. Henkel AG & Co. KGaA, med säte i Düsseldorf, upprättar hållbarhetsrapport för koncernen där företaget ingår. Koncernens hållbarhetsrapport finns tillgänglig på www.henkel.com/sustainability.

Inköp och försäljning inom koncernen
Av företagets totala inköp och försäljning mätt i kronor avser 83,6 % (84,3 %) av inköpen och 0,0 % (0,0 %) av försäljningen andra företag inom hela den företagsgrupp som företaget tillhör.

Not 34 Nyckeltalsdefinitioner

Rörelsemarginal:	Rörelseresultat / Nettoomsättning
Balansomslutning:	Totala tillgångar
Finansiella intäkter:	Poster i finansnettot som är hänförliga till tillgångar (som ingår i sysselsatt kapital)
Räntefria skulder:	Skulder som inte är räntebärande. Pensionsskulder ses som räntebärande.
Avkastning på eget kapital:	Årets resultat hänförligt till moderföretagets aktieägare / Genomsnittligt eget kapital hänförligt till moderföretagets aktieägare
Soliditet:	Totalt eget kapital / Totala tillgångar

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Henkel Norden AB
Org nr 556061-4090

Stockholmsdagen 17/6 2025

Mikael Fransberg
Ordförande och Verkställande direktör

Tarakeshwar Raghavan
Styrelseledamot

Birgitte Holst
Styrelseledamot

Vår revisionsberättelse har lämnats 2025-06-24
Öhrlings PricewaterhouseCoopers AB

Johan Wirén
Auktoriserad revisor

ank=20250703-20250707708377

Revisionsberättelse

Till bolagsstämman i Henkel Norden AB, org.nr 556061-4090

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Henkel Norden AB för år 2024.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Henkel Norden ABs finansiella ställning per den 31 december 2024 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen för Henkel Norden AB.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Henkel Norden AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

En ytterligare beskrivning av vårt ansvar för revisionen av årsredovisningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Henkel Norden AB för år 2024 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Henkel Norden AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

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Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation, och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Den verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

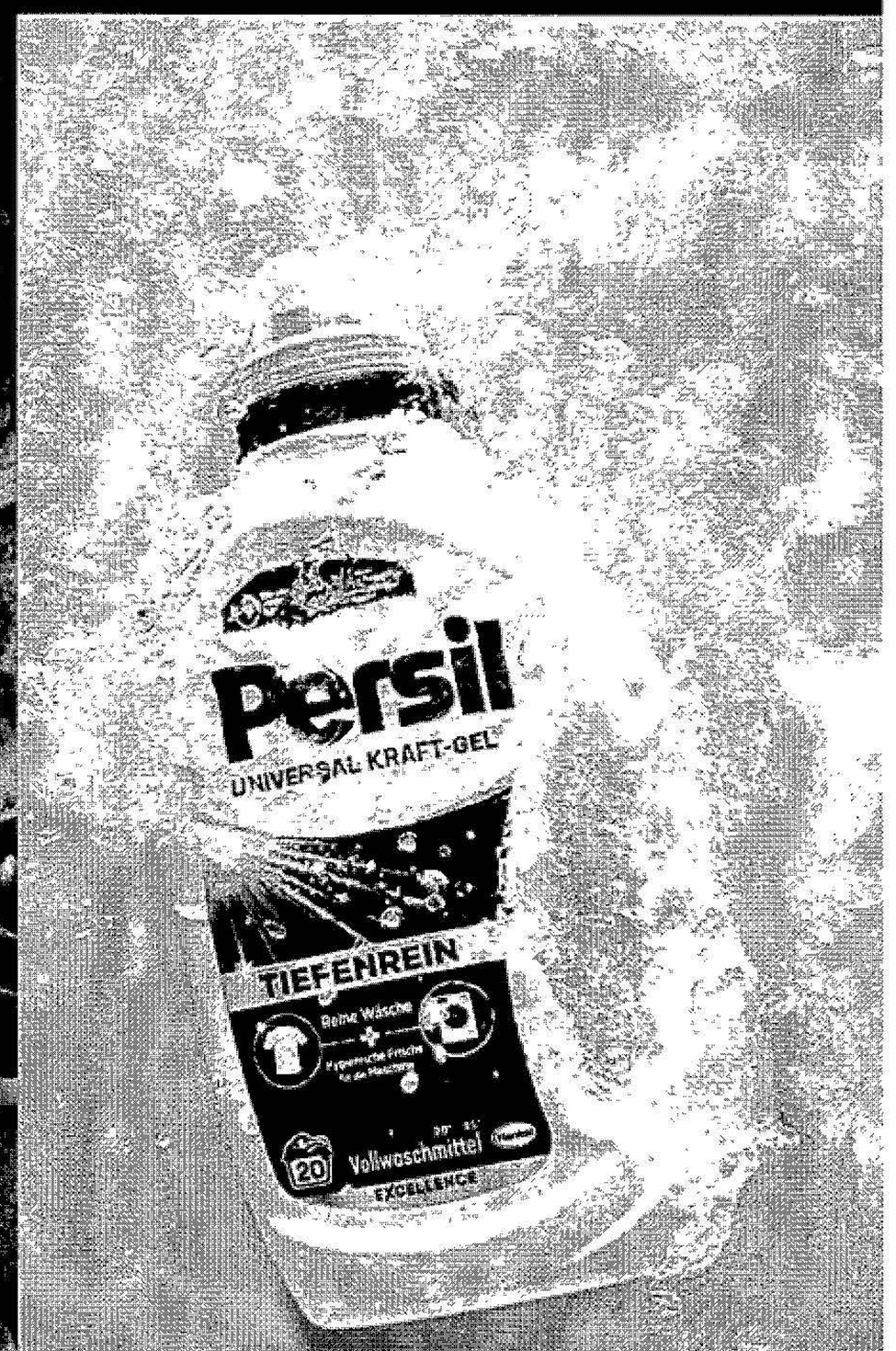
En ytterligare beskrivning av vårt ansvar för revisionen av förvaltningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Stockholm den 24/6 - 25

Öhrlings PricewaterhouseCoopers AB

Johan Wirén
Auktoriserad revisor

ANNUAL REPORT 2024



CONTENTS

The Company

1 2024 at a glance
4 Foreword
14 Report of the Supervisory Board
26 Our Management Board
28 What drives us
29 Shaping our future

30 Shares and bonds

Combined management report

43 Corporate governance
93 Fundamental principles of the Group
108 Economic report
166 Henkel AG & Co. KGaA (condensed version according to the German Commercial Code [HGB])
175 Risks and opportunities report
203 Forecast

Consolidated financial statements

209 Consolidated statement of financial position
211 Consolidated statement of income
212 Consolidated statement of comprehensive income
213 Consolidated statement of changes in equity
215 Consolidated statement of cash flows
217 Notes to the consolidated financial statements
361 Subsequent events
362 Recommendation for the approval of the annual financial statements and the appropriation of the profit of Henkel AG & Co. KGaA
363 Corporate bodies of Henkel AG & Co. KGaA

Further information

371 Independent Auditor's Report
384 Responsibility statement
385 Quarterly breakdown of sales
386 Multi-year summary
388 Glossary
393 Credits/Legal
394 Contacts
394 Financial calendar

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

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

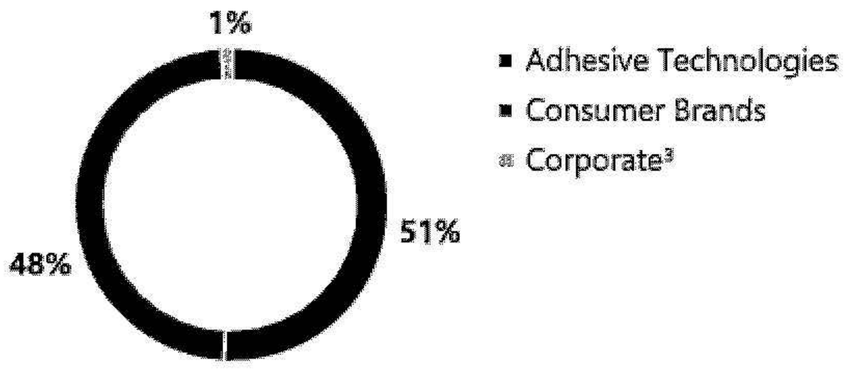
2024 AT A GLANCE

Key financials

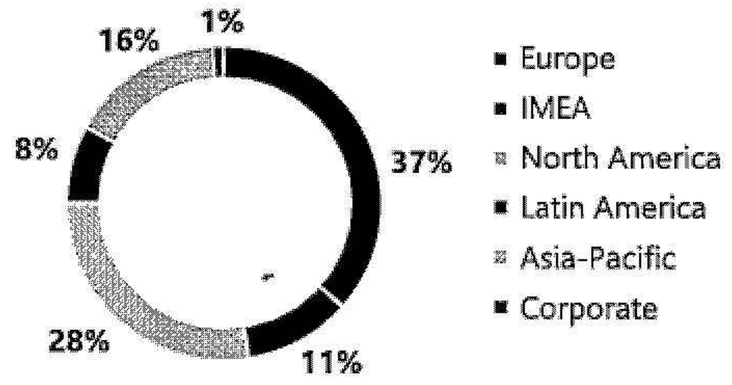
in million euros		2020	2021	2022	2023	**2024**	+/-
Sales		19,250	20,066	22,397	21,514	**21,586**	0.3%
Operating profit (EBIT)		2,019	2,213	1,810	2,011	**2,831**	40.8%
Adjusted[1] operating profit (adjusted EBIT)		2,579	2,686	2,319	2,556	**3,089**	20.9%
Return on sales (EBIT margin)		10.5%	11.0%	8.1%	9.3%	**13.1%**	3.8pp
Adjusted[1] return on sales (adjusted EBIT margin)		13.4%	13.4%	10.4%	11.9%	**14.3%**	2.4pp
Net income		1,424	1,629	1,253	1,340	**2,032**	51.7%
Attributable to non-controlling interests		16	-5	-5	22	**25**	–
Attributable to shareholders of Henkel AG & Co. KGaA		1,408	1,634	1,259	1,318	**2,007**	52.3%
Earnings per preferred share (EPS)	in euros	3.25	3.78	2.95	3.15	**4.80**	52.4%
Adjusted[1] earnings per preferred share (adjusted EPS)	in euros	4.26	4.56	3.90	4.35	**5.36**	23.2%
Return on capital employed (ROCE)		9.6%	11.0%	8.2%	9.4%	**12.9%**	3.4pp
Adjusted[1] return on capital employed (adjusted ROCE)		12.1%	13.3%	10.5%	12.0%	**14.0%**	2.1pp
Dividend per ordinary share	in euros	1.83	1.83	1.83	1.83	**2.02[2]**	10.4%
Dividend per preferred share	in euros	1.85	1.85	1.85	1.85	**2.04[2]**	10.3%

pp = percentage points

Sales by business unit 2024



Sales by region 2024



2.6%
Organic sales growth

14.3%
Adjusted[1] EBIT margin

€5.36
Adjusted[1] EPS

+25.1%
Development of adjusted[1] EPS at constant exchange rates

€2.04
Dividend per preferred share[2]

[1] Adjusted for one-time expenses and income, and for restructuring expenses.
[2] Proposal to shareholders for the Annual General Meeting on April 28, 2025.
[3] Sales and services not assignable to the individual business units.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

ADHESIVE TECHNOLOGIES

Our top brands

LOCTITE

TECHNOMELT

BONDERITE

Key financials

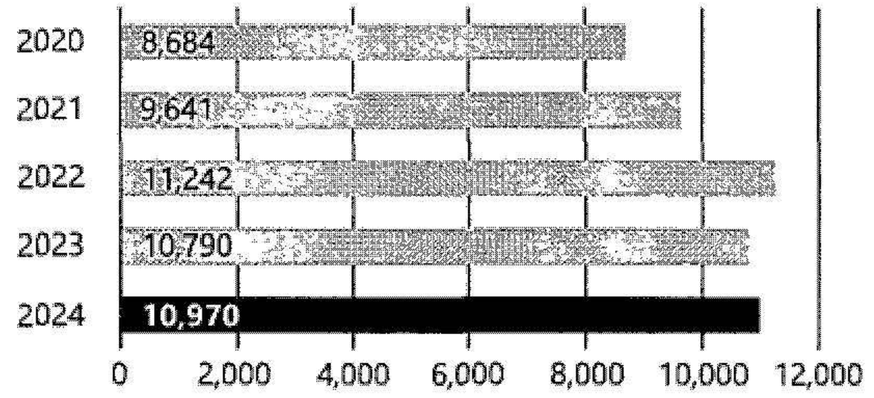
in million euros	2023	2024	+/-
Sales	10,790	**10,970**	1.7%
Proportion of Henkel sales	50%	**51%**	–
Operating profit (EBIT)	1,423	**1,715**	20.6%
Adjusted[1] operating profit (adjusted EBIT)	1,584	**1,817**	14.7%
Return on sales (EBIT margin)	13.2%	**15.6%**	2.5pp
Adjusted[1] return on sales (adjusted EBIT margin)	14.7%	**16.6%**	1.9pp
Return on capital employed (ROCE)	14.7%	**16.4%**	1.7pp
Adjusted[1] return on capital employed (adjusted ROCE)	16.4%	**17.4%**	1.0pp
Economic Value Added (EVA®)	359	**515**	43.5%

[1] Adjusted for one-time expenses and income, and for restructuring expenses.
pp = percentage points

Organic sales growth

2.4%

Sales performance Adhesive Technologies
in million euros



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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

CONSUMER BRANDS

Our top brands

Persil

Schwarzkopf

all

Key financials

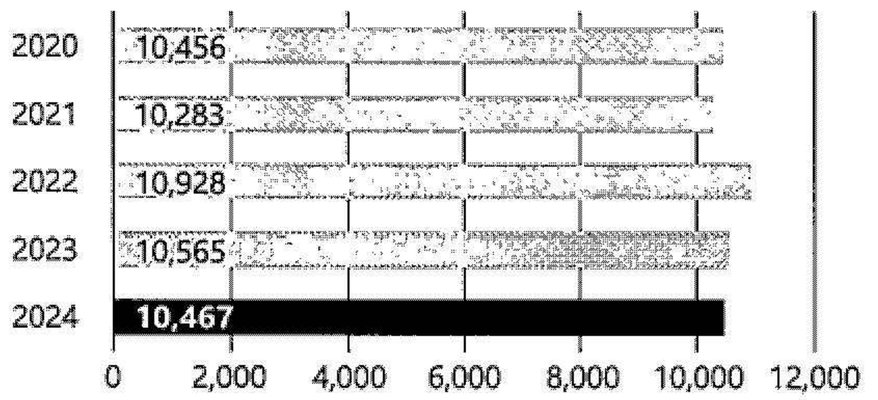
in million euros	2023	2024	+/-
Sales	10,565	**10,467**	-0.9%
Proportion of Henkel sales	49%	**48%**	–
Operating profit (EBIT)	753	**1,276**	69.4%
Adjusted[1] operating profit (adjusted EBIT)	1,115	**1,419**	27.2%
Return on sales (EBIT margin)	7.1%	**12.2%**	5.1pp
Adjusted[1] return on sales (adjusted EBIT margin)	10.6%	**13.6%**	3.0pp
Return on capital employed (ROCE)	6.5%	**11.1%**	4.6pp
Adjusted[1] return on capital employed (adjusted ROCE)	9.6%	**12.3%**	2.7pp
Economic Value Added (EVA®)	-116	**415**	–

[1] Adjusted for one-time expenses and income, and for restructuring expenses.
pp = percentage points

Organic sales growth

3.0%

Sales performance Consumer Brands
in million euros



THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

"We are underpinning Henkel's transformation with sustainable financial success."

CARSTEN KNOBEL
CHAIR OF THE MANAGEMENT BOARD

Dear Shareholders and Friends of the Company,

Fiscal 2024 was once again marked by major challenges: geopolitical tensions, wars, and military conflicts in various regions of the world, economic uncertainties, and persistently strained supply chains, to name just the most significant headwinds.

Nevertheless, thanks to the outstanding efforts of our teams around the world, we have consistently advanced Henkel over the past year, reached or even exceeded important milestones, and, above all, underpinned the transformation of our Company with sustainable financial success.

Last year, I assured you at this point: "We keep our promises. " I am pleased that we were once again able to confirm this with tangible results in the past fiscal year. Over the course of 2024, we raised our forecast twice and achieved the communicated ambitious goals by the end of the year. This was also reflected in the capital market. Taking into account dividend payouts, Henkel's preferred stock outperformed the DAX and significantly outperformed the STOXX® Europe 600 indices.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The results of the past year are clear evidence that Henkel's transformation is progressing successfully and that, with our strategic framework for purposeful growth, we are on the right path to optimally positioning the Company for the future.

Strong business and earnings performance

Consolidated sales in fiscal 2024 amounted to around 21.6 billion euros. This corresponds to solid organic **sales growth** of 2.6 percent, driven by both business units – Adhesive Technologies and Consumer Brands.

I would particularly like to highlight the significant progress in our earnings performance. Adjusted **operating profit** (adjusted EBIT) increased by approximately 21 percent to 3.1 billion euros. Adjusted **return on sales** (adjusted EBIT margin) rose to 14.3 percent, representing a gain of 2.4 percentage points versus prior year. Adjusted **earnings per preferred share** (EPS) increased to 5.36 euros, reflecting growth of approximately 25 percent at constant exchange rates.

This **significant earnings improvement** was supported by higher prices – adjustments that we had to implement due to the persistently high costs prevailing for direct materials and input products. Additionally, savings from the further integration of the Consumer Brands business unit, and ongoing portfolio measures, contributed significantly to this positive development.

It is also important in my view that we continue to maintain a strong focus on **investments** in our businesses and future growth, for example, through increased marketing activities in the consumer business and the development of successful innovations in both business units.

Free cash flow amounted to around 2.4 billion euros, while the **net financial position** at year-end was -93 million euros. As a result, Henkel is almost net debt-free. This also demonstrates the very solid financial position of the Company.

Based on our successful business and earnings development, as well as our strong financial foundation, we will – at the Annual General Meeting scheduled for April 28, 2025 – propose to you, our shareholders, a **dividend** increase of more than 10 percent compared to the previous year amounting to 2.04 euros per preferred share and 2.02 euros per ordinary share. This corresponds to a payout ratio of 37.9 percent, which is within our targeted range of 30 to 40 percent of net income after non-controlling interests and adjustment for exceptional items.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

This is why I would like to **thank all Henkel employees for their outstanding performance**. Through their teamwork and extraordinary commitment, we have once again successfully guided our Company through a challenging year.

The dedication and motivation of our employees, driven by a shared purpose, our core values, and an inspiring culture, make me very confident – even in these challenging times – that Henkel is heading for a successful future.

Major progress in the process of transformation

Over the past few years, we have profoundly changed our Company in many areas and consistently implemented our strategic agenda for purposeful growth. A key driver of our long-term and sustainable success is the willingness and determination shown by our people for continuous **transformation**. We strive for profitable growth and aim to sustainably improve our earnings results. To achieve this, we must constantly evolve and develop. And that is exactly what we are doing – in all areas. I would like to outline the **progress** we have made and why this is crucial for our future success.

The likely most significant change in Henkel's recent history is the consolidation of our consumer goods businesses into the **Consumer Brands** business unit, which we announced at the beginning of 2022. Since then, much has happened. The business unit has been operational in its new setup since early 2023, and the positive developments already became evident in that year. In the past fiscal year, it became clear that our decision to merge the formerly separate consumer goods businesses into a single platform was the right one.

The Consumer Brands business unit posted sales of 10.5 billion euros in 2024 and recorded strong organic sales growth of 3 percent. This increase was primarily driven by a very strong price development. Sales volumes declined, mainly due to ongoing portfolio optimization measures. Adjusted return on sales reached 13.6 percent, an increase of 3 percentage points compared to the previous year. This significant improvement in results was driven by higher selling prices, reflecting the targeted enhancement of our products' value for consumers and the need to offset the persistently high prices for direct materials. Additionally, savings from the integration, as well as the positive effects from comprehensive portfolio optimization and ongoing cost reduction and efficiency improvement measures, contributed to these strong results.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

We have progressed significantly faster with the **integration** of Consumer Brands than initially planned, with team integration, portfolio restructuring and delivery of synergies all having been expedited. We completed the first phase of integration in 2024, which primarily involved merging the sales and marketing teams. In the second phase, which has been ongoing since 2023, we aim to achieve further cost savings by 2026 through improvements in production networks and supply chains.

We are aligning Consumer Brands strictly with strong brands and businesses that have high gross margins and leading positions in markets and categories. This includes comprehensive portfolio measures, such as selling or discontinuing brands or businesses. Since the beginning of the integration, we have divested brands and businesses representing a total sales volume of slightly more than one billion euros. The comprehensive portfolio streamlining in the Consumer Brands unit, which we announced with the integration at the beginning of 2022, has thus also been successfully completed. We see that the realignment of our portfolio is positively impacting the gross margin of the business unit. The higher gross margin is also used for investments in our brands and businesses, innovation, sustainability, and digitalization to drive future growth.

The positive effects of focusing on high-growth and high-margin brands and businesses are paying off: The top ten brands within Consumer Brands, which accounted for more than half of the revenue in 2024, achieved very strong organic growth, along with a positive increase in volume.

Active portfolio management also includes strengthening and expanding the portfolio through **acquisitions**: In early 2024, we acquired the well-known Vidal Sassoon brand in China. This acquisition ideally complements Consumer Brands' local portfolio in China by covering the premium segment in the retail business. The Vidal Sassoon brand portfolio primarily serves the hair care segment with shampoos and conditioners but also includes products related to styling and hair care treatments.

In a highly competitive consumer goods market, **innovation** is a key success factor for differentiation. Our approximately 1,000 research and development experts within Consumer Brands are working intensively on innovations that provide real added value to consumers. Fiscal 2024 saw us once again successfully launch numerous new products. One example is our new Perwoll technology – we have developed a new formulation that smooths fibers and, after several washes, visibly restores the original color of garments.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

To enable **sustainable consumption** and further contribute to the circular economy, we have continuously increased the proportion of recycled materials in the packaging of liquid detergents and products in the Hair category in Europe – for example, in well-known brands such as Persil, Weißer Riese, Spee and Gliss. The bottle bodies are recyclable, with the post-consumer recycled content reaching at least 50 percent. In North America, the recycled plastic content in the bottle body of the liquid hand soap brand Dial has already been increased to 100 percent.

The overall very positive development of the Consumer Brands business unit in the past year shows that consolidating our consumer goods businesses into one entity, consistently optimizing the portfolio, and thus creating a strong platform for future profitable growth was the right decision for Henkel.

The **Adhesive Technologies** business unit also made significant progress over the year under review with a very strong business performance. This business unit offers approximately 20,000 products and solutions to more than 100,000 customers worldwide and across more than 800 industry segments. This breadth and depth of our portfolio, combined with our global presence and the expertise of our teams in developing tailored solutions for customers, make us unique in the market and allow us to further expand our globally leading market position. With its three business areas – Mobility & Electronics, Packaging & Consumer Goods, and Craftsmen Construction and Professional – Adhesive Technologies is aligned with key future trends, including e-mobility and connectivity, meaning the increasing interconnection of systems, as well as sustainability.

The streamlined structure of our business areas, including some new leadership teams, and our consistent focus on future trends contributed to another successful year in 2024, despite challenging market conditions.

Sales generated by Adhesive Technologies in the past year amounted to around 11 billion euros, representing good organic sales growth of 2.4 percent. This growth was particularly driven by a strong increase in volume in the second half of the year compared to the previous year, mainly due to rising demand in key end markets. Prices remained overall stable year over year. Adjusted return on sales increased significantly by approximately 2 percentage points compared to the prior year, reaching 16.6 percent. This substantial improvement was driven by strong volume growth, ongoing cost reduction and efficiency measures, and, particularly in the first half of 2024, declining prices for direct materials.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Although Adhesive Technologies serves a diverse range of customers and applications, the automotive industry – especially the e-mobility segment – was a key focus of public attention in the past year.

Of the approximately 11 billion euros in sales from Adhesive Technologies, around 20 percent came from the automotive sector. Within this sector, 20 percent of sales was generated by solutions for electric vehicles, while 80 percent came from vehicles with conventional propulsion systems. The automotive industry as a whole faced challenges in 2024, particularly in Germany. Nevertheless, we significantly outperformed the market growth. This success was due to our innovative solutions, which allowed us to win more manufacturer contracts, as well as our global presence, which enables us to serve many producers in different regions.

Innovation is a central driver of success for our business, and we continue to invest in this area to maintain our competitive position. Last year, we opened a state-of-the-art battery testing center at our headquarters, directly connected to our largest global innovation center of the Adhesive Technologies business unit, the Inspiration Center Düsseldorf. This new testing center significantly expands our capabilities in the e-mobility segment and strengthens our position as a leading development and innovation partner for automotive manufacturers and battery producers.

The innovations and solutions developed within Adhesive Technologies also contribute significantly to improving **sustainability** in our industrial customers' production processes. A newly developed hotmelt adhesive for the packaging industry, marketed under the Technomelt brand, allows application temperatures to be reduced by up to 40 degrees Celsius. This innovation helps companies lower their CO_2 emissions by up to one-third while significantly reducing energy consumption in production. Additionally, the adhesive consists of 50-percent bio-based raw materials and is fully compatible with the paper recycling process.

In the past fiscal year, we also invested in **acquisitions** to expand our portfolio within the Adhesive Technologies business unit, acquiring the US-based company Seal for Life Industries. This company provides protective coatings and sealing solutions for infrastructure in industries such as renewable energy, gas, and water. This acquisition complements our 2023 purchase of Critica Infrastructure, a company also specializing in infrastructure maintenance and repair. With these acquisitions, we have expanded our existing portfolio in this application area and created a platform for further growth in an attractive, forward-looking business sector.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Looking at the development of our two business units over the past fiscal year, it is clear that with a well-defined strategic agenda and the dedicated efforts of our teams, we successfully advanced the transformation of our Company in 2024 with strong momentum. Henkel stands on two solid pillars – Adhesive Technologies and Consumer Brands – in a structure that provides us with a clear foundation to further develop Henkel and lead it into the future.

Responsibility for the environment, society, and future generations

Our commitment to sustainable business practices is a fundamental part of our values, purpose, and growth agenda. We pursue a clear sustainability strategy, which is structured around three key focus areas under the headings: "Regenerative Planet," "Thriving Communities," and "Trusted Partner."

The "Regenerative Planet" focus area relates to our work toward a climate-neutral and circular economy. Our goal is to achieve net-zero greenhouse gas emissions across our entire value chain by 2045. This commitment comes with new short- and long-term targets that go significantly beyond our previous efforts. These targets cover not only production but all operational processes at our sites worldwide. They also encompass a broader portion of our upstream and downstream supply chain.

In 2024, the Science Based Targets initiative (SBTi) officially validated our new goals – an achievement that few companies in our competitive landscape can claim. This is our contribution to the Paris Agreement, which aims to limit global warming to 1.5 degrees Celsius.

Within the "Thriving Communities" focus area, we further reinforced our commitment to pioneering new paths over the past year. We became the first company listed in the DAX index to introduce gender-neutral parental leave worldwide – with full salary compensation. This step was met with highly positive reactions from both our employees and the public. In recognition of this initiative, for example, we were honored with the 2024 Responsible Leadership Award from the renowned F.A.Z. Institute for our strong stance and successful communication on sustainability-related topics.

This initiative underscores our dedication to fostering a more inclusive corporate culture and aligns with the expectations of younger generations, for whom equal parental responsibilities are becoming an increasingly important factor in both family and career planning. Particularly in countries where no statutory parental leave exists, this initiative represents a major step toward greater family-friendliness and equality.

For more information on how we are responsibly shaping our business and our role in society, I invite you to explore our comprehensive 2024 Sustainability Report: **www.henkel.com/sustainabilityreport**

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Leveraging the opportunities of digitalization across all areas

In 2024, digitalization – especially the rapid advancements in artificial intelligence (AI) – was a major topic of discussion, with widespread debates on its societal impact and economic potential.

At Henkel, AI has been an integral part of our digital strategy for several years. We actively implement AI technologies in practical applications across both our industrial and consumer goods businesses.

For example, AI is used to automate processes in our adhesive development laboratories, virtually connect our global production sites, operate autonomous robots in our manufacturing facilities, and for chatbots on our brand websites.

As AI capabilities expand rapidly, responsible use of the technology and ensuring that our employees have the necessary skills to leverage it effectively have become increasingly important. We regularly offer training programs to keep our workforce up to date on the latest AI advancements and applications, including e-learning modules, professional development courses, and hands-on workshops.

In 2024, our digital unit, Henkel dx, further optimized our internal structures, strengthened our digital expertise, and fostered a culture of open innovation. Additionally, we benefit from our strategic partnerships with leading global digital companies such as SAP, Microsoft, and Adobe. These collaborations enable us to integrate cutting-edge technologies into our digital platforms and initiatives. By accelerating digital innovation, refining our platform strategy, and enhancing cross-functional collaboration across all business areas and functions, we significantly improved IT efficiency over the past year.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Driving cultural transformation

As the foundation of our agenda for purposeful growth, we aim to foster a culture of collaboration and empowerment for our employees. Strengthening our corporate culture is a top priority for me and the entire Henkel Management Board.

To support our employees, we offer a variety of learning formats and training programs. Hence, 2024 again saw us successfully continue the Accelerate Cultural Transformation (ACT) initiative, originally launched in 2023, across our global organization. This initiative promotes deeper dialog and stronger connections within our teams. The core focus of the ACT initiative last year was on providing constructive feedback and fostering an open feedback culture.

A culture of collaboration is closely linked to promoting diversity, equity, and inclusion. We firmly believe that a diverse workforce and an open, appreciative corporate culture are key success factors in a globalized world and form the foundation of our competitive advantage. To further enhance diversity, we follow a clearly defined strategy based on three pillars: First, raising awareness through various formats, such as campaigns and events, to highlight different dimensions of diversity. Second, strengthening inclusive behavior through training programs for both leaders and employees. And third, continuously improving structural conditions, such as offering programs that support work-life balance, eliminating structural barriers, and setting clear targets to track our progress. One of our ambitions is to achieve gender parity across all leadership levels by the end of 2025. As of today, approximately 42 percent of our leadership positions worldwide are held by women.

A successful and important year for Henkel

In summary I would say that fiscal 2024 was a successful and highly significant year for Henkel. We achieved our financial targets, which we raised twice during the year. We consistently implemented our agenda for purposeful growth across all strategic dimensions and advanced our Company's transformation with determination and success. We are on the right path, and the transformation of our Company is yielding tangible results. With a clear strategy, a strong team, and a unique company culture, we are well-prepared for the future.

On behalf of the entire Henkel Management Board, I would like to thank our customers, consumers, and business partners for their trust in our brands and technologies. They are at the center of our work, and successfully addressing their needs, wishes and challenges is what drives us. Day by day.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

I would also like to emphasize once again my thanks to all our employees and leaders around the world – for their great commitment, dedication and hard work.

We would also like to thank the Shareholders' Committee and the Supervisory Board for their valuable and constructive support in these very challenging times.

And finally, we would like to express our sincere thanks to you, our shareholders. We greatly appreciate your continued confidence in our Company. I firmly believe that we are on the right track, that we are pursuing the right strategy and that we will continue to develop Henkel consistently on this foundation.

We look ahead with confidence to 2025 and beyond and are fully committed to leading Henkel successfully into the future.

Düsseldorf, February 7, 2025

Carsten Knobel
Chair of the Management Board

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

"I am confident that our people and our management team will successfully overcome the challenges that lie ahead."

DR. SIMONE BAGEL-TRAH
CHAIR OF THE SHAREHOLDERS' COMMITTEE AND OF THE SUPERVISORY BOARD

Dear Shareholders and Friends of the Company,

The past year was once again marked by a difficult environment, with various political and economic uncertainties and crises, and substantial volatility. Although the high global inflation rate has abated significantly, economic growth was modest in many regions, particularly in Europe – and especially in Germany. Yet despite all these headwinds, Henkel has once again made significant progress in the past year and is fundamentally in a good position. In this changing and challenging environment, we have succeeded in delivering a good business performance overall.

On behalf of the Supervisory Board, I would like to thank all employees at Henkel for their dedicated commitment and their contribution to the successful further development of our Company over the past year. My thanks are equally due to the members of the Management Board who have steered the transformation of the Company through a challenging environment. I am also grateful to our employee representatives and works councils for their consistently constructive support in growing Henkel.

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THE COMPANY
SHARES AND BONDS
COMBINED MANAGEMENT REPORT
CONSOLIDATED FINANCIAL STATEMENTS
FURTHER INFORMATION
CREDITS/LEGAL
CONTACTS
FINANCIAL CALENDAR

I would also like to extend my thanks to you, our shareholders, for your continued confidence in our Company, its management and employees, and our brands and technologies over this past fiscal year.

Ongoing dialog with the Management Board

We continued to diligently discharge in full our Supervisory Board duties in fiscal 2024 in accordance with the legal statutes, Articles of Association and rules of procedure governing our actions. This included consistently monitoring the work of the Management Board, advising and supporting it in its stewardship and in the strategic development of the Company, and discussing with it business matters of major importance. In doing so, we were able to ascertain that the Management Board's performance of its duties was consistently legally and regulatory compliant, fit for purpose, and proper at all times.

The Management Board and Supervisory Board continued to cooperate in 2024 through extensive dialog founded on mutual trust and confidence. The Management Board kept us regularly and extensively informed of all major issues affecting the Company's business and our Group companies with prompt written and oral reports. Specifically, the Management Board reported on the business situation, operational development, business policy, profitability issues, our short-term and long-term corporate, financial and personnel plans, as well as on issues relating to sustainability, capital expenditures – including acquisitions – and organizational measures.

We also discussed the risk situation and dealt with compliance and governance issues. Financial reports focused, among other things, on the sales, earnings and return figures of the Henkel Group as a whole, with further analysis by business unit and region. We regularly discussed the status of transformation of the Consumer Brands business unit. The members of the Supervisory Board and its committees consistently had sufficient opportunity to critically review and address the issues raised by each of these reports and associated explanations, and to provide their individual guidance.

Outside of Supervisory Board meetings, the Chair of the Audit Committee and I, as Chair of the Supervisory Board, remained in regular contact with individual members of the Management Board or with the Management Board as a whole, discussing with them issues relating particularly to strategy, business performance, risk management and compliance. This procedure ensured that we were constantly aware of current business developments and significant events. Again outside of meetings, we also regularly held confidential talks with the auditor to discuss audit-related topics and other important issues of relevance for the Supervisory Board's work. Major outcomes of these talks were shared with the other members no later than by the next Supervisory Board or committee meeting.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

As Chair of the Supervisory Board, I also held several talks with investors on issues relating specifically to the Supervisory Board and on questions of corporate governance. I reported on these talks in summary form to the Supervisory Board.

There were no indications of conflicts of interest involving Management Board or Supervisory Board members that might have required immediate disclosure to the Supervisory Board and reporting to the Annual General Meeting.

Members of the Supervisory Board take it upon themselves to seek the training needed to perform their duties; these efforts are appropriately supported by the Company. In addition to this training, the Company again offered information and training events focusing on specific topics in the year under review, including the expected implementation of the Corporate Sustainability Reporting Directive (CSRD) and two topics that are relevant to the Adhesive Technologies business unit: "automated logistics centers" and "applications in the aerospace industry." Members also learned more about HCB production and high-bay warehouses and the "Aerospace HUB" during a visit to our Montornès del Vallès production site.

Supervisory Board meetings

The Supervisory Board and the Audit Committee each held four regular meetings in the reporting year. The newly established Sustainability Committee also met twice during the year. The meetings were held in person with the option of attending via video conference. No meetings were held as a telephone conference or as a remote-only meeting via video conference.

The members of the Management Board participated in the meetings of the Supervisory Board unless it was deemed expedient for the Supervisory Board to discuss individual agenda items without the Management Board being present. The Supervisory Board and Audit Committee also had the opportunity to discuss matters without the Management Board present.

In each of our meetings, we discussed the reports submitted by the Management Board, conferring with it on the development of the Company and on strategic issues. We also discussed the overall economic situation and Henkel's business performance.

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THE COMPANY
SHARES AND BONDS
COMBINED MANAGEMENT REPORT
CONSOLIDATED FINANCIAL STATEMENTS
FURTHER INFORMATION
CREDITS/LEGAL
CONTACTS
FINANCIAL CALENDAR

As already discussed in our last Annual Report, our meeting on February 27, 2024 focused on the annual and consolidated financial statements for 2023, including the combined management report for Henkel AG & Co. KGaA and the Group, together with the risk report, corporate governance report and combined separate non-financial statement for Henkel AG & Co. KGaA and the Group, which was issued in the form of a separate non-financial report. We also approved the declaration of compliance for 2024, and discussed matters relating to marketing and sustainable product innovations.

Our meeting on April 22, 2024 focused on the constitution of the Supervisory Board in light of the routine re-election of shareholder representatives and on the performance of our business units in the first three months of the fiscal year. In particular, we discussed the development of volumes, margins and market shares and preliminary expectations for further business development in a persistently volatile market environment.

In our meeting on September 12, 2024, we focused both on the performance of our business units over the first eight months and on our corporate strategy up to 2028, including strategic and financial planning. We also examined in detail the competitive environment of our Consumer Brands and Adhesive Technologies business units.

Our meeting on December 12, 2024 focused on the expected results for 2024 and on our assets and financial planning for fiscal 2025. We also examined in detail the associated budgets of our business units based on comprehensive documentation. Personnel development at senior executive level and our most recent acquisitions and divestments were likewise discussed.

Committees of the Supervisory Board

In order to enable us to efficiently comply with the duties incumbent upon us according to legal statute and our Articles of Association, we have established an Audit Committee, a Nominations Committee and a Sustainability Committee. Simone Menne as Chair and Laurent Martinez as a member each meet the statutory requirements for independence and expertise in the areas of accounting and auditing applicable to the Audit Committee. For more details on the responsibilities and composition of the committees, please refer to the corporate governance statement (on pages 51 to 92) and the membership lists (on page 365).

Committee activities

Following the appointment, by the 2024 Annual General Meeting, of the external auditor, it was mandated by the Audit Committee to audit the separate annual financial statements and the consolidated financial statements, including the combined management report for Henkel AG & Co. KGaA and the Group, and to review the half-year financial report for fiscal 2024. The audit fee was also established and the key audit matters were discussed. It was agreed that the auditor would notify the Supervisory Board immediately of

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

any findings or occurrences discovered or occurring during the audit that are material to the performance of the Supervisory Board's duties. Appropriate procedures for the provision of non-audit-related services as permitted in the relevant EU regulations were specified. The Audit Committee also obtained the necessary validation of auditor independence for the performance of these tasks. The Audit Committee likewise commissioned the external auditor to review the content both of the combined separate non-financial statement for Henkel AG & Co. KGaA and the Group, which is compiled as a separate non-financial report (Sustainability Report), and of the Remuneration Report compiled in accordance with Section 162 German Stock Corporation Act [AktG]. Both reports will be made available in the public domain through publication on our website.

The Chair of the committee reported promptly and in full to the plenary Supervisory Board on the content and results of the committee meetings described below.

The Audit Committee met four times in the year under review. In the run-up to each meeting, the Chair of the Audit Committee held talks with the auditor regarding the audit findings and any other aspects of audit relevance.

The meetings and resolutions were prepared through the provision of reports and other information by the Management Board. The Heads of the relevant Group functions – particularly Corporate Accounting, Legal & Compliance, Treasury, Corporate Sustainability and Corporate Audit – also reported on individual agenda items and were available to answer questions.

The Company and Group accounts, including the interim financial reports (quarterly statements and half-year financial report) were discussed at all Audit Committee meetings, with all matters arising being duly examined with the Management Board. The auditor was present to discuss the relevant agenda items at the three meetings at which we discussed and approved the interim financial reports; the auditor also reported on the findings of the audit procedures commissioned by the Supervisory Board and the Management Board and on the main issues and occurrences relevant to the work of the Audit Committee. There were no objections raised in response to these reports. Some consultations with the auditors took place without the Management Board being present.

The Audit Committee likewise focused in great detail on the accounting process and the sustainability reporting process, and the efficacy and further development of the Group-wide internal control and risk management systems. The efficiency of the risk management system was reviewed on the basis of the risk reports of previous years. The report given by the General Counsel & Chief Compliance Officer on material legal disputes and compliance within the Group was also discussed, as was the status report submitted by Corporate Audit. The audit plan submitted by Corporate Audit, focusing on audits of the appropriateness and effectiveness of the internal control system and the compliance organization, was approved. The Audit

ank=20250703;2025070708389

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Committee further discussed treasury risks, their management, and the EMIR mandatory audit pursuant to Section 32 German Securities Trading Act [WpHG]. The auditor's provision of non-audit-related services and adherence to the general conditions specified for same were monitored. There were no transactions requiring approval pursuant to Section 111b AktG.

At its meeting on March 5, 2025, attended by the auditor, the Audit Committee discussed the annual and consolidated financial statements, together with the combined management report for Henkel AG & Co. KGaA and the Group, the Sustainability Report for fiscal 2024, the respective audit reports and auditor's opinions, the associated proposal for appropriation of profit, and the risk report, and prepared the corresponding resolutions for the Supervisory Board. The Audit Committee also discussed the quality of the audit at this meeting. As in previous years, other members of the Supervisory Board took part as guests in this specifically accounting-related meeting of the Audit Committee.

As reported in the previous year, the Nominations Committee submitted its recommendation for the Supervisory Board's proposal to the 2024 Annual General Meeting for resolution with regard to the forthcoming election of new shareholder representatives and conducted a structured process to select potential candidates with the assistance of an external consultant.

Given the importance of ESG issues for the Company, the Supervisory Board has established a Sustainability Committee. The remuneration for members of the Sustainability Committee was approved by the 2024 Annual General Meeting. The newly established Sustainability Committee was constituted after the Annual General Meeting on April 22, 2024. As of December 31, 2024, the following were members of the committee: Dr. Simone Bagel-Trah (Chair), Barbara Kux (Vice Chair) and Vinzenz Gruber as shareholder representatives, and Birgit Helten-Kindlein, Dr. Konstantin Benda and Michael Vassiliadis as employee representatives. The committee met twice in the year under review. Matters relating to the sustainability strategy were discussed with the Management Board during the meetings, among other topics. The Sustainability Committee also supported the preparation of the Sustainability Report, which for the first time was prepared in alignment with the European Sustainability Reporting Standards (ESRS).

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Efficiency audit

The Supervisory Board and Audit Committee regularly review the efficiency with which they perform their duties. As already reported, the efficiency with which the Supervisory Board and Audit Committee carry out their duties and the required independence of their membership was confirmed in the 2023/2024 efficiency audit. Some improvement opportunities were discussed and are in the process of being implemented. The next efficiency audit is scheduled to take place in 2025/2026.

Corporate governance and declaration of compliance

The Supervisory Board again dealt with questions of corporate governance in the reporting year. A Sustainability Committee was also established. Further details of Henkel's corporate governance can be found in the corporate governance statement (pages 51 to 92 of this Annual Report), with which we fully acquiesce.

At our meeting on March 6, 2025, we discussed and approved the joint declaration of compliance for 2025 to be submitted by the Management Board, Shareholders' Committee and Supervisory Board, as specified in the GCGC. The full wording of the current and previous declarations of compliance can be accessed through the Company website. The current declaration of compliance is also reflected in the corporate governance statement.

Individual meeting attendance

Members' participation in the meetings of the Supervisory Board and the Audit Committee was 96 percent overall. The following table lists the attendance of each Supervisory Board member:

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Individual meeting attendance 2024

Supervisory Board member	Supervisory Board and committee meetings[1]	Attendance	Presence
Dr. Simone Bagel-Trah (Chair)	10	10	100%
Birgit Helten-Kindlein (Vice Chair)	10	9	90%
Michael Baumscheiper	4	4	100%
Dr. Konstantin Benda	6	6	100%
Lutz Bunnenberg	4	4	100%
Sabine Friedrich	4	4	100%
Vinzenz Gruber (since 4/23/2024)	5	4	80%
Benedikt-Richard Freiherr von Herman	4	4	100%
Barbara Kux	6	6	100%
Dr. Anja Langenbucher (since 4/23/2024)	3	3	100%
Laurent Martinez	8	8	100%
Simone Menne	8	7	88%
Andrea Pichottka	4	3	75%
Philipp Scholz (until 4/22/2024)	1	1	100%
Dirk Thiede	4	3	75%
Edgar Topsch	8	8	100%
Michael Vassiliadis	10	10	100%
Poul Weihrauch (until 4/22/2024)	1	1	100%

[1] Number of meetings of relevance for the respective member, i.e. excluding attendance at the Audit Committee's meeting to discuss the annual financial statements by members of the Supervisory Board who are not members of the Audit Committee.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Annual and consolidated financial statements/Audit

In its capacity as auditor appointed for 2024 by the Annual General Meeting on April 22, 2024, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Frankfurt am Main, Germany, examined the annual financial statements and the consolidated financial statements, together with the consolidated management report, which has been combined with the management report for Henkel AG & Co. KGaA for fiscal 2024. The annual financial statements and the combined management report were prepared by the Management Board in accordance with German statutory provisions. The consolidated financial statements were prepared by the Management Board in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the EU, and in accordance with the supplementary German statutory provisions pursuant to Section 315e (1) German Commercial Code [HGB]. The consolidated financial statements in their present form exempt us from the requirement to prepare consolidated financial statements in accordance with German law.

PwC conducted its audits in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany [Institut der Wirtschaftsprüfer, IDW]. Unqualified audit opinions were issued for the annual and the consolidated financial statements, as well as for the combined management report.

Combined separate non-financial report

The combined separate non-financial statement for Henkel AG & Co. KGaA and the Group, which is prepared in the form of a separate non-financial report (Sustainability Report), for fiscal 2024 has been prepared in accordance with Sections 289b ff. HGB and 315b to 315c HGB and aligned to the European Sustainability Reporting Standards (ESRS). Based on the procedures performed and the evidence obtained, nothing has come to the auditor's attention that causes the auditor to believe that the information in the Sustainability Report for fiscal 2024 has not been prepared, in all material respects, in accordance with the provisions of German commercial law.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Review of the documentation and proposals for resolution at the Annual General Meeting

The annual financial statements, consolidated financial statements, combined management report, and combined separate non-financial statement relating to Henkel AG & Co. KGaA and the Group prepared in the form of a separate non-financial report (Sustainability Report) for fiscal 2024 were presented in good time to all members of the Supervisory Board, together with the corresponding audit reports and relevant auditor's opinions and the recommendations by the Management Board for the appropriation of the profit made by Henkel AG & Co. KGaA. We reviewed these documents and discussed them at our meeting on March 6, 2025, in the presence of the auditor, which reported on its main audit findings. We received and approved the relevant audit reports. The Chair of the Audit Committee provided the plenary session of the Supervisory Board with a detailed account of the treatment of the annual financial statements, the consolidated financial statements, the combined management report and the Sustainability Report at the Audit Committee's meeting on March 5, 2025.

Having received the final results of the review conducted by the Audit Committee and concluded our own examination, we see no reason for objection to the aforementioned documents. We confirm the results of PwC's audits. The assessment by the Management Board of the position of the parent company and the Group coincides with our own appraisal. At our meeting on March 6, 2025, we concurred with the recommendations of the Audit Committee and therefore approved the annual financial statements, the consolidated financial statements, the combined management report and the Sustainability Report as prepared by the Management Board.

Additionally, we discussed and approved the proposal by the Management Board to pay out of the unappropriated profit of Henkel AG & Co. KGaA a dividend of 2.02 euros per ordinary share and of 2.04 euros per preferred share, and to carry the remainder and the amount attributable to the treasury shares held by the Company at the time of the Annual General Meeting forward to the following year. This proposal takes into account the financial and earnings position of the Company, its medium-term financial and investment planning, and the interests of our shareholders.

We also approved our proposals for resolution at the 2025 Annual General Meeting at our meeting on March 6, 2025. Following the recommendation of the Audit Committee, the Supervisory Board proposes the engagement of PwC to audit the annual and consolidated financial statements, and to review the half-year financial report, and to audit the sustainability reporting for fiscal 2025.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Remuneration Report

The Remuneration Report for fiscal 2024 was prepared jointly by the Management Board and the Supervisory Board. The remuneration report was prepared as specified in Section 162 AktG and approved in the meeting on March 6, 2025.

In addition to its formal audit, PwC also examined the content of the Remuneration Report with regard to the disclosures required by law; no substantial cause for reservation was found.

Risk management

Risk management issues were examined by both the Audit Committee and the plenary Supervisory Board with emphasis on the risk management system in place at Henkel and any major individual risks of which we needed to be notified; there were no identifiable risks that might jeopardize the continued existence of the Company as a going concern. During their audit of the annual financial statements 2024, in compliance with Section 317 (4) HGB, the auditor examined whether the Management Board had put in place adequate measures as required under Section 91 (2) AktG, particularly with regard to establishing a monitoring system, and whether said monitoring system was suitable in all material respects for identifying at an early stage and with reasonable assurance any developments that might jeopardize the continued existence of the Company as a going concern. We believe that the risk management system corresponds to the statutory requirements.

Changes in the Supervisory Board and Management Board

In connection with the routine election of new shareholder representatives, which was conducted by the Annual General Meeting on April 22, 2024, Poul Weihrauch and Philipp Scholz left the Supervisory Board effective the end of the Annual General Meeting on April 22, 2024, while Vinzenz Gruber and Dr. Anja Langenbucher were elected to the Supervisory Board. The other shareholder representatives were re-elected.

In its constituent meeting on April 22, 2024, I was elected as Chair of the Supervisory Board and Birgit Helten-Kindlein was confirmed as Vice Chair. Furthermore, new members were elected to the Audit Committee, Nominations Committee and newly established Sustainability Committee, with others being re-elected.

Andrea Pichottka – union representative on the Supervisory Board since October 2004 – left the Supervisory Board effective December 31, 2024. By court resolution dated January 31, 2025, Natalie Mühlenfeld was appointed as her successor for the remaining term of the employee representatives.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

We thanked those members departing the Supervisory Board for their successful dedication to the interests of the Company.

No changes occurred in the Management Board.

The fiscal year ahead will once again bring challenges for our employees and management, but I am confident that with our motivated, dedicated teams around the world, our strong culture and our long-term growth strategy, we will successfully tackle and overcome these challenges.

We thank you for your ongoing trust and support.

Düsseldorf, March 6, 2025

On behalf of the Supervisory Board

Simone Bagel-Trah

Dr. Simone Bagel-Trah
Chair

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

OUR MANAGEMENT BOARD

Carsten Knobel

Chair of the Management Board

Born in Marburg/Lahn, Germany,
on January 11, 1969;
member of the Management Board since 2012,
Chair of the Management Board since 2020.

Mark Dorn

Executive Vice President
Adhesive Technologies

Born in London, UK,
on January 31, 1973;
member of the Management Board since 2023.

Wolfgang König

Executive Vice President
Consumer Brands

Born in Kassel, Germany,
on May 2, 1972;
member of the Management Board since 2021.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Sylvie Nicol

Executive Vice President
Human Resources, Infrastructure, Sustainability

Born in Paris, France,
on February 28, 1973;
member of the Management Board since 2019.

Marco Swoboda

Executive Vice President
Finance, Purchasing, Global Business Solutions, Digital/IT

Born in Velbert, Germany,
on September 23, 1971;
member of the Management Board since 2020.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

WHAT DRIVES US

Our purpose describes what unites everyone at Henkel: Pioneers at heart for the good of generations. Every day, around 47,150 employees worldwide give of their best to enrich and improve peoples' lives with innovative and sustainable products, services and solutions – with our shared values guiding them in their decisions and actions.

OUR
PURPOSE

Pioneers at heart for the good of generations.

OUR
VISION

Win the 20s by outperforming the markets through innovative and sustainable solutions.

OUR
VALUES

We put our **customers** and **consumers** at the center of what we do.

We value, challenge and reward our **people.**

We drive excellent sustainable **financial performance.**

We are committed to leadership in **sustainability.**

We shape our future with a strong entrepreneurial spirit based on our **family business** tradition.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

SHAPING OUR FUTURE

We shape our future on the basis of a long-term strategic framework that builds on our purpose and our values.

Our strategic framework has a clear focus on purposeful growth. This means: We aim to create superior value for customers and consumers to outgrow our markets, to strengthen our leadership in sustainability, and to enable our employees to grow both professionally and personally at Henkel.

The key elements of our strategic framework are a winning portfolio, clear competitive edge in the areas of innovation, sustainability and digitalization, and future-ready operating models – underpinned by a strong foundation of a collaborative culture and empowered people.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

SHARES AND BONDS

In a market environment that remained challenging and was characterized, in particular, by geopolitical tensions, persistently high inflation rates and slightly lower but nevertheless still high interest rates, Henkel's shares performed well overall in fiscal 2024. After getting off to a weaker start than the market as a whole, Henkel shares performed very positively and even surpassed the performance of the overall market by the middle of the year. This performance is attributable in particular to the very strong operating results generated in the first and second quarters and the associated increases in the sales and earnings guidance issued for the full year on May 3, 2024 and July 17, 2024 respectively. Following a short, market-related downward trend in August, both the overall market and Henkel shares recovered. While the market as a whole remained at a very high level as the year progressed and continued to post a very strong performance, Henkel shares performed slightly weaker in comparison – partly due to general sector rotations following the US election. Although Henkel shares had once again made substantial gains by the end of the year thanks to a further increase in the overall market and positive assessments by analysts, they were not able to match the very strong performance of the DAX over the year as a whole. Against this background, our preferred shares recorded their highest price level for the year in December.

Henkel preferred shares closed the year at 84.70 euros, up 16.3 percent year on year. The ordinary shares closed the year up 14.5 percent at 74.40 euros. Assuming reinvestment of the dividend (before tax deduction) in the shares at the time of payment, the preferred shares generated a total return of 19.2 percent, and the ordinary shares 17.7 percent. Henkel preferred shares therefore slightly outperformed the DAX (+18.8 percent) and significantly outperformed the STOXX® Europe 600, which gained 6.0 percent over the course of the year. Henkel preferred shares traded at an average premium of 11.4 percent over the ordinary shares in 2024. Year on year, the trading volume (Xetra) of preferred shares decreased, this being partly due to the share buyback program from February 15, 2022 to March 31, 2023. Each trading day saw an average of around 387,000 preferred shares changing hands (2023: 434,000).

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The average trading volume of the ordinary shares also decreased year on year to around 82,000 shares (2023: 91,000). The market capitalization of the ordinary and preferred shares totaled 32.9 billion euros as of year-end 2024.[3]

Key data on Henkel shares 2020 to 2024

in euros		2020	2021	2022	2023	2024
Earnings per share						
Ordinary share		3.23	3.76	2.93	3.13	**4.78**
Preferred share		3.25	3.78	2.95	3.15	**4.80**
Share price at year-end[1]						
Ordinary share		78.85	68.70	60.25	64.98	**74.40**
Preferred share		92.30	71.14	65.02	72.86	**84.70**
High for the year[1]						
Ordinary share		87.55	85.80	76.85	69.90	**76.90**
Preferred share		96.02	98.92	82.34	78.40	**85.84**
Low for the year[1]						
Ordinary share		55.00	65.55	57.05	58.62	**62.40**
Preferred share		64.94	69.52	57.54	64.52	**68.92**
Dividend						
Ordinary share		1.83	1.83	1.83	1.83	**2.02**[2]
Preferred share		1.85	1.85	1.85	1.85	**2.04**[2]
Market capitalization[1,3]	in bn euros	**36.6**	**30.3**	**26.2**	**28.5**	**32.9**
Ordinary shares	in bn euros	20.5	17.8	15.5	16.7	**19.1**
Preferred shares	in bn euros	16.1	12.4	10.7	11.9	**13.8**

[1] Closing share prices, Xetra trading system.
[2] Proposal to shareholders for the Annual General Meeting on April 28, 2025.
[3] Based on all outstanding shares, i.e. number of shares issued less treasury stock.

Henkel shares still represent a good investment for investors with a very long-term horizon. Shareholders who invested the equivalent of 1,000 euros when Henkel preferred shares were issued in 1985, and reinvested the dividends received (before tax deduction) in the stock, had a portfolio value of 33,457 euros at the end of 2024. This equates to an average return of 9.4 percent per year. Over the same period, the DAX provided an average annual return of 7.5 percent.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

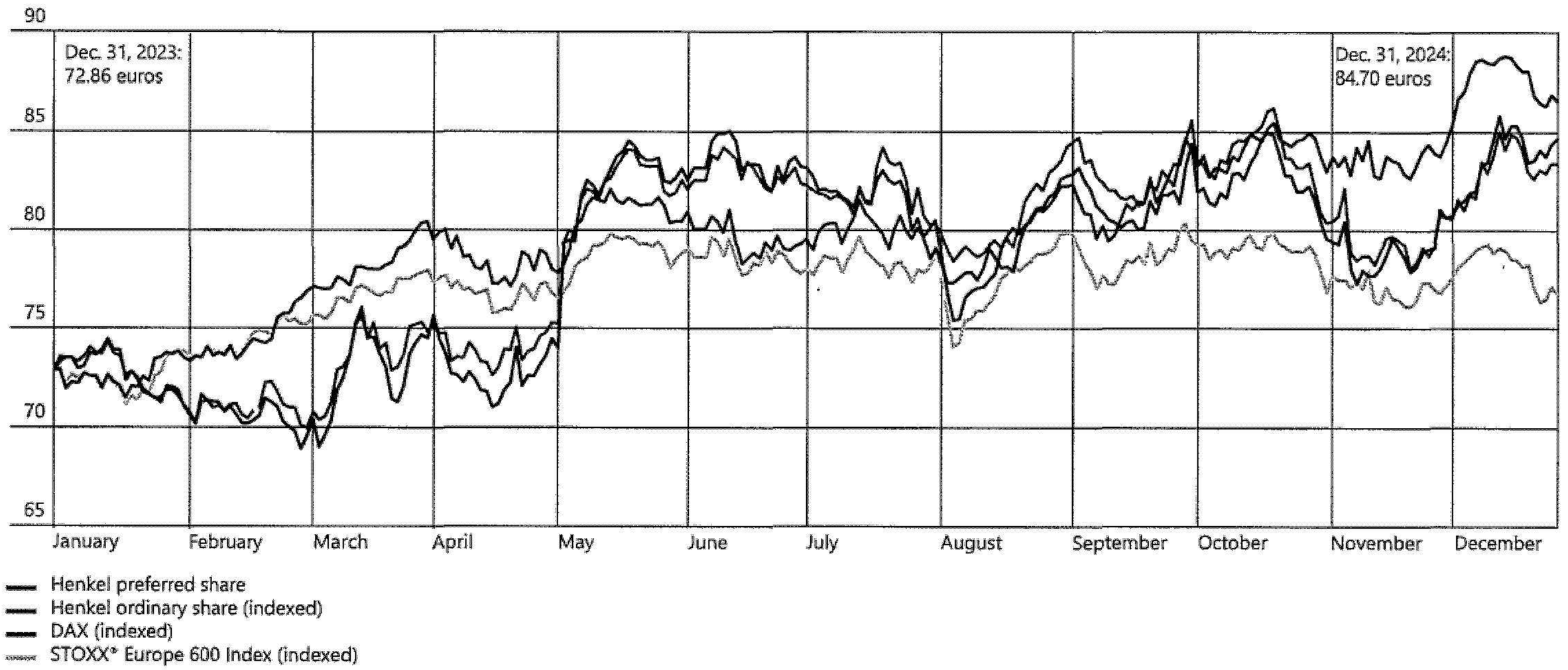
FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Performance of Henkel shares versus market
January through December 2024
in euros



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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

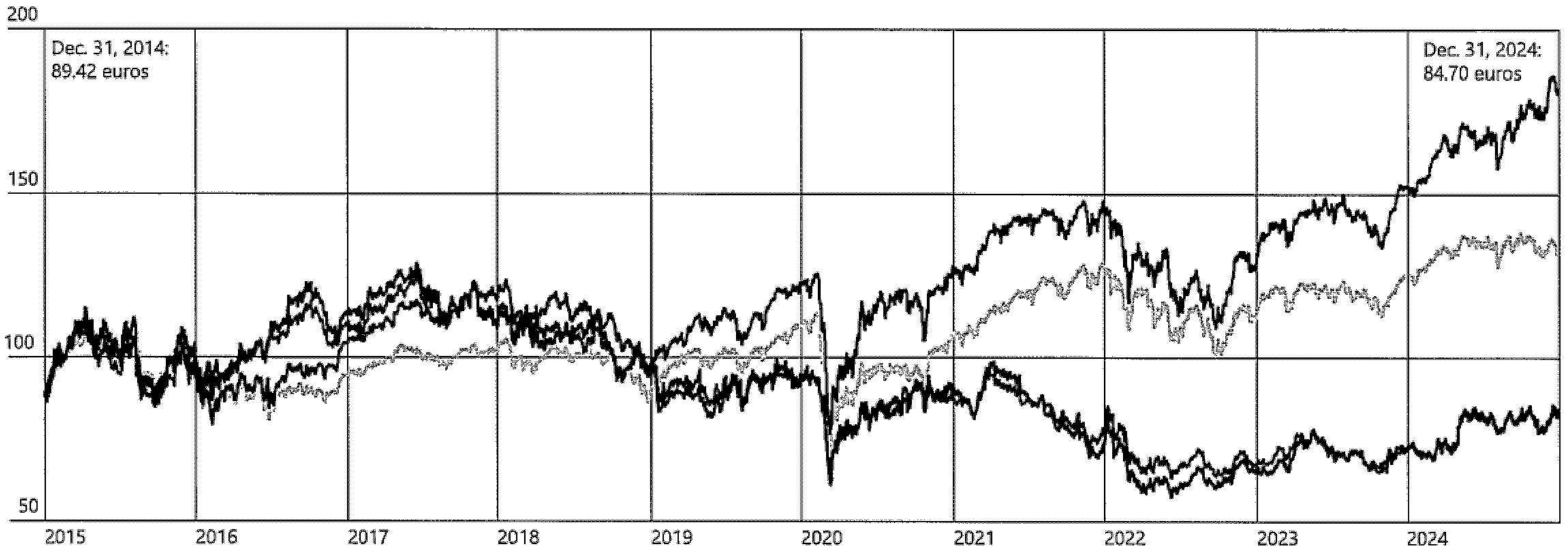
CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Performance of Henkel shares versus market 2015 through 2024

in euros



— Henkel preferred share
— Henkel ordinary share (indexed)
— DAX (indexed)
— STOXX® Europe 600 Index (indexed)

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Henkel represented in all major indices

Henkel shares are traded on the Frankfurt Stock Exchange, predominantly on the Xetra electronic trading platform. Henkel is also listed on all regional stock exchanges in Germany. In the USA, investors are able to invest in Henkel preferred and ordinary shares by way of stock ownership certificates obtained through the Sponsored Level I ADR (American Depositary Receipt) program. One share is equivalent to four ADRs. The number of ADRs outstanding for ordinary and preferred shares decreased to 24.7 million at year-end (2023: 34.7 million).

Share data

	Preferred shares	Ordinary shares
Security code no	604843	604840
ISIN code	DE0006048432	DE0006048408
Stock exchange symbol	HEN3.ETR	HEN.ETR
Number of shares	178,162,875	259,795,875
Treasury shares[1]	15,306,248	3,290,703

[1] Further details of treasury shareholdings can be found in the section "Treasury shares" in the notes to the consolidated financial statements.

ADR data

	Preferred shares	Ordinary shares
CUSIP	42550U208	42550U109
ISIN code	US42550U2087	US42550U1097
ADR symbol	HENOY	HENKY
Ratio	1 share : 4 ADRs	1 share : 4 ADRs

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The international importance of Henkel preferred shares derives not least from their inclusion in many leading indices that serve as important indicators for capital markets, and as benchmarks for fund managers. Particularly noteworthy in this respect are the STOXX® Europe 600, MSCI World and FTSE World Europe indices. Henkel's inclusion in the Dow Jones Titans 30 Personal & Household Goods Index also makes it one of the most important corporations in the personal and household goods sector worldwide. As a DAX stock, Henkel is one of the 40 most significant exchange-listed corporations in Germany.

At year-end 2024, Henkel ranked 30th in terms of free float-weighted market capitalization of the preferred shares included in the DAX index (2023: 27th). The weighting of Henkel preferred shares in the DAX decreased slightly to 0.98 percent (2023: 1.01 percent).

Once again, our advances in sustainable management earned recognition from external experts in 2024. Our performance with respect to non-financial indicators (environmental, social and governance themes) was reflected in regular positive assessments by various national and international rating agencies, from which – among other things – sustainability indices are derived.

Henkel has been represented in the ethics index FTSE4Good since 2001. We are also listed in a number of sustainability indices, including the Solactive ISS Prime Rated ESG Index Series, the Euronext Sustainable Europe 120 Index, the Euro 120 Index and the World 120, and our membership of the MSCI ACWI ESG Leaders Index has been confirmed. Henkel is, moreover, one of only 50 corporations worldwide to be included in the renowned Global Challenges Index of particularly sustainable companies that make substantial contributions to overcoming major global challenges, such as climate change.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

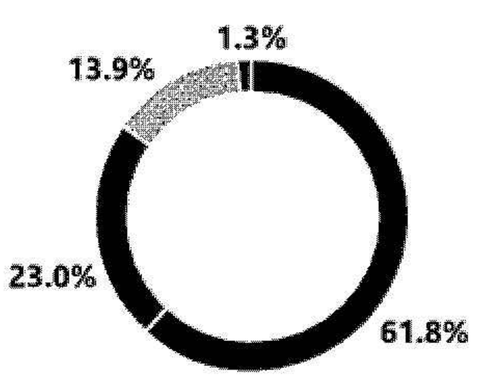
FINANCIAL CALENDAR

International shareholder structure

According to notifications received by the Company, members of the Henkel family share-pooling agreement owned a majority of the ordinary shares amounting to 61.8 percent as of November 23, 2023. In addition, BlackRock, Inc. last notified us on January 24, 2025 that its total share of voting rights – related to ordinary and preferred shares – was 3.1 percent as of January 21, 2025. As of December 31, 2024, moreover, Henkel held 3.3 million ordinary shares as treasury stock, which is equivalent to 1.3 percent of ordinary shares (unchanged from the previous year).

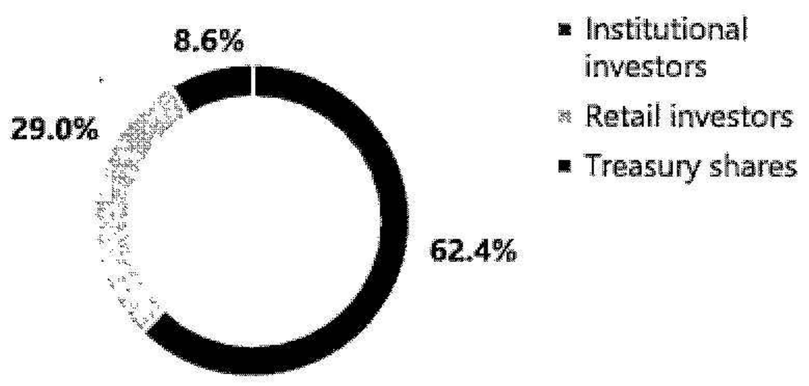
Compared to the ordinary shares, our preferred shares are the significantly more liquid class of Henkel stock. Apart from the treasury shares held, which amount to 8.6 percent of the preferred shares (previous year: 8.6 percent), they are entirely in free float. A large majority are owned by institutional investors whose portfolios are, in most cases, broadly distributed internationally. As of December 31, 2024, treasury stock amounted to 15.3 million preferred shares, remaining almost unchanged year on year.

Ordinary shares



At December 31, 2024
Source: Henkel, CMi2i

Preferred shares



At December 31, 2024
Source: Henkel, CMi2i

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

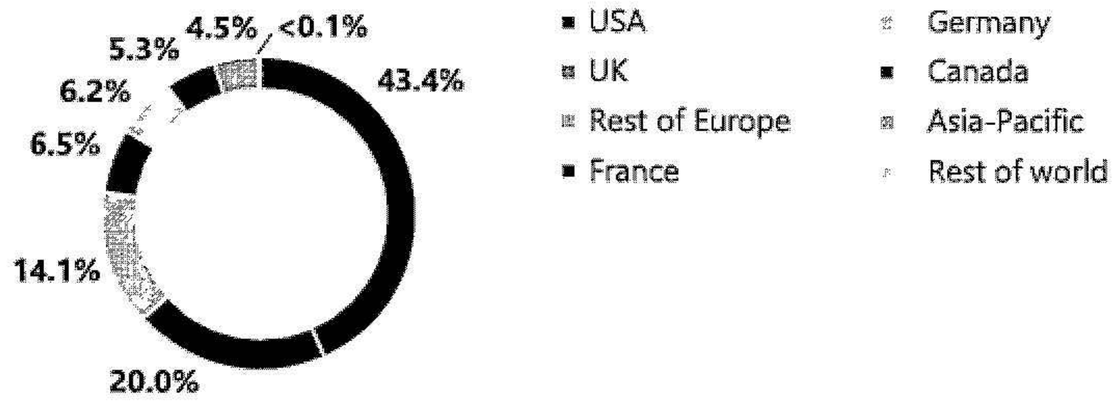
FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Institutional investors holding Henkel shares by region



At December 31, 2024
Source: CMi2i

Employee share plan

Since 2001, Henkel has offered an employee share plan (ESP) enabling its employees to acquire Henkel shares. In 2024 again, Henkel added 33 eurocents for each euro invested by an employee (limited to 4 percent of salary up to a maximum of 4,992 euros per year). Around 13,000 employees in 59 countries purchased Henkel preferred shares under this program in 2024. At year-end, some 16,500 employees held a total of around 3.1 million shares in the ESP securities accounts, representing 1.7 percent of total preferred shares outstanding. The lock-up period for newly acquired ESP shares is three years.

Investing in Henkel shares through long-term participation in our ESP has proven to be beneficial for our employees in the past. Employees who invested 100 euros each month in Henkel shares since the program was first launched held portfolios valued at 93,531 euros at the end of 2024 (assuming reinvestment of the dividends before tax deduction), which equates to a total return of 65,931 euros or 339 percent of the cumulative investment.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Henkel bonds

At the end of fiscal 2024, six Henkel bonds were outstanding with a total volume of around 1.9 billion euros and maturities ranging between 2025 and 2032.

The Sustainable Finance Framework established in October 2021 enables Henkel to issue two types of bonds on the capital market: bonds tied to sustainability criteria that are linked to the sustainability targets of Henkel, and "green bonds" that only fund selected sustainable projects. The 650 million euro bond issued in September 2022 with a term of five years is tied to the achievement of certain targets by year-end 2025 relating to the sustainability of our packaging and to the reduction of greenhouse gas emissions. Failure to meet the sustainability targets at the relevant audit points will incur an interest rate premium that raises the cost of funding the outstanding three bonds linked to those criteria. The issuance proceeds will be used for general corporate purposes, including the refunding of maturing bonds.

As of the end of fiscal 2024, three bonds linked to sustainability criteria were still outstanding. Also aligned with sustainability goals is the private placement to reduce plastic waste, which Henkel was the first company in the world to issue in July 2020. It consists of two tranches – 70 million US dollars and 25 million euros – with a term of five years. Together, based on this, around 80 percent of Henkel's capital market financing is linked to sustainability in terms of the amount repayable in euros.

Further information can be found on our website: **www.henkel.com/creditor-relations**

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Bond data[1]

Maturity year	2025		2026		2027	2032
Currency	USD	EUR	GBP	USD	EUR	EUR
Volume	70 million	25 million	350 million	250 million	650 million	500 million
Sustainability link[2]	Green Bond (Plastic Waste Reduction)	Green Bond (Plastic Waste Reduction)	–	Sustainability-Linked Bond (SPT 1+3 2025)	Sustainability-Linked Bond (SPT 1+3 2025)	Sustainability-Linked Bond (SPT 1+2 2030)
Coupon	1.042% p.a.	0.12% p.a.	1.25% p.a.	1.75% p.a.	2.625% p.a.	0.50% p.a.
Maturity	7/7/2025	7/10/2025	9/30/2026	11/17/2026	09/13/2027	11/17/2032
Issuing year	2020	2020	2019	2021	2022	2021
Issuing price	100%	100%	99.99%	99.692%	99.649%	99.989%
Initial yield	1.042% p.a.	0.12% p.a.	1.25% p.a.	1.815% p.a.	2.701% p.a.	0.501% p.a.
Day count convention	30/360	Act/Act (ICMA)	Act/Act (ICMA)	30/360 (ISMA)	Act/Act (ICMA)	Act/Act (ICMA)
Denomination	200,000 USD	200,000 EUR	100,000 GBP	200,000 USD	100,000 EUR	100,000 EUR
Security code no.	A289QD	A289X0	A2YN23	A3MQMB	A30VN3	A3MQMC
ISIN	XS2198440260	XS2202774969	XS2057835808	XS2407954002	XS2530219349	XS2407955827
Listing	not listed		Regulated Market of the Luxembourg Stock Exchange			

[1] Bonds outstanding as of December 31, 2024.

[2] The Sustainability-Linked Bonds use the following Sustainability Performance Targets: "SPT 1" (Scope 1+2 emissions), "SPT 2" (Scope 3 emissions), "SPT 3" (Recycled Plastic). More details about the indicators can be found in our Sustainability Report.

Intensive capital market communication

An active and open information policy ensuring prompt and continuous communication is a major component of the value-based management approach at Henkel. Hence, shareholders, shareholder associations, participants in the capital market, financial analysts, the media and the public at large are kept informed of the current situation and major business changes relating to the Company. All stakeholders are treated equally in this respect.

Up-to-date information is incorporated in the regular financial reporting undertaken by the Company. The dates of the major publications, and also the dates for the press conference on the preceding fiscal year and the Annual General Meeting (AGM), are published together with all relevant information on the internet at **www.henkel.com/ir**. This also serves as the portal for the live broadcast of telephone conferences and parts of the Annual General Meeting.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

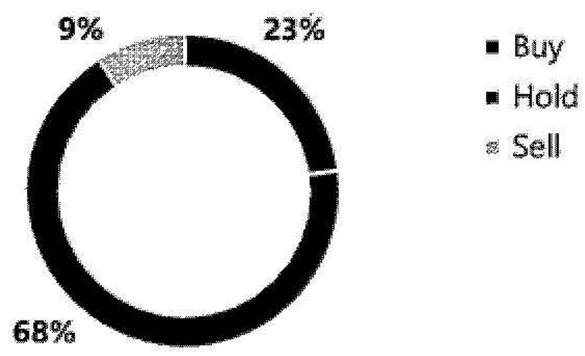
FINANCIAL CALENDAR

Our 2024 Annual General Meeting was held on April 22, 2024 in Düsseldorf, giving shareholders the opportunity to receive comprehensive information about the Company in person.

Shareholders, the media and the public at large are regularly provided with comprehensive information through press releases and information events, while occurrences with the potential to materially affect the price of Henkel shares are communicated in the form of ad-hoc announcements. The Company's advancements and targets in the sustainability-related issues of environmental, social and governance matters continue to be published in our Sustainability Report.

Henkel is covered by numerous financial analysts at an international level. A total of 22 equity analysts regularly publish reports and commentaries on the current performance of the Company.

Analyst recommendations



At December 31, 2024
Basis: 22 equity analysts

Henkel places great importance on dialog with investors and analysts. At 31 capital market conferences and roadshows attended by people from Europe, North America and Asia, institutional investors and financial analysts had an opportunity to engage with representatives of the Company and, in many instances, directly with senior management. In total, we exchanged views with more than 500 different institutional investors and financial analysts around the globe in over 400 individual or group meetings and telephone or video conferences.

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COMBINED MANAGEMENT REPORT

43 Corporate governance at Henkel AG & Co. KGaA
43 Takeover-relevant information
51 Corporate governance statement

93 Fundamental principles of the Group
93 Operational activities
93 Overview
93 Organization and business units
96 Strategic framework for purposeful growth
96 Our mid-term financial ambitions
96 Our strategic framework
99 Integration of the Consumer Brands business unit
102 Consistent implementation of our growth agenda in fiscal 2024
105 Management system and performance indicators
107 Cost of capital
107 Combined separate non-financial report

108 Economic report
108 Macroeconomic development
110 Development by sector
111 Review of overall business performance
111 Results of operations of the Group
111 Sales
113 Operating profit
115 Expense items
116 Other operating income and expenses
116 Financial result
116 Income before tax, net income and earnings per share (EPS)
117 Dividend
118 Net working capital
118 Free cash flow and net financial position
118 Adjusted return on capital employed (ROCE)
118 Economic Value Added (EVA®)
119 Comparison between actual business performance and guidance

121 Business unit performance
121 Adhesive Technologies
129 Consumer Brands
138 Net assets and financial position
138 Acquisitions and divestments
139 Capital expenditures
140 Right-of-use assets
141 Net assets
144 Financial position
145 Financing and capital management
146 Key financial ratios
147 Employees
152 Procurement
155 Production
157 Research and development
163 Marketing and distribution

166 Henkel AG & Co. KGaA (condensed version according to the German Commercial Code [HGB])

175 Risks and opportunities report
175 Risks and opportunities
175 Risk management system
176 Risk reporting procedures
178 Major risk categories
198 Major opportunity categories
200 Internal accounting control system
202 Risks and opportunities in summary

203 Forecast
203 Macroeconomic development
204 Development by sector
205 Outlook for the Henkel Group in 2025

ank=20250703;2025070708401

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

CORPORATE GOVERNANCE AT HENKEL AG & CO. KGAA

The corporate governance disclosures take into account the relevant recommendations of the German Corporate Governance Code (GCGC) as amended on April 28, 2022, and contain

- the takeover-relevant information required according to Sections 289a, 315a Commercial Code [HGB] and
- the corporate governance statement per Sections 289f, 315d HGB,

together with explanations pertaining to same. Conditions cited in Sections 289a and 315a HGB which are not fulfilled at Henkel, are not mentioned.

Unless expressly indicated otherwise, further links or references are not part of the report.

Takeover-relevant information

(Disclosures required per Sections 289a, 315a HGB, and explanations)

Composition of issued capital

As of December 31, 2024, the issued capital (capital stock) of the Company was unchanged year on year at 437,958,750 euros. It is divided into a total of 437,958,750 bearer shares (of no par value), with each share representing a nominal proportion of the capital stock of 1 euro. Of this total, 259,795,875 are ordinary shares (total nominal proportion of capital stock: 259,795,875 euros, representing 59.3 percent of the capital stock), and 178,162,875 are preferred shares without voting rights (total nominal proportion of capital stock:178,162,875 euros, representing 40.7 percent of the capital stock). All shares are fully paid in. Multiple share certificates for shares may be issued. In accordance with Art. 6 (4) of the Articles of Association, there is no right to individual share certificates.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Shareholders' rights/Annual General Meeting

The rights and obligations of shareholders are governed by the provisions of the German Stock Corporation Act [AktG], particularly Sections 12, 53a ff, 118 ff and 186 AktG. Further obligations exist under capital market legislation, such as statutory voting rights notifications per Sections 33 ff German Securities Trading Act [WpHG].

Each ordinary share grants to its holder one vote at the Annual General Meeting (Art. 21 (1) of the Articles of Association). The preferred shares grant to their holders all shareholder rights apart from the right to vote (Sections 139 (1) and 140 (1) AktG in conjunction with Art. 6 (1) of the Articles of Association). The preferred shares carry the following cumulative preferential right of payment in the distribution of profit (Section 139 (1) AktG in conjunction with Art. 35 (2) of the Articles of Association) unless otherwise resolved by the Annual General Meeting:

- The holders of preferred shares receive a preferred dividend in the amount of 0.04 euros per preferred share. If the profit to be distributed in a fiscal year is insufficient for payment of a preferred dividend of 0.04 euros per preferred share, the arrears are paid without interest from the profit of the following years, with older arrears to be paid in full before more recent arrears and the preferred dividend from the profit of a particular fiscal year paid only after the clearance of all arrears. The holders of ordinary shares then receive a preliminary dividend from the remaining unappropriated profit of 0.02 euros per ordinary share, with the residual amount being distributed to the holders of ordinary and preferred shares in accordance with the proportion of the capital stock attributable to them.
- If the preferred dividend is not paid out either in part or in whole in a year, and the arrears are not paid off in the following year together with the full preferred share dividend for that second year, the holders of preferred shares are accorded voting rights until such arrears are paid (Section 140 (2) AktG). Cancellation or limitation of this preferred dividend requires the consent of the holders of preferred shares (Section 141 (1) AktG).

The shareholders exercise their rights in the Annual General Meeting per the relevant statutory provisions (especially Sections 118 ff, 286 AktG) and the Company's Articles of Association (especially Art. 18 ff). In particular, they exercise the right to vote conveyed by the shares with voting rights – either personally, by mail-in (postal) vote, through a legal representative or through a proxy-holder nominated by the Company (Section 134 (3) and (4) AktG in conjunction with Art. 21 (2) and (3) of the Articles of Association) – and are also entitled to submit motions on the resolution proposals of management, speak on agenda items, raise pertinent questions and propose motions (Sections 126 (1) and 131 AktG in conjunction with Art. 23 (2) of the Articles of Association). Ordinary annual general meetings must be held within the first eight months following the close of the fiscal year (Section 175 (1) sentence 2 AktG); they usually take place within the first four to five months of the fiscal year.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Until June 9, 2025, the Management Board is authorized to hold Annual General Meetings virtually, without the shareholders or their proxies being physically present at the AGM venue.

Shareholders whose combined shares represent one-twentieth of the capital stock – equivalent to 21,897,938 ordinary or preferred shares or a combination of the two – may demand that a General Meeting be convened. Shareholders whose combined share of the capital stock amounts to 500,000 euros or more – equivalent to 500,000 ordinary or preferred shares or a combination of the two – may demand the inclusion of items on the agenda and publication of same (Section 122 (1) and (2) AktG). In addition, shareholders whose combined share of the capital stock amounts to 100,000 euros or more – equivalent to 100,000 ordinary or preferred shares or a combination of the two – may, subject to certain conditions, request that a special auditor be appointed by the court to examine certain matters (Section 142 (2) AktG).

Through the use of electronic communications, particularly the internet, the Company makes it easy for shareholders to participate in the Annual General Meeting. It also enables them to be represented by proxy-holders nominated by the Company for exercising their voting rights. The reports, documents and information required by law for the Annual General Meeting, including the financial statements, annual reports and remuneration reports, are made available on the internet, as are the agenda for the Annual General Meeting and any countermotions or nominations for election by shareholders that require publication. Curricula vitae are published for all candidates standing for election to the Supervisory Board as shareholder representatives or to the Shareholders' Committee.

Restrictions with respect to voting rights or the transfer of shares

Generally, preferred shares do not convey any voting rights (Sections 139 (1), 140 (1) AktG; please refer to the remarks above for further details). Voting rights attached to treasury shares held by the Company (Section 71b AktG) and to ordinary shares for which the statutory notification requirement has not been met (Section 44 sentence 1 WpHG) may not be exercised. The voting rights attached to ordinary shares are also excluded by law in the cases cited in Section 136 AktG (conflicts of interest concerning ordinary shares held by members of the Management Board, Supervisory Board or Shareholders' Committee).

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

A share-pooling agreement has been concluded between members of the families of the descendants of Company founder Fritz Henkel, pursuant to which the members agree on how to exercise the voting rights conveyed by their relevant ordinary shares in Henkel AG & Co. KGaA and ensure their voting rights are exercised consistently. The agreement also contains restrictions with respect to transfers of the ordinary shares covered (Art. 7 of the Articles of Association).

If employees acquire Henkel preferred shares through the Employee Share Plan (employee shares), they receive a certain number of additional Henkel preferred shares without further payment (bonus shares). These bonus shares are subject to a Company-imposed lock-up period of three years, which begins on the first day of the respective participation period, and they may not be sold before expiration of this period. If the relevant employee shares are sold during the lock-up period, the respective bonus shares are forfeited.

Henkel preferred shares acquired by employees through the Long Term Incentive (LTI) Plan 2020+ are also subject to a Company-imposed lock-up period and may not be sold before expiration of the four-year term of each tranche.

Contractual agreements also exist with members of the Management Board governing lock-up periods for Henkel preferred shares which they are required to purchase and hold under the Share Ownership Guideline.

Major shareholders

According to notifications received by the Company as of November 23, 2023, a total of 61.82 percent of the voting rights are held by members of the Henkel family share-pooling agreement (for additional information, please see the disclosures provided in the notes to the consolidated financial statements under Note 43 on page 354). No other direct or indirect investment in capital stock exceeding 10 percent of the voting rights has been reported to us or is known to us.

Shares with special rights

There are no shares carrying multiple voting rights, preference voting rights, maximum voting rights or other special controlling rights.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Statutory requirements and provisions in the Articles of Association governing the appointment and dismissal of members of the Management Board and amendment of the Articles of Association

Decisions regarding the appointment and dismissal of personally liable partners are taken by the Shareholders' Committee of Henkel AG & Co. KGaA and not by the Annual General Meeting (Art. 26 of the Articles of Association). Henkel Management AG is the sole Personally Liable Partner of the Company (Art. 8 (1) of the Articles of Association); all its shares are held by Henkel AG & Co. KGaA.

The Supervisory Board of Henkel Management AG is responsible for the appointment and dismissal of members of the Management Board of Henkel Management AG (Management Board). The appointments are for a maximum tenure of five years, although initial appointments tend to be for a period of three years, in accordance with the recommendations of the GCGC. Reappointment or an extension of tenure is permitted for a maximum period of five years in each case (Section 84 (1) AktG). The Supervisory Board of Henkel Management AG may revoke the appointment as member of the Management Board for good cause or reason, which may consist of gross dereliction of Management Board duties or inability to properly manage the Company's affairs (Section 84 (4) AktG). The Supervisory Board of Henkel Management AG exercises due discretion when appointing and revoking appointments.

According to Section 84 (3) AktG, a member of a Management Board comprised of more than one person is entitled to request the Supervisory Board to revoke their appointment if they are temporarily unable to perform the duties associated with the tenure because they are on maternity or parental leave, need to nurse a relative or are themselves ill. If a member of a Management Board exercises this right, the Supervisory Board must revoke the appointment

1. but, in the case of maternity leave, at the same time guarantee reinstatement following completion of the protection periods specified in Section 3 (1) and (2) of the Maternity Protection Act [MuSchG],

2. but, in the case of parental leave, the need to nurse a relative, or sickness, at the same time guarantee reinstatement following a period of up to three months, as requested by the Management Board member; the Supervisory Board can refuse to revoke the appointment for good cause.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The Management Board is composed of at least two members in accordance with Art. 7 (1) of the Articles of Association of Henkel Management AG. The Supervisory Board of Henkel Management AG is also responsible for determining the number of members on the Management Board. The Supervisory Board can appoint a member of the Management Board to chair the Management Board (Section 84 (2) AktG; Art. 7 (1) of the Articles of Association of Henkel Management AG).

If its management or executive board comprises more than three people, a listed corporation that is subject to the German Codetermination Act of 1976 must appoint at least one woman and at least one man to that executive body (participation requirement pursuant to Section 76 (3a) AktG). This participation requirement is applied accordingly to the Management Board of Henkel Management AG.

Unless otherwise mandated by statute or the Articles of Association, the resolutions of the Annual General Meeting of Henkel AG & Co. KGaA are adopted by simple majority of the votes cast. If a majority of capital is required by statute, resolutions are adopted by simple majority of the voting capital represented (Art. 24 of the Articles of Association). This also applies to changes in the Articles of Association. However, modifications to the object of the Company require a three-quarters' majority (Section 179 (2) AktG). The Supervisory Board and Shareholders' Committee have the authority to resolve purely formal modifications of and amendments to the Articles of Association (Art. 34 of the Articles of Association). By resolution of the Annual General Meeting, the Supervisory Board is also authorized to amend Art. 5 and 6 of the Articles of Association with respect to each use of the authorized capital and upon expiration of the term of the authorization.

Authorization of the Management Board to issue or buy back shares

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 new 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 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 in terms of distribution of profits or of the Company's assets as the preferred bearer shares already in circulation in respect of eligibility. Existing shareholders must be granted pre-emptive subscription rights. Pursuant to Section 186 (5) sentence 1 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.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The authorization may be utilized to the full extent allowed, 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, 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.

According to the resolution passed by the Annual General Meeting on April 24, 2023, the Personally Liable Partner is authorized to purchase ordinary and/or preferred shares of the Company for any permissible purpose at any time until April 23, 2028 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 effective date or at the time the authorization is exercised, whichever is lower. The terms of the derivatives must not exceed 18 months in each case and shall be contracted such that, after April 23, 2028, it will not be possible to acquire treasury shares through exercise of such derivatives.

Moreover, by resolution of the Annual General Meeting of April 24, 2023, the Personally Liable Partner is authorized to utilize the acquired treasury shares for any permissible purpose, subject to the approval of the Shareholders' Committee and the Supervisory Board. 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 or employee participation programs. The shares may likewise be used to satisfy warrants or conversion rights granted by the Company. Moreover, the Personally Liable Partner was authorized to withdraw treasury shares without further resolution by the Annual General Meeting.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

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.

Concerning the acquisition of treasury shares, the number held and their use, please refer to the disclosures provided in the notes to the consolidated financial statements under Note 10 on pages 262 and 263.

Material agreements governed by a change of control, and compensation agreements in the event of a takeover bid

The Company has not entered into any material agreements governed by a change of control in the wake of a takeover bid, nor any compensation agreements with members of the Management Board or the staff in the event of a takeover bid.

ank=20250703;2025070708405

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Corporate governance statement

(Disclosures required under Sections 289f, 315d HGB, and explanations)

In the corporate governance statement issued jointly by the Management Board and Supervisory Board of Henkel AG & Co. KGaA, the Management Board and Supervisory Board provide information in the relevant sections of the report on the essential elements of Henkel's corporate governance structures, relevant corporate governance practices, the composition and working methods of the Management Board, Supervisory Board and Shareholders' Committee, and the objectives to be set and the concepts pursued in the composition of the aforementioned bodies.

It should be noted that Section 317 (2) sentence 6 HGB stipulates that the review of the disclosures by the external auditor is limited to the question as to whether the requisite information has been disclosed.

The GCGC stipulates disclosures relating to the internal control and risk management systems that extend beyond the legal requirements governing management reports. These disclosures have been allocated thematically to the corporate governance statement.

1. GCGC declaration of compliance

The GCGC is substantially aligned to the statutory provisions applicable to a German joint stock corporation ("Aktiengesellschaft" [AG]). It is applied analogously by Henkel AG & Co. KGaA (the Company) to the extent that its regulations are applicable to the legal form of a Kommanditgesellschaft auf Aktien. A description is provided below to enable a better understanding of the principles underlying the management and control structure of the Company and the special features distinguishing us from an AG which derive from our specific legal form and our Articles of Association, with indication also of the primary rights accruing to the shareholders of Henkel AG & Co. KGaA.

Legal form/Special statutory features of Henkel AG & Co. KGaA

Henkel is a "Kommanditgesellschaft auf Aktien" [KGaA]. A KGaA is a company with a legal identity (legal entity) in which at least one partner has unlimited liability with respect to the Company's creditors (personally liable partner/general partner), while the liability for such debts of the other partners participating in the share-based capital stock is limited to their share capital (limited shareholders, Section 278 (1) AktG).

In terms of its legal structure, a KGaA is a mixture of a joint stock corporation [AG] and a limited partnership [KG], with a leaning toward stock corporation law. The differences with respect to an AG are primarily as follows: The duties of the executive board of an AG are performed at the Company by Henkel Management AG – acting through its Management Board – as the sole Personally Liable Partner (Sections 278 (2), 283 AktG

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

in conjunction with Art. 11 of the Articles of Association). The Company is the sole shareholder of Henkel Management AG.

The rights and duties of the supervisory board of a KGaA are more limited compared to those of the supervisory board of an AG. Specifically, the supervisory board of a KGaA is not authorized to appoint personally liable partners, preside over the partners' contractual arrangements, impose procedural rules on the management board, or rule on business transactions. These duties are performed for the Company by the Shareholders' Committee and by the Supervisory Board of Henkel Management AG respectively. A KGaA is not required to appoint a director of labor affairs, even if, like Henkel, the company is bound to abide by the German Codetermination Act of 1976.

The general meeting of a KGaA essentially has the same rights as the shareholders' meeting of an AG. For example, it votes on the appropriation of earnings, elects members of the supervisory board (shareholder representatives) and formally approves the supervisory board's actions. It appoints the auditor and also votes on amendments to the articles of association and measures that change the company's capital, which are implemented by the management board. Additionally, as stipulated by the legal form, it also votes on the adoption of the annual financial statements of the company, formally approves the actions of the personally liable partner (general partner), and elects and approves the actions of the members of the shareholders' committee as established under the articles of association. Resolutions passed in general meeting require the approval of the personally liable partner where they involve matters which, in the case of a limited partnership, require the authorization of the personally liable partners and that of the limited partners (Section 285 (2) AktG) or relate to the adoption of annual financial statements (Section 286 (1) AktG).

According to our Articles of Association, in addition to the Supervisory Board, Henkel also has a standing Shareholders' Committee comprising a minimum of five and a maximum of ten members, all of whom are elected by the Annual General Meeting (Art. 27 of the Articles of Association). The Shareholders' Committee is required in particular to perform the following functions (Section 278 (2) AktG in conjunction with Sections 114 and 161 HGB, and Art. 8, 9 and 26 of the Articles of Association):

- In particular, the Shareholders' Committee acts in place of the Annual General Meeting in guiding the business activities of the Company.
- It decides on the appointment and dismissal of the Personally Liable Partners.
- It holds both the power of representation and executive powers over the legal relationships prevailing between the Company and Henkel Management AG, the Personally Liable Partner.
- It exercises the voting rights of the Company in the Annual General Meeting of Henkel Management AG, thereby choosing its three-member Supervisory Board which, in turn, appoints and dismisses the members of the Management Board.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

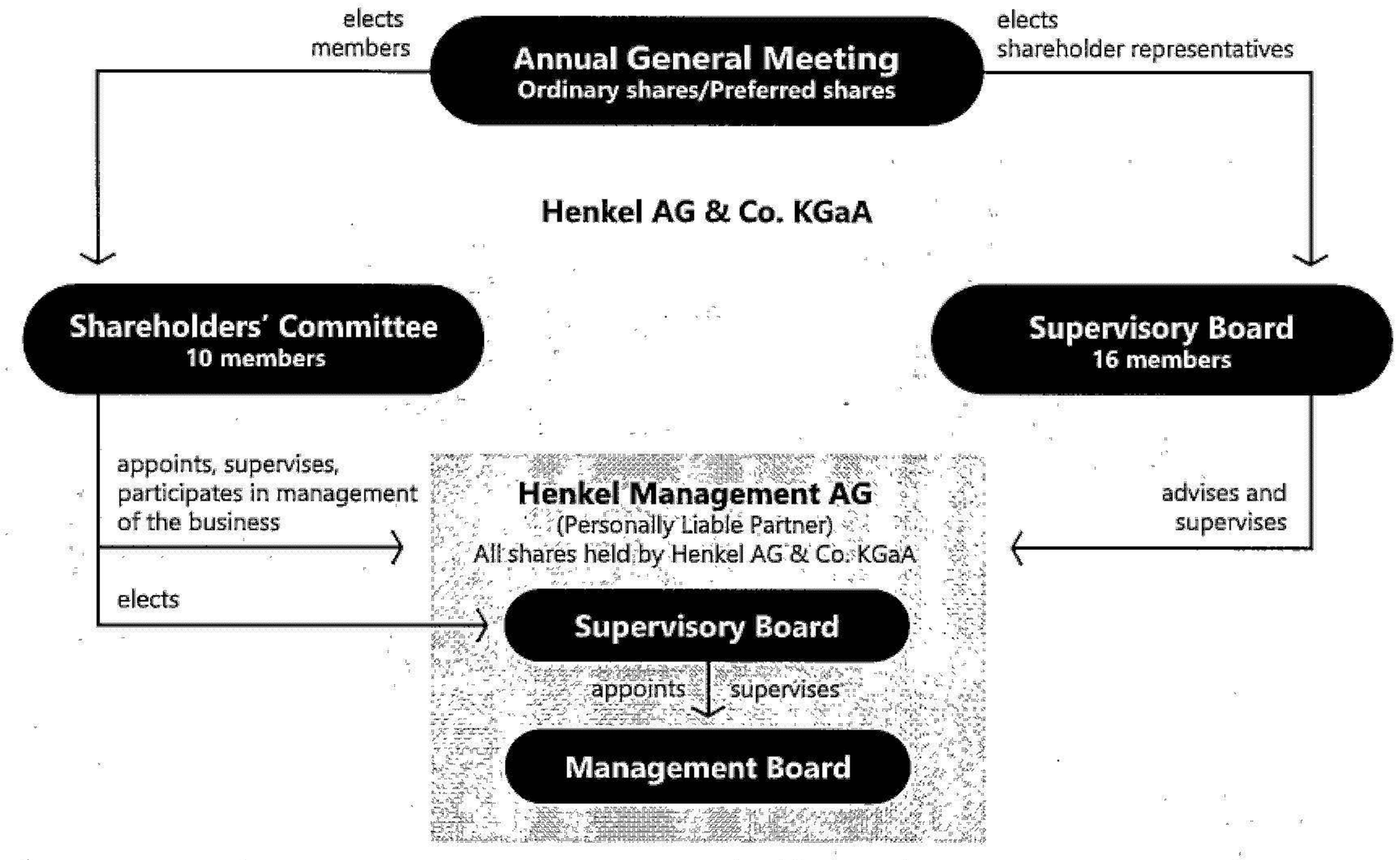
CONTACTS

FINANCIAL CALENDAR

- It determines the rules of procedure for Henkel Management AG, as the Personally Liable Partner, and specifies which transactions it must submit to the Shareholders' Committee for approval.

There were no changes in the Group management and supervisory structure in the year under review. The following chart illustrates the structure of the Company.

Structure of Henkel AG & Co. KGaA



Declaration of compliance per Section 161 AktG

Where the GCGC offers recommendations concerning the duties and responsibilities of a supervisory board that are performed by the Company's Shareholders' Committee or the Supervisory Board of Henkel Management AG in compliance with the Articles of Association, those recommendations have been adopted

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

accordingly for the Shareholders' Committee and the Supervisory Board of Henkel Management AG respectively. Such recommendations by the GCGC relate to the composition of the Management Board, succession planning, the length of first terms in office, reappointment and specification of an age limit, definition of a remuneration system and of total remuneration, specification of the amount of variable remuneration to be paid to the Management Board and of the monetary arrangements upon termination of a contract.

In February 2024, the Management Board, Supervisory Board and Shareholders' Committee issued the following declaration, which was published on the Company's website:

"Declaration for 2024 pursuant to the German Corporate Governance Code

The Management Board of Henkel Management AG as the personally liable partner (general partner), the Shareholders' Committee and the Supervisory Board of Henkel AG & Co. KGaA ("Company") declare, pursuant to Section 161 German Stock Corporation Act [AktG], that notwithstanding the specific regulations governing companies with the legal form of a German partnership limited by shares ("KGaA") and the pertinent provisions of its Articles of Association ("bylaws") concretizing this legal form, the Company has complied with the current recommendations of the German Corporate Governance Code as amended on April 28, 2022 ("GCGC") since the last declaration of compliance of March 2023, and is currently complying and will comply in future with the GCGC recommendations subject to certain derogations indicated below:

Modifications due to the legal form of a KGaA and their concretization in the bylaws

- The Company is a German partnership limited by shares ("Kommanditgesellschaft auf Aktien" [KGaA]). The tasks and duties of an executive board in a German joint stock corporation ("AG") are assigned to the personally liable partner(s) of a KGaA. The sole personally liable partner of the Company is Henkel Management AG, the Management Board ("Management Board") of which is thus responsible for managing the business activities of the Company. The Company is the sole shareholder of Henkel Management AG.
- The Shareholders' Committee established in accordance with the Company's bylaws acts in place of the Annual General Meeting of the Company, its primary duties being to engage in the management of the Company's affairs and to appoint and dismiss personally liable partners; it holds representative authority and the power of management, allowing it to preside over the legal relationships of the Company and Henkel Management AG as the latter's personally liable partner. It also issues the rules of procedure governing the actions of Henkel Management AG.

The Shareholders' Committee is likewise responsible for exercising the Company's voting rights at Annual General Meetings of Henkel Management AG. In so doing, it likewise appoints the members of the Supervisory Board of Henkel Management AG, which in turn appoints the members of the Management Board. The

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Supervisory Board of Henkel Management AG comprises three members; these are also members of the Shareholders' Committee.

GCGC recommendations that refer to the duties and responsibilities of a supervisory board that are performed by the Shareholders' Committee in accordance with the Company's bylaws are analogously applied to the Shareholders' Committee.

- The rights and duties of the supervisory board of a KGaA are more limited compared to those of the supervisory board of an AG. In particular, the Supervisory Board of the Company has no authority to appoint personally liable partners or to preside over the associated contractual arrangements; it may not issue rules of procedure governing the actions of the Management Board, and it is not permitted to designate business transactions requiring oversight consent. These duties are performed by the Shareholders' Committee or the Supervisory Board of Henkel Management AG. A KGaA is not required to appoint a director of labor affairs, even if, like Henkel, the company is bound to abide by Germany's Codetermination Act of 1976.
- The general meeting of a KGaA essentially has the same rights as the shareholders' meeting of an AG. In addition, it resolves on the adoption of the annual financial statements of the corporation and formally approves the actions of the personally liable partner(s). At Henkel, the General Meeting also elects the Shareholders' Committee and formally approves its actions. Numerous resolutions passed in the general meeting require the consent of the personally liable partner, including approval of the annual financial statements of the corporation.

GCGC recommendations

Where the GCGC offers recommendations concerning the duties and responsibilities of a supervisory board that are performed by the Company's Shareholders' Committee or the Supervisory Board of Henkel Management AG due to legal form or in compliance with the Articles of Association, those recommendations have been adopted accordingly for the Shareholders' Committee and the Supervisory Board of Henkel Management AG respectively. Such recommendations contained in the GCGC relate to the composition of the Management Board, succession planning, the length of first terms in office, reappointments and specification of an age limit, definition of a remuneration system and of total remuneration, and specification of the amount of variable remuneration to be paid to the Management Board and of the monetary arrangements upon termination of a contract (Recommendations B.1 to B.5 and G.1 to G.16).

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Taking into account the special features arising from its legal form and bylaws, the Company complies with all recommendations ("shall" provisions) of the GCGC, with the following exceptions:

- According to Recommendation C.5 GCGC, the supervisory board should not include any management board members of (other) listed corporations who hold more than two supervisory board appointments or comparable offices in non-group listed corporations. Nor should these management board members chair a supervisory board of a non-group listed corporation. Whether the number of mandates held by members of the management board who sit on the supervisory board remains appropriate is to be assessed on a case-by-case basis as a more reasonable approach, rather than by means of a rigid upper limit.
- The Company has derogated and continues to derogate from Recommendation G.12 GCGC – according to which, in the event of termination of a Management Board contract, the payment of any outstanding variable remuneration components attributable to the period up to termination of the contract should be based on the originally agreed targets and comparison parameters and in accordance with the due dates or lock-up periods specified in the contract – insofar as – under the former remuneration policy – all lock-up periods relating to a board member's own investment in Henkel preferred shares (share deferral) expire upon termination or in the event of death. By the same token, if the recipient dies, LTI entitlements with regard to outstanding tranches are settled on the basis of budget figures and paid to the heirs.

Suggestions of the Code

Notwithstanding the aforementioned special features arising from its legal form, the Company has adopted and will continue to adopt the discretionary suggestions of the GCGC.

Düsseldorf, February 2024

Management Board Shareholders' Committee Supervisory Board"

The corresponding declarations of compliance together with the reasons for deviations from recommendations are publicly accessible on our website: **www.henkel.com/corporate-governance**

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

2. Availability of remuneration policy, remuneration report and adoption of remuneration resolution

According to Section 120a (1) AktG, the general meeting of an exchange-listed corporation adopts resolutions approving the remuneration policy for management board members as submitted by the supervisory board whenever the policy is substantially amended, and at least every four years. The Annual General Meeting of Henkel AG & Co. KGaA on April 24, 2023 approved the remuneration policy applicable since 2023 for the Management Board per Section 87a (1) AktG by a majority of 98.04 percent. The remuneration policy and the corresponding resolution are publicly accessible on our website: **www.henkel.com/corporate-governance**

The remuneration of the members of the Supervisory Board and of the Shareholders' Committee is governed by Article 17 (Supervisory Board remuneration) and Article 33 (Shareholders' Committee remuneration) of the Articles of Association of Henkel AG & Co. KGaA. According to Section 113 (3) AktG, listed corporations must adopt resolutions governing the remuneration of their supervisory board members at least every four years, whereby a resolution simply confirming the status quo is permissible. By resolution adopted by the Annual General Meeting on April 22, 2024, the remuneration of members of the Nominations Committee and members of the new Sustainability Committee, which was established in 2024, of the Supervisory Board was approved by a majority of 99.85 percent, and Art. 17 of the Articles of Association was amended accordingly. Taking into consideration the aforementioned adjustments, the rules governing the remuneration of the Supervisory Board and the Shareholders' Committee were also confirmed. The remuneration policy for the members of the Supervisory Board and the Shareholders' Committee and the respective resolutions are publicly accessible on the website **www.henkel.com/ir**

According to Section 120a (4) AktG, the general meeting of an exchange-listed corporation must approve the remuneration report for the previous fiscal year, which report must be compiled and audited per Section 162 AktG. The Remuneration Report for fiscal 2023, which details the remuneration of the corporate bodies of Henkel, together with the associated audit opinion relating to the statutory formal audit and additional substantive audit, is publicly accessible on the website **www.henkel.com/ir**. Likewise, the remuneration report for fiscal 2024 including audit opinion will be made publicly accessible on the website.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

3. Material corporate governance principles and practices

Material codes of conduct at Henkel

The Management Board, the Shareholders' Committee and the Supervisory Board are committed to ensuring that the management and stewardship of the Company are conducted in a responsible and transparent manner aligned to achieving a long-term increase in shareholder value. With this in mind, they have pledged allegiance to the following three principles:

- Value creation as the foundation of our management approach
- Sustainability achieved through the application of socially responsible management principles
- Transparency supported by an active and open information policy

The members of the Management Board conduct the Company's business with the care of a prudent and conscientious business director in accordance with statutory requirements, the Articles of Association of Henkel Management AG and the Articles of Association of Henkel AG & Co. KGaA, the rules of procedure governing the actions of the Management Board, the provisions contained in the individual contracts of employment of its members, and also the compliance guidelines and resolutions adopted by and within the Management Board.

Corporate management principles which go beyond the statutory requirements are derived from our purpose, our vision, and our values. For our Company to be successful, it is essential that we share a common approach to entrepreneurship. We have defined a clear strategic framework with a long-term horizon. It guides us in making the right decisions and helps us to concentrate on our strategic priorities and focus resolutely on our ambition for the future.

We want to create value – for our customers and our consumers, for our people, for our shareholders, as well as for the wider society and communities in which we operate.

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THE COMPANY
SHARES AND BONDS
COMBINED MANAGEMENT REPORT
CONSOLIDATED FINANCIAL STATEMENTS
FURTHER INFORMATION
CREDITS/LEGAL
CONTACTS
FINANCIAL CALENDAR

Our purpose:
- Pioneers at heart for the good of generations.

Our vision:
- Win the 20s by outperforming the markets through innovative and sustainable solutions.

Our values:
- We put our **customers** and **consumers** at the center of what we do.
- We value, challenge and reward our **people.**
- We drive excellent sustainable **financial performance.**
- We are committed to leadership in **sustainability.**
- We shape our future with a strong entrepreneurial spirit based on our **family business** tradition.

The corporate bodies of Henkel and our employees worldwide are guided by this purpose, this vision, and these values. They reaffirm our ambition to meet the highest ethical standards in everything we do. And they guide our employees in all the day-to-day decisions they make, providing a compass for their conduct and actions.

Henkel is committed to ensuring that all business transactions are conducted in an ethically irreproachable, legal fashion. Consequently, Henkel expects all our employees not only to respect the Company's internal rules and all relevant laws, but also to avoid conflicts of interest, to protect Henkel's assets and to respect the social values of the countries and cultural environments in which Henkel does business. The Management Board has therefore issued a series of Group-wide codes and standards with precepts that are binding worldwide. These regulatory instruments are not static, but are periodically reviewed and amended as appropriate, evolving in step with the changing legal and commercial conditions that affect Henkel as a globally active corporation. The Code of Conduct supports our employees in ethical and legal issues. The Leadership Commitments define the principles of management conduct. The Code of Sustainability describes the principles that drive our sustainable, socially responsible approach to business. This code also enables Henkel to meet the commitments derived from the United Nations Global Compact.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

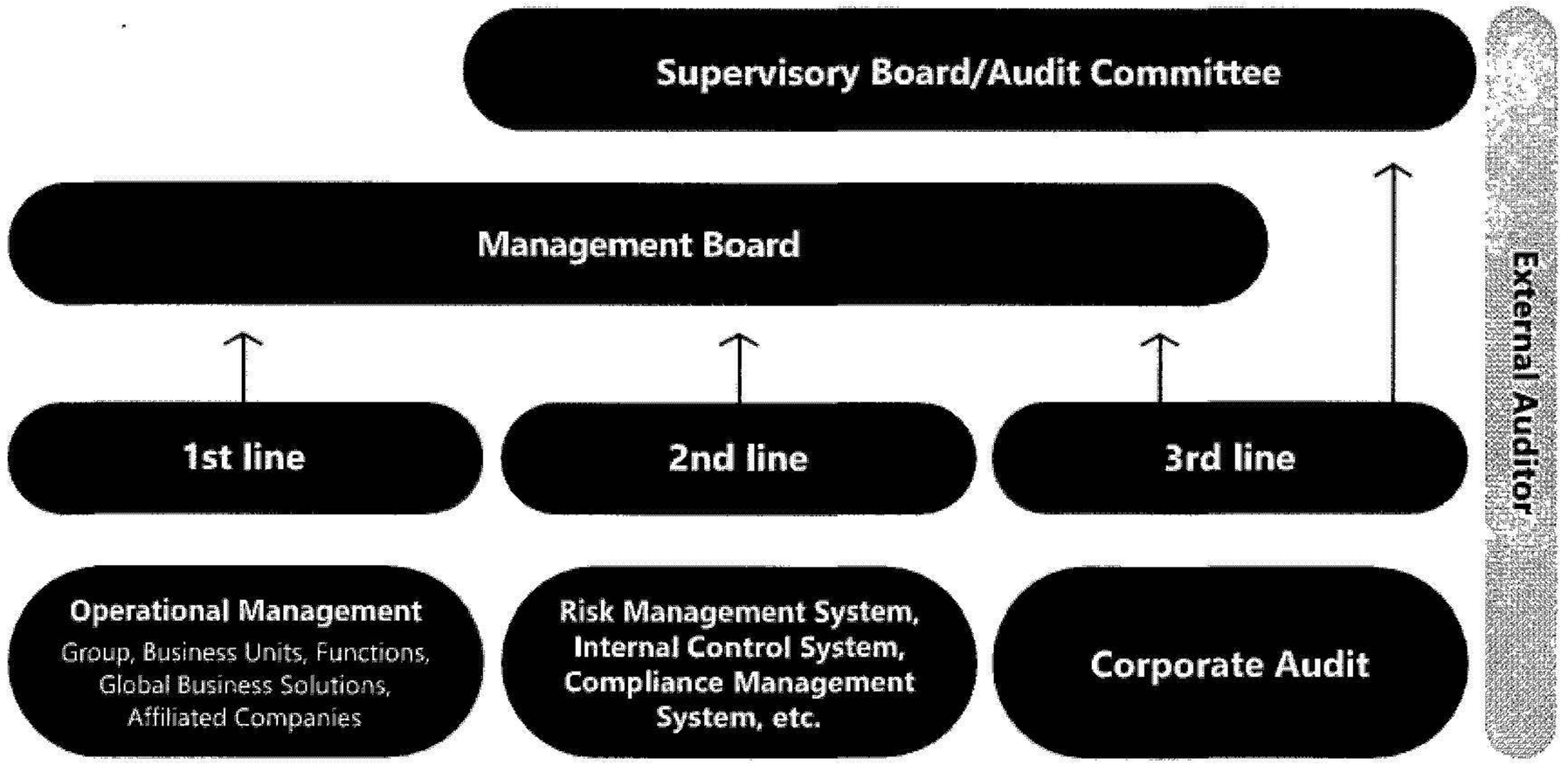
CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Key principles governing the internal control and risk management systems

A responsible and appropriate approach to managing risks and opportunities is a central element of corporate governance at Henkel. To enable us to identify and assess risks and opportunities early on, we have established coordinated risk management and internal control systems that are closely aligned to the nature and scope of the business activities and the risk situation of Henkel. Both systems feature operational components alongside the accounting-related elements. Sustainability aspects are also taken into account, whereby the internal sustainability control system is still being established. The internal control system and the risk management system are subject to continuous improvement in line with regulatory requirements. The aforementioned systems are supplemented by a compliance management system aligned to the risk situation of the Company. Overall responsibility for ensuring effective control and risk management and compliance with laws and guidelines lies with the Management Board.



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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The three-lines model provides the organizational framework for these systems. The **first line of defense** is provided by those charged with managing business operations, who are responsible for identifying, assessing and managing the associated risks. The **second line of defense** relates to the specific governance of Henkel and is responsible for developing/improving and implementing the processes and systems for use by the first line. The Management Board and Supervisory Board each receive regular risk management, internal control system and compliance reports. The **third line of defense** is provided by the Corporate Audit function, which acts as an impartial oversight body and regularly reports to the Management Board and the Supervisory Board's Audit Committee on its audit findings. For financial reporting, the three lines of defense are supplemented by the activities of the external auditor.

Risk management

Further details relating to governance and the risk management processes that have been put in place can be found in the risks and opportunities report on pages 175 to 202.

Internal control system

The internal control system encompasses all systematically defined control mechanisms and oversight activities and aims to ensure:

- Effective and efficient business operations
- Appropriate reporting procedures
- Compliance with all laws and regulations of relevance for Henkel

At Henkel, the design of the internal control system is aligned to COSO – the internationally acknowledged internal control framework – and to auditing standard IDW PS 982. It is subject to continuous development and improvement. Policies that apply throughout the Group describe the material principles and objectives, as well as the structure, of the internal control system and the approach to examining the effectiveness of same. The design of the internal control system extends beyond just an internal accounting control system and includes control mechanisms for operational and other material business processes, such as procurement, distribution, personnel management and – to a certain degree – supply chain. The key characteristics of our internal control and risk management systems relating to financial reporting and accounting processes per Section 315 (4) HGB are described in our Risks and Opportunities Report on pages 200 and 201.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Compliance management

Ensuring compliance with laws and regulations is an integral component of our business processes. Henkel has established a Group-wide compliance organization with locally and regionally responsible compliance officers led by a globally responsible General Counsel & Chief Compliance Officer (CCO). The compliance organization operates on three levels: "Prevention," "Detection," and "Response." The General Counsel & CCO, supported by the Corporate Compliance Office and the interdisciplinary Compliance & Risk Committee, manages and controls compliance-related activities undertaken at the corporate level, coordinates training courses, oversees adherence to both internal and external regulations, supports the development and implementation of in-house standards that are binding worldwide, and takes appropriate action in the event of compliance violations.

The local and regional compliance officers are responsible for organizing and overseeing the training activities and implementation measures tailored to the specific local and regional requirements. They report to the Corporate Compliance Office. The General Counsel & CCO reports regularly to the Management Board and to the Supervisory Board's Audit Committee and the Shareholders' Committee on identified compliance violations. In addition, compliance issues and potential violations are also regular items on the agenda of other local corporate management bodies.

The issue of compliance is moreover an integral part of the target agreements signed by all managerial staff of Henkel. Due to their position, it is particularly incumbent on them to set the right example for their subordinates, to effectively communicate the compliance rules and to ensure through the implementation of suitable organizational measures that these are obeyed.

The procedures to be followed in the event of complaints or suspicion of malpractice also constitute an important element of the compliance policy. Since we place great importance on identifying potential misconduct and taking suitable action to prevent violations, all Henkel employees and stakeholders are required to report possible misconduct. In addition to our internal reporting system and complaint registration channels, a compliance hotline operated by an external service provider is available for the purpose of reporting suspicions of violations – anonymously, if preferred – to the Corporate Compliance Office. The Head of the Corporate Compliance Office is mandated to initiate the necessary follow-up procedures.

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THE COMPANY
SHARES AND BONDS
COMBINED MANAGEMENT REPORT
CONSOLIDATED FINANCIAL STATEMENTS
FURTHER INFORMATION
CREDITS/LEGAL
CONTACTS
FINANCIAL CALENDAR

Our corporate compliance activities are focused on antitrust law and the fight against corruption. In our Code of Conduct, the corporate guidelines based upon it, and in other publications, the Management Board clearly expresses its rejection of all infringements of the principles of compliance, particularly antitrust violations and corruption. We do not tolerate such violations in any way. For Henkel, bribery, anticompetitive agreements, or any other violations of laws are no way to initiate or conduct business.

A further compliance-relevant area relates to capital market law. Supplementing the legal provisions, internal codes of conduct have been put in place to regulate the treatment of issues and information that have the potential to materially affect share prices. The Company has an Ad Hoc Committee comprised of representatives from various departments. In order to ensure that potential insider information is handled as required by law, this Committee reviews occurrences for their possible effect on share prices, determining the need to issue reports to the capital markets on an ad hoc basis. The ultimate authority to decide how to handle potential insider information lies with the Management Board. There are also rules that go beyond the legal requirements, governing the behavior of the members of the Management Board, the Supervisory Board and the Shareholders' Committee, and also employees of the Company who, due to their function or involvement in projects, have access to potential insider information.

Sustainability management

Our sustainability management is integrated vertically, horizontally and interdepartmentally into our organizational structure, whereby the internal sustainability control system is still being established and is therefore not included in the following description. The Sustainability Council chaired by CPO Sylvie Nicol is the central corporate management body in charge of our global sustainability activities. At the request of the Management Board, the Council performs coordinating, initiative and control functions relating to sustainability issues. They include strategic issues and issues of operational relevance, such as climate change and the impacts of same, human rights, sustainable products and technologies, packaging, product safety, and management systems. The Sustainability Council establishes project groups to address sustainability issues and oversees the findings. Additionally, overarching projects are initiated and the achievement of sustainability targets is regularly monitored. The Sustainability Council is composed of senior executives from all business units and functions throughout the Company.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The operating business units are responsible for the operational design of our sustainability strategy and for providing the resources needed to implement same. They align their brands and technologies, and the sites involved, to sustainability in line with the specific challenges and priorities of their product portfolio. The managers in charge of the regional and national companies are responsible for implementing Group specifications and for ensuring compliance with legal requirements. With the support of the corporate functions and the operating business units, they develop an implementation strategy appropriate to the individual sites and their local circumstances.

The corporate functions support the implementation of our sustainability strategy in the respective areas and the measurement of progress. In this respect, the central Corporate Sustainability function headed by the Chief Corporate Sustainability Officer acts as an important coordinator and steward.

The Supervisory Board's Sustainability Committee, which was established in April 2024, deals with sustainable corporate governance and closely monitors the sustainability strategy of the Management Board and its further development.

Internal audit

The primary task of our internal audit function (Corporate Audit) is to provide independent and objective auditing and consultancy services aimed at adding value and improving business processes. A systematic and target-oriented approach assesses the effectiveness of the risk management system, control mechanisms and management and monitoring processes and is used to coordinate improvement programs. Regular audits are conducted around the globe at our production and administrative sites, as well as at our toll/contract manufacturers and at logistics centers to assure compliance with our codes and standards. Our audits focus particularly on the areas of procurement, distribution, marketing, finance, IT, personnel, supply chain, production, and health and environmental safety. Corporate Audit reports regularly to the Management Board and the Supervisory Board's Audit Committee on the findings of its audits.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Audit Committee
The Supervisory Board's Audit Committee regularly assesses the appropriateness and effectiveness of the Group-wide internal control and risk management systems and on the further improvement of same. The efficacy of the control and risk management systems are examined on the basis of risk reports, the report on the internal control system and reports submitted by the General Counsel & Chief Compliance Officer and Corporate Audit. The Audit Committee also approves the relevant risk-based audit schedule submitted by Corporate Audit.

Appropriateness and efficacy of the internal control and risk management systems
After examining the internal control and risk management systems, including the compliance management system, and the internal audit reports, the Management Board is not aware of any circumstances that might indicate that these systems are not appropriate and effective. Generally speaking, however, internal control and risk management systems – irrespective of their individual design – cannot guarantee with absolute certainty that all risks will be identified in time or that (compliance) violations will be avoided or discovered.

4. How the Management Board, Supervisory Board and Shareholders' Committee work; how their committees are composed and work

Management Board
The Management Board is composed of at least two members in accordance with Art. 7 (1) of the Articles of Association of Henkel Management AG. The Supervisory Board of Henkel Management AG is also responsible for determining the number of members on the Management Board; it can appoint a member of the Management Board as Chair. As a rule, members are appointed to the Management Board for an initial term of no more than three years. As of December 31, 2024, the Management Board had five members.

The Management Board is solely responsible for managing the Company and for representing Henkel AG & Co. KGaA in transactions with third parties. The members of the Management Board are segregated from both the Supervisory Board and the Shareholders' Committee of Henkel AG & Co. KGaA and from the Supervisory Board of Henkel Management AG; no member of the Management Board may also sit on either of the aforementioned Supervisory Board nor the Shareholders' Committee.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The Management Board is responsible for managing the entire Company. One of its material tasks is to define the organizational structure, objectives, and strategic orientation of the Company, including its sustainability strategy. In doing so, the Board systematically identifies and evaluates the social and environmental risks and opportunities facing the Company, as well as the environmental and social impacts of the Company's business activities. In addition to long-term financial targets, sustainability objectives are also used to determine the remuneration payable to the Management Board and senior executives.

The Management Board also manages and monitors the activities of the Company by planning, coordinating and allocating resources, resolving and supporting key individual measures and ensuring appropriate internal control and risk management systems that also already incorporate sustainability aspects in relevant areas. It must also ensure compliance with legal provisions, regulatory requirements and internal Company guidelines, and take steps to ensure that Group companies also observe them. To this end, the Management Board has put a compliance management system aligned to the Company's risk situation in place that also offers employees and third parties the option of reporting suspicions of relevant violations in the Company without fear of retribution.

It is the duty of the Management Board to prepare the annual financial statements of Henkel AG & Co. KGaA, the consolidated financial statements and combined management reports for Henkel AG & Co. KGaA and the Group, the non-financial statements and non-financial reports and the half-year financial reports and quarterly statements. Together with the Supervisory Board of Henkel AG & Co. KGaA, it compiles the annual Remuneration Report per Section 162 AktG.

As the executive body of the Group, the Management Board is bound to uphold the interests of the Company and is responsible for ensuring a sustainable increase in shareholder value. The members of the Management Board are responsible for managing Henkel's business operations in their entirety. The individual Management Board members are assigned, in accordance with a business distribution plan, areas of competence for which they bear lead responsibility. The members of the Management Board cooperate closely as colleagues, informing one another of all major occurrences within their areas of competence and conferring on all actions that may affect several such areas. Actions and business transactions that are of fundamental relevance for the Company or pose an unusual risk must be agreed upon in advance by the entire Management Board. The same applies to matters for which one member of the Management Board requires a decision by the entire Management Board. The Chair of the Management Board (CEO) is responsible for coordinating all areas of Management Board responsibility. Further details relating to cooperation and the division of operational responsibilities within the Management Board are regulated by the rules of procedure issued by the Supervisory Board of Henkel Management AG.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The Management Board adopts its resolutions in regular meetings called and chaired by the CEO or by written procedure. Decisions by the Management Board are taken on the basis of detailed information and analysis submitted by the business units and central functions and – to the extent deemed necessary – by external consultants. Wherever possible, Management Board resolutions are adopted unanimously. In the absence of a unanimous vote, the majority decides; in the event of a tie, the Chair of the Management Board has the casting vote. The Chair cannot force a decision against a majority vote but does have a veto right if outvoted. Exercising the veto right prompts renewed debate of the resolution by the Management Board. If the veto right is exercised again in response to the proposed adoption of a resolution, the matter is forwarded to the Shareholders' Committee for a final decision. Any member of the Management Board can appeal to the Shareholders' Committee in respect of a matter affecting the Company in which they were outvoted.

The Management Board has established various committees and councils – some of which are chaired by a member of the Management Board – to consult and decide on individual issues, especially in respect of acquisition/divestment/investment decisions, personnel policy issues and sustainability issues. These committees and councils examine the planned measures, assess the opportunities and risks, and communicate their decisions to the Management Board or – to the extent that the Management Board is responsible for making the appropriate decision – submit to it appropriate proposals for decision.

Supervisory Board

Composition, duties

The Company's Supervisory Board is composed of equal numbers of shareholder and employee representatives as specified in the Codetermination Act of 1976 [MitbestG], and is made up of 16 members (Section 7 (1) sentence 2 MitbestG in conjunction with Art. 12 (1) of the Articles of Association). The eight shareholder representatives are elected by the Annual General Meeting and the eight employee representatives (six employees of the Company and its German subsidiaries and two union representatives) by the workforce, in keeping with the Codetermination Act of 1976 and the relevant voting procedures. A member of the Management Board cannot simultaneously be a member of the Supervisory Board. All members of the Supervisory Board are bound in equal measure to protect the interests of the Company. Members are appointed for five-year terms unless otherwise specified at election. At the election of the shareholder representatives by the 2024 Annual General Meeting, their term of office was set at four years.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

It is the responsibility of the Supervisory Board to advise and supervise the Management Board in the performance of its business management duties, including consideration of sustainability aspects. At regular intervals, the Supervisory Board discusses with the Management Board the progress regarding implementation of the business and sustainability strategy, business policy, business performance and planning, the risk situation, risk management and the internal control system, as well as issues relating to compliance. It reviews the annual financial statements of Henkel AG & Co. KGaA and the Group's consolidated financial statements together with the associated combined management reports, taking into account the reviews and audit reports submitted by the auditor, and the combined separate non-financial statement for Henkel AG & Co. KGaA and the Group, which is compiled as a separate non-financial report (Sustainability Report). It also votes on the proposal of the Management Board regarding the appropriation of profit and submits to the Annual General Meeting a proposal for the appointment of the external auditor, based on the recommendation submitted by the Audit Committee. Moreover, the Supervisory Board compiles jointly with the Management Board the annual remuneration report in accordance with Section 162 AktG. Approving the annual financial statements is not the Supervisory Board's duty, but rather, due to the legal structure of the Company, the responsibility of the Annual General Meeting.

As a general rule, the Supervisory Board meets four times per year. The Management Board often does not participate in such meetings. The Supervisory Board reaches its decisions by a simple majority of the votes cast. In the event of a tie, the Chair has the casting vote. The Supervisory Board has established an Audit Committee, a Nominations Committee and a Sustainability Committee.

The Audit Committee is made up of three shareholder and three employee representative members of the Supervisory Board. Each member is elected by the Supervisory Board based on nominations of their fellow shareholder or fellow employee representatives on the Board. The Chair of the Audit Committee is elected based on a proposal of the shareholder representative members. As of December 31, 2024, the following were members of the Audit Committee: Simone Menne (Chair), Laurent Martinez (Vice Chair) and Dr. Simone Bagel-Trah as shareholder representatives, and Birgit Helten-Kindlein, Edgar Topsch and Michael Vassiliadis as employee representatives. All members must be familiar with the sector in which the Company operates (Section 107 (4) sentence 3 in conjunction with Section 100 (5) AktG). It is, moreover, a statutory requirement that the Audit Committee includes at least one member with expertise in the field of accounting and at least one further member with expertise in the field of auditing. According to D.3 GCGC, the Chair of the Audit Committee should be knowledgeable in at least one of the two fields. Henkel's Audit Committee meets these requirements. In particular, among the shareholder representatives on the Audit Committee, Simone Menne (Chair) and Laurent Martinez have spent many years working on management boards, as chief

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

financial officers and being involved in audit committees, and have gained a thorough understanding of and expertise in the fields of accounting and auditing.

The shareholder representatives believe that Dr. Bagel-Trah is independent from the Company and the Management Board per Recommendation C.7 GCGC, despite being a member of the Supervisory Board for more than twelve years. Likewise pursuant to the aforementioned Recommendation, Simone Menne and Laurent Martinez are also independent from the Company, the Management Board and the controlling shareholder.

As a general rule, the Audit Committee meets four times per year. It prepares the proceedings and resolutions of the Supervisory Board relating to the adoption of the annual financial statements and the consolidated financial statements, the combined management report, including the separate Sustainability Report, and also the appointment proposal for the auditor of the financial statements and the auditor of the sustainability reporting to be made to the Annual General Meeting. It issues audit mandates to the auditor of the financial statements and the auditor of the sustainability report following their appointment by the Annual General Meeting and defines the focal areas of the audit, as well as deciding on the fee for the audit and other advisory services provided by the auditor. The Audit Committee specifies a cap on the provision of other advisory services, i.e. non-audit-related services as permitted in the relevant EU regulations, and oversees adherence to same. It also monitors the independence and qualifications of the auditor of the financial statements and the auditor of the sustainability reporting, requiring said auditors to submit a declaration of independence, which it then evaluates. Furthermore, the Audit Committee monitors the accounts and the accounting process and assesses the effectiveness of the internal control system, the risk management system and the internal auditing and review system. It is likewise involved in issues relating to compliance, sustainability and quality of the financial statements audit and the audit of the sustainability reporting. The Heads of Group functions – particularly Legal & Compliance, Treasury, Corporate Sustainability and Corporate Audit – report regularly to the Audit Committee. Prior to the respective publication dates, the Audit Committee discusses the quarterly statements and the financial report for the half year with the Management Board in a meeting that is also attended by the external auditor, and discusses the corresponding auditor's reports. The Audit Committee also monitors the internal procedure for assessing whether transactions with related parties are conducted correctly and at arm's length, and adopts resolutions in place of the Supervisory Board governing the approval of transactions with related parties as defined in Sections 111a to 111c AktG. In the year under review, no transactions were conducted with related parties that would have required approval or disclosure per Section 111c AktG. The Chair of the Audit Committee reports promptly and in full to the plenary Supervisory Board on the content and results of each of the committee meetings.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The Nominations Committee comprises the Chair of the Supervisory Board and two further shareholder representatives elected by the Supervisory Board based on nominations of the shareholders' representatives. The Chair of the Supervisory Board is also Chair of the Nominations Committee. The Nominations Committee prepares the resolutions of the Supervisory Board on election proposals by the Supervisory Board to be presented to the Annual General Meeting for the election of shareholder representatives. In the process, it considers not just the requisite knowledge, skills and professional experience of the proposed candidates, but also the Supervisory Board's defined objectives and the agreed diversity strategy for its composition. As of December 31, 2024, the following were members of the Nominations Committee: Dr. Simone Bagel-Trah (Chair), Benedikt-Richard Freiherr von Herman (Vice Chair) and Barbara Kux.

Given the importance of sustainability issues for the Company, the Supervisory Board established a Sustainability Committee in April 2024 to focus on sustainable corporate governance and closely monitor the sustainability strategy of the Management Board and its further development. The Sustainability Committee is made up of three shareholder and three employee representative members of the Supervisory Board. Each member is elected by the Supervisory Board based on nominations of their fellow shareholder or fellow employee representatives on the Board. The Chair of the Sustainability Committee is elected based on a proposal of the shareholder representative members. As of December 31, 2024, the following were members of the committee: Dr. Simone Bagel-Trah (Chair), Barbara Kux (Vice Chair) and Vinzenz Gruber as shareholder representatives, and Birgit Helten-Kindlein, Dr. Konstantin Benda and Michael Vassiliadis as employee representatives.

Shareholders' Committee

Composition, duties

According to our Articles of Association, in addition to the Supervisory Board, Henkel also has a standing Shareholders' Committee comprising a minimum of five and a maximum of ten members, all of whom are elected by the Annual General Meeting (Art. 27 of the Articles of Association). A member of the Management Board cannot simultaneously be a member of the Shareholders' Committee. Members are appointed for five-year terms unless otherwise specified at election. At the election by the 2024 Annual General Meeting, the term of office was set at four years. The Shareholders' Committee comprised ten members in the year under review.

The Shareholders' Committee performs the tasks assigned to it by the Annual General Meeting or according to the Articles of Association. In particular, the Shareholders' Committee acts in place of the Annual General Meeting in guiding the business activities of the Company. It is involved in defining corporate policies, objectives and long-term planning activities, and monitors and regularly advises Henkel Management AG and its Management Board on the management of the Company. The Shareholders' Committee takes part in

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

important business decisions, offers suggestions with regard to the further development of the Company, and monitors adherence to budgets.

In addition, it governs the appointment and dismissal of personally liable partners and holds both executive powers and the power of representation over the legal relationships prevailing between the Company and Henkel Management AG as the Personally Liable Partner. The Shareholders' Committee is likewise responsible for exercising the Company's voting rights at Annual General Meetings of Henkel Management AG. In doing so, it also appoints members to the Supervisory Board of Henkel Management AG and is thus closely involved in the appointment and remuneration of members of the Management Board. The Shareholders' Committee has, moreover, determined rules of procedure for Henkel Management AG that specify which transactions are subject to its approval.

As a general rule, the Shareholders' Committee meets six times per year. If deemed necessary, it meets without participation of the Management Board. It also holds a joint conference with the Management Board lasting several days to discuss issues surrounding corporate strategy, including sustainability. The Shareholders' Committee reaches its decisions by a simple majority of the votes cast. It has established a Finance and a Personnel Committee that likewise meet six times per year, as a rule.

The Finance Committee deals primarily with financial matters, questions of financial strategy, financial position and structure, taxation, balance sheet and insurance policy, accounting, non-financial reporting procedures, compliance issues and risk management within the Company. It also performs the necessary preparatory work for decisions to be made by the Shareholders' Committee in matters for which decision authority has not been delegated to it. As of December 31, 2024, the following were members of the Finance Committee: Konstantin von Unger (Chair), Dr. Christoph Kneip (Vice Chair), Dr. Paul Achleitner, James Rowan and Poul Weihrauch.

The Personnel Committee deals primarily with personnel matters relating to members of the Management Board and succession planning, with issues pertaining to human resources strategy, and with remuneration, donations and corporate citizenship activities. It performs the necessary preparatory work for decisions to be made by the Shareholders' Committee in matters for which decision authority has not been delegated to it. It also addresses issues concerned with succession planning and management potential within the individual business units, taking into account relevant diversity aspects. As of December 31, 2024, the following were members of the Personnel Committee: Dr. Simone Bagel-Trah (Chair), Dr. Kaspar von Braun (Vice Chair), Alexander Birken, Thomas Manchot and Jean-François van Boxmeer.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The respective Chairs of the Finance and Personnel Committees report promptly and in full to the Shareholders' Committee on the content and results of each of the committee meetings.

Conflicts of interest
Conflicts of interest must be disclosed in an appropriate manner to the Supervisory Board or Shareholders' Committee, particularly those that may arise as the result of a consultancy or committee function performed in the service of customers, suppliers, lenders or other business partners. Members encountering material conflicts of interest that are not of a merely temporary nature are required to resign their mandate.

No consulting or other service or works agreements existed between members of the Supervisory Board or Shareholders' Committee on the one hand, and the Company on the other.

Some members of the Supervisory Board and of the Shareholders' Committee are or were in past years holders of senior managerial positions in other companies. If and when Henkel pursues business activities with these companies, the same arm's length principles apply as those adopted in transactions with and between unrelated third parties. In our view, such transactions do not affect the impartiality of the members in question.

Onboarding/Upskilling
In an onboarding procedure, newly elected members of the Supervisory Board and Shareholders' Committee are familiarized with our corporate values, applicable codes and standards, the basic organizational structure and strategy of the Company together with the main corresponding initiatives, the Company's operational performance and other current issues of relevance, and members' rights and obligations, taking into account the special features arising from our legal form and Articles of Association. Further, members take it upon themselves to seek the training needed to perform their duties – as recommended, for example, in the case of amendments to legal frameworks. These efforts are appropriately supported by the Company. If the need arises, in-house information events provide specific upskilling.

Interaction between Management Board, Supervisory Board and Shareholders' Committee
The Management Board, Supervisory Board and Shareholders' Committee work in close cooperation for the benefit of the Company.

The Management Board agrees the strategic direction of the Company with the Shareholders' Committee and discusses with it the status of strategy implementation at regular intervals.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

In keeping with the precepts of good corporate governance, the Management Board informs the Supervisory Board and the Shareholders' Committee regularly, and in a timely and comprehensive fashion, of all relevant issues concerning strategy and business policy, corporate planning, profitability, the business development of the Company and major affiliated companies, and also matters relating to risk exposure, risk management, and compliance. It also regularly discusses the status of strategy implementation, including the sustainability strategy.

During their tenure, members of the Management Board are subject to a comprehensive ban on competition. They are obligated to act in the interests of the Company and must not be guided by personal interest when making decisions. In particular, they must not make personal use of business opportunities owed to the Company. Any sideline activities – particularly supervisory board mandates outside the Henkel Group – may only be accepted with the prior approval of the Supervisory Board of Henkel Management AG. The Supervisory Board of Henkel Management AG decides whether and to what extent any compensation for sideline activities is to be offset. All members of the Management Board must immediately notify the Chair of the Supervisory Board of Henkel Management AG and their Management Board colleagues of any conflicts of interest.

For transactions of fundamental significance, the Shareholders' Committee has established a right of veto in the procedural rules governing the actions of Henkel Management AG in its function as sole Personally Liable Partner (Art. 26 of the Articles of Association). This covers, in particular, decisions or measures that materially change the net assets, financial position or results of operations of the Company. The Management Board complies with these rights of consent of the Shareholders' Committee and also duly submits to the decision authority of the Company's Annual General Meeting.

Our vision and values, Code of Conduct, Code of Corporate Sustainability and other codes and policies governing our stewardship of the Company are publicly accessible on our website: **www.henkel.com/company/corporate-culture**

Activities of the Supervisory Board and Shareholders' Committee in the year under review
The activities of the Supervisory Board and its committees are described in the Report of the Supervisory Board to the Annual General Meeting.

The Shareholders' Committee continued to discharge its duties diligently in fiscal 2024 in accordance with the legal statutes and Articles of Association. In compliance with the Articles of Association, it engaged in the management of the Company and carefully and regularly monitored the work of the Management Board, advising and supporting it in its stewardship and in the strategic development of the Company. It also discussed and ruled on those transactions that required its approval.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Six scheduled meetings took place in the year under review, together with one ad-hoc meeting and a conference with the Management Board of several days' duration. Likewise, the Personnel and Finance Committees each met six times. These meetings were held in person with the option of attending via video conference.

Participation in the meetings of the Shareholders' Committee and its (sub)committees was 96 percent. For details of individual members' attendance at meetings, please refer to the Remuneration Report.

At all ordinary meetings, the reports submitted by the Management Board were discussed, and the general development of the Company, the status of acquisitions and divestments, and other matters of strategic importance were analyzed together with the Management Board. The overall economic situation and Henkel's business performance were also discussed. Areas of particular focus included the strategic alignment of the Company and its implementation status – particularly the status of the transformation of the new Consumer Brands business unit, and the strategies and respective progress updates of the business units, financial reporting, overall performance by the business units and in the regions, options for advancing business unit development, capital expenditures and innovations, the sustainability strategy of the Group and business units, and the short- and medium-term plans of both the Group and the individual business units.

Business transactions requiring the approval of the Shareholders' Committee were discussed in detail together with the Management Board and appropriate resolutions adopted, some of which required preliminary consultation with the relevant committees. The issues involved focused mainly on strategy and financial planning, major capital expenditures, acquisitions and divestments, fundamental personnel issues and Henkel's funding and financing strategy. The Shareholders' Committee and the Personnel Committee also submitted appropriate recommendations with regard to Management Board matters to the Supervisory Board of Henkel Management AG.

Efficiency audit

In adoption of Recommendation D.12 GCGC, the Supervisory Board and the Shareholders' Committee hold an internal review every two years to determine the efficiency with which they and their (sub)committees carry out their duties. This assessment is performed on the basis of an extensive Company-specific checklist focusing on the relevant key aspects, such as meeting frequency, duration, preparation and organization, scope and content of the underlying documentation, information and reports submitted by the Management Board, minutes, committee work and information disclosure, financial control and risk management systems, requests for information, collaboration with the auditor, corporate governance matters and improvement opportunities.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The efficiency of the activities of the Supervisory Board and Shareholders' Committee and their respective (sub)committees, and the impartiality of their members, were confirmed in the efficiency audit performed in 2023/2024. Some improvement opportunities were discussed and are in the process of being implemented. The next efficiency audit is scheduled to take place in 2025/2026.

Supervisory Board of Henkel Management AG

The Company holds all shares in Henkel Management AG. The voting rights to which the Company is entitled at the general meetings of Henkel Management AG are exercised by the Shareholders' Committee, which therefore also elects the members of the Supervisory Board of Henkel Management AG. Members are appointed for five-year terms unless otherwise specified at election. At the election by the 2024 Annual General Meeting, the term of office was set at four years.

The Supervisory Board of Henkel Management AG consists of three members who are also members of the Shareholders' Committee. At December 31, 2024, the following were members of the Supervisory Board: Dr. Simone Bagel-Trah (Chair), Dr. Kaspar von Braun (Vice Chair) and Alexander Birken. Electing certain members to both corporate bodies ensures that the Shareholders' Committee not only appoints Henkel Management AG as the Personally Liable Partner, but also (through the members of the Supervisory Board of Henkel Management AG) appoints its Management Board and therefore the individuals who are responsible for managing the Company. Effective control of management – i.e. of the Management Board of Henkel Management AG – is therefore also assured:

- Monitoring and control of the Management Board by the Supervisory Board of Henkel Management AG in accordance with laws governing joint stock corporations
- Monitoring and control of Henkel Management AG as the Personally Liable Partner and therefore (also) its Management Board
  - by the Shareholders' Committee, thus exercising the powers of the Company's shareholders, and
  - by the Supervisory Board at KGaA level in accordance with laws governing joint stock corporations.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The Supervisory Board of Henkel Management AG is responsible for appointing and dismissing members of the Management Board, the drafting of their contracts, the assignment of their business duties, and their remuneration. Regarding Management Board remuneration, the Supervisory Board of Henkel Management AG is responsible, in particular, for:

- Determining and reviewing remuneration policy
- Specifying the non-performance-related and variable, performance-related components of remuneration
- Defining individual targets each year, and measuring performance with regard to same
- Determining the extent to which the financial and non-financial targets have been met each year and quantifying annual and multi-year variable, performance-related remuneration
- Approving the assumption of voluntary duties and supervisory board, advisory board or similar mandates in other companies, as well as other sideline activities

Corresponding resolutions are adopted by the Supervisory Board of Henkel Management AG after prior consultation in the Shareholders' Committee's Personnel Committee. The general rules governing the treatment of conflicts of interest are applied. Specifically, members of the Management Board are excluded from such consultations and resolutions to the extent necessary to avoid conflicts of interest. The Supervisory Board of Henkel Management AG is responsible for engaging external remuneration experts to either develop or modify the remuneration system or to assess whether Management Board remuneration is appropriate. At the same time, it ensures the independence of remuneration experts from both the Management Board and the Company at large.

Members of the corporate bodies

Details of the composition of the corporate bodies of Henkel and their committees, of the other offices held by the members of the corporate bodies that are subject to mandatory disclosure under Section 285 no. 10 HGB and of the tenures on said corporate bodies can be found in the presentation on pages 363 to 369. Members' curricula vitae are publicly accessible on our website: **www.henkel.com**

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

5. Targets for the proportion of women in the first two management levels below the Management Board/Adherence to minimum requirements when composing Management and Supervisory Boards

Targets for the proportion of women in the first two management levels below the Management Board

Pursuant to Section 76 (4) AktG, management or executive boards of companies that are listed or subject to codetermination regulations must set targets for the proportion of women in the first two management levels below the management or executive board. If the proportion of women is below 30 percent at the time the targets are set, the targets may not be below the proportion already achieved. At the same time, the schedules set for achievement of the targets must not be longer than five years in each case.

Based on the current personnel mix, the Management Board had established the following targets for the first two levels of management below the Management Board. These targets are expected to be achieved by December 31, 2026:

- First management level: Proportion of 30 percent women
- Second management level: Proportion of 35 percent women

In accordance with the legal requirements, the point of reference for the definition of the management levels and the proportion of women was based exclusively on Henkel AG & Co. KGaA and not the Henkel Group – notwithstanding Henkel's globally aligned management organization. As a result, the figures include only employees of Henkel AG & Co. KGaA with management responsibility who report directly to the Management Board (management level 1) and those who report to management level 1 (management level 2).

As of December 31, 2024, women accounted for 29.2 percent of the first management level, and for 42.1 percent of the second management level.

Separately from the targets for the first two levels of management below the Management Board of Henkel AG & Co. KGaA – and mindful of our globally aligned management organization – it is our ambition to increase the ratio of women at all levels of management within the Henkel Group to 50 percent by 2025. In 2024, we were again able to raise the proportion of women in management worldwide – to 41.9 percent as of December 31, 2024 (previous year: 39.5 percent).

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Statutory gender quota for Management Board composition

If its management or executive board comprises more than three people, a listed corporation that is subject to the German Codetermination Act of 1976 must appoint at least one woman and at least one man to that executive body (participation requirement pursuant to Section 76 (3a) AktG).

In compliance with this requirement, the Management Board of Henkel Management AG – the sole Personally Liable Partner of Henkel AG & Co. KGaA, which is a listed corporation subject to the German Codetermination Act – must include at least one woman and at least one man as it comprises more than three members.

Compliance with this legislation governing the composition of the Management Board was assured throughout the year under review. As of December 31, 2024, the Management Board was comprised of four men and one woman. This represents a ratio on the Management Board of 80 percent men and 20 percent women.

Statutory gender quota for Supervisory Board composition

Given Henkel's position as a listed corporation subject to the German Codetermination Act of 1976, its Supervisory Board must consist of at least 30 percent women and at least 30 percent men (Section 96 (2) AktG).

Throughout the entire year under review, the statutory minimum quota of both women and men was represented among both the shareholder representatives and the employee representatives. As of December 31, 2024, the Supervisory Board comprised nine men and seven women. Shareholder representatives consisted of four men and four women, and employee representatives of five men and three women. This represents an overall ratio of around 56 percent men and 44 percent women.

6. Diversity considerations regarding composition of the Management Board of Henkel Management AG and of the Supervisory Board and Shareholders' Committee of Henkel AG & Co. KGaA

Diversity considerations governing Management Board composition/Succession planning

Notwithstanding the key requirements of qualification, competence and professional excellence for the relevant areas of responsibility on the Management Board, the Supervisory Board of Henkel Management AG has specified the following criteria – after consultation in the Shareholders' Committee and its Personnel Committee – that must be considered when making Management Board appointments to ensure as broad a spectrum as possible of knowledge, skills and professional experience (diversity) on the Management Board:

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THE COMPANY
SHARES AND BONDS
COMBINED MANAGEMENT REPORT
CONSOLIDATED FINANCIAL STATEMENTS
FURTHER INFORMATION
CREDITS/LEGAL
CONTACTS
FINANCIAL CALENDAR

- Education/Career experience
  Overall, the members of the Management Board must demonstrate knowledge, skills and professional experience in the following areas in particular:
  - Management/leadership experience: Experience with managing globally operating entities, involvement of employee representative bodies, leading and motivating employees, succession planning
  - Understanding of the business: Knowledge of/experience in industrial/consumer business areas and key markets, including the social environment in which Henkel operates, as well as knowledge of/experience in the fields of marketing, selling and distribution, digitalization/e-commerce, research and development, production/engineering and sustainable management
  - Strategic expertise: Experience in developing and implementing prospects and strategies for the future
  - Financial expertise: Experience in accounting, auditing financial statements, issues surrounding funding and capital markets
  - Financial control/risk management: Experience in the fields of internal control and risk management systems, as well as internal auditing systems
  - Governance/compliance/ethics: Experience with interaction among corporate bodies (governance) and in compliance with statutory/in-house requirements; modern understanding of corporate ethics and how to implement the associated principles
- Internationality
  The international activities of the Company in both emerging and mature markets should be appropriately reflected in the composition of the Management Board. Henkel therefore strives to ensure that several members of different nationalities or with international backgrounds (who have spent several years working abroad or supervising foreign business activities, for example) are included on the Management Board.
- Gender
  A reasonable proportion of both genders shall be represented in the Management Board. The Management Board must include at least one woman and at least one man.
- Seniority
  Change and continuity are two issues that must be taken into reasonable account when composing the Management Board. Henkel therefore aims to include members with different levels of seniority on the Management Board. Irrespective of this requirement, members of the Management Board should generally not be older than 63.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Implementation progress
We believe that the aforementioned requirements were met in full in the reporting period.

Overall, the Management Board, which includes one woman, has the knowledge, skills and professional experience needed to properly and effectively perform its duties. Several members of the Management Board have international business experience with both emerging and mature markets. No individual on the Management Board exceeds the suggested maximum age.

Succession planning
The Shareholders' Committee and the Supervisory Board of Henkel Management AG work with the Management Board to ensure long-term succession planning with regard to Management Board composition. Although both in-house and external candidates are considered for future appointment, every effort is made to select candidates from within the organization who have proven their aptitude for such duties.

In keeping with the requirements of the AktG and the GCGC, long-term succession planning takes account of the corporate strategy and the aforementioned diversity considerations. Key elements of the systematic management development process include:

- Early identification of suitable candidates
- Systematic development of managers by giving them tasks involving increasing levels of responsibility and in different areas of the Company, regions and functions, where possible
- Proven ambition to successfully shape strategy and operations; strong leadership skills
- Role model in implementing our corporate values

Each year, the members of the first management level below the Management Board undergo corresponding assessment, during which the issue of potentially taking on Management Board responsibility and measures to secure succession are also considered. Management potential within the individual business units is likewise discussed.

When a Management Board vacancy requires filling, a corresponding profile is developed that incorporates the specific qualification requirements and the aforementioned criteria; this is then used as the basis for shortlisting available candidates. Corresponding interviews are held with these candidates. Where necessary, external consultants are engaged to help develop the profile and to assist with selecting and evaluating candidates. The Shareholders' Committee then submits an appropriate recommendation to the Supervisory Board of Henkel Management AG.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Diversity considerations governing Supervisory Board composition

Bearing in mind the statutory requirements and the recommendations of the GCGC, and taking into account the specific situation and global reach of the Company's activities in industrial and consumer business areas, the Supervisory Board has specified the following objectives governing its composition. When proposing candidates to the Annual General Meeting for both routine re-election and replacement by-election, the Supervisory Board considers these objectives, whereby the particular regulations of the German Codetermination Act of 1976 must be observed with regard to the employee representative candidates.

- Education/career experience
  Overall, the Supervisory Board must demonstrate knowledge, skills and professional experience in the following areas in particular:
  - Entrepreneurship/leadership experience: Experience in the management of companies, associations, organizations and networks
  - Understanding of the business: Knowledge of/experience in the fields of research and development, production/engineering, marketing, selling and distribution, digitalization/e-commerce, as well as knowledge of/experience in industrial/consumer business areas and in the key markets in which Henkel operates
  - Sustainability: Experience in sustainable management
  - Financial expertise: Experience in the fields of accounting/accounting processes and with auditing financial statements, knowledge of financial instruments and funding strategies
  - Personnel/society/communication/media: Experience in the field of personnel, in managing employees and in the areas of society, communication and media
  - Financial control/risk management: Experience in the fields of internal control and risk management systems, as well as internal auditing systems
  - Governance/compliance: Experience with interaction among corporate bodies (governance) and in ensuring compliance with statutory/in-house requirements

- Impartiality, integrity
  To ensure the impartiality of its counseling activities and supervision of the Management Board, the shareholder representatives on the Supervisory Board must include what they believe to be a reasonable number of independent members, bearing in mind the Company's ownership structure. According to Recommendation C.6 GCGC, a member of a supervisory board is considered independent if they are independent from the company and its management board and independent from a controlling shareholder. Pursuant to Recommendation C.7 GCGC, more than half the shareholder representatives should be independent from the company and the management board. Supervisory board members are considered

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

independent from the company and its management board if they have no personal or business relationship with the company or its management board that could create a substantial and not merely temporary conflict of interest. Assessing the independence of shareholder representatives from the Company and its Management Board requires particular consideration of whether the respective Supervisory Board member or a close family member

- was a member of the Company's Management Board in the two years prior to appointment,
- is or was in the past three years a partner of or in the employ of the present or previous external auditors of the Company,
- receives or has received over the past three years not inconsiderable remuneration of any nature from Henkel AG & Co. KGaA or one of its affiliates (excluding remuneration for Supervisory Board or Shareholders' Committee membership),
- is currently involved in, maintains, or has maintained in the year prior to appointment by Henkel AG & Co. KGaA or one of its affiliates, a material business relationship – either directly or indirectly – as a partner, shareholder, member of management or in a leading position of the entity maintaining the business relationship (e.g. as customer, supplier, lender or advisor),
- is a close family member of a member of the Management Board or
- has been a member of the Supervisory Board for more than twelve years.

If one or more of the aforementioned indicators apply and a shareholder representative is still considered independent from the Company and/or the Management Board, the reasons for this assessment must be given in the corporate governance statement.

In keeping with the ownership structure and the Company's tradition as a family business to which the Henkel family has been committed ever since the Company was founded in 1876, possession of a controlling interest or attribution of a controlling interest due to membership in the Henkel family share-pooling agreement is not viewed as a circumstance that could create a substantial and not merely temporary conflict of interest as defined in the GCGC recommendation. Membership of the Shareholders' Committee or of the Supervisory Board of Henkel Management AG is compatible with membership of the Company's Supervisory Board. As a rule, however, three, but at least two, of the shareholder representatives on the Supervisory Board or close members of their families should be neither members of the share-pooling agreement nor members of the Shareholders' Committee nor members of the Supervisory Board of Henkel Management AG, and they must be named accordingly in the corporate governance statement.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Moreover, no more than two former members of the Management Board should be elected to the Supervisory Board, nor people

- who – if not members of a management/executive board of a listed corporation – exercise more than five supervisory board mandates in total for non-Group listed corporations or for non-Group companies with similar requirements (chairing a supervisory board counts twice),
- who – if members of a management/executive board of a listed corporation – exercise more than two supervisory board mandates in total for non-Group listed corporations or for non-Group companies with similar requirements, or chair the supervisory board of a non-Group listed corporation,
- or who perform management or advisory tasks for material competitors.

Members of the Supervisory Board should, moreover, be capable of duly upholding Henkel's reputation in the public domain.

- Availability
  When proposing new candidates to the Annual General Meeting for election to the Supervisory Board, the Supervisory Board must make sure that the relevant candidates can devote the anticipated time required to the task.
- Internationality
  The international activities of the Company should be appropriately reflected in the composition of the Supervisory Board. Henkel therefore strives to ensure that several members with international backgrounds (who have spent several years working abroad or supervising foreign business activities, for example) are included on the Supervisory Board.
- Gender
  A reasonable proportion of women and men shall be appointed to the Supervisory Board. The statutory minimum requirement of 30 percent of the respective gender is deemed to be reasonable. Henkel strives to increase the proportion of the underrepresented gender when new or replacement members are elected.
- Age and length of service
  The Supervisory Board should appropriately include representatives from different generations/age groups. Henkel therefore aims to include members from different generations/age groups on the Supervisory Board. Irrespective of the aforementioned, nobody should, as a rule, be proposed to the Annual General Meeting for election to the Supervisory Board who, at the time of the election, has already reached their 70th birthday. Also, as a rule, nobody should be proposed to the Annual General Meeting for election to the Supervisory Board who, at the time of the election, has already served more than ten years on the Supervisory Board. However, to ensure continuity, members may also serve on the Supervisory Board for

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

longer periods of time in individual cases. In keeping with the ownership structure and the Company's tradition as a family business, this applies particularly to members of the Henkel family share-pooling agreement.

Implementation progress
In addition to the statutory minimum quota specified in Section 96 (2) AktG, the Supervisory Board believes that the aforementioned requirements were met in full in the reporting period.

Overall, the Supervisory Board believes it has the knowledge and skills needed to properly and effectively perform its duties. Several of the shareholder representatives on the Supervisory Board are or were members of management/executive boards in relevant companies and are experienced and skilled in managing globally operating corporations and in leading employees. Equally, several shareholder representatives have in-depth knowledge in the fields of research and development, production, marketing, selling and distribution, digitalization/e-commerce and sustainable management. The same applies for the fields of finance/accounting, financial control/risk management and governance/compliance.

In addition, several shareholder representatives on the Supervisory Board offer international business experience or other international expertise.

No shareholder representative exceeded the specified maximum age at the time of their election.

The GCGC recommendations on impartiality have been adopted.

None of the shareholder representatives nor close family members of a shareholder representative is a former Management Board member, or performs board or committee functions or acts as a consultant for major competitors, and none are persons whose business or personal relationship with the Company or members of the Management Board could create a substantial and not merely temporary conflict of interest.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Dr. Simone Bagel-Trah, Chair of the Supervisory Board, has been on the Supervisory Board for more than twelve years. According to the GCGC, this could indicate a lack of impartiality. After exercising their due discretion, the shareholder representatives judged that – despite this indication – Dr. Bagel-Trah is regarded as independent from the Company and its Management Board as seen from an overall perspective. Dr. Bagel-Trah maintains the necessary impartiality toward the Company and the Management Board in the performance of her respective office and her functions. Her conduct in office demonstrates a critical approach to the issues and questions to be assessed, while safeguarding the interests of the Company.

The other shareholder representatives had been members of the Supervisory Board for less than twelve years in the year under review and had not been in any other personal or business relationship with the Company or its Management Board that could create a substantial and not merely temporary conflict of interest. According to the precepts of Recommendation C.7 GCGC, these shareholder representatives are therefore independent from the Company and the Management Board. The shareholder side therefore believes that all shareholder representatives on the Supervisory Board are independent from the Company and the Management Board.

Four of the eight shareholder representatives – Barbara Kux, Simone Menne, Vinzenz Gruber and Laurent Martinez – are not party to the Henkel family share-pooling agreement; under GCGC Recommendation C.9, they are therefore independent from the controlling shareholder. Apart from Dr. Simone Bagel-Trah, none of the shareholder representatives in office is a member of the Shareholders' Committee or the Supervisory Board of Henkel Management AG.

As such, the shareholder representatives on the Supervisory Board include what they believe to be a reasonable number of independent members as recommended by the GCGC.

Qualifications matrix for the Supervisory Board

The members of the Supervisory Board believe they have the following skills and experience required according to the Supervisory Board's objective:

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Shareholder representatives

Skills and experience of the shareholder representatives serving on the Supervisory Board as of December 31, 2024

	Independence		Skills/Experience						
Name, gender*, membership on the Supervisory Board	from the Company and Management Board[1]	from the controlling shareholder[2]	Entrepreneurship/ Leadership experience	Understanding of the business	Sustainability	Financial expertise	HR/ Society/ Communication/ Media	Financial control/ Risk management	Governance/ Compliance
Dr. Simone Bagel-Trah (Chair) (f) (since 4/14/2008)	X	–	X	X	X	–	X	X	X
Lutz Bunnenberg (m) (since 6/17/2020)	X	–	X	X	–	–	–	X	–
Vinzenz Gruber (m) (since 4/22/2024)	X	X	X	X	X	–	X	X	X
Benedikt-Richard Freiherr von Herman (m) (since 4/11/2016)	X	–	X	X	X	–	–	X	X
Barbara Kux (f) (since 7/3/2013)	X	X	X	X	X	X	X	X	X
Dr. Anja Langenbucher (f) (since 4/22/2024)	X	–	X	X	X	X	X	X	–
Laurent Martinez (m) (since 4/24/2023)	X	X	X	X	X	X	–	X	X
Simone Menne (f) (since 6/17/2020)	X	X	X	X	X	X	–	X	X

* Gender: male (m); female (f)

[1] Shareholder representatives' opinion, based on the criteria of Recommendation C.7 (2) GCGC 2022.

[2] As defined in Recommendation C.9 GCGC 2022.

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THE COMPANY
SHARES AND BONDS
COMBINED MANAGEMENT REPORT
CONSOLIDATED FINANCIAL STATEMENTS
FURTHER INFORMATION
CREDITS/LEGAL
CONTACTS
FINANCIAL CALENDAR

Employee representatives

Skills and experience of the employee representatives serving on the Supervisory Board as of December 31, 2024

	Skills/Experience						
Name, gender*, membership on the Supervisory Board	Entrepreneurship/ Leadership experience	Understanding of the business	Sustainability	Financial expertise	HR/ Society/ Communication/ Media	Financial control/ Risk management	Governance/ Compliance
Birgit Helten-Kindlein (Vice Chair) (f) (since 4/14/2008)	X	X	X	–	X	X	–
Michael Baumscheiper (m) (since 12/11/2020)	X	X	–	–	X	–	X
Dr. Konstantin Benda (m) (since 4/24/2023)	X	X	–	X	X	–	X
Sabine Friedrich (f) (since 9/23/2023)	X	X	X	–	X	–	–
Andrea Pichottka (f) (from 10/26/2004 to 12/31/2024)	X	X	X	–	X	X	X
Dirk Thiede (m) (since 4/9/2018)	X	X	–	–	X	–	–
Edgar Topsch (m) (since 8/1/2010)	X	X	–	–	X	–	X
Michael Vassiliadis (m) (since 4/9/2018)	X	X	X	–	X	X	X

* Gender: male (m); female (f)

Proposals to the Annual General Meeting for the election of shareholder representatives

Shareholder representatives are elected by the Annual General Meeting, both as part of routine re-elections and replacement by-elections. To this end, the Supervisory Board must submit appropriate proposals for adoption by the Annual General Meeting.

When elections are required, the Nominations Committee defines appropriate profiles that consider the requirements of German company law [AktG] and the GCGC and the aforementioned objective for Supervisory Board composition. This forms the basis for shortlisting available candidates who are then interviewed. Where necessary, external consultants are engaged to help develop the profile and to assist with selecting and evaluating candidates. Finally, the Nominations Committee submits its recommendation to the Supervisory Board of Henkel AG & Co. KGaA for its election proposal to the Annual General Meeting.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Diversity considerations governing the composition of the Shareholders' Committee

Requirements profile

Given the tasks of the Shareholders' Committee, its members should generally demonstrate knowledge, skills and experience in the following areas particularly:

- Management/leadership experience: Experience in managing and leading globally operating corporations.
- Managing executives: Experience in managing and remunerating executives; succession planning.
- Understanding of the business: Knowledge of/experience in industrial and/or consumer business areas and Henkel's key markets, as well as knowledge of/experience in the fields of marketing, selling and distribution, digitalization/e-commerce, research and development, and production/engineering.
- Sustainability: Experience in sustainable management.
- Strategic expertise: Experience in developing and implementing prospects and strategies for the future.
- Financial expertise: Experience in accounting, auditing financial statements, issues surrounding funding and capital markets.
- Financial control/risk management: Experience in the fields of internal control and risk management systems, as well as internal auditing systems.
- Governance/compliance: Experience with interaction among corporate bodies (governance) and in ensuring compliance with statutory/in-house requirements.

Members of the Shareholders' Committee should not have any personal or business relationship with the Company or its Management Board that could create a substantial and not merely temporary conflict of interest.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

In keeping with the ownership structure and the Company's tradition as an open family business to which the Henkel family has been committed ever since the Company was founded in 1876, possession of a controlling interest or attribution of a controlling interest due to membership in the Henkel family share-pooling agreement is not viewed as a circumstance that could create a substantial and not merely temporary conflict of interest. Membership of the Company's Supervisory Board or of the Supervisory Board of Henkel Management AG is compatible with membership of the Shareholders' Committee. As a rule, however, five, and at least four, members of the Shareholders' Committee or their close families should be neither members of the share-pooling agreement nor members of the Company's Supervisory Board, and they must be named accordingly in the corporate governance statement.

Implementation progress

As of December 31, 2024, the Shareholders' Committee was comprised of nine men and one woman. This represents an overall ratio of 90 percent men and 10 percent women. Overall, the Shareholders' Committee believes it has the knowledge and skills needed to properly and effectively perform its duties. Several of the Shareholders' Committee members are or were members of management/executive boards in relevant corporations and are experienced and skilled in managing globally operating businesses, developing and implementing visions and strategies, and the management and remuneration of executives. Equally, several members have in-depth knowledge in the fields of marketing, selling and distribution, digitalization/e-commerce, research and development, production/engineering and sustainable management. The same applies for the fields of finance/accounting, financial control/risk management and governance/compliance.

None of the Shareholders' Committee members has a business or personal relationship with the Company or members of the Management Board that could create a substantial and not merely temporary conflict of interest.

Five of the ten members in office as of December 31, 2024 – Dr. Paul Achleitner, Alexander Birken, James Rowan, Jean-François van Boxmeer and Poul Weihrauch – are not party to the Henkel family share-pooling agreement; under GCGC Recommendation C.9, they are therefore independent from the controlling shareholder. Apart from Dr. Simone Bagel-Trah, none of the members currently in office is a member of the Company's Supervisory Board.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Qualifications matrix

The members of the Shareholders' Committee believe they have the following skills and experience required according to the Shareholders' Committee's objective:

Members of the Shareholders' Committee

	Skills and experience of the members serving on the Shareholders' Committee as of December 31, 2024									
	Independence		Skills/Experience							
Name, gender*, membership on the Shareholders' Committee	from the Company and Management Board[1]	from the controlling shareholder[2]	Management/ Leadership experience	Managing executives	Understanding of the business	Sustainability	Strategic expertise	Financial expertise	Financial control/ Risk management	Governance/ Compliance
Dr. Simone Bagel-Trah (Chair) (f) (since 4/18/2005)	X	–	X	X	X	X	X	–	X	X
Konstantin von Unger (Vice Chair) (m) (since 4/14/2003)	X	–	X	X	X	X	X	X	–	–
Dr. Paul Achleitner (m) (since 4/30/2001)	X	X	X	X	X	X	X	X	X	X
Alexander Birken (m) (since 6/17/2020)	X	X	X	X	X	X	X	X	X	X
Kaspar von Braun, Ph.D. (m) (since 4/4/2022)	X	–	–	–	X	X	X	X	–	X
Dr. Christoph Kneip (m) (since 6/17/2020)	X	–	–	–	X	X	X	X	X	X
Thomas Manchot (m) (since 4/22/2024)	X	–	X	X	X	–	X	–	–	–
James Rowan (m) (since 4/16/2021)	X	X	X	X	X	X	X	X	X	X
Jean-François van Boxmeer (m) (since 4/15/2013)	X	X	X	X	X	X	X	–	–	X
Poul Weihrauch (m) (since 4/22/2024)	X	X	X	X	X	X	X	X	X	X

* Gender: male (m); female (f)

[1] No personal or business relationship with the Company or its Management Board that could create a substantial and not merely temporary conflict of interest.

[2] As defined in Recommendation C.9 GCGC 2022.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Proposals to the Annual General Meeting for the election of members of the Shareholders' Committee
Members of the Shareholders' Committee are elected by the Annual General Meeting, both as part of routine re-elections and replacement by-elections. To facilitate this, the Shareholders' Committee and the Supervisory Board are required to submit appropriate proposals for adoption by the Annual General Meeting.

When elections are required, appropriate profiles are defined that consider the aforementioned diversity objectives for Shareholders' Committee composition and which serve as the basis for shortlisting available candidates. Corresponding interviews are then held with these candidates. Where necessary, external consultants are engaged to help develop the profile and to assist with selecting and evaluating candidates. Following internal consultations, the Shareholders' Committee and the Supervisory Board then approve the corresponding proposals for resolution by the Annual General Meeting.

7. Other disclosures

Managers' transactions

In accordance with Article 19 (1) of Regulation (EU) No. 596/2014 of the European Parliament and Council on Market Abuse (Market Abuse Regulation), members of the Management Board, the Supervisory Board and the Shareholders' Committee, and parties related to same, are obligated by law to disclose notifiable transactions involving shares in Henkel AG & Co. KGaA or their derivative financial instruments where the value of such transactions by the member, or a party related to the member, attains or exceeds 20,000 euros in a calendar year. Transactions disclosed to the Company are publicly accessible on the website **www.henkel.com/ir**

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Disclosures relating to the external auditor

The contract to audit the annual and consolidated financial statements of Henkel AG & Co. KGaA in fiscal 2020 onward was publicly tendered in accordance with Regulation (EU) No. 537/2014 of April 16, 2014 (EU Audit Regulation). Based on the outcome of the tender process, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Germany (PwC), has been the external auditor for the Henkel Group since fiscal 2020. The Financial Market Integrity Strengthening Act permits the proposal to the Annual General Meeting of PwC for election as the external auditor up to and including fiscal 2029 without the need for a new tender process.

The auditors who signed off the audit opinion relating to the consolidated financial statements and the annual financial statements of Henkel AG & Co. KGaA for fiscal years 2020 to 2022 were Dr. Peter Bartels and Michael Reuther (the latter being the auditor responsible for the engagement), while the financial statements for fiscal 2023 and 2024 were signed off by Dr. Peter Bartels and Antje Schlotter (the latter being the auditor responsible for the engagement).

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

FUNDAMENTAL PRINCIPLES OF THE GROUP

Operational activities

Overview

Henkel was founded in 1876. Therefore, the year under review marks the 148th in our corporate history. At the end of 2024, Henkel employed around 47,150 people worldwide. We hold globally leading market positions in our consumer and industrial businesses.

1876
Year of foundation

Our purpose describes what unites everyone at Henkel: "Pioneers at heart for the good of generations." It is firmly anchored in our DNA and continues our success story of innovation, responsibility and sustainability as we move forward.

Organization and business units

Henkel AG & Co. KGaA is operationally active, as well as being the parent company of the Henkel Group. As such it is responsible for defining and pursuing Henkel's corporate objectives and also for the management, control and monitoring of Group-wide activities, including risk management and the allocation of resources. Henkel AG & Co. KGaA performs its tasks within the legal scope afforded to it as part of the Henkel Group, with the affiliated companies otherwise operating as legally independent entities.

Operational management and control is the responsibility of the Management Board of Henkel Management AG in its function as sole Personally Liable Partner. The Management Board is supported in this by the central, corporate functions.

Since 2023, Henkel has been organized in two business units: Adhesive Technologies and Consumer Brands.

As global market leader for adhesives, the **Adhesive Technologies** business unit offers a broad portfolio of high-impact solutions in adhesives, sealants and coatings. In the three business areas Mobility & Electronics, Packaging & Consumer Goods, and Craftsmen, Construction & Professional, we develop customer-centric solutions for a wide range of industrial applications as well as for consumers and craftsmen. As a result, we are very well positioned with our innovative product portfolio. We aim to give our industrial customers a competitive edge while offering consumers a clear added value.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

In the integrated **Consumer Brands** business unit, we focus on the global business areas Laundry & Home Care and Hair. Additionally, with our business area Other Consumer Businesses, we are active in selective body care markets. We occupy leading positions in numerous markets and categories and offer a strong brand portfolio featuring consumer-relevant innovations that create added value for our customers and consumers. We distribute our products through brick-and-mortar stores, hair salons and digital channels.

Details of the individual business areas of both business units can be found on page 122 for Adhesive Technologies and page 130 for Consumer Brands.

Henkel around the world: Regional Centers

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The business activities of our **business units** are supported by the central, corporate functions of Henkel AG & Co. KGaA, our Global Supply Chain organization and our Global Business Solutions organization with its Shared Service Centers, thus enabling optimum utilization of corporate network synergies.

Implementation of the business activities at the country and regional level is the responsibility of the national affiliated companies whose operations are supported and coordinated by Regional Centers. The executive bodies of these national affiliates manage their businesses in line with the relevant statutory regulations, supplemented by their own articles of association, internal procedural rules and the principles incorporated in our globally applicable management standards, codes and guidelines.

Further details on the organization of our business activities along the value chain can be found in the sections “Procurement” (pages 152 to 154), “Production” (pages 155 and 156), “Research and development” (pages 157 to 162) and “Marketing and distribution” (pages 163 to 165).

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Strategic framework for purposeful growth

We shape our future on the basis of a long-term strategic framework that builds on our purpose and our values.

With this strategic framework, we place a clear focus on purposeful growth. This means: We aim to create superior value for customers and consumers to outgrow our markets, to strengthen our leadership in sustainability, and to help our employees to grow both professionally and personally at Henkel.

Our mid-term financial ambitions

Driving our growth agenda supports us in achieving our financial ambitions, and we are confident that we will now achieve the mid- to long-term financial ambitions published at the start of 2022 in the medium term.

- For the **Group**, we are aiming to generate organic sales growth of 3 to 4 percent, adjusted return on sales (adjusted EBIT margin) of around 16 percent and adjusted earnings per preferred share growth in the mid- to high single-digit percentage range (at constant exchange rates and including acquisitions). At the same time, Henkel places a continuous focus on free cash flow expansion.
- For the **Adhesive Technologies** business unit, we are aiming for organic sales growth of 3 to 5 percent and adjusted return on sales (adjusted EBIT margin) in the high-teens percentage range.
- For the **Consumer Brands** business unit, we are aiming for organic sales growth of 3 to 4 percent and adjusted return on sales (adjusted EBIT margin) in the mid-teens percentage range.

Our strategic framework

The key elements of our strategic framework are a winning portfolio with strong brands and solutions, a clear competitive edge in the areas of innovation, sustainability and digitalization, and future-ready operating models – underpinned by a strong foundation of a collaborative culture and empowered people.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Rigorously shape a winning portfolio
A successful portfolio is the key to sustainably profitable business performance. This is why we are consistently evolving our portfolio of brands and businesses as part of our active portfolio management – not least in light of the announced and since completed implementation of the portfolio measures in our integrated business unit Consumer Brands (for more details, see pages 99 to 101). At the same time, M&A activities in both business units remain an integral part of our strategy, supported by our strong balance sheet.

Accelerate impactful innovations
We want to accelerate impactful innovations and also adopt an enhanced innovation approach, for example by utilizing digital applications and data to gain faster and better insights into consumer behavior and market trends. Decision-making across the organization occurs close to the market. In our collaboration with external partners, we are also increasingly leveraging the potential of open innovation, using agile methods and continuing to invest in innovation centers. We consistently invest in innovations and brands in core categories and regions.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Boost sustainability as a true competitive differentiator
We want to boost sustainability as a true competitive differentiator. Sustainability is essential to create a competitive edge, enable business growth and generate value for our customers, consumers and all of our stakeholders.

To drive sustainable development, we have set ourselves ambitious goals as part of our 2030+ Sustainability Ambition Framework that build on our progress to date and which we are rigorously pursuing. We have included different ESG dimensions and defined key areas of focus:

- **Regenerative Planet**: We strive to achieve a circular economy, a climate-neutral future and the regeneration of nature. To this end, we are further developing our business activities to drive solutions in the areas of climate, circularity and nature.
- **Thriving Communities**: We actively contribute to people being able to lead a better life through our business and brands. To this end, we focus on equity, education and wellbeing.
- **Trusted Partner**: We are committed to product quality and safety while ensuring business success with integrity, focusing on performance, transparency and collaboration.

We will build on our particular strengths, such as the innovation capabilities of our business units and the comprehensive knowledge of our employees, as well as various contact points of our products and customers and consumers. Assessments in the relevant sustainability ratings provide important and impartial confirmation and acknowledgment of our achievements and progress.

Please refer to our Sustainability Report 2024 for a detailed discussion of our sustainability strategy and progress.

Enhance value creation for customers and consumers through digitalization
We take advantage of the opportunities offered by digitalization to increase the value added for our customers and consumers, interacting directly with our consumers and striving to grow our digital sales. In the process, we are building a pool of digitalization talent backed by targeted support. Ultimately, we want to strengthen our digital business focus and increase efficiency. In this respect, our digital unit Henkel dx, which was created in 2019 to bring together the digital and IT teams at Henkel, is of key importance.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Continuously optimize operating models
We are striving to continuously optimize our operating models and, in doing so, to steadily improve the competitiveness of our processes and structures. We want to step up customer and consumer proximity, establish faster decision-making processes and realize further efficiency gains.

Strengthen our collaborative culture
A strong corporate culture, shared values and a clear understanding of collaboration as a strong team are essential to continue to successfully drive our growth agenda. Important cornerstones of this are our purpose – Pioneers at heart for the good of generations – and our Leadership Commitments uniting all employees worldwide. We believe that cultural transformation is an ongoing process in which we focus on collaboration and empowerment, foster the upskilling of our employees for future capabilities and enable them to constantly develop further.

Integration of the Consumer Brands business unit

At the start of 2022, Henkel announced its plans to merge the two former business units Laundry & Home Care and Beauty Care. The creation of the integrated business unit Consumer Brands – which we continued to drive in 2024 – represents the most significant transformation of our Company in recent decades.

With the Consumer Brands business unit, which has been operating worldwide under the new structure since the beginning of 2023, we have created a multi-category platform with a focus on the global categories Laundry & Home Care and Hair, and which represents more than 10 billion euros in sales. The business unit brings together all consumer brands across all categories under one roof – including many iconic brands such as Persil and Schwarzkopf – and also incorporates the Hair Professional business. This step laid the foundation for further profitable growth of our entire consumer goods business.

Through the merger, we want to raise the profitability of our consumer goods business and thus of the Group as a whole. Furthermore, we want to create additional positive growth stimulus. To this end, we are focusing the Consumer Brands portfolio on strategic core brands and businesses with attractive growth and margin potential. The integration will allow us to realize significant synergies, which in part will be used to facilitate, for example, targeted investment in strategic priorities such as innovation, sustainability and digitalization, and to strengthen our attractive and leading brands.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

In detail, the creation of the Consumer Brands business unit is linked to the following strategic objectives:

Strong platform: Focus on attractive growth and margin potential
The integrated Consumer Brands business unit will allow Henkel to better capture the full potential for organic and inorganic growth. To achieve this, we are focusing the portfolio on attractive growth potential and high gross margins and are aligning investments to core platforms in relevant markets. We are also focusing on valorizing our portfolio through targeted innovations, supported by greater investment in advertising and marketing, in order to further strengthen our brands and offer clear added value to our consumers. At present, our Consumer Brands portfolio comprises the global categories Laundry & Home Care and Hair, together with the business area Other Consumer Businesses which is present in selective body care markets.

The combined size of our consumer businesses offers improved opportunities for further reducing complexity and for even more rigorous implementation of portfolio measures. These include the sale or discontinuation of brands and businesses that do not meet our expectations – in respect of growth prospects, gross margin or market appeal, for example. Henkel had announced plans to review businesses and brands representing a total sales volume of around 1 billion euros. Accordingly, we had fundamentally changed our portfolio of consumer businesses following the announcement in 2022 with our global exit from the Oral and Skin Care categories and our exit from selective body care markets and the North American air freshener business. In 2024, we continued to rigorously pursue our portfolio measures.

As a multi-category platform, there are also additional opportunities for targeted acquisitions – in existing core categories or in other new consumer goods categories. This will be our approach in optimizing the portfolio and in further strengthening the growth dynamics in our consumer businesses as we move forward.

Creating advantages of scale: Significant synergies and efficiency gains
The Consumer Brands business unit will enable Henkel to leverage scale, allowing the Company to become much more efficient. It will also help us to act faster and become more flexible in a highly volatile environment.

We are striving to generate significant savings. Net savings are now expected to total around 525 million euros on an annualized basis by 2026. These savings are being generated primarily from the optimization of both our sales and administrative structures and our supply chain (production and logistics).

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Implementation is taking place in two phases. The first phase of the merger of the consumer businesses predominantly involves sales and administration. We achieved the targeted total net savings of around 275 million euros by the end of 2024, and in doing so successfully completed the first phase of the integration.

The second phase of integration is focusing on optimizing the supply chain, i.e. the production and logistics network. Here, Henkel plans to improve the efficiency and regional footprint of its own production and to optimize its network of third-party contract manufacturers and its procurement costs. In addition, we are driving commercial integration with optimized logistics processes in line with the 1-1-1 principle – one order, one shipment, one invoice. We were resolute in implementing appropriate measures in this area, too, in 2024. Of the announced annual net savings target of around 250 million euros by 2026, around 150 million euros had already been realized by the end of 2024.

As a result, we had already achieved around 425 million euros of the announced target of 525 million euros in annual net savings by 2026 overall across both phases of the integration.

The efficiency and cost advantages arising from these two phases are enabling us to make higher and more targeted investments in innovations and in more sustainability and digitalization, and in doing so further extend our competitive edge. Moreover, they facilitate focused and strong marketing support to further strengthen our attractive and leading brands.

Integrated approach: Leaner structures and faster decision-making processes
The new business unit places a particular focus on customer and channel centricity – with an integrated approach for trade partners across all consumer categories. Under one leadership, the team focuses on advancing the entire consumer business, with leaner structures and faster decision-making throughout the entire integrated organization.

A detailed discussion of the material **progress** relating to the ongoing integration of the Consumer Brands business unit in the fiscal year just ended can be found on pages 130 to 132.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Consistent implementation of our growth agenda in fiscal 2024

In 2024, we again consistently implemented our growth agenda and made further progress in all areas – despite the manifold macroeconomic and geopolitical challenges.

We continued to resolutely evolve our **portfolio** in both business units in 2024.

Since announcing the merger of our consumer businesses, we have divested or discontinued brands and activities representing total sales of around 700 million euros in the Consumer Brands business unit. As a result, we successfully completed the announced discontinuation of the relevant business activities by the end of the year, as planned. The agreement signed on February 3, 2025 to sell the private label business in North America marks the conclusion of the strategic portfolio optimization process as part of the integration of the Consumer Brands business unit. At the same time, we strengthened our portfolio with a number of acquisitions. For example, in 2024, Henkel acquired the Vidal Sassoon brand and the associated consumer hair care business in China from Procter & Gamble. The acquisition strengthens our Consumer Brands business in China and expands our hair care portfolio in an attractive market.

In addition, our Adhesive Technologies business unit has underscored its more pronounced focus on growth through M&A and has added another acquisition to its maintenance, repair and overhaul (MRO) portfolio. Henkel's acquisition of Seal for Life enables the Company to strengthen its global position and expand its offering in sustainability-driven, future-oriented, fast-growing and profitable markets. Seal for Life is a specialized provider of protective coatings and sealing solutions for a broad variety of infrastructure markets such as renewable energies, oil, gas and water.

We also made advancements in the area of **innovations**. Our innovation and customer centers play a key role in this respect. At these centers, we offer state-of-the-art laboratory facilities and a platform that fosters open collaboration and knowledge sharing in order to cater to the local needs of our customers and consumers. Working in partnerships founded on trust, we develop innovations and solutions across the entire value chain.

The Adhesive Technologies business unit, for instance, has three fully operational innovation centers in Europe, North America and the IMEA region, with another innovation center set to officially open in Shanghai, China, in 2025. The Consumer Brands business unit likewise enhanced its innovation strength. For example, an innovation center has been opened in Shanghai, China, that supports research in hair care and coloring, laundry detergents and household cleaners and draws on findings from markets across Asia.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

We have developed and launched numerous innovative products and solutions across both business units that address important trends and offer relevant added value to customers and consumers. Material innovations are discussed on pages 124 (Adhesive Technologies) and 133 (Consumer Brands).

In 2024, we continued to integrate **sustainability** within our business operations. As part of our 2030+ Sustainability Ambition Framework, we worked on a more sustainable product portfolio, for example by increasing the use of renewable and recycled raw materials. We systematically track our progress in this field, and are continually evolving the methodology used to assess the sustainability of our product portfolio in both business units.

We continue to strengthen our commitment to climate protection and are driving progress in this area. To that end, we have developed a net-zero roadmap, which includes further targets for reducing emissions across the entire value chain. We were again able to further improve the carbon footprint of our production sites in 2024, thanks in particular to the continued expansion of the use of renewable energies.

Our work likewise focused on the circular economy. We continued to increase the proportion of recycled materials in our plastic packaging and maintained a consistent focus on the recyclability of our packaging.

Close collaboration along the value chain is a key success factor for sustainability innovations. For example, in the Adhesive Technologies business unit, we once again organized events to bring together customers, suppliers, partners and sustainability experts in various regions, for example in the USA and China. Aiming to help consumers understand our services better and provide targeted communication that will enable them to use our products in a responsible manner, in the Consumer Brands business unit we launched the campaign "It starts with us" in additional countries in cooperation with our retail customers.

For further information on our strategies and measures and relevant key figures, please refer to our Sustainability Report 2024.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

In 2024, we also made important progress in **digitalization**. We have continued to drive the strategic alignment of our digital unit Henkel dx by steadily optimizing in-house structures, strengthening the development of digital expertise and promoting a culture of innovation. Aspects such as the acceleration of digital innovations, our platform strategy and the close collaboration of all business units and functions enabled us to further improve our efficiency in IT last year and to create new business opportunities for Henkel.

The use of artificial intelligence (AI) is playing an increasingly important role in this field. For example, in the Consumer Brands business unit, we use a digital assistant for product innovation and development to simplify and accelerate the process from the idea stage through to production. The digital assistant is based on the latest generative AI technology and helps our employees to evaluate information about consumer needs, market trends and product feedback in a structured way.

We use AI in Adhesive Technologies, for example, in our global research labs to predict the chemical and physical properties of new formulas – with the aim of substantially shortening the time needed for product development while at the same time enhancing the performance of the new solutions.

To establish future-ready **operating models**, our focus in 2024 was once again on further integrating the Consumer Brands business unit. Details of the progress in this respect can be found on pages 130 to 132.

Henkel also specifically pursued consolidation of the optimized organizational structure introduced in 2023 in the Adhesive Technologies business unit. As a result, the business unit with its three business areas Mobility & Electronics, Packaging & Consumer Goods, and Craftsmen, Construction & Professional can make more efficient use of scale and leverage competencies while at the same time ensuring close customer and market proximity.

We have also further strengthened our **corporate culture**, building on our purpose – Pioneers at heart for the good of generations – and our Leadership Commitments. To support our employees in fostering our cultural change, we continued the Accelerate Cultural Transformation (ACT) initiative – initially launched in 2023 – in the year under review. The aim is to encourage engagement across teams and to define specific measures. The focus areas in 2024 were trust, collaboration and feedback. A further area of focus was the implementation of our integrated Smart Work concept that provides the global framework for topics such as mobile working, digital workplaces or employee health, together with further global diversity, equity and inclusion (DEI) initiatives.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Management system and performance indicators

Our management system and key performance indicators are derived from our ambition to generate purposeful growth. The key performance indicators are organic sales growth, adjusted return on sales, and growth in adjusted earnings per preferred share at constant exchange rates.

These performance indicators are represented in both the annual and medium-term plans of Henkel. A regular comparison of these plans with current developments and the regular reporting of expected figures enable focused management of the Company based on the described performance indicators. Adjusting for one-time expenses and income – such as effects of acquisitions and divestments, and impairment losses on non-current assets –, for restructuring expenses and for the effects of fluctuating exchange rates, enables better comparability of the performance indicators over time, thus enhancing transparency.

The performance indicators of relevance for management at Henkel – for which we have also defined mid-term ambitions – are discussed below.

- **Organic sales growth**
  Organic sales growth is defined as the increase in sales after adjustment for the effects of acquisitions, divestments and foreign exchange. As such, it serves to quantify growth from within the Company. In addition, organic sales growth is one of the metrics used to determine the annual variable remuneration (Short Term Incentive) payable to the Management Board.

- **Adjusted return on sales**
  Adjusted return on sales describes the ratio of adjusted operating profit (adjusted EBIT) to sales. As such, adjusted return on sales is indicative of business profitability.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

- **Growth in adjusted earnings per preferred share at constant exchange rates**
  Earnings per share compares the net income to the weighted average number of shares in free float. Calculation is based on IAS 33 (Earnings per Share). Calculation of this earnings metric as a performance indicator is based on adjusted earnings per share compared to the prior-year figure. In addition, growth in adjusted earnings per preferred share at constant exchange rates is one of the metrics used to determine the annual variable remuneration (Short Term Incentive) payable to the Management Board.

Moreover, we routinely disclose other key financials and non-financial metrics.

- **Other key financials**
  Other key financials include adjusted earnings per preferred share, net working capital as a percentage of sales, adjusted return on capital employed (adjusted ROCE), Economic Value Added (EVA®) and free cash flow. These key financials are explained in the glossary.

- **Non-financial metrics**
  In line with the goal of sustainable corporate development, non-financial indicators are also used as part of our sustainability strategy and reporting – for example, the reduction of the carbon footprint of our production sites, the share of recycled plastic used in consumer goods packaging or the proportion of women in management positions. Furthermore, ESG (Environmental, Social, Governance) targets count among the metrics to determine the long-term variable share-based remuneration (Long Term Incentive) payable to the Management Board.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Cost of capital

The cost of capital is calculated as a weighted average of the cost of equity and debt capital (WACC).

We regularly review our cost of capital in order to reflect changing market conditions. Moreover, we apply different WACC rates depending on the business unit involved. These are based on business-unit-specific beta factors determined from a peer group benchmark.

The following table indicates the WACC rates before and after tax for the Henkel Group and each business unit.

WACC by business unit

	WACC before tax		WACC after tax	
in percent	2024	2025	2024	2025
Adhesive Technologies	11.50	11.50	8.50	8.50
Consumer Brands	7.50	8.00	5.75	5.75
Henkel Group	**8.25**	**8.75**	**6.25**	**6.50**

Combined separate non-financial report

With regard to the reporting pursuant to Sections 289b and 315b HGB for fiscal 2024, please refer to our Sustainability Report 2024. This also constitutes the combined separate non-financial report for the Henkel Group and Henkel AG & Co. KGaA for fiscal 2024 within the meaning of Sections 315b, 315c in conjunction with 289b to 289e HGB, and similarly contains the information required by the EU Taxonomy Regulation. The Sustainability Report is made publicly available through publication on our website: **www.henkel.com/sustainabilityreport**

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

ECONOMIC REPORT

Macroeconomic development

The general economic development described in this section is based on data published by S&P Global Market Intelligence.

Overview:
Global economy with continued moderate growth
In 2024, the global economy again recorded moderate growth in the face of a persistent overall inflationary environment with higher interest rate levels. Economic growth continued to be impacted by geopolitical tensions. The global economy benefited from further stabilization in global supply chains and on the logistics and materials markets, as well as from a slight overall easing in inflationary pressure compared to the previous year.

As was also the case in the previous year, the global economy recorded gross domestic product growth of around 3 percent in 2024.

For the year under review, economic growth in Europe was around 1 percent, with North America recording approximately 2.5 percent. Both the IMEA and Asia-Pacific regions posted economic growth of around 4 percent, while Latin America recorded economic growth of approximately 2 percent.

Unemployment:
Global unemployment rate at constant levels
The global unemployment rate was on a par with the previous year at approximately 7 percent. Unemployment remained at approximately 6 percent in Europe and was unchanged year on year in North America at approximately 4 percent. The unemployment rate was around 11 percent in the IMEA region, approximately 6 percent in Latin America, and approximately 4 percent in the Asia-Pacific region.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Inflation:

Slight decline in global inflation rates

Global inflation in 2024 was approximately 4.5 percent and thus lower year on year (2023: approximately 5.5 percent), although still at a high level. Prices in Europe and North America rose by approximately 3 percent and were therefore below the prior year's rates. At approximately 14 percent, inflation in the IMEA region was also below the prior-year level. In Latin America, prices increased year on year by approximately 21 percent. Inflation in the Asia-Pacific region was approximately 1.5 percent.

Direct materials:

Prices remain flat versus prior year

Year on year, prices for direct materials (raw materials, packaging, and purchased goods and services) remained flat on average in 2024. After some substantial increases in prior years, raw material prices remained high overall. The prices for direct materials were also driven by rising labor costs and by in part still elevated logistics and energy costs.

Currencies:

Mainly negative trend in currencies

The US dollar remained stable versus the euro on average over the year. At year-end, the exchange rate of US dollar to euro was 1.04. Most of the currencies of relevance for Henkel in the emerging markets depreciated on average over the year – with a few exceptions. The Polish zloty appreciated, whereas the Turkish lira depreciated by a double-digit percentage. Changes in the average exchange rates of the currencies of relevance to Henkel in fiscal 2024 are indicated in the following table:

Average rates of exchange versus the euro

	2023	2024	Appreciation (+)/ Depreciation (–)
Chinese yuan	7.66	**7.79**	-1.6%
Mexican peso	19.18	**19.82**	-3.2%
Polish zloty	4.54	**4.31**	5.3%
Turkish lira	25.76	**35.56**	-27.5%
US dollar	1.08	**1.08**	0.0%

Source: ECB daily foreign exchange reference rates.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Development by sector

Consumption and retail:
Modest increase in global consumption

The increase in global private consumption spending in 2024, at approximately 3 percent, was similar to the prior year.

Private spending increased in Europe by around 2 percent, in North America by around 3 percent and in Latin America by approximately 3 percent. The IMEA region recorded an increase in private consumption of approximately 5 percent, while private consumption in the Asia-Pacific region increased by approximately 3 percent.

Industrial production index:
Persistently muted development

At approximately 1 percent globally, the increase in the industrial production index (IPX) was on a par with the previous year.

Industrial production contracted slightly by approximately -1 percent in Europe in 2024 and stagnated in North America. The IMEA region recorded growth of approximately 2 percent and Latin America of approximately 1 percent. Industrial production in the Asia-Pacific region increased by approximately 3.5 percent.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Review of overall business performance

Henkel delivered a good performance overall in a challenging fiscal 2024 that was characterized by a persistent inflationary environment with substantially higher labor costs and by the impacts of geopolitical crises. In the Industrial business, the growth in the Mobility & Electronics business area in particular had a positive impact on performance. The Consumer business benefited in particular from a very strong performance in the Hair business area.

Results of operations of the Group

Sales

Sales in fiscal 2024 totaled 21,586 million euros, up 0.3 percent year on year in nominal terms. Foreign exchange effects had a negative impact of -1.8 percent on sales.[3] Adjusted for these foreign exchange effects, sales growth was 2.1 percent. Acquisitions/divestments had a slightly negative impact of -0.4 percent on sales, which was mainly due to the disposal of our business activities in Russia in 2023. Organic sales growth, i.e. adjusted for foreign exchange and acquisitions/divestments, came in at 2.6 percent, driven by good price development and positive volume development.

Sales development

in percent	2023	2024
Change versus previous year	**-3.9**	**0.3**
Foreign exchange	-4.3	**-1.8**
Adjusted for foreign exchange	**0.4**	**2.1**
Acquisitions/divestments	-3.9	**-0.4**
Organic	**4.2**	**2.6**
Of which price	9.6	**2.0**
Of which volume	-5.4	**0.6**

2.6%
Organic sales growth

14.3%
Adjusted[1] EBIT margin

€5.36
Adjusted[1] EPS

+25.1%
Development of adjusted[1] EPS at constant exchange rates

€2.04
Dividend per preferred share[2]

[1] Adjusted for one-time expenses and income, and for restructuring expenses.
[2] Proposal to shareholders for the Annual General Meeting on April 28, 2025.
[3] Including the impacts of the mandatory application of IAS 29 Financial Reporting in Hyperinflationary Economies for Türkiye. This note also applies to the remainder of the management report.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT .

CONSOLIDATED FINANCIAL STATEMENTS

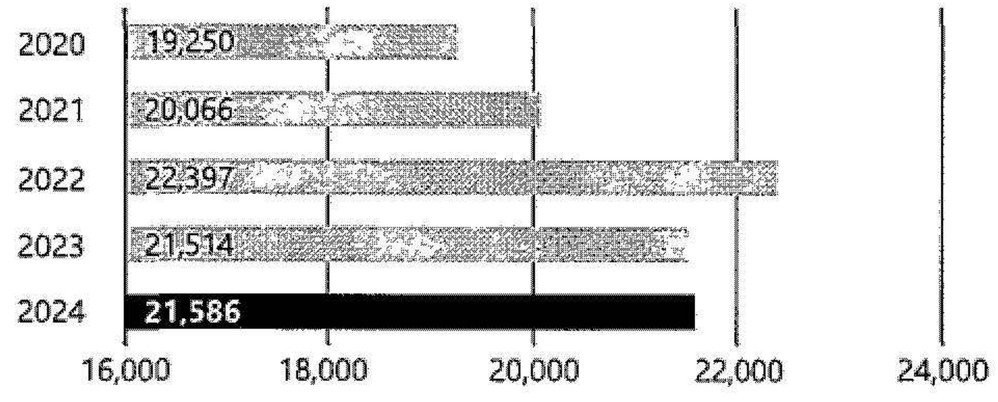
FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Sales
in million euros



The Adhesive Technologies business unit generated good organic sales growth of 2.4 percent, driven in particular by the Mobility & Electronics business area. The Consumer Brands business unit posted strong organic sales growth of 3.0 percent, driven particularly by the Hair business area.

Sales performance by business unit

	Sales					
in million euros	**2023**	**2024**	**+/-**	**Organic**	**Of which price**	**Of which volume**
Henkel Group	21,514	**21,586**	0.3%	**2.6%**	2.0%	0.6%
Adhesive Technologies	10,790	**10,970**	1.7%	**2.4%**	0.0%	2.4%
Consumer Brands	10,565	**10,467**	-0.9%	**3.0%**	4.2%	-1.2%

From a regional perspective, Europe achieved positive organic sales growth of 0.9 percent. In the IMEA region, Henkel generated double-digit organic sales growth of 18.7 percent. North America, on the other hand, recorded a slightly negative sales development of -1.1 percent. We achieved organic sales growth of 1.6 percent in the Latin America region. The Asia-Pacific region generated very strong organic sales growth of 4.9 percent.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Sales performance by region

in million euros	Europe	IMEA	North America	Latin America	Asia-Pacific	Corporate	Henkel Group
Sales 2024[1]	**8,048**	**2,289**	**6,029**	**1,636**	**3,434**	**149**	**21,586**
Sales 2023[1]	8,270	2,071	6,073	1,681	3,260	159	21,514
Change versus previous year	-2.7%	10.5%	-0.7%	-2.7%	5.4%	–	0.3%
Organic	0.9%	18.7%	-1.1%	1.6%	4.9%	–	2.6%
Proportion of Group sales 2024	**37%**	**11%**	**28%**	**8%**	**16%**	**1%**	**100%**
Proportion of Group sales 2023	38%	10%	28%	8%	15%	1%	100%

[1] By location of company.

Operating profit

Operating profit in fiscal 2024 came in at 2,831 million euros after 2,011 million euros in the previous year, which corresponds to a significant increase of 40.8 percent. The operating expense and income items leading to the operating profit result were impacted by one-time expenses and income, and by restructuring expenses.

Adjusted operating profit (adjusted EBIT)

in million euros	2023	2024	+/-
EBIT (as reported)	**2,011**	**2,831**	**40.8%**
One-time income	-4	**-3**	–
One-time expenses	281	**60**	–
Restructuring expenses	267	**202**	–
Adjusted EBIT	**2,556**	**3,089**	**20.9%**

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

One-time expenses in fiscal 2024 totaled 60 million euros, including 26 million euros relating to the merger of the former Beauty Care and Laundry & Home Care business units into the combined Consumer Brands business unit. These result primarily from internal costs for the IT integration of the business units. The other expenses mainly relate to incidental costs of 18 million euros in connection with acquisitions and divestments.

One-time income totaled 3 million euros in the year under review (previous year: 4 million euros).

In order to adapt our structures to our markets and customers, we spent 202 million euros on restructuring (previous year: 267 million euros). The restructuring expenses substantially comprise payments related to the termination of employment relationships, impairment losses on non-current assets and inventories, and expenses connected with the termination of business relationships with business partners. In fiscal 2024, they also included expenses arising from the reclassification of currency translation reserves in connection with the discontinuation of our business activities in Venezuela. Please refer to pages 332 and 333 for more details of our restructuring expenses and an explanation of the one-time expenses and income.

Adjusted operating profit (adjusted EBIT) increased significantly by 20.9 percent to 3,089 million euros (previous year: 2,556 million euros).

Adjusted return on sales (adjusted EBIT margin) in fiscal 2024 was also significantly higher year on year at 14.3 percent (2023: 11.9 percent).

While prices for direct materials (raw materials, packaging, and purchased goods and services) and logistics remained high overall, the significant increase in adjusted return on sales was driven by ongoing measures to reduce costs and enhance purchasing, production and supply chain efficiency in both business units. Adhesive Technologies was also positively impacted by economies of scale resulting from volume growth and a decline in material prices, in particular in the first half of the year. In the Consumer Brands business unit, the increase was mainly due to strategic initiatives, such as the continued realization of savings, and the optimization and valorization of the portfolio.

As a consequence, adjusted return on sales increased significantly for both business units, reaching 16.6 percent in the Adhesive Technologies business unit (2023: 14.7 percent) and 13.6 percent in the Consumer Brands business unit (2023: 10.6 percent).

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Expense items

The following explanations relate to our operating expenses adjusted for one-time expenses and income, and for restructuring expenses. The reconciliation statement and the allocation of the restructuring charges between the various expense items of the consolidated statement of income can be found on pages 332 and 333.

Cost of sales was -8.6 percent down year on year at 10,664 million euros. While the prices for direct materials remained flat overall, the measures taken to reduce costs and enhance purchasing, production and supply chain efficiency, the portfolio measures taken in the Consumer Brands business unit, and the disposal of our business activities in Russia in April 2023 had a particular impact. As a result, gross profit increased by 11.0 percent to 10,922 million euros. Adjusted gross margin was significantly up year on year at 50.6 percent (2023: 45.7 percent).

Reconciliation from sales to adjusted operating profit

in million euros	2023	%	2024	%	+/-
Sales	**21,514**	**100.0**	**21,586**	**100.0**	**0.3%**
Cost of sales	-11,672	-54.3	**-10,664**	**-49.4**	-8.6%
Gross profit	**9,842**	**45.7**	**10,922**	**50.6**	**11.0%**
Marketing, selling and distribution expenses	-5,661	-26.3	**-6,071**	**-28.1**	7.3%
Research and development expenses	-580	-2.7	**-631**	**-2.9**	8.8%
Administrative expenses	-1,056	-4.9	**-1,132**	**-5.2**	7.2%
Other operating income/expenses	11	0.1	**2**	**0.0**	-78.3%
Adjusted operating profit (adjusted EBIT)	**2,556**	**11.9**	**3,089**	**14.3**	**20.9%**

Marketing, selling and distribution expenses, at 6,071 million euros, were up year on year (2023: 5,661 million euros). The ratio to sales increased to 28.1 percent, due largely to an increase in marketing investments in the Consumer Brands business unit. We spent a total of 631 million euros for research and development. The ratio to sales, at 2.9 percent, increased slightly year on year. Administrative expenses totaled 1,132 million euros in fiscal 2024 following 1,056 million euros in the previous year. At 5.2 percent, administrative expenses as a percentage of sales were also slightly higher year on year.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Other operating income and expenses

At 2 million euros, the balance of adjusted other operating income and expenses decreased year on year (2023: 11 million euros).

Financial result

At -62 million euros, the financial result in 2024 – adjusted for expenses relating to the application of IAS 29 Financial Reporting in Hyperinflationary Economies for Türkiye – improved year on year (2023: -85 million euros). This change was mainly due to lower US dollar financing costs on account of lower debt levels.

Income before tax, net income and earnings per share (EPS)

Income before tax increased significantly from 1,888 million euros in the previous year to 2,723 million euros. Taxes on income amounted to 691 million euros (2023: 549 million euros). The tax rate of 25.4 percent was lower year on year (2023: 29.1 percent). At 25.1 percent, the adjusted tax rate was slightly down year on year. Net income increased significantly by 51.7 percent to 2,032 million euros (2023: 1,340 million euros). After allowing for 25 million euros attributable to non-controlling interests, net income attributable to shareholders of Henkel AG & Co. KGaA amounted to 2,007 million euros, 52.3 percent above the prior-year figure (2023: 1,318 million euros). Adjusted net income after deducting non-controlling interests was 2,243 million euros compared to 1,819 million euros in fiscal 2023, representing an increase of 23.3 percent year on year. A condensed version of the annual financial statements of the parent company of the Henkel Group – Henkel AG & Co. KGaA – can be found on pages 166 to 174.

At 4.80 euros, earnings per preferred share were significantly above the prior-year figure of 3.15 euros. Earnings per ordinary share increased to 4.78 euros (2023: 3.13 euros).

Adjusted earnings per preferred share also increased significantly by 23.2 percent to 5.36 euros (previous year: 4.35 euros). At constant exchange rates, adjusted earnings per preferred share increased by 25.1 percent. In calculating adjusted earnings per preferred share, figures are adjusted for one-time expenses and income, and for restructuring expenses.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

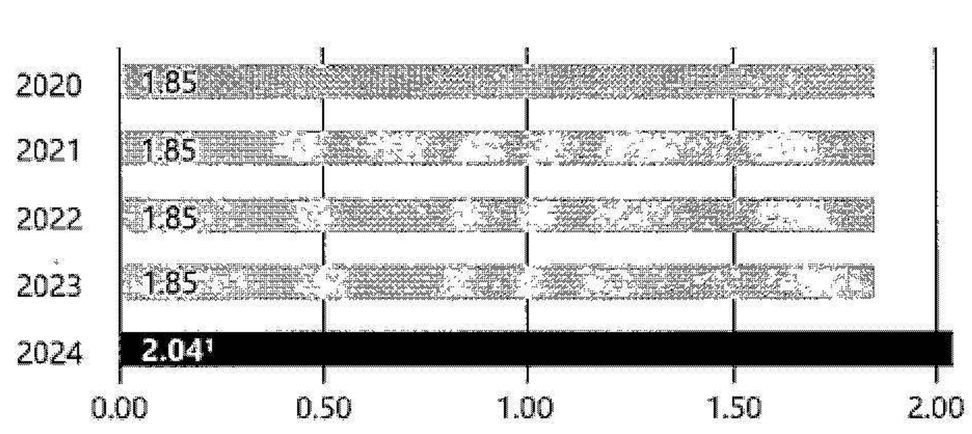
Dividend

According to our dividend policy, dividend payouts of Henkel AG & Co. KGaA shall, depending on the Company's asset and profit positions and its financial requirements, amount to 30 to 40 percent of net income after non-controlling interests and adjusted for exceptional items.

At the Annual General Meeting, we will propose a dividend of 2.04 euros per share for the past fiscal year, representing an increase of 10.3 percent year on year (2023: 1.85 euros). For the ordinary share, a dividend of 2.02 euros (2023: 1.83 euros) will be proposed, corresponding to an increase of 10.4 percent. The payout ratio will consequently be 37.9 percent,[1] which is within our target bandwidth of 30 to 40 percent. The increase in dividend is possible thanks to the very good financial performance in the past fiscal year and the strong financial base of the Henkel Group.

Dividend per preferred share

in euros



[1] Proposal to shareholders for the Annual General Meeting on April 28, 2025.

[1] Calculation based on the number of shares qualifying for dividends as of December 31, 2024.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Net working capital

Net working capital as a percentage of sales amounted to 3.0 percent, which was slightly up year on year (2023: 2.6 percent).

Free cash flow and net financial position

Free cash flow totaled 2,362 million euros, representing a decrease compared to the prior-year figure (2023: 2,603 million euros), the latter having been positively impacted by a normalization of the net working capital. At -93 million euros, the net financial position was slightly below the prior-year level, due in particular to payments made for acquisitions (December 31, 2023: 12 million euros).

Adjusted return on capital employed (ROCE)

Return on capital employed adjusted for one-time income and expenses and for restructuring expenses (adjusted ROCE) increased significantly year on year to 14.0 percent (2023: 12.0 percent), mainly as a result of higher adjusted operating profit.

Economic Value Added (EVA®)

Economic Value Added (EVA®) also increased significantly to 1,015 million euros (2023: 141 million euros), mainly as a result of higher operating profit.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Comparison between actual business performance and guidance

In light of business performance and evolving assumptions regarding further business development, the Management Board of Henkel AG & Co. KGaA updated its guidance for fiscal 2024 over the course of the year.

Performance versus guidance 2024

	Original guidance for 2024	Guidance for 2024 as updated on May 3	Guidance for 2024 as updated on July 17	Results 2024
Organic sales growth				
Henkel Group:	2.0 to 4.0 percent	2.5 to 4.5 percent	2.5 to 4.5 percent	2.6 percent
Adhesive Technologies:	2.0 to 4.0 percent	2.0 to 4.0 percent	2.0 to 4.0 percent	2.4 percent
Consumer Brands:	2.0 to 4.0 percent	3.0 to 5.0 percent	3.0 to 5.0 percent	3.0 percent
Adjusted[1] return on sales (adjusted EBIT margin)				
Henkel Group:	12.0 to 13.5 percent	13.0 to 14.0 percent	13.5 to 14.5 percent	14.3 percent
Adhesive Technologies:	15.0 to 16.5 percent	16.0 to 17.0 percent	16.0 to 17.0 percent	16.6 percent
Consumer Brands:	11.0 to 12.5 percent	12.0 to 13.0 percent	13.0 to 14.0 percent	13.6 percent
Development of adjusted[1] earnings per preferred share at constant exchange rates	Increase in the range of 5.0 to 20.0 percent	Increase in the range of 15.0 to 25.0 percent	Increase in the range of 20.0 to 30.0 percent	+25.1 percent

[1] Adjusted for one-time expenses and income, and for restructuring expenses.

The results for fiscal 2024 are compared below against the guidance that was last revised on July 17, 2024.

At 2.6 percent, organic sales growth of the Henkel Group was within our forecast range of 2.5 to 4.5 percent. At 2.4 percent, organic sales growth in the Adhesive Technologies business unit was also within the forecast range of 2.0 to 4.0 percent. At 3.0 percent, organic sales growth in the Consumer Brands business unit was at the lower end of the forecast range of 3.0 to 5.0 percent.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Adjusted return on sales (adjusted EBIT margin) for the Henkel Group was 14.3 percent, which was in the upper half of the forecast range of between 13.5 and 14.5 percent. Both the Adhesive Technologies business unit with adjusted return on sales of 16.6 percent and the Consumer Brands business unit with adjusted return on sales of 13.6 percent were in the upper half of their forecast ranges of 16.0 to 17.0 percent and 13.0 to 14.0 percent respectively.

Adjusted earnings per preferred share at constant exchange rates increased by 25.1 percent, which was virtually at the midpoint of the expected bandwidth of +20.0 to +30.0 percent.

Beyond these key indicators, we had forecasted restructuring expenses in 2024 in the range of 250 to 300 million euros. At 202 million euros, this figure was lower than expected. Cash outflows from investments in property, plant and equipment and intangible assets were predicted to be 650 to 750 million euros. At 615 million euros, this figure was somewhat below expectations.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

ADHESIVE TECHNOLOGIES

Our Adhesive Technologies business unit leads the global market with technologies for adhesives, sealants and coatings – for industrial applications as well as for consumers and craftsmen. As experts for industrial applications in more than 800 industries, we work closely with our customers and partners. Our strong technology portfolio results in customer-centric solutions in our Mobility & Electronics, Packaging & Consumer Goods, and Craftsmen, Construction & Professional business areas.

Sales

€10,970m

Organic sales growth

2.4%

Adjusted[1] operating profit (EBIT)

€1,817m

Adjusted[1] return on sales (EBIT margin)

16.6%

Our top 3 brands

LOCTITE

TECHNOMELT

BONDERITE

[1] Adjusted for one-time expenses and income, and for restructuring expenses.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Overview of business activities and key developments

The Adhesive Technologies business unit offers a broad and globally leading portfolio of high-impact solutions in adhesives, sealants and coatings across the three business areas Mobility & Electronics, Packaging & Consumer Goods, and Craftsmen, Construction & Professional.

In the **Mobility & Electronics** business area, we offer our international customers customer-centric solutions and specialized technical services in the automotive and electronics industries as well as for industrial key accounts. In doing so, we create added value for our customers at the interface of technology, semiconductors, automobiles and industrial goods. With our technology portfolio and market expertise, we deliver responses to global trends such as electrification, connectivity and autonomous driving. We also enable our customers in achieving their sustainability goals by ensuring that our solutions require fewer fossil raw materials during further processing.

In the **Packaging & Consumer Goods** business area, we provide innovative solutions for manufacturers of consumer goods and branded products around the globe. Building on strong, long-lasting and trusting business relationships, our high-impact solutions add value to branded and customer products. With our technology portfolio and market expertise, we address global consumer trends such as sustainability and promotion of a circular economy, while striving to achieve the maximum possible levels of food safety.

In the **Craftsmen, Construction & Professional** business area, we offer high-impact solutions for private consumers and craftsmen, the construction sector, and for manufacturing and professional maintenance in more than 800 industry segments. We develop innovations for transformative products and customer solutions on strong global brand platforms. In doing so, we shape global trends, such as sustainability and digitalization – from sustainable construction and DIY to predictive maintenance and smart production processes.

In 2024, the Adhesive Technologies business unit continued to develop its portfolio with the acquisition of **Seal for Life Industries**. Seal for Life is a specialized provider of protective coatings and sealing solutions in a broad variety of infrastructure markets such as renewable energy, oil, gas, and water. The company operates worldwide and generated sales of around 230 million euros in 2024.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Henkel has thus consistently expanded its range of maintenance, repair and overhaul (MRO) solutions in recent years, after acquiring the specialized supplier Critica Infrastructure in fiscal 2023. These transactions represent an important step toward significantly strengthening our existing MRO portfolio with the addition of innovative solutions in adjacent applications in a dynamically growing market. Our aim is to create a new platform for adding further adjacent businesses, stimulating growth and strengthening our position as global leader in adhesive technologies.

At the same time, we have optimized our portfolio and divested our global metal packaging coatings business.[1]

We also drove forward relevant **innovations** under our largest brands in the year under review. In 2024, we realized more than 75 percent of all sales with our five technology-based brand clusters for industrial customers and our four biggest brands for consumers. The proportion of Adhesive Technologies sales from products successfully launched onto the market in the last five years was around 25 percent. Here, the business unit's innovation centers played a key role. For further details of our global network of innovation centers, please refer to the section "Research and Development."

Significant innovations in the Adhesive Technologies business unit in fiscal 2024 include innovative structural foam solutions for lighter, safer and more sustainable vehicles, new adhesive solutions for more sustainable sports footwear production, and low CO_2 cementitious adhesives for the construction industry.

[1] This divestment had no material impact on the net assets, financial position or results of operations of the Henkel Group.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

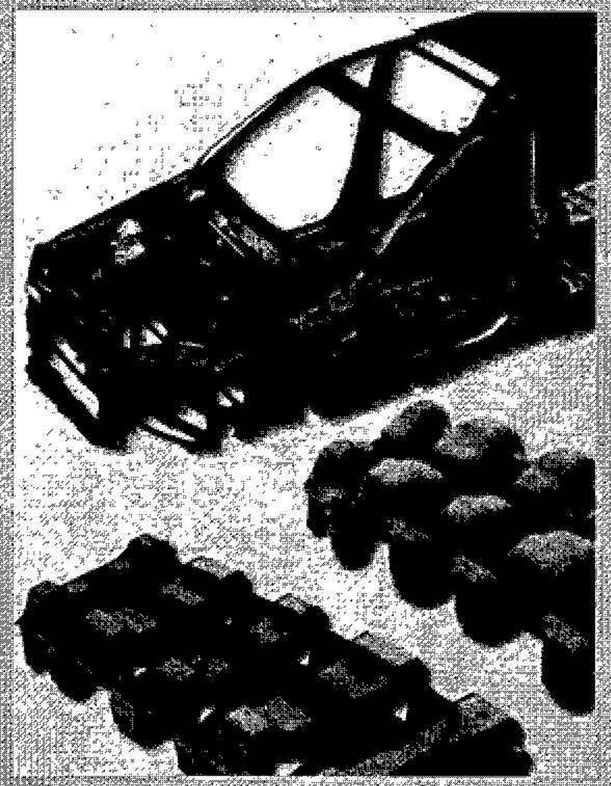
FURTHER INFORMATION

CREDITS/LEGAL

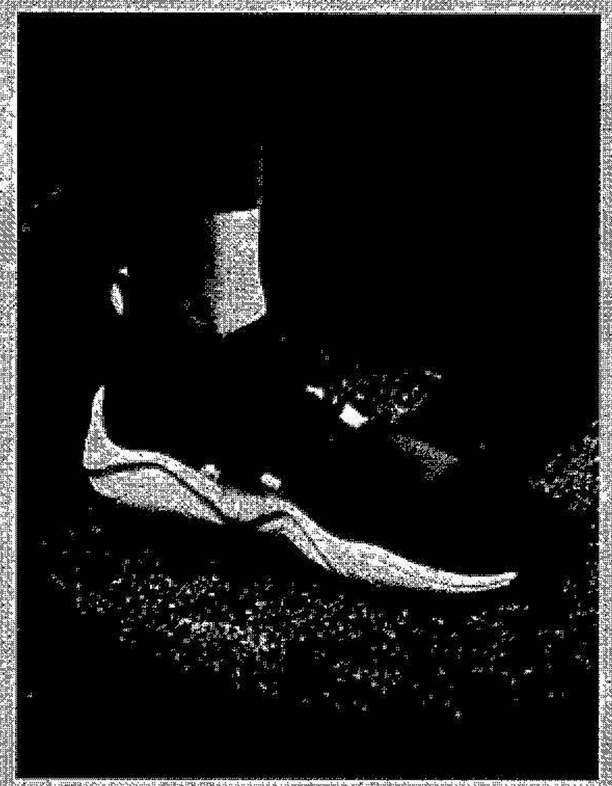
CONTACTS

FINANCIAL CALENDAR

SELECTED INNOVATIONS IN 2024



Innovative structural foam solutions for lighter, safer and more sustainable vehicles
With our structural foam solutions, we make an important contribution to the future of mobility, regardless of the power train. Our solutions reduce vehicle body weight compared to conventional materials while simultaneously improving driver safety.



New adhesive solutions for more sustainable sports footwear production
Our innovative adhesive solution CoolX™ significantly reduces the required drying temperature in the sports footwear production process. This enables our customers to save energy in production, cutting both CO_2 emissions and costs.

Lower CO_2 cementitious adhesives for the construction industry
To reduce CO_2 emissions of construction materials, we have developed new, innovative formulas for our cementitious adhesives. By replacing a significant share of the emission-intensive cement in our portfolio, we offer our customers more sustainable solutions and support the decarbonization of the construction industry.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Market environment

The economic environment in which the Adhesive Technologies business unit operates was characterized in particular by modest development overall in industrial demand and by persistent inflationary pressure. Year on year, the global industrial production index (IPX) recorded a slight increase of approximately 1 percent, a less dynamic performance compared to expectations at the start of the year. Automotive production declined by around -1 percent year on year and was thus also below of what was expected at the beginning of the year.

In these volatile economic conditions, the Adhesive Technologies business unit delivered a good performance in 2024 overall.

Sales performance

Sales in the Adhesive Technologies business unit totaled 10,970 million euros in the year under review, and thus increased by 1.7 percent year on year in nominal terms. While foreign exchange rate effects had a negative impact of -1.8 percent, acquisitions/divestments increased sales by 1.1 percent.

Organically (i.e. adjusted for foreign exchange and acquisitions/divestments), sales increased by 2.4 percent. This sales growth was particularly driven by a strong volume development in the second half of the year compared to the prior year, mainly due to increased demand in some of our key end markets. Prices remained flat compared to the previous year.

Sales development

in percent	2023	2024
Change versus previous year	**-4.0**	**1.7**
Foreign exchange	-4.3	**-1.8**
Adjusted for foreign exchange	**0.3**	**3.5**
Acquisitions/divestments	-2.9	**1.1**
Organic	**3.2**	**2.4**
Of which price	7.0	**0.0**
Of which volume	-3.8	**2.4**

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Organic sales development by business area
All three business areas contributed to the organic sales growth in fiscal 2024.

Sales performance by business area

	Sales			
in million euros	2023	2024	+/-	Organic
Adhesive Technologies	10,790	**10,970**	1.7%	**2.4%**
Mobility & Electronics	3,848	**3,895**	1.2%	**3.7%**
Packaging & Consumer Goods	3,413	**3,337**	-2.2%	**0.7%**
Craftsmen, Construction & Professional	3,529	**3,738**	5.9%	**2.6%**

The **Mobility & Electronics** business area generated strong organic sales growth of 3.7 percent, driven mainly by double-digit sales growth in the Electronics business – particularly due to the strong performance in China – and by very strong sales growth in the Industrial business. The Automotive business reported positive sales growth despite a decline in production in the automotive industry. The strength of our balanced portfolio – both in terms of end customers and regional presence – and our innovative solutions for different drive systems had a particularly positive impact on performance.

The **Packaging & Consumer Goods** business area recorded positive organic sales growth of 0.7 percent, with both the Packaging and the Consumer Goods businesses generating positive growth. In both businesses, this growth was driven by an increase in demand.

The **Craftsmen, Construction & Professional** business area achieved good organic sales growth of 2.6 percent overall, with the General Manufacturing & Maintenance, the Consumers & Craftsmen and the Construction businesses all generating good growth.

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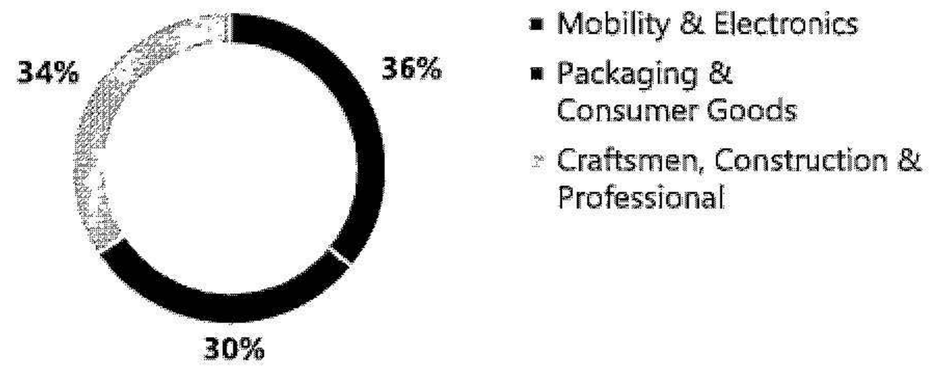
THE COMPANY
SHARES AND BONDS
COMBINED MANAGEMENT REPORT
CONSOLIDATED FINANCIAL STATEMENTS
FURTHER INFORMATION
CREDITS/LEGAL
CONTACTS
FINANCIAL CALENDAR

Sales by business area 2024



Organic sales development by region

From a regional perspective, the Adhesive Technologies business unit recorded a slightly negative organic sales performance in **Europe**. The Craftsmen, Construction & Professional business area was only partially able to offset the negative development in the Packaging & Consumer Goods business area. The **North America** region also posted a slightly negative organic sales development. The negative development in the Packaging & Consumer Goods business area was not entirely offset by strong growth in the Craftsmen, Construction & Professional business area. In the **IMEA** region, the business unit achieved double-digit organic sales growth, to which all business areas contributed. The **Latin America** region posted positive organic sales growth, primarily driven by very strong figures in the Mobility & Electronics business area. The **Asia-Pacific** region generated very strong organic sales growth, mainly driven by the Mobility & Electronics and Packaging & Consumer Goods business areas. Here, the business in China had a particularly positive impact.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Operating profit

Adjusted operating profit recorded a double-digit percentage increase year on year at 1,817 million euros. Adjusted return on sales increased year on year by 190 basis points to 16.6 percent. The gross margin also significantly increased, partially driven by positive economies of scale resulting from strong volume growth, measures to reduce costs and enhance efficiency, and – particularly in the first half of the year – declining prices for direct materials.

At 12.1 percent, net working capital as a percentage of sales was higher compared to prior year. Adjusted return on capital employed (adjusted ROCE) increased to 17.4 percent, mainly as a result of the higher adjusted operating profit. Economic Value Added (EVA®) increased to 515 million euros, primarily due to higher operating profit compared to the prior year.

Key financials

in million euros	2023	2024	+/-
Sales	10,790	**10,970**	1.7%
Proportion of Henkel sales	50%	**51%**	–
Operating profit (EBIT)	1,423	**1,715**	20.6%
Adjusted[1] operating profit (adjusted EBIT)	1,584	**1,817**	14.7%
Return on sales (EBIT margin)	13.2%	**15.6%**	2.5pp
Adjusted[1] return on sales (adjusted EBIT margin)	14.7%	**16.6%**	1.9pp
Return on capital employed (ROCE)	14.7%	**16.4%**	1.7pp
Adjusted[1] return on capital employed (adjusted ROCE)	16.4%	**17.4%**	1.0pp
Economic Value Added (EVA®)	359	**515**	43.5%

[1] Adjusted for one-time expenses and income, and for restructuring costs.
pp = percentage points

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

CONSUMER BRANDS

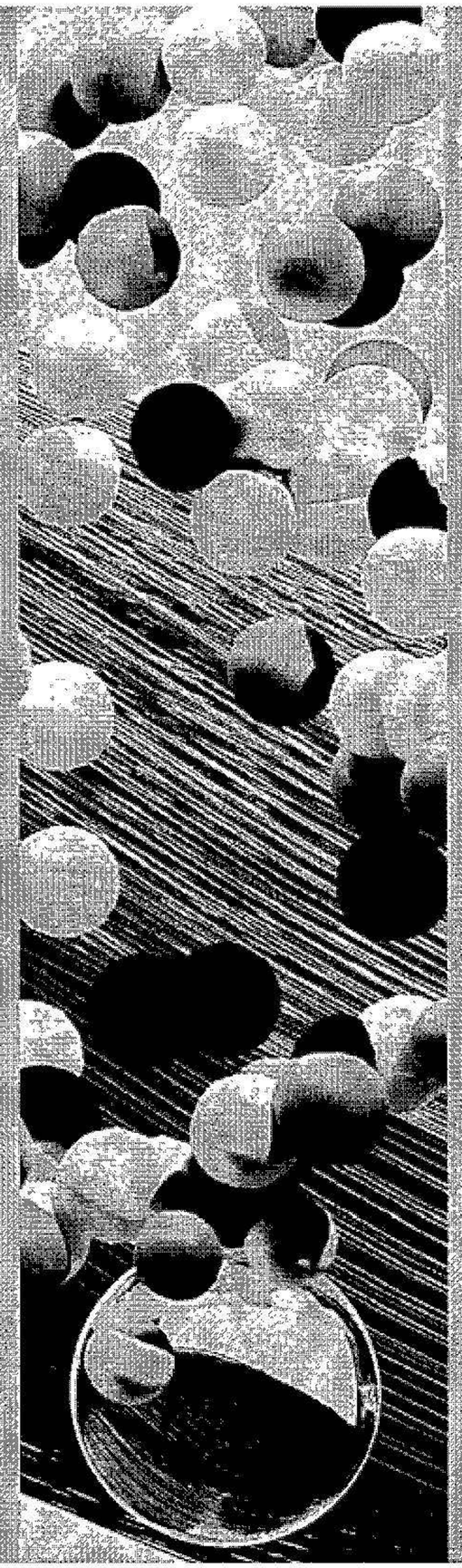
Within the Consumer Brands business unit, we hold leading positions in attractive markets and have a strong brand portfolio. Our operations here are centered on the two global business areas Laundry & Home Care and Hair, and on the Other Consumer Businesses area with its operations in selective markets. Our portfolio features laundry detergents and household cleaners, hair styling, hair colorants and hair care products for both the Consumer and Professional businesses, and body care products. In all business areas, we offer relevant innovations that create added value for our customers and consumers. We distribute our products through brick-and-mortar stores, hair salons and digital channels.

Our top 3 brands

Persil

Schwarzkopf

all



Sales

€10,467m

Organic sales growth

3.0%

Adjusted[1] operating profit (EBIT)

€1,419m

Adjusted[1] return on sales (EBIT margin)

13.6%

[1] Adjusted for one-time expenses and income, and for restructuring expenses.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Overview of business activities and key developments

The integrated business unit Consumer Brands encompasses the business areas Laundry & Home Care, Hair and Other Consumer Businesses. In all business areas, we hold leading positions in numerous markets and categories, and feature a strong brand portfolio.

In the **Laundry & Home Care** business area, we operate globally, offering a broad product portfolio. The Laundry Care business comprises the fabric cleaning and fabric care products, fabric softeners and laundry additives. Our products address a wide range of consumer needs, from deep cleaning and sensitive product variants to fabric care across different price tiers. The portfolio in our Home Care business covers a range of categories – from dishwashing and hard surface cleaners to toilet cleaners.

Our **Hair** business area is also represented globally – both in the Consumer and Professional businesses. We are active with various brands covering hair care, hair colorants and hair styling products, and appeal to a broad base of consumers. We offer comprehensive expertise and innovative technologies that are employed in both the Consumer and Professional businesses.

In the business area **Other Consumer Businesses**, we are primarily active in the Body Care category in selective markets, such as North America and Europe.

By merging our consumer goods businesses to form the Consumer Brands business unit, we have laid the foundation for further profitable growth. We are focusing the portfolio on strategic businesses and brands with attractive growth and margin potential. Another key aspect of our strategy is aligned to valorizing our portfolio. Through targeted innovations, supported by strong, focused investments in advertising and marketing, we are able to offer our consumers clear added value while further strengthening our brands. In the course of the integration, we are leveraging significant synergies to further enhance profitability, with some of the savings being used for reinvestment into innovations, sustainability and digitalization. A detailed discussion of the strategic objectives associated with the creation of the integrated business unit Consumer Brands can be found on pages 99 to 101.

Over the past year, we have consistently pushed ahead with the integration of our consumer businesses.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

In the **first phase of integration**, we announced our intention of focusing our portfolio on brands and products with strong margins and growth potential and, in the process, reviewing businesses representing a total sales volume of around 1 billion euros. Since announcing the merger of our consumer businesses, we have so far divested or discontinued businesses and brands representing total sales of around 700 million euros. Portfolio measures in 2024 concentrated on Laundry & Home Care and, from a regional perspective, on North America. We successfully completed the announced discontinuation of the relevant business activities by the end of the year, as planned. The agreement signed on February 3, 2025 to sell the Retailer Brands business in North America marks the conclusion of the strategic portfolio optimization process as part of the integration of the Consumer Brands business unit.

At the same time, we are strengthening our portfolio with a number of acquisitions. In 2024, for example, we acquired the Vidal Sassoon brand and the related consumer hair care business in China.

Henkel had also announced that the merger of the consumer businesses would affect around 2,000 jobs globally – mainly in sales and administration. Corresponding agreements covering this number had been concluded by year-end 2023. We achieved the targeted total net savings of around 275 million euros by the end of 2024, and in doing so successfully completed the first phase of the integration.

The effect of the stronger focus of our portfolio and the enhanced marketing support for our brands is already visible, for example, in improved growth momentum. The Hair business area, for example, where the portfolio measures have already been completed, generated very strong organic sales growth overall in 2024, including strong volume development. We were also able to expand market shares in the Hair Styling and Hair Colorants categories globally. Our top 10 brands also posted similarly positive growth performance, likewise generating very strong organic sales growth and positive volume development.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The **second phase of integration** is focusing on optimizing the production and logistics network. Here, too, we continued to resolutely implement appropriate measures in 2024. The 1-1-1 approach in line with the principle of "one face to the customer" (one order, one shipment, one invoice) has now been successfully implemented in the majority of countries. We have also continued to drive the consolidation of our production network. This includes optimizing our production capacities through consolidation and closures in the North America, Europe and IMEA regions. Overall, we have thus already significantly reduced complexity in our production and logistics network – measured by the number of production sites, production lines, warehouses and third-party contract manufacturers. Of the announced annual net savings target of around 250 million euros by 2026, around 150 million euros had already been realized by the end of 2024.

As a result, we had already achieved around 425 million euros of the announced target of 525 million euros in annual net savings by 2026 overall across both phases of the integration.

We also fostered relevant **innovations** under our strong brands – such as Perwoll, Somat or Schwarzkopf. In 2024, the business unit generated more than 50 percent of its sales with its top 10 brands. The proportion of sales from products successfully launched onto the market in the last three years was over 50 percent.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

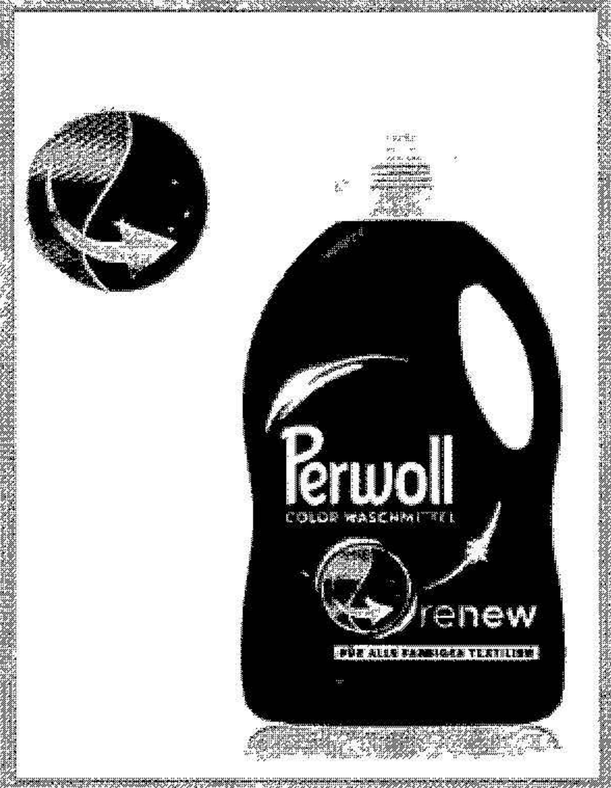
FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

SELECTED INNOVATIONS IN 2024



New Triple Renew Technology from Perwoll
Our new Perwoll technology smooths fibers, brings colors back to life, and gently cleans garments with a pleasant fragrance. Our leading fabric care brand is now available in over 40 countries. As of last year, that includes South Korea and also the United Kingdom, where the Perwoll technology is marketed under the Dylon brand.

Somat introduces world's first 5-in-1 cap
With five powerful chambers, the new Somat 5-in-1 caps effectively tackle stubborn, dried-on food residues that have been left for up to 72 hours. With our dishwashing brand Somat, we occupy a leading position in over 80 percent of our active markets and reach large numbers of consumers in over 20 countries.

New shampoos and conditioners added to Kenra portfolio
Our salon brand Kenra in North America has expanded its portfolio with new shampoos and conditioners for easier combing and stronger, shiny hair from root to tip. The innovative formula also contains ingredients such as vitamins D and E, plus peptides to protect the hair.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Market environment

Overall, the global markets of relevance for the Consumer Brands business unit recorded strong growth in 2024, to which all regions contributed with the exception of Asia-Pacific. This market growth continued to be characterized by higher consumer prices, while volume development remained flat overall.

The global laundry detergents and household cleaners market of relevance for the Laundry & Home Care business area showed strong price-driven growth year on year. Growth in the laundry care area was strong overall, driven mainly by the Fabric Finisher and Fabric Cleaning categories. The home care market recorded very strong growth driven primarily by a significant increase in the Dishwashing category.

The consumer markets of relevance for the Hair business area likewise experienced strong price-related growth overall. This development was driven by very strong growth in the Hair Styling category. The Hair Colorants category posted good growth, while the Hair Care category recorded strong growth.

The body care markets, which are of relevance for the business area Other Consumer Businesses, posted very strong growth in 2024.

Within this environment, the Consumer Brands business unit recorded a good performance overall in fiscal 2024.

Sales performance

Sales in the Consumer Brands business unit totaled 10,467 million euros in the year under review, -0.9 percent below the prior year in nominal terms. Foreign exchange effects reduced sales by -1.8 percent. Acquisitions/divestments also had a negative impact of -2.0 percent on sales, with the disposal of our business activities in Russia in April 2023 remaining the primary cause.

Organically (i.e. adjusted for foreign exchange and acquisitions/divestments), sales increased by 3.0 percent. This sales growth was driven by very strong price development, while volumes declined due, in particular, to continued portfolio optimization measures.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Sales development

in percent	2023	2024
Change versus previous year	**-3.3**	**-0.9**
Foreign exchange	-4.4	**-1.8**
Adjusted for foreign exchange	**1.0**	**0.9**
Acquisitions/divestments	-5.1	**-2.0**
Organic	**6.1**	**3.0**
Of which price	12.4	**4.2**
Of which volume	-6.3	**-1.2**

Organic sales development by business area

The organic sales growth in fiscal 2024 was attributable to both the Laundry & Home Care and the Hair business areas.

Sales performance by business area

	Sales			
in million euros	2023	2024	+/-	Organic
Consumer Brands	10,565	**10,467**	-0.9%	**3.0%**
Laundry & Home Care	6,794	**6,548**	-3.6%	**1.2%**
Hair	3,075	**3,256**	5.9%	**6.9%**
Other Consumer Businesses	696	**663**	-4.7%	**2.1%**

The **Laundry & Home Care** business area generated positive organic sales growth of 1.2 percent, driven in particular by the Home Care business. The very strong organic sales growth in this area was driven mainly by a significant increase in the Dishwashing category. Our core brand Pril made a substantial contribution to this growth, posting a double-digit increase. In the Laundry Care business, we posted a slightly negative organic sales development overall. We generated significant sales growth in the Fabric Care category, which is attributable in particular to the double-digit growth of our core brand, Perwoll. Among other influences, growth here was driven by recent innovations, such as the Triple Renew Technology, entry into new markets and strong media support. The Fabric Finisher category meanwhile recorded negative organic sales development, which was also due to the portfolio optimization measures.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The **Hair** business area generated very strong organic sales growth of 6.9 percent overall. The Consumer business recorded significant growth that was driven mainly by the Hair Styling category featuring our core brands got2b and Taft. Here, again, we reaped the benefits of our innovative products and strong marketing support. The Hair Care category generated significant organic growth, while the Hair Colorants category also achieved very strong sales growth. The Professional business was able to continue its positive performance from previous years and delivered strong organic sales growth. We also benefited from innovative products in the Professional business, particularly in our core brands Kenra and Joico in North America.

The business area **Other Consumer Businesses** recorded good organic sales growth of 2.1 percent overall, with all regions making a positive contribution to this result.

Sales by business area 2024

Organic sales development by region

All regions contributed to the strong organic sales growth achieved in the Consumer Brands business unit, with the exception of North America. In **Europe**, we recorded good organic sales growth, mainly driven by the Hair business area. The **North America** region posted negative sales development due to the performance in the Laundry & Home Care business area, which was impacted in particular by portfolio optimization measures. The **Latin America** region recorded good organic sales growth, driven by the Hair business area. Organic growth in the **Asia-Pacific** region was also good, driven by both Laundry & Home Care and Hair. The **IMEA** region achieved double-digit organic sales growth, to which all business areas contributed.

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THE COMPANY
SHARES AND BONDS
COMBINED MANAGEMENT REPORT
CONSOLIDATED FINANCIAL STATEMENTS
FURTHER INFORMATION
CREDITS/LEGAL
CONTACTS
FINANCIAL CALENDAR

Operating profit

The Consumer Brands business unit generated adjusted operating profit of 1,419 million euros, a significant increase versus the previous year (1,115 million euros). Gross margin also improved significantly, driven by a range of measures including pricing initiatives as part of the valorization strategy, ongoing measures to reduce costs and enhance purchasing, production and supply chain efficiency, savings generated from the creation of the integrated Consumer Brands business unit – in particular the measures implemented in the second phase – and portfolio optimization measures. At the same time, we increased our marketing and advertising spend versus prior year, aimed at strengthening our brands and businesses. Adjusted return on sales reached 13.6 percent, representing a significant increase of 300 basis points compared to the previous year.

Net working capital as a percentage of sales came in at -6.4 percent, virtually on a par with the previous year's figure (2023: -6.5 percent). At 12.3 percent, adjusted return on capital employed (adjusted ROCE) increased significantly versus prior year, due mainly to improved adjusted operating profit. Economic Value Added (EVA®) was 415 million euros following -116 million euros in the previous year. This substantial increase was driven in particular by the significant improvement in operating profit compared to the prior year.

Key financials

in million euros	2023	2024	+/-
Sales	10,565	**10,467**	-0.9%
Proportion of Henkel sales	49%	**48%**	–
Operating profit (EBIT)	753	**1,276**	69.4%
Adjusted[1] operating profit (adjusted EBIT)	1,115	**1,419**	27.2%
Return on sales (EBIT margin)	7.1%	**12.2%**	5.1pp
Adjusted[1] return on sales (adjusted EBIT margin)	10.6%	**13.6%**	3.0pp
Return on capital employed (ROCE)	6.5%	**11.1%**	4.6pp
Adjusted[1] return on capital employed (adjusted ROCE)	9.6%	**12.3%**	2.7pp
Economic Value Added (EVA®)	-116	**415**	–

[1] Adjusted for one-time expenses and income, and for restructuring expenses.
pp = percentage points

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Net assets and financial position

Acquisitions and divestments

Effective April 2, 2024, Henkel acquired all shares in Seal for Life Industries Intermediate Co., USA, Seal for Life Global Dutch Holding B.V., Netherlands, and SFL Canusa Canada Ltd., Canada, in the Adhesive Technologies business unit. These acquired companies, together with their subsidiaries, operate globally under the name Seal for Life and specialize in protective coatings and sealing solutions in a broad variety of infrastructure markets such as renewable energies, oil, gas and water.

Effective April 30, 2024, we also completed the acquisition of the Vidal Sassoon brand and related consumer hair care business in China in the Consumer Brands business unit.

Active portfolio management continues to be an essential element in determining the future strategic direction of the Henkel Group. Both the acquisition and sale of trademark rights and businesses are integral to our strategy. As part of this strategy, we divested the global metal packaging coatings business in the Adhesive Technologies business unit effective October 1, 2024. We also made a number of small divestments in both business units in fiscal 2024.

These transactions did not have any material effect on the net assets, financial position and results of operations. Furthermore, acquisitions and divestments in the year under review did not result in any material changes in the business and organizational structure of the Henkel Group. For detailed information on our organization and business activities, please refer to the disclosures on pages 93 to 95.

Additional disclosures relating to our acquisitions and divestments can be found on pages 222 to 224 of the notes to the consolidated financial statements.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Capital expenditures

In the reporting period, capital expenditures (excluding acquisitions) amounted to 615 million euros (previous year: 613 million euros). At 561 million euros, investments in property, plant and equipment for existing operations remained roughly on a par with the 2023 figure of 560 million euros.

€ 615 million
Investments in property, plant and equipment and intangible assets

Capital expenditures on property, plant and equipment in the Adhesive Technologies business unit totaled 308 million euros (previous year: 287 million euros) and in the Consumer Brands business unit totaled 240 million euros (previous year: 264 million euros). We invested 54 million euros in intangible assets (previous year: 53 million euros).

Most of the expenditure was channeled into expansion projects, innovations and streamlining measures, which included, for example, increasing our production capacity, introducing innovative product lines and optimizing our supply chain.

The major projects of 2024 were as follows:

- Construction of an adhesives production plant as part of a relocation in China (Adhesive Technologies)
- Construction and extension of automated warehouses in Germany (Consumer Brands)
- Relocation of a research and development and office site in Germany (Consumer Brands)
- Site consolidation and expansion of an innovation center in China (Adhesive Technologies)
- Construction of a thermal conductors manufacturing plant in the USA (Adhesive Technologies)

In regional terms, capital expenditures focused primarily on Europe, North America and Asia-Pacific.

The acquisitions resulted in additions to intangible assets and property, plant and equipment in the amount of 1,367 million euros. Details of these additions can be found on pages 243 to 253 of the notes to the consolidated financial statements.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

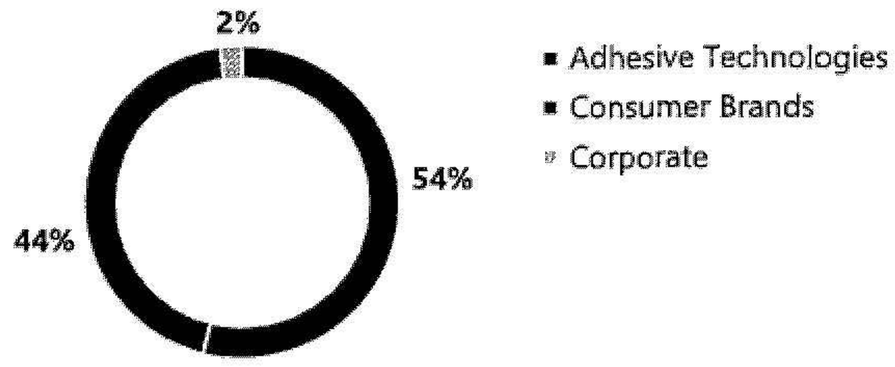
FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Capital expenditures by business unit in 2024[1]



[1] Existing operations

Capital expenditures 2024

in million euros	Existing operations	Acquisitions	Total
Intangible assets	54	1,317	**1,372**
Property, plant and equipment	561	50	**610**
Total	**615**	**1,367**	**1,982**

Right-of-use assets

In the course of its business operations, Henkel enters into various lease agreements as a lessee. In 2024, the Henkel Group recognized additions to right-of-use assets in property, plant and equipment of 219 million euros in total (previous year: 99 million euros). Acquisitions accounted for additions of 10 million euros (previous year: 4 million euros). Additional disclosures relating to leases can be found on pages 252 and 253 of the notes to the consolidated financial statements.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Net assets

At 35.3 billion euros, total assets increased compared to year-end 2023 (31.7 billion euros).

Under **non-current assets**, intangible assets increased by 1,798 million euros in total to 18,781 million euros. Additions of 1,372 million euros from acquisitions and capital expenditures, and positive currency effects (637 million euros) were offset primarily by scheduled amortization (124 million euros) and impairment (43 million euros). At 3,802 million euros, property, plant and equipment was above the level at year-end 2023 (3,736 million euros). The additions described under the sections dealing with capital expenditures and right-of-use assets were partially offset by scheduled depreciation (586 million euros, of which 141 million euros attributable to right-of-use assets) and impairment (86 million euros).

Current assets totaled 11.0 billion euros, an increase compared to year-end 2023 (9.3 billion euros). Other financial assets increased by 586 million euros as a result of short-term cash investments. The volume of cash and cash equivalents also increased by 938 million euros. Details on the development of cash and cash equivalents are discussed in the section on our financial position on pages 144 and 145. In addition, assets held for sale increased by 69 million euros in fiscal 2024. For further discussion of the assets held for sale, please refer to the notes on pages 260 and 261.

Equity including non-controlling interests totaled 21.8 billion euros, an increase compared to year-end 2023 (20.0 billion euros). Net income in the amount of 2,032 million euros and the currency translation of the financial statements of our subsidiaries in the amount of 618 million euros had a positive effect on equity. Dividend payments in particular had a countervailing effect, reducing equity by 788 million euros. The individual components influencing equity development are shown in the consolidated statement of changes in equity on pages 213 and 214.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

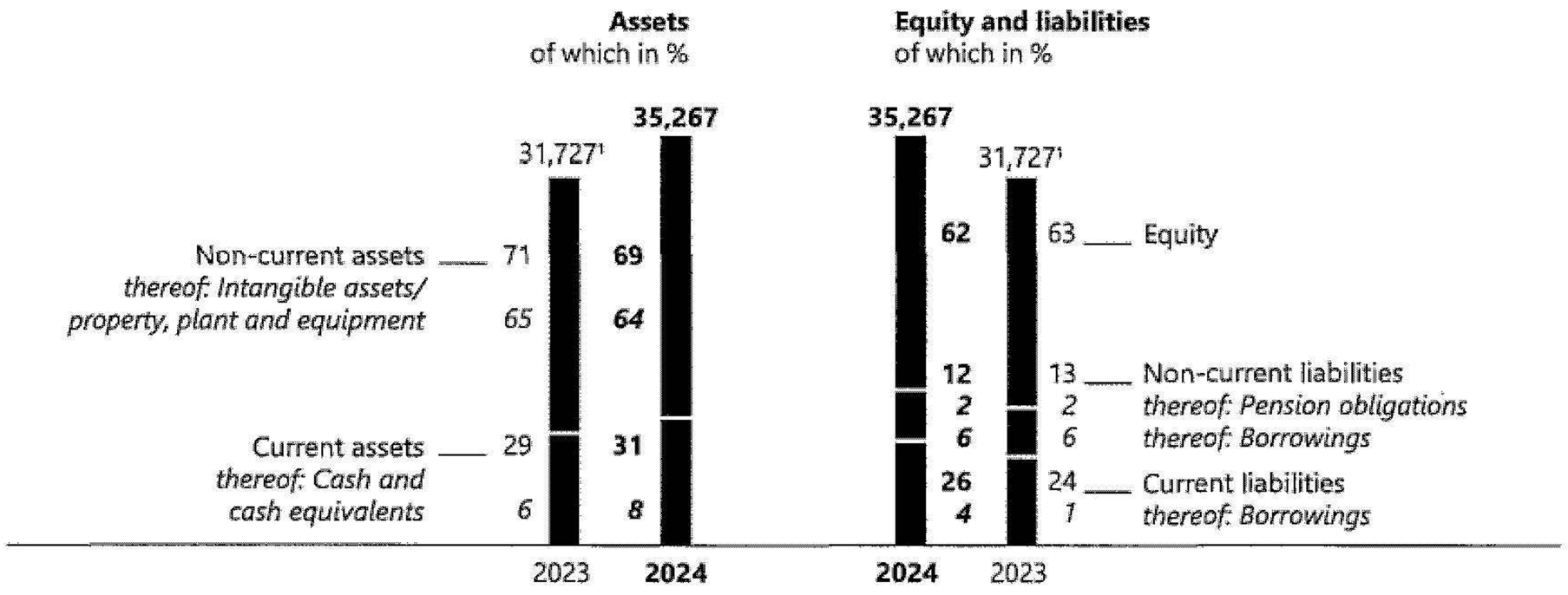
CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Financial structure

in million euros



[1] Amended following the updated allocation of the purchase price for the shares in Composite Technology Intermediate, Inc.

Non-current liabilities totaled 4.4 billion euros as at December 31, 2024, and were thus 384 million euros above the level at year-end 2023. Here, non-current borrowings in particular increased by 189 million euros as part of the financing, in matching currencies, of our acquisitions. Other financial liabilities and deferred tax liabilities were also up on the prior year-end at 81 million euros and 72 million euros respectively.

Compared to year-end 2023, **current liabilities** increased by 1.3 billion euros to 9.1 billion euros in total. 1,118 million euros of this increase is attributable to the changes in current borrowings, which increased due to the local assumption of liabilities to banks and the issuance of commercial paper.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

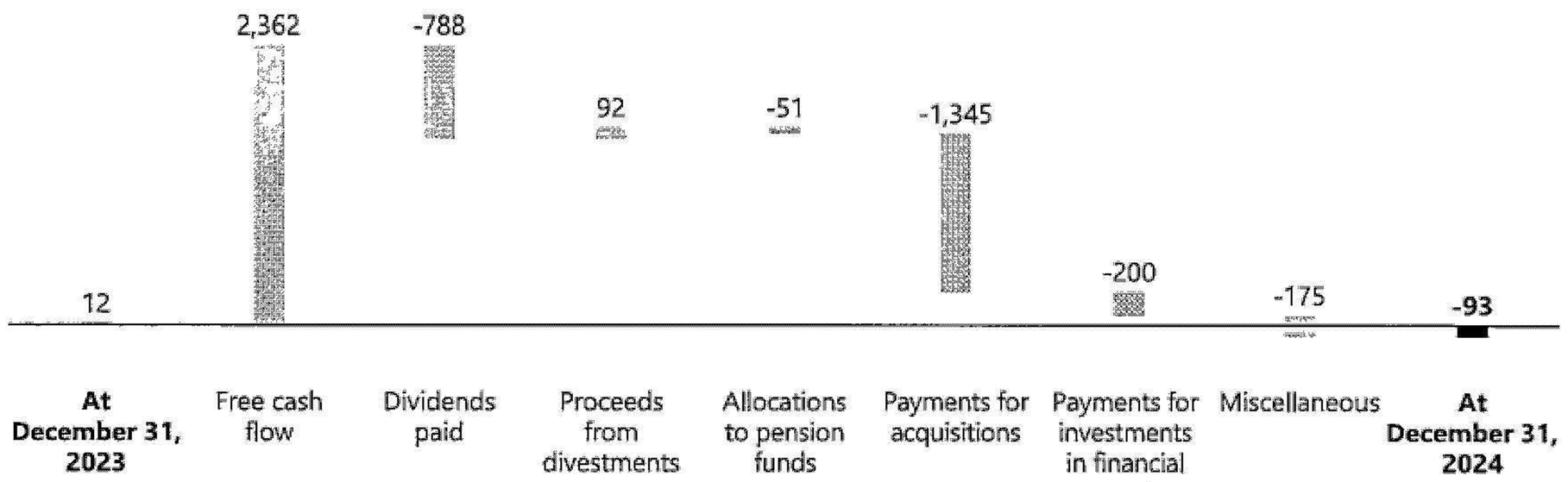
CONTACTS

FINANCIAL CALENDAR

Effective December 31, 2024, our **net financial position**[1] amounted to -93 million euros (previous year: 12 million euros).

€ -93 million
Net financial position

Net financial position
in million euros



Net financial position 2019 to 2024

in million euros	
2019	-2,047
2020	-888
2021	-292
2022	-1,267
2023	12
2024	**-93**

[1] The net financial position is defined as cash and cash equivalents, including cash and cash equivalents held for sale, plus readily monetizable securities and time deposits and financial collateral provided, less borrowings, plus positive and minus negative fair values of derivative financial instruments.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Financial position

Cash flow from operating activities in the year under review came in at 3,120 million euros, representing a decrease versus fiscal 2023 (3,255 million euros). While the operating result in fiscal 2024 increased compared to the previous year, the reduction in net working capital[1] in fiscal 2023 led to a cash inflow in cash flow from operating activities. This resulted from a normalization of previously increased prices for inventories, the reduction of buffer stocks due to the easing of logistics and material bottlenecks, and the optimization of inventory management. The net working capital relative to sales increased by 0.4 percentage points to 3.0 percent in fiscal 2024 compared to the previous year.

At -2,330 million euros, the cash outflow in **cash flow from investing activities** was up in fiscal 2024 compared to the previous year (-684 million euros). The higher figure in the year under review was mainly due to higher payments for the acquisition of subsidiaries and other business units and higher investments in other financial assets compared to the prior-year period. Furthermore, the proceeds on disposal of subsidiaries and business units in the year under review were below the 2023 figure. Further discussion of the acquisitions and divestments in 2024 can be found in the "Acquisitions and divestments" section on page 138.

In fiscal 2024, **cash flow from financing activities** showed a cash inflow of 171 million euros, while in fiscal 2023 Henkel recorded a cash outflow of -1,754 million euros. The cash inflow in the year under review resulted principally from payments received in connection with the assumption of liabilities to banks and commercial paper financing, although compared to the previous year there were lower cash inflows from reimbursements from Henkel Trust e.V. and external pension funds under "Other changes in pension obligations." The cash outflow in fiscal 2023 resulted primarily from a reduction in borrowings and the acquisition of treasury shares.

Cash and cash equivalents increased compared to December 31, 2023 by 938 million euros to 2,889 million euros.

At 2,362 million euros, **free cash flow** was down year on year (2023: 2,603 million euros), due in particular to the lower cash flow from operating activities and lower cash inflows from reimbursements from Henkel Trust e.V. and external pension funds under "Other changes in pension obligations" in the period under review.

[1] Inventories plus advance payments and receivables from customers and suppliers, less liabilities to customers and suppliers and current sales provisions.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The development of our financial position is indicated in detail in the consolidated statement of cash flows on pages 215 and 216.

Financial and capital management

The financing of the Group is centrally managed by Henkel AG & Co. KGaA. Funds are, as a general rule, obtained centrally and distributed within the Group. Our financial management is based on the financial ratios defined in our financial strategy (see table of key financial ratios on page 146). We pursue a conservative and flexible investment and borrowings policy with a balanced investment and financing portfolio. The primary goals of our financial management are to secure the liquidity and creditworthiness of the Group, together with ensuring access at all times to the capital market, and to generate a sustainable improvement in shareholder value.

Measures deployed in order to achieve these aims include optimization of our capital structure, adoption of an appropriate dividend policy, equity management and long-term debt reduction. Our capital needs and capital procurement activities are coordinated to ensure that requirements with respect to earnings, liquidity, security and independence are taken into account and properly balanced.

In fiscal 2024, Henkel paid the same dividends as in 2023 on both ordinary and preferred shares. Cash flows not required for capital expenditures, dividends and interest payments were primarily used to finance our acquisitions. We covered our short-term financing requirement primarily through commercial paper. Our multi-currency commercial paper program is additionally secured by a syndicated credit facility. The Henkel Group had access to approved credit lines of 2.0 billion euros that remained unutilized as of December 31, 2024 (previous year: 1.6 billion euros).

Our credit rating is regularly assessed by the rating agencies S&P, Moody's and Scope Ratings. As in previous years, our ratings remain within the "single A" target corridor. This is a good rating in the prime investment grade segment.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Credit ratings

	S&P	Moody's	Scope Ratings
Long term	A	A2	A
Outlook	Stable	Stable	Stable
Short term	A–1	P-1	S-1

At December 31, 2024

Our long-term ratings remain at A (S&P), A2 (Moody's) and A (Scope Ratings) with a stable outlook. Our short-term ratings are on the highest possible level in each case. This ensures our continued unrestricted access to the money and capital markets and to favorable financing terms and conditions.

As of December 31, 2024, our borrowings totaled 3,576 million euros (previous year: 2,269 million euros). They mainly comprised bonds issued and commercial paper.

Henkel's financial risk management activities are explained in the risks and opportunities report on pages 175 to 202. Further detailed information on our financial instruments can be found in the financial instruments report on pages 284 to 320 of the notes to the consolidated financial statements.

Key financial ratios

Leverage in fiscal 2024 was 0.3 and therefore remained unchanged compared to the figure for the previous year. The interest coverage ratio in the year under review was 29.4, following 26.3 in fiscal 2023. The equity ratio as at December 31, 2024 was 61.9 percent (previous year: 63.0 percent).

Key financial ratios

	2023	2024
Leverage		
Net financial position extended[1] * (-1)/EBITDA	0.3	**0.3**
Interest coverage ratio		
EBITDA/(interest expenses and pension interest)	26.3	**29.4**
Equity ratio		
Equity/total assets	63.0%	**61.9%**

[1] The extension additionally takes into account provisions for pensions and similar obligations, lease liabilities, sundry financial liabilities and receivables from Henkel Trust e.V. and external pension funds.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Employees

Our employees shape our Company through their commitment, knowledge and skills. They are crucial for driving our long-term success. This is why strengthening a corporate culture characterized by close collaboration and empowered people is an integral element of our strategic framework for purposeful growth.

Open and appreciative leadership culture

Building on shared values, our Leadership Commitments form the behavioral foundation for our employees to bring our purpose – "Pioneers at heart for the good of generations" – to life. The Leadership Commitments are at the center of our initiatives and are firmly anchored in our HR processes and systems.

We strongly believe that cultural change requires the engagement of all our employees, which is why we support them by offering various learning formats – such as the so-called Feedback Upskilling – to help them to reflect on and adjust their behaviors. At the same time, cultural change requires greater transparency in relation to the development areas of leaders. Hence, we have been guiding our top executives through a 360-degree coaching process that supports them as role models in creating an inspiring and modern work environment. To support our employees in fostering our cultural change, we launched the Accelerate Cultural Transformation (ACT) initiative in 2023 and continued it in the year under review. The aim is to encourage dialog across teams and to define concrete measures.

Development of employee numbers

As of year-end 2024, around 47,150 people were employed at Henkel. The decline year on year (2023: 47,750) is mainly due to the optimization of the production and logistics network of our integrated Consumer Brands business unit.

Payroll cost and average employee numbers

	2023	2024
Payroll cost in million euros	3,775	**3,960**
Average employee numbers	48,900	**47,500**

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

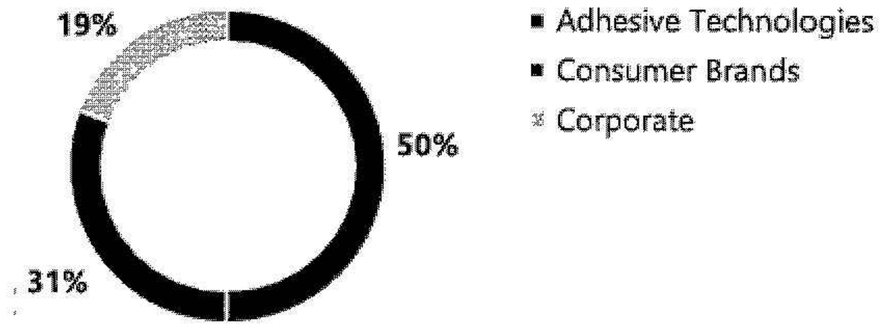
FINANCIAL CALENDAR

Promoting diversity

Diversity, equity and inclusion (DEI) are strategically important for Henkel and are an integral part of our corporate culture. We are convinced that a diverse workforce as well as an open and appreciative corporate culture, are important success factors in a globalized world. Our ambition is to promote a culture of belonging and to create equal opportunities in order to leverage the full potential of our diversity. We thus pursue a holistic approach encompassing different dimensions of diversity.

To strengthen diversity, we pursue a clearly defined DEI strategy that is based on three main pillars: Firstly, we raise awareness for the various dimensions of diversity using different formats, such as campaigns and events. Secondly, we offer training programs for managers and employees to foster inclusive behavior. And thirdly, we are continuously improving the general structural conditions, for example through offerings to promote work-life balance in order to eliminate structural barriers. As part of this, we introduced eight-week gender-neutral parental leave for all employees worldwide in the year under review. Additionally, we define clear targets to track our progress.

Employees by organizational unit



At December 31, 2024

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Women in management

in percent	2020	2021	2022	2023	2024
Henkel	36.1	36.7	37.1	37.7	**38.8**
Managers	36.9	38.1	38.7	39.5	**41.9**
Top managers[1]	25.2	27.6	29.6	30.7	**34.5**

[1] Corporate Senior Vice Presidents, management circles I and IIa.

One of our strategic diversity dimensions is gender diversity. We want to steadily increase the proportion of women at all levels of the Company, and are pursuing the ambition of achieving gender parity across all management levels by 2025. In 2024, the proportion of women in management increased to 41.9 percent.

Internationality is also a natural part of the world of work at Henkel: We are represented by 126 nationalities operating in 75 countries. More than 80 percent of our workforce operate outside Germany.

Energized and empowered teams

We enhance our employees' skills and knowledge and help them to reach their full potential – on the basis of regular development meetings, transparent and ongoing feedback as well as individual development plans. This enables us to systematically identify and develop talents within the Company and ensure internal succession planning. Individual upskilling measures and possible career steps are also discussed as part of our globally standardized assessment process.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

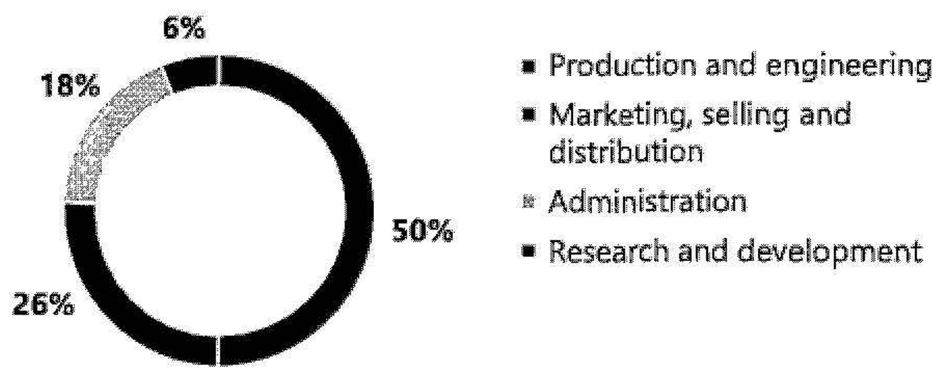
CONTACTS

FINANCIAL CALENDAR

Shaping the future of work

Based on a culture of trust, we have been promoting flexible working models for years. Our holistic Smart Work concept forms the global framework for mobile working and highlights the potential of how our office landscapes can better support collaboration among our employees, what improvements are possible through our health program and which additional opportunities are offered by digitalization. An online program gives all employees the chance to not only understand Smart Work as a concept but also to put it into the best possible practice, both as individuals and in teams. The holistic Smart Work concept is now firmly established within the Company.

Employees by activity



At December 31, 2024

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Recruiting, developing and retaining talents

As an employer, we want both our current and potential future employees to be inspired and convinced by our corporate culture and our development opportunities. As part of our global campaign entitled "Dare to make an impact?" we offer authentic insights into our working world on our Careers webpage, on social media and at face-to-face events. The positive response is reflected by our position in employer rankings and ratings.

We give due consideration to locally different training paths for in-house training and the professional development of our people. We offer 26 apprenticeship and five dual-track study programs in Germany. In 2024, we welcomed 140 new apprentices and dual-track students as they began working toward a professional qualification at Henkel. We also offer a range of trainee programs in selected emerging markets. Hence, we provide manifold development opportunities for our employees.

Employees per region over time

	2020	%	2021	%	2022	%	2023	%	2024	%
Europe	24,100	45.5	24,100	46.0	23,650	46.2	20,900	43.7	**20,450**	**43.4**
IMEA	5,800	11.0	5,650	10.7	5,150	10.1	5,000	10.5	**5,000**	**10.6**
North America	8,850	16.7	8,250	15.7	8,300	16.2	8,050	16.8	**7,850**	**16.6**
Latin America	6,150	11.6	6,300	12.0	5,500	10.7	5,250	11.0	**5,400**	**11.5**
Asia-Pacific	8,100	15.3	8,200	15.6	8,600	16.8	8,600	18.0	**8,500**	**18.0**
Total	52,950	100.0	52,450	100.0	51,200	100.0	47,750	100.0	**47,150**	**100.0**

Basis: permanent employees excluding apprentices; figures rounded (at December 31)

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

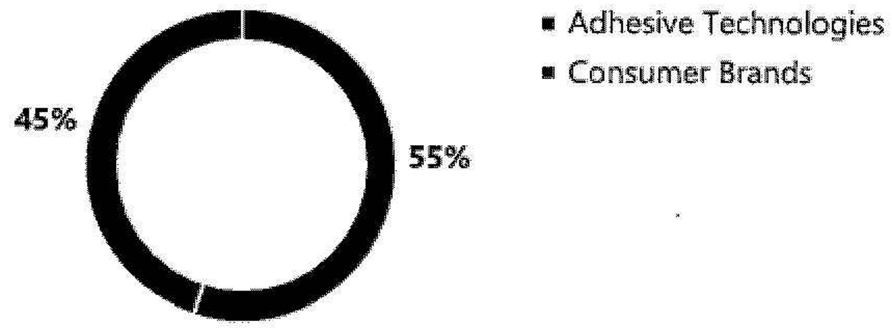
Procurement

We use externally sourced materials (raw materials, packaging and purchased goods and services) to manufacture our finished products. These items all fall under the general category of **direct materials**. Examples include washing-active substances (surfactants), adhesive components, cardboard boxes and external bottling services.

Aside from supply and demand, the prices of **direct materials** are mainly determined by the prices of the input materials used to manufacture them. In 2024, prices for direct materials remained flat overall compared to the previous year. After a downward trend in the first half of the year – particularly in the Adhesive Technologies business unit, prices for direct materials increased again in the second half of the year. Following substantial increases in prior years, raw material prices remained high overall. The prices for direct materials were also driven by rising labor costs and by in parts still elevated logistics and energy costs.

Our direct material spend was slightly down year on year at 8.0 billion euros (2023: 8.2 billion euros). While the prices for direct materials remained flat overall, the measures taken to reduce costs and enhance purchasing, production and supply chain efficiency, the portfolio measures taken in the Consumer Brands business unit, and the disposal of our business activities in Russia in April 2023 had a particular impact.

Direct material spend by business unit in 2024



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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

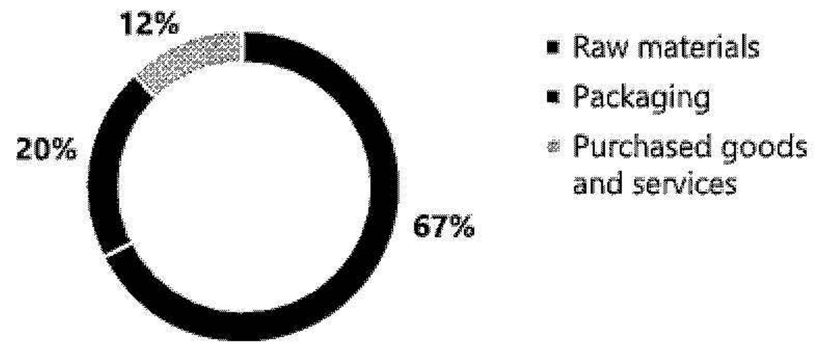
CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The five most important categories of direct materials are raw materials for use in hotmelt adhesives, washing-active substances (surfactants), polyurethanes, inorganic raw materials, and packaging materials for adhesives. These account for more than 35 percent of all direct material expenditures. Our five largest suppliers represent around 15 percent of purchasing volume in direct materials.

Direct material spend by type of material in 2024



Within the category of **indirect materials and services**, we procure materials and services that are not directly used to manufacture our finished products – such as maintenance materials, or logistics, marketing and IT services. At 7.0 billion euros, the spend for indirect materials and services in 2024 was above the prior-year level (2023: 6.4 billion euros).

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

We continuously optimize our value chain to further improve our level of quality and efficiency and to secure material supplies. In addition to negotiating new, competitive contract terms and conditions, our ongoing measures to reduce total procurement expenditures is a major factor in the success of our global purchasing strategy. We enter into long-term business relationships with selected suppliers to foster the development of innovations, and to optimize manufacturing costs and logistics processes. We also agree and implement individual targets with our strategic suppliers aimed at optimizing the supply of both direct and indirect materials and services. Risk management is an important component of our purchasing strategy, especially against the backdrop of persisting uncertainties on the procurement markets. The emphasis here is on reducing price and supply risks while maintaining consistently high quality.

Sustainability plays a major role in our procurement strategy. Since 2011, we have been involved as co-founders of "Together for Sustainability – Chemical Supply Chains for a Better World (TfS)," an initiative spawned by the chemical industry with the goal of harmonizing the ever more complex supplier management processes in the field of sustainability, and improving environmental and social standards within the supply chain. As part of this initiative, we regularly perform sustainability assessments and audits of our strategic suppliers. For a more detailed discussion of our strategies and measures, please refer to our Sustainability Report 2024.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Production

In 2024, Henkel manufactured products at 161 sites in 53 countries. Our largest production facilities are located in Bowling Green, Kentucky, USA, and in Düsseldorf, Germany. In Bowling Green, we manufacture laundry detergents and household cleaners. In Düsseldorf, we produce not only laundry detergents and household cleaners but also adhesives for consumers and craftsmen, and products for our industrial customers.

Number of production sites

	2023	2024
Adhesive Technologies	122	**124**
Consumer Brands	39	**37**
Total	**161**	**161**

(at December 31)

In 2024, we further aligned the global production network of our **Adhesive Technologies** business unit to the continuously changing requirements of the markets. Our current 124 production sites around the globe use cutting-edge manufacturing technologies to secure cost and quality benefits in production and to meet the requirements of our customers. We invest in improving our manufacturing and warehouse footprint in line with market developments in all regions.

The acquisition of Seal for Life Industries in April 2024 increased the number of production sites. At the same time, we continued to optimize our production network in 2024 by consolidating existing sites.

The construction of the new Adhesive Technologies production site in the Asia-Pacific region with an investment volume of around 120 million euros proceeded according to plan in 2024. The production of adhesives for the fast-growing industry sectors of electronics, medicine, appliance manufacturing and aviation is scheduled to gradually begin in 2025.

As the merger of our integrated **Consumer Brands** business unit progressed, we concentrated on optimizing the production and logistics network in 2024. The focus of this transformation program – which is expected to generate annual savings of around 250 million euros by 2026 – includes not just merging production capacities to optimize the network but also comprehensively optimizing the operational processes in all plants and warehouses worldwide.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

In 2024, we maintained operations a total of 37 sites – slightly fewer than in the previous year. This is partly due to the closure of the Laundry Care Port Said site in Egypt. Additionally, the change at the Viersen-Dülken site in Germany is also reflected in this reduction, as it has now been fully transferred to the new owner as part of the divestment of our former Oral Care business. Furthermore, we have taken measures to optimize our production and logistics network. For example, we moved the liquid detergent production from the Saint Louis site in Missouri, USA, to our Bowling Green site in Kentucky, USA, and thus further consolidated the detergent production in North America. The production facility for manufacturing certain input products for our detergents remains at the Saint Louis site. We also continued to implement the 1-1-1 principle – one order, one shipment, one invoice – in 2024, with this now having been introduced in most countries. As a result of these measures, we have already been able to achieve a significant complexity reduction in our production and logistics network – measured by the number of production sites, production lines, warehouses and contract manufacturers.

In addition, the Consumer Brands business unit again launched relevant capital expenditure projects in 2024. This includes the conversion of production lines to facilitate the introduction of innovative paper packaging for the European market. We also started a project to optimize the manufacturing process at our largest production site in Bowling Green – with the aim of producing new, innovative product formulas in Laundry Care for sensitive skin.

In 2024, we continued fostering sustainability and digitalization as major cornerstones in **both business units** to ensure a future-ready production and logistics network.

Particularly, we made further progress in reducing our greenhouse gas emissions in production. For information on our strategies and measures as well as relevant key figures, please refer to our Sustainability Report 2024.

We are also driving various Industry 4.0 initiatives in both business units. To this end, site-specific measures were again put in place again to standardize, digitalize and link processes and components in the year under review. Our aim is to ensure a continuous data exchange along the entire value chain – as the basis for optimized planning and resource provision, and for production and logistics efficiency.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Research and development

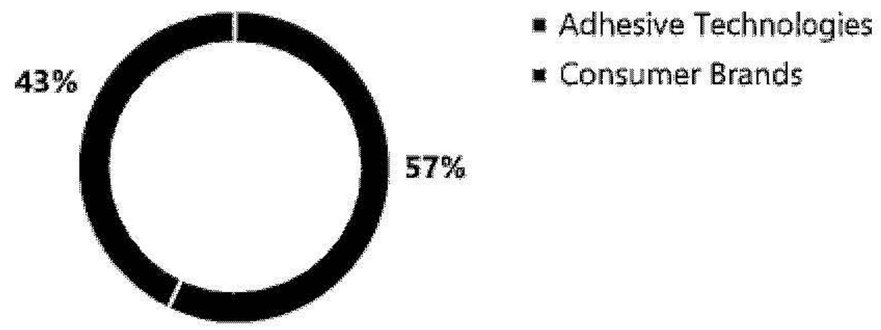
Expenditures by the Henkel Group for research and development (R&D) in fiscal 2024 totaled 634 million euros and were thus above the prior-year level (587 million euros). The ratio of R&D expenses to sales amounted to 2.9 percent (previous year: 2.7 percent). Adjusted R&D expenditures totaled 631 million euros, following 580 million euros the year before. The ratio of adjusted expenses to sales was 2.9 percent (previous year: 2.7 percent).

In 2024, R&D expenditures were mainly attributable to internal personnel expenses. Our research and development costs were fully expensed; in compliance with International Financial Reporting Standards (IFRSs), no product- or technology-related development costs were capitalized.

On an annual average, around 2,750 employees worked in research and development, as in the previous year. This corresponds to approximately 6 percent of the total workforce. Our teams are composed of scientists – predominantly chemists – as well as material scientists, engineers and technicians.

The capabilities of our employees and our investments form the foundation on which the success of our R&D activities is built. We continue to focus on highly efficient innovations and steadily reducing our resource consumption, while maintaining or improving performance.

R&D expenditures by business unit in 2024



THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Key R&D figures

	2020	2021	2022	2023	2024
R&D expenditures (in million euros)	501	727	570	587	**634**
R&D expenditures (in percent of sales)	2.6	3.6	2.5	2.7	**2.9**
Adjusted[1] R&D expenditures (in million euros)	495	504	543	580	**631**
Adjusted[1] R&D expenditures (in percent of sales)	2.6	2.5	2.4	2.7	**2.9**
Employees[2] (annual average)	2,600	2,600	2,700	2,750	**2,750**

[1] Adjusted for one-time expenses and income, and for restructuring expenses.
[2] Figures rounded.

Strengthening research and development together

The research and development experts in both business units align their project portfolios to the specific needs of their individual businesses. They work together on fundamental processes, basic innovations, evaluation of partners for innovation, and on sustainability. The Research and Development Committee is responsible for Group-wide coordination. The business units continually exchange on innovations in common areas of knowledge. As in previous years, activities in 2024 focused on the areas sustainability and digitalization.

Contributing to sustainability

Worldwide, growth and quality of life need to be decoupled from resource use and emissions. Our contribution here lies in the development of innovative products and processes that consume ever less resources while offering the same or better performance. It is therefore our ambition to ensure that each new product contributes to sustainable development.

We want to offer consistently better solutions, products and services that also have a positive impact on the environment and society and thus contribute to creating value. Our focus in this respect is on three goals: In collaboration with our suppliers, we want to continuously improve the sustainability profile of the raw materials we use. We want to help our customers and consumers reduce their energy consumption and greenhouse gas emissions through our innovations. And we want to ensure that our packaging fulfills consumers' performance expectations yet uses the least possible quantity of materials and the most sustainable solutions, and that it can be recycled once the product has been used.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

In our innovation process, we use various tools to systematically analyze, measure and evaluate new products. Life cycle analyses, profiles of potential raw materials and packaging materials, and our many years of sustainability expertise enable us to identify and utilize improvement potential right from the start of the product development process.

Open innovation and corporate venture capital

Our innovations come from both internal and external sources and evolve from long-standing, successful partnerships. The concept of open innovation therefore holds great significance for us. Accordingly, we constantly strive to intensify our efforts to involve customers, suppliers and other partners such as research institutes, universities or startups. By partnering with and investing in startups with digital or technological expertise, we are striving to gain access to strategically relevant new technologies, applications and business models. In 2024, we further expanded our activities in this field and strengthened our expertise base, for example through targeted investments in startup companies and venture capital funds.

Research and development worldwide

In addition to its central research laboratories, Henkel maintains research and development sites in all regions around the world as hubs for innovative problem-solving. Worldwide research and development activities are managed globally by the business units. Research-intensive base technologies are developed at a central location with optimal access to external resources. These base technologies are then applied in the regional research and development sites in the creation of customer- and market-specific innovations. At the same time, the research and development staff in the regional sites obtain information about specific problems for the next generation of innovations, while working in close contact with customers and consumers. The new base technologies needed for the relevant solutions are, in turn, developed centrally.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

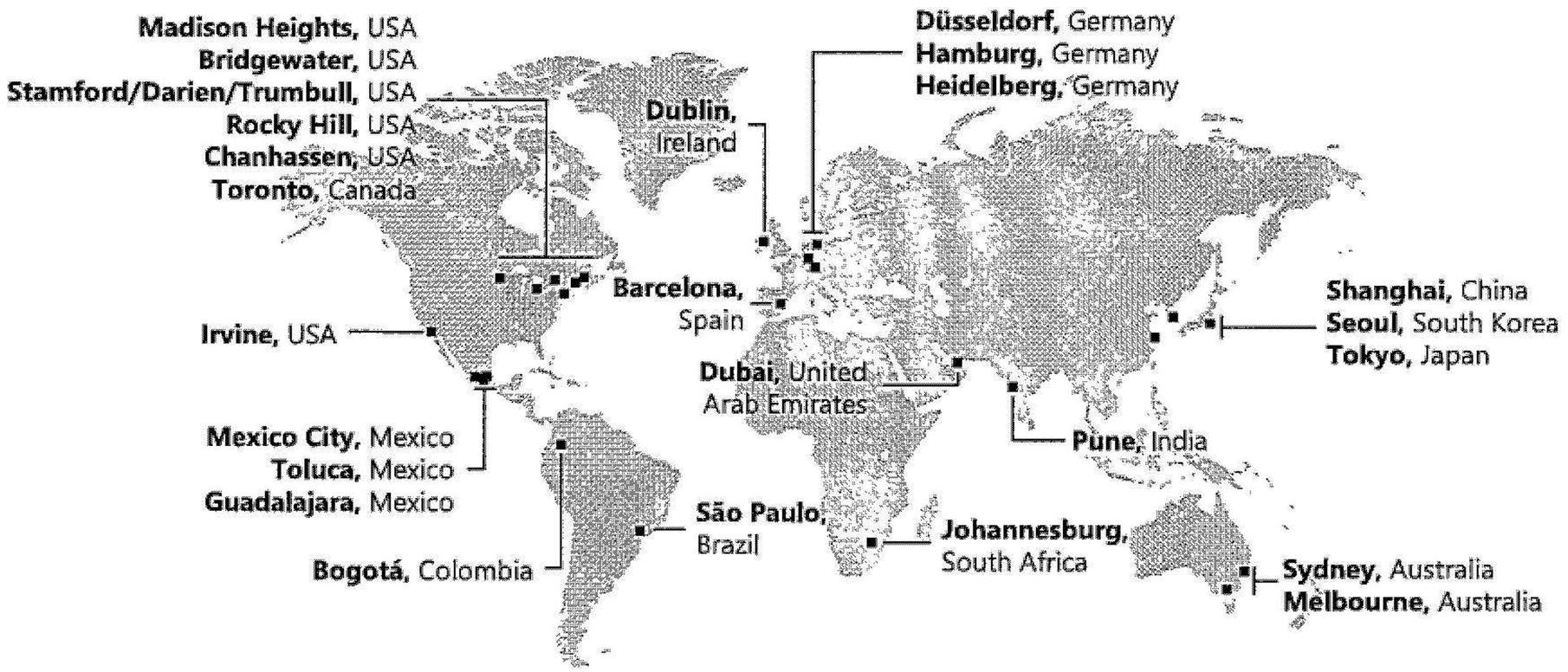
FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Selected research and development sites



The **Adhesive Technologies** business unit provides its customers around the globe with customer-centric solutions based on a comprehensive portfolio of products, applications and services. The success of our business is founded in particular on our broad technology portfolio, the extensive expertise of our global and closely connected innovation teams, an in-depth understanding of the market, and proximity to our customers as the result of years of close collaboration.

Similar to previous years, we focused our innovation activities and resources in 2024 on further developing technologies and expanding partnerships aligned to key megatrends. These trends include sustainability, digitalization and mobility, as well as connectivity and urbanization.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

In this context, the innovation centers operated by the Adhesive Technologies business unit play an important role. In addition to the existing innovation centers – such as the Inspiration Center Düsseldorf (ICD) in Europe, our innovation center in Mumbai, India, in the IMEA region, and the technology center in Bridgewater, New Jersey, USA, in the North America region – the Inspiration Center Shanghai (ICS) is scheduled to open completely in 2025. Furthermore, by the end of 2025, the construction of an inspiration center in Latin America – located in Jundiaí, São Paulo, Brazil – is planned. The new innovation centers offer a partner ecosystem for the development of innovative, sustainable and customer-centric applications and solutions. They serve as a hub, facilitating the exchange of knowledge and collaboration with customers and partners from the fields of industry and science in the regions. At these innovation centers, the Adhesive Technologies business unit showcases its entire technology portfolio of adhesives, sealants and coatings and collaborates with customers from more than 800 industries to develop innovative and sustainable solutions.

Additionally, in 2024, we opened a state-of-the-art battery test center in Düsseldorf with the goal to further strengthen our position as a leading development and innovation partner for automobile manufacturers and battery producers in the electromobility market. This facility complements the application center at our Inspiration Center Düsseldorf and forms the starting point of a global network with future locations in the USA and China, in order to enable seamless collaboration across regions.

The Adhesive Technologies business unit again launched relevant innovations across all business areas in 2024. Selected innovations are presented on page 124.

In the **Consumer Brands** business unit, we bring relevant innovations to the market that meet consumers' demand for functional use and emotional added value. In doing so, we particularly leverage technological synergies and – based on an optimized strategy – place our global consumers at the center of our research and development efforts. We are guided by relevant consumer trends, from sustainability to the desire for a conscious and healthy lifestyle. Our ambition is to be "Technological pioneers for tomorrow's consumers."

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

To successfully implement our strategy, we are rigorously driving the expansion of our research and development centers in the various regions. This is demonstrated by our global investments in new laboratories: For example, we have opened state-of-the-art pilot plant facilities for testing new products at our headquarters in Düsseldorf, Germany. These new facilities for hair care and hair styling products as well as laundry and home care products serve as a key interface between product development and production. In addition, we have officially opened our research laboratory in Shanghai, China, which supports the entire Asian market. Its focus is on the product development for hair care and hair coloring as well as laundry and home care. At the same time, the laboratory serves as a central hub for the local research and development sites in the region, with the aim of further strengthening collaboration among our teams. With the addition of our new laboratories at the House of Hair in Hamburg, Germany, we have expanded our research and development capacities for innovations in hair care and hair styling. Across all regions, we are increasingly focusing on the digitalization of our research and development processes, for example through a new digital platform for product formulas in combination with a digital assistant to support product innovation and development.

In addition, we have invested in the further development of our existing global network of "Consumer Testing Centers" as facilities that enable an even better understanding of the needs of our consumers so that we can tailor our product developments and innovations accordingly.

We also fostered relevant innovations under our strong brands in the Consumer Brands business unit in 2024. Selected innovations are also presented on page 133.

Patents and registered designs

We hold around 10,700 patents to protect our technologies around the world. Approximately 4,700 patents are currently pending. And we have registered around 2,500 design patents to protect our intellectual property.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Marketing and distribution

We put our customers and consumers at the center of what we do. We offer them superior benefit, quality and service, as well as attractive innovations of our brands and technologies. In doing so, we create sustainable value.

The **Adhesive Technologies** business unit offers a broad and globally leading portfolio of adhesives, sealants and coatings. The success of our business is founded on groundbreaking innovations, customer-centric products and strong brands. Working closely with our customers and partners, we combine our innovation and technology leadership to create high-impact and sustainable solutions that are essential components in countless industrial and consumer goods around the world.

We develop global and regional marketing strategies for our brands and technologies. The resulting measures are implemented locally. Our branding strategy is aligned to our five technology-based brand clusters for industrial customers – Loctite, Technomelt, Bonderite, Teroson and Aquence – and our four global core brands for consumers and craftsmen (Pritt, Loctite, Ceresit and Pattex).

With our team of more than 6,500 technical experts, we foster close, long-term relationships with our more than 100,000 customers and partners from more than 800 manufacturing and processing industry segments. We are thus able to obtain an in-depth understanding of an exceptionally wide range of applications across all markets. Since many of our solutions and technologies are integrated into technically highly complex processes and products, excellent technical customer service and thorough user training worldwide are of key importance. Retail customers and distributors serve the needs of private users, craftsmen and smaller industrial customers.

Our innovation centers – such as the Inspiration Center Düsseldorf (ICD) – also serve as integrated, state-of-the-art customer centers that showcase our entire range of Adhesive Technologies solutions and applications to customers and partners from around the globe and, in doing so, strengthen cooperation. We have rolled out this successful concept at many other sites around the world. For further details of our innovation centers, please refer to the section "Research and development."

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Close collaboration along the value chain is a key success factor for innovations fostering sustainability in the widest range of industrial segments – which is why we once again brought together customers, suppliers, partners and sustainability experts in the various regions this year. For example, at our technology center in Bridgewater, New Jersey, USA, and at a sustainability event in Shanghai, China, we discussed the opportunities and challenges of the sustainability transformation of the two largest industrial nations and laid the foundation for pioneering collaborations.

We aim to ensure outstanding customer experiences at all contact points around the globe through personal exchange as well as digital interaction. We have further expanded our digital offerings and technologies. These include not just digital remote analysis and troubleshooting by our customer service experts, but also a growing program of online training courses and seminars, as well as other interactive formats. In addition, we have further increased the range of products offered by our digital marketplace "Adhesives e-shop" to give customers from more than 60 countries a user-friendly option to order online from our broad portfolio of specific product solutions tailored to their needs.

We strive to optimize our approach to consumers and craftsmen through the use of traditional advertising campaigns coupled with measures to attract customers at the point of sale and with digital marketing formats. Leveraging our close customer relationships and our comprehensive technical expertise, we continue to offer tailored solutions and innovative branded products with sustainable added value for our customers.

In the **Consumer Brands** business unit, our diverse and strong brand portfolio focuses on several consumer goods categories, in particular laundry and home care products and hair products. We are concentrating on those markets, categories and brands in which we have strong expertise and where we see clear growth opportunities. In this respect, the focus is on the valorization of our portfolio, which we support by targeted innovations and strong, focused investments in advertising and marketing.

With our innovation process consistently focused on our consumers, we launch relevant innovations under strong brands such as Persil, Schwarzkopf or *all* onto the market. We strive to ensure the systematic and early identification of consumer trends – for which we also evaluate digital data – and to translate them into relevant new products. In doing so, we concentrate on strengthening the brand equity and responding to consumer demand for products offering functional use and emotional added value. Here, we specifically cater to regional and local market conditions and consumer needs.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

A particular focus area is on communication and hence marketing and advertising support. In fiscal 2024, we increased our marketing spend in the Consumer Brands business unit again compared to the previous year in order to reach a broad consumer base, further strengthen our brands, and communicate the added benefits of our innovations. We managed these marketing expenditures on the basis of a detailed analysis aligned to our strategic priorities.

We use a wide range of distribution channels to offer products to our consumers: in brick-and-mortar stores, for example, such as supermarkets, discount stores, drugstores and hypermarkets, but also on e-commerce channels and in hair salons. Data-based understanding of our customers and consumers that we gain through surveys and data collection enables us to craft customized solutions and to create shared value-adding potential for our partners across all distribution channels. On the basis of our leading market positions and global customer and consumer expertise, we serve as a strong partner for both brick-and-mortar and online retailers.

In 2024, we were again able to welcome numerous customers to our customer centers – the Lighthouse, and our Global Excellence Centers in Düsseldorf and Stamford, Connecticut, USA. These centers enable us to further deepen our relationships with customers both in brick-and-mortar retail and in the field of e-commerce, and to showcase our expertise to retail partners from around the globe. In our globally established Schwarzkopf Academies, we offer hairdressers value-adding services in the form of customer-focused seminars and continuous professional upskilling programs, which are used by many professionals around the world every year.

The importance of sustainability in our relationships with customers and consumers has continued to grow in **both business units** in recent years. Our customers expect their suppliers – and that includes Henkel – to ensure compliance with global environmental, safety, and social standards. Our standards and management systems, our many years of experience in sustainability reporting, and our leading positions awarded by external rating agencies all help us to convince our audience of our credentials in this domain. At the same time, the consistent implementation of our sustainability strategy strengthens both our brands and the reputation of our Company in the marketplace. With our many years of experience in the field of sustainability, we are able to position ourselves as a leading partner for our customers in industry and commerce, to offer them solutions fit for the future and thereby to support them in achieving their own sustainability goals.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

HENKEL AG & CO. KGAA (CONDENSED VERSION ACCORDING TO THE GERMAN COMMERCIAL CODE [HGB])[1]

The annual financial statements of Henkel AG & Co. KGaA have been prepared in accordance with the rules and regulations of the German Commercial Code [HGB] and the German Stock Corporation Act [AktG]. Deviations from the International Financial Reporting Standards (IFRSs) applicable to the Group arise particularly with respect to the methods of recognition and measurement of intangible assets, financial instruments and provisions.

Operational activities

Henkel AG & Co. KGaA was operationally active in the two business units Adhesive Technologies and Consumer Brands in fiscal 2024, and in the Corporate segment. Henkel AG & Co. KGaA is also the parent company of the Henkel Group. As such, it is responsible for defining and pursuing Henkel's corporate objectives and also for the management, control and monitoring of Group-wide activities, including risk management and the allocation of resources. As of year-end 2024, some 8,700 people were employed at Henkel AG & Co. KGaA.

The operating business of Henkel AG & Co. KGaA represents just a portion of the business activity of the entire Henkel Group, which is managed across the Company by the business units, primarily on the basis of the financial performance indicators: organic sales growth, adjusted return on sales (adjusted EBIT margin), and growth in adjusted earnings per preferred share at constant exchange rates. Only the Group approach can provide complete insight into these key financials (see the discussion of the management system and performance indicators applicable to the Henkel Group on page 105).

[1] The full financial statements of Henkel AG & Co. KGaA with the auditor's unqualified opinion are filed with the commercial register and accessible on the internet at www.henkel.com/reports.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Unappropriated profit, the metric that determines a corporation's ability to pay dividends, is a financial performance indicator specifically of Henkel AG & Co. KGaA with its declared aim to ensure the reasonable participation of its shareholders in the net income of the Henkel Group.

The profit generated by Henkel AG & Co. KGaA is dictated by its own operations, which are reflected in the sales figures, among other metrics. Profit levels are also influenced to a large degree by the operations of its subsidiaries. Income from subsidiaries is a substantial contributor to the financial result of Henkel AG & Co. KGaA.

Thus the financial situation of Henkel AG & Co. KGaA generally corresponds to that of the Group as a whole, which is discussed in the section "Review of overall business performance" on page 111.

Results of operations

Performance of key financial performance indicators

Henkel AG & Co. KGaA recorded good sales and earnings growth in 2024 compared to the previous year.

Despite the difficult economic and geopolitical environment, we were able to exceed the forecast of flat or slightly higher sales – due in particular to higher sales in the Consumer Brands business unit and in the Corporate segment.

Operating profit increased as a result of higher gross profit. The profit arising from the merger with a domestic affiliated company also had a positive impact on earnings, while the previous year had been negatively impacted by higher pension expenses and costs relating to the divestment of the business activities in Russia. The financial result declined and therefore did not achieve the forecast, which had anticipated flat development. The proceeds from the intragroup sale of foreign affiliated companies were more than offset by a decline in dividend income. In addition, the previous year's result was driven by the financial gain from the disposal of the shares in the Russian subsidiary.

Overall, the improved operating profit substantially offset the decline in the financial result, meaning that the forecasted increase in unappropriated profit was achieved.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Condensed income statement in accordance with the German Commercial Code [HGB]

in million euros	2023	2024
Sales	3,756	**3,862**
Cost of goods and services sold	-2,635	**-2,508**
Gross profit	**1,120**	**1,354**
Selling and general administrative expenses	-1,157	**-1,285**
Research and development expenses	-540	**-577**
Other operating income/expenses	193	**1,127**
Operating profit	**-384**	**620**
Financial result	**1,635**	**983**
Income before tax	**1,252**	**1,603**
Taxes on income	-42	**-92**
Income after tax/Net income	**1,210**	**1,511**
Profit brought forward	971	**1,411**
Unappropriated profit	**2,181**	**2,922**

Sales and operating profit

Overall, Henkel AG & Co. KGaA generated sales of 3,862 million euros in fiscal 2024 (previous year: 3,756 million euros). The Adhesive Technologies business sector achieved sales of 1,138 million euros, which was slightly below the level of the previous year (1,160 million euros). While volumes increased, prices declined. The Consumer Brands business unit generated sales of 1,451 million euros in fiscal 2024 (previous year: 1,437 million euros). This revenue growth was driven in particular by an increase in prices. Sales in the Corporate segment increased significantly to 1,274 million euros in 2024 (previous year: 1,159 million euros). The increase was due in particular to higher licensing revenues from affiliates and higher income from intragroup services rendered.

The operating result of Henkel AG & Co. KGaA increased year on year by 1,003 million euros to 620 million euros. The increase was driven by higher gross profit and higher other operating income, in particular as a result of the profit arising from the merger of a domestic affiliated company.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Expense items

Compared to 2023, cost of sales decreased by 127 million euros to 2,508 million euros, driven in part by a decrease in license expenses due to the transfer of trademarks and similar rights as a result of the merger of a domestic subsidiary. Gross margin increased year on year by 5.3 percentage points to 35.1 percent.

At 893 million euros, selling and distribution expenses came in above the prior-year figure of 811 million euros. Their ratio to sales increased year on year by 1.5 percentage points to 23.1 percent, due mainly to higher advertising expenditure in the Consumer Brands business unit.

Compared to 2023, general administrative expenses rose by 47 million euros to 392 million euros. This increase was due in part to higher consulting expenses and higher expenses in relation to infrastructure services. The ratio to sales increased by 1.0 percentage points to 10.2 percent.

Expenditures for research and development rose by 37 million euros to 577 million euros. The increase was driven by greater investment in innovation. The ratio to sales rose compared to 2023 by 0.5 percentage points to 14.9 percent.

On average, approximately 1,232 employees worked in research and development at Henkel AG & Co. KGaA in 2024, supporting the development of innovative solutions for global application. The related activities are managed globally by the business units. For an overview of the research and development activities, please refer to the information relating to the Henkel Group on pages 157 to 162.

Restructuring expenses of 20 million euros, included in the expense items mentioned above, came in lower versus 2023 (42 million euros).

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Other operating income/expenses

The balance of other operating income and expenses (other operating result), at 1,127 million euros, increased in 2024 versus the prior year (2023: 193 million euros).

Other operating income rose in 2024 by 850 million euros year on year to 1,290 million euros. The increase was mainly due to profit arising from the merger with an affiliated company. Among other factors, income from the reversal of provisions, and gains from the disposal of assets, also had a positive impact on the result.

At 163 million euros, other operating expenses in 2024 were down on the prior-year total of 247 million euros. In particular, this item includes reimbursements of costs to affiliated companies, pension expenses in connection with the obligation to make additional contributions to an external pension fund, and losses on the disposal of assets. The previous year was negatively affected by a significantly higher contribution to an external pension fund and by expenses in connection with the divestment of the business activities in Russia.

Financial result

Financial result decreased from 1,635 million euros in 2023 to 983 million euros in 2024. Higher income from the intragroup sale of foreign affiliated companies amounting to 516 million euros was more than offset by a decrease in dividend income and higher write-downs on shares in affiliated companies. The previous year's result was driven by the financial gain arising from the disposal of the shares in the Russian subsidiary.

Taxes on income

Taxes on income amounted to 92 million euros in 2024. This figure includes withholding tax of 44 million euros resulting from the intragroup sale of foreign affiliated companies. Taxes on income in the previous year amounted to 42 million euros.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Net income and unappropriated profit

Net income amounted to 1,511 million euros and was therefore above the prior-year figure of 1,210 million euros. The increase was mainly attributable to the higher operating profit.

In light of the higher net income for the year, the unappropriated profit increased by 740 million euros year on year to 2,922 million euros.

Condensed balance sheet in accordance with the German Commercial Code [HGB]

in million euros	Dec. 31, 2023	Dec. 31, 2024
Intangible assets and property, plant and equipment	2,191	**2,315**
Financial assets	13,344	**11,354**
Non-current assets	**15,535**	**13,669**
Inventories	20	**17**
Receivables and miscellaneous assets	1,013	**1,342**
Marketable securities	214	**514**
Liquid funds	1,132	**1,950**
Current assets	**2,378**	**3,823**
Prepaid expenses	**43**	**31**
Assets arising from the overfunding of pension obligations	**9**	**12**
Total assets	**17,965**	**17,534**
Equity	**6,624**	**7,367**
Special accounts with reserve element	60	**58**
Provisions	1,035	**1,016**
Liabilities/deferred income	10,246	**9,093**
Total equity and liabilities	**17,965**	**17,534**

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Net assets and financial position

In 2024, the total assets of Henkel AG & Co. KGaA decreased compared to year-end 2023 by 431 million euros to 17,534 million euros.

Non-current assets decreased by 1,866 million euros to 13,669 million euros, mainly due to a reduction in financial investments following, in particular, the merger of a domestic subsidiary, the intragroup sale of affiliated companies and write-downs on shares in affiliated companies. The decrease was partially offset by the addition of shares in affiliated companies. The carrying amount of intangible assets also increased as a result of intragroup transfers to Henkel AG & Co. KGaA.

Substantial capital expenditures on property, plant and equipment in fiscal 2024 related to the expansion of the fully automated warehouse center for consumer goods at the Düsseldorf site and numerous replacement and expansion investments.

Current assets increased year on year in 2024 from 2,378 million euros to 3,823 million euros, due mainly to higher short-term time deposits and securities as of the reporting date.

The assets arising from the overfunding of pension obligations were 2 million euros higher year on year at 12 million euros and essentially reflect the netting of the partial retirement obligations and associated plan assets.

Equity increased from 6,624 million euros to 7,367 million euros, due to the higher net income for the year. The equity ratio increased by 5.1 percentage points to 42.0 percent.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Provisions decreased by 19 million euros to 1,016 million euros, mainly as a result of lower provisions for sales deductions. The decrease was partially offset by higher tax provisions and higher provisions for pensions.

For details of issued capital and treasury stock, please refer to the disclosures in the notes to the statutory financial statements of Henkel AG & Co. KGaA.

Year on year, liabilities and deferred charges decreased overall in 2024 by 1,152 million euros to 9,093 million euros, as a result, among other things, of lower financial liabilities to affiliated companies following the merger of a domestic subsidiary. Financial liabilities to affiliated companies are also affected by the cash pool management function performed by Henkel AG & Co. KGaA within the Henkel Group. The use of cash pools allows largely centralized management of the Group's liquidity, thus facilitating a high degree of financial flexibility.

As of the reporting date, Henkel AG & Co. KGaA had six bonds on its books with a total volume of 1,864 million euros. These include one British pound-denominated bond with a total nominal volume of 350 million British pounds, two waste reduction bonds with a nominal volume of 70 million US dollars and 25 million euros respectively, and three sustainability-linked bonds representing a nominal volume of 1,150 million euros and 250 million US dollars.

For an overview of the financing and capital management of Henkel AG & Co. KGaA, please refer to the information about the Henkel Group on pages 145 and 146.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Risks and opportunities

The business performance of Henkel AG & Co. KGaA is essentially subject to the same risks and opportunities as that of the Henkel Group. With respect to the risks affecting its subsidiaries, Henkel AG & Co. KGaA is generally exposed in proportion to its shareholding in each case.

Due to the different accounting and measurement methods for pension obligations under the German Commercial Code [HGB] and IFRS, the conclusion drawn from the risk assessment for the annual financial statements of Henkel AG & Co. KGaA differs from that of the Group. The Group risk assessment refers to the effect on equity whereas we see a risk for the income statement. We assess the potential financial impact of this risk for Henkel AG & Co. KGaA as "high."

Additional information regarding risks and opportunities and the internal control and risk management system can be found on the following pages 175 to 202.

Forecast

The performance of Henkel AG & Co. KGaA in its function as an operating holding company is influenced primarily by the development and dividend distributions of the companies in which it has shareholdings.

Based on the performance of the operational business units, we expect sales to remain flat or increase slightly in 2025. Nevertheless, we expect a decline in operating profit due to this year's one-time effect arising from the merger of a domestic subsidiary.

The performance for the Group also impacts Henkel AG & Co. KGaA through dividend payments from subsidiaries. For fiscal 2025, we expect an increase in the financial result due to higher income from investments, which will partially offset the decline in the operating profit. Overall, we expect a stable unappropriated profit, which will enable our shareholders to participate to a reasonable extent in the Group's net income, with retained earnings also available for utilization if necessary.

The forecast for the Henkel Group can be found on pages 203 to 206.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

RISKS AND OPPORTUNITIES REPORT

Risks and opportunities

In the course of its business activities as a globally operating company, Henkel is exposed to a large number of internal and external developments and events that are inextricably linked to entrepreneurial activity and that can influence the achievement of our targets to a significant degree. We deploy an array of effective monitoring and control systems aligned to identifying risks at an early stage, evaluating the exposure, and introducing effective countermeasures.

Entrepreneurial activity also involves identifying and exploiting opportunities as means of securing and extending the Company's competitiveness. The reporting aspect of our risk management system, however, does not encompass entrepreneurial opportunities. Early and regular identification, analysis and exploitation of opportunities are performed at the Group level and within the individual business units. This is a fundamental component of our strategy. We perform in-depth analysis of the markets and our competitors, and study the relevant cost variables and key success factors.

Risk management system

Our risk management system incorporates all organizational rules and measures for identifying, assessing, managing and communicating risks, including system monitoring. The risk management system at Henkel is integrated into the comprehensive planning, controlling, and reporting systems used in the subsidiaries, in the business units, and at Group level. Furthermore, within the corporate governance framework, our internal control and compliance management systems support our risk management capability. The interaction between the individual governance systems at Henkel and our assessment of the appropriateness and effectiveness of the risk management system and the internal control system are discussed in the corporate governance statement on pages 60 to 65.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Within our risk strategy framework, the assumption of calculated risk is an intrinsic part of our business. However, risks that endanger the existence of the Company must be avoided. When it is not possible to avoid these critical risks, they must be reduced or transferred, for example through insurance. Risks are controlled and monitored at the level of the subsidiaries, the business units, and the Group. Risk management is thus performed with a holistic, integrative approach to the systematic handling of risks. The Group-wide risk management process also includes relevant environmental and social risks. Our risk management system is continuously developed and adjusted to changing requirements.

Our Corporate Audit function regularly reviews the quality and efficiency of our risk management system. During its audit of the annual financial statements for 2024, in compliance with Section 317 (4) German Commercial Code [HGB], the auditor examined whether the Management Board had put in place adequate measures as required under Section 91 (2) Stock Corporation Act [AktG], particularly with regard to establishing a monitoring system, and whether said monitoring system was suitable in all material respects for identifying at an early point in time and with reasonable assurance any developments that might jeopardize the continued existence of the Company as a going concern.

Risk reporting procedures

The risk reporting system encompasses the systematic identification, evaluation, documentation and communication of risks and opportunities. We have defined the principles, processes and responsibilities relating to risk management in a corporate standard that is binding on the Henkel Group. With the continuous development of our corporate standards and systems, we take into account updated findings. In 2024, we focused in particular on the opportunities and risks arising from the double materiality assessment under the Corporate Sustainability Reporting Directive (CSRD).

We understand short-term risks as potential future developments or events that could lead to negative deviations from our earnings guidance. As a rule, we estimate risks for the one-year forecast period. Risks with a probability of occurrence of over 50 percent are taken into account in our guidance and short-term planning. Risk reports therefore include risks that are not included in – or which extend beyond – short-term planning. The annual short-term risk reporting process begins with identifying material risks using checklists based on defined risk categories. We evaluate the risks according to the probability of occurrence and potential loss after effective countermeasures (net), and collect additional information about the measures. The risks also include tail event risks where the likelihood of occurrence is judged to be very low but which could potentially cause huge damage. The short-term risk reporting process is supported by software which ensures transparent communication throughout the entire Group. The first step entails determining gross

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

risk to the extent that this is possible. We then calculate the net risk, taking countermeasures into account. Initially, risks are compiled on a decentralized basis at regional level by regional coordinators. The risks compiled at this stage include risks identified at country level. The risks collated regionally and at country level are then analyzed by experts in the business units and corporate functions. In particular areas such as Group Treasury, risks are determined with the support of sensitivity analyses including value-at-risk (VaR) computations. Risk analyses are then prepared for the respective executive committees of the business units and corporate functions, and finally assigned to an area-specific risk inventory. For the Henkel Group, we then aggregate the risks on the inventory using Monte Carlo simulation. For the purpose of determining resilience, we compare the VaR with our risk-bearing capacity.

To supplement our short-term risk reporting process, we conduct strategic risk analysis for long-term risks with an analysis period of up to ten years. We understand long-term risks as possible future developments or events outside the forecasting period of one year which – separately or in combination – could potentially jeopardize the continued existence of the Company as a going concern. Once a year, long-term risks are identified, subjected to qualitative assessment, and reviewed by selected in-house experts. The risks are then analyzed as a whole and assessed against our long-term risk-bearing capacity, keeping in mind the risk environment that is specific to Henkel.

The risk situation is subsequently reported to our Compliance & Risk Committee, the Management Board and the various oversight bodies. Material unforeseen changes are reported immediately to the CFO and the Compliance & Risk Committee. Corporate Accounting is responsible for coordinating the overall risk reporting process and analyzing the inventoried exposures.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Major risk categories

Short- and long-term risks are grouped by influencing factors, based on strategic analysis methods such as PESTEL analysis or Porter's Five Forces model. A distinction is made between (geo-)political, (macro-)economic, social, technological, environmental, legal, and business-/industry-specific risks. As macroeconomic risks impact both our business-/industry-specific risks and our financial risks, we divide these influencing factors into two different risk categories. Long-term risks are compiled separately from the short-term risks and subjected to qualitative assessment. Short-term risks affecting our one-year forecast period are recorded and quantitatively assessed as part of the short-term risk reporting process, based on the following evaluation categories.

Classification of short-term risks in ascending order

Probability	
Very low	< 10%
Low	≥ 10% to < 25%
Medium	≥ 25% to < 50%
High	≥ 50%
Potential financial impact	
Low	≥ 1 to < 75 million euros
Medium	≥ 75 to < 150 million euros
High	≥ 150 to < 500 million euros
Significant	≥ 500 million euros

Short-term risks are presented from a net perspective, i.e. with their respective mitigation measures taken into account.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Overview of major risk categories and quantitative evaluation of short-term risks

Risk category	Probability	Potential financial impact
Geopolitical risks (loss of assets)	Low	Significant
Business-/industry-specific risks		
Procurement market risks	Low	Significant
Production risks	Low	Significant
Sales and market risks	Medium	Significant
Financial risks		
Credit risks	Very low	Significant
Liquidity risks	Very low	Low
Currency risks	Low	High
Interest rate risks	Medium	Low
Risks from pension obligations (impact on equity)	Medium	High
Social risks		
Personnel risks	Very low	Low
Risks in connection with the Company's reputation and its brands	Very low	Medium
Technological risks (IT and cyber risks)	Low	Significant
Environmental risks (environment, safety and health risks)	Low	Significant
Legal and regulatory risks	Very low	Significant

In the following presentation of the risk categories, long-term risks are dealt with separately where they give rise to additional relevant insights.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Geopolitical risks

Description of risk: (Geo-)political risks include all risks to which Henkel is exposed in the course of its global business operations in the respective sales and procurement markets and which arise from political influencing factors, such as trade restrictions, measures to nationalize or expropriate assets, bans on capital transfers, defaults on trade accounts receivable from state-owned institutions, war, terrorist attacks, and other upheavals.

In the short-term forecast period, Henkel as a globally operating Group is exposed to the risk of major political incidents in certain countries or regions resulting in a loss of assets.

Long-term risks arise, in particular, when trade restrictions increase and a trend toward deglobalization and potential block formation becomes visible, in connection with potential instabilities within the European Union (EU), and if geopolitical tensions increase or regional conflicts grow – in Africa/Middle East, Asia, or Eastern Europe for example. These risks could have a substantial impact on our sales and procurement markets and are therefore classified as business-/industry-specific risks.

Measures: We closely monitor the countries concerned, taking external ratings into account, and ensure risk-optimized funding and the repatriation of liquidity that is not needed at present. Planned investments are also analyzed with regard to potential political risks, and appropriate requirements specified for the return on investment. If a major political incident occurs, early and targeted risk analysis is performed and potential mitigation measures are put in place.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Business-/industry-specific risks (including macroeconomic risks)

Business-/industry-specific risks include all risks arising for Henkel from factors such as the arrival of new market participants or developments on the sales and procurement markets. Here we make a distinction between procurement market risks, production risks and sales and market risks. Macroeconomic risks – such as global economic and industry-specific developments – influence these risks to a substantial extent and are therefore classified under this risk category unless they tend to have a greater impact on our financial risks.

Procurement market risks

Description of risk: We expect prices for direct materials in our procurement markets to increase by a low to mid-single-digit percentage in 2025 compared to the annualized average in 2024 as a result of ongoing uncertainties surrounding future global economic and geopolitical developments. Although economic development is expected to be weak in Europe and particularly in China, partially offset by moderate growth in the USA, we expect operational costs to be higher overall due to higher labor costs and persistently volatile energy prices. These higher costs will have a particularly negative impact on the competitiveness of Europe compared to the rest of the world. The ongoing war in Ukraine and the Middle East conflict are expected to have a long-term impact on economic and financial stability in Europe. Given that the higher cost of energy has already been priced into the first stages of the value chain, a higher risk is expected in respect of the raw materials, packaging materials and goods we purchase. Prices differ among the various regional markets, with Europe currently being exposed to additional price and supply risks arising from geopolitical uncertainties due to its proximity to the locations concerned.

Additional price and supply risks exist due to possible demand- or production-related shortages in the procurement markets, and these may also have long-term impacts. The development of new business models may also produce shortages in the supply chain over the long term.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Measures: If any supply shortages do occur, established interdisciplinary crisis management processes are triggered to ensure a high degree of supply reliability to our customers. The measures taken also include active supplier portfolio management through our globally engaged, cross-divisional sourcing capability, together with strategies aimed at securing price and volume both through contracts and – to the extent appropriate and possible – through financial hedging instruments. In order to minimize the risk of supplier default, we perform detailed risk assessments of suppliers to determine their financial stability, and stipulate supplier default clauses. With the aid of an external, independent financial services provider, we continuously monitor important suppliers of which the financial situation is regarded as critical. If a high risk of supplier default is identified, we systematically prepare back-up plans in order to ensure uninterrupted supply. Furthermore, we work in interdisciplinary teams within Research & Development, Supply Chain Management and Purchasing on devising alternative formulations and packaging forms so as to be able to respond to unforeseen fluctuations in raw material prices. Supplier diversification also represents a key element in our risk management to prevent dependence on individual suppliers and ensure our ability to source at all times the goods and services we require. Finally, close collaboration with our strategic suppliers plays an exceptionally important role. The basis for our risk management approach is provided by a comprehensive procurement information system aimed at ensuring permanent transparency with respect to our purchasing volumes. Over the long term, we continually adapt our structures in response to developments on the procurement markets and the requirements of new business models, as well as in order to avoid shortages and bottlenecks along our supply chains.

Production risks

Description of risk: Henkel faces production risks in the event of low capacity utilization due to volume decreases and unplanned business interruptions, especially at our single-source sites. Risks from unscheduled disruptions to operations could arise in the wake of cyber attacks on IT systems, escalating impacts of climate change, energy shortages or a regionally specific shortage of labor. In light of regional conflicts and efforts aimed at reducing economic ties between different economic areas, risks may still arise in the shape of disruptions to our supply chains, regional and national restrictions on production workflows and a reduced availability of labor. The risk of insolvency among key suppliers could also impair our production processes in the short term. The development of new business models may also produce shortages and bottlenecks in the production chains over the long term.

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THE COMPANY
SHARES AND BONDS
COMBINED MANAGEMENT REPORT
CONSOLIDATED FINANCIAL STATEMENTS
FURTHER INFORMATION
CREDITS/LEGAL
CONTACTS
FINANCIAL CALENDAR

Measures: We can offset the negative effects of possible production outages through flexible production control and, where economically viable, additionally through insurance policies. Production risks are minimized by ensuring high employee qualification, clearly defined safety and hygiene standards, and regular plant and equipment maintenance. Capital expenditure decisions on property, plant and equipment are made in accordance with defined, differentiated responsibility procedures and approval processes. They incorporate all relevant specialist functions and are regulated in an internal corporate standard. Investments are analyzed in advance on the basis of detailed risk aspects. Further audits accompanying projects provide the foundation for project management and risk reduction. In terms of production, too, we continually adapt our structures in response to the requirements of new business models, as well as to avoid shortages.

Sales and market risks

Description of risk: We are exposed to further sales and market risks emanating from the uncertainties of the current geopolitical and economic environment. Geopolitical risks have heightened, especially as a result of the conflicts in Ukraine and the Middle East. The impacts of global trade conflicts are also jeopardizing the global economic climate. Supply bottlenecks and temporary failures of critical infrastructure also represent the potential fallout from the current geopolitical environment. Risks arise for our business especially in connection with any long-term adverse effect on economic development. A slowdown in production at our industrial customers could lead to less demand for our solutions. In the consumer goods businesses, declining volumes in the wake of weaker demand – as a result of inflation dampening purchasing power, for example – could pose a risk for our sales. A further significant risk is posed by an increasingly competitive environment, as this could result in a further increase in price and promotional pressures in the consumer goods sector. As consolidation in the retail sector continues and private labels occupy a growing share of the market, crowding-out competition in the consumer goods sector could further intensify. Moreover, the risk of product substitution could, in principle, affect all business areas. Technological change associated with digitalization may involve risks for the success of our products and processes. Acquisitions, and the integration of same, could also pose risks for our businesses. During the integration of our consumer businesses, temporary delays in the performance of necessary structural adjustments and process or system alignments may occur in places.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The risks described above are also relevant when analyzing long-term trends. Long-term economic developments, in particular – such as recessions in China or the USA or within the EU – could impact our future business performance. New business models, new competitors or changing demand behavior could also pose risks for our business.

Measures: Our focus is on continuously monitoring the market environment to enable flexible adjustment of our portfolio and our cost structures to dynamic trends. In addition, we concentrate on strengthening our brands (see separate risk description on page 190) and on consistently driving the development of further innovations. We consider innovative products and processes to be a significant success factor for our Company, enabling us to differentiate ourselves from the competition. We also pursue specific marketing and sales initiatives, for example advertising and promotional activities. Another central aspect is the advancement of digitalization, for example through the targeted marketing of our products via a dedicated e-commerce platform for our industrial customers. In addition, we have the capability to react quickly to potential sales declines through flexible production control. We respond to the emergence of new business models or new competitors, or changing demand behavior by taking strategic measures such as adapting our structures and portfolio, as well as through acquisitions and divestments. We mitigate the risks associated with acquisitions and integration by performing economic feasibility analyses and ensuring comprehensive project and integration management.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Financial risks (macroeconomic influence)

Credit risks
Description of risk: Credit risk is the risk of a debtor failing to meet interest and redemption payment obligations in full and on time. Henkel Group is exposed in particular to the risk of default by its customers in the course of its operating activities and to the risk of non-performance by a contracting party in the context of financial investments. Furthermore, depending on economic developments, defaults may become more frequent, particularly on trade accounts receivable.

Measures: In order to reduce the credit risk resulting from the operating activities of the Henkel Group, the default risks that our customers might represent are permanently monitored by our credit risk management team, which operates on the basis of a globally valid Customer Credit Management Standard. In addition to minimizing losses on receivables through the application of fixed credit limits, use of customer creditworthiness analyses, risk classifications, and continuous monitoring of risks associated with the receivables concerned, we also implement hedging measures both globally and selectively on a country- and customer-specific basis. Risk-mitigating instruments include credit insurance cover such as global excess-of-loss policies, letters of credit for the export business, plus for example sureties, guarantees and cover notes.

Default risks from financial investments are mitigated by selecting counterparties with good credit ratings and by capping investment amounts. Credit ratings and investment limits are continuously monitored so as to enable intervention in the event that fixed thresholds for ratings and credit default swaps (CDS) are exceeded. Our financial investments are broadly diversified across various counterparties and various financial assets. In addition, netting arrangements are in place to offset bilateral receivables and obligations, and collateral agreements are entered into with key banking partners.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Liquidity risks

Description of risk: Liquidity risk is defined as the risk of an entity failing to meet its financial obligations at any given time.

Measures: We mitigate this risk through our long-term management strategy of using financing instruments in the form of bonds issued with variously staggered terms and in different currencies. Supported by our existing debt issuance program and our Sustainable Finance Framework for issuing sustainable financing instruments, this is also possible on a short-term and flexible basis. Our credit rating is regularly assessed by the rating agencies S&P, Moody's and Scope Ratings. We intend to maintain our ratings within a "single A" target corridor. We predominantly invest cash in financial assets traded in a liquid market in order to ensure that they can be sold at any time to receive liquid funds or to manage liquidity in the short term. We also use our US dollar and euro commercial paper programs for short-term liquidity management. In order to ensure the financial flexibility of Henkel at any time, the liquidity within the Group is largely centralized in cash pools and managed across the Group using a liquidity reserve approach. In addition, the Henkel Group has at its disposal confirmed credit lines.

Currency risks

Description of risk: Because of the global nature of our business, we are exposed to two types of currency risk. Transaction risks arise from possible exchange rate fluctuations causing changes in the value of future foreign currency cash flows. Translation risks arise from changes caused by foreign exchange fluctuations to items on the statement of financial position and the income statement of a subsidiary, and the effect these changes have on the translation of individual company financial statements into Group currency. We anticipate continued high volatility in the currency markets in 2025.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Measures: Transaction risks arising from our operating business are partially avoided by the fact that we manufacture our products in those countries in which they are sold. Residual transaction risks on the operating side are proactively managed by Group Treasury. This includes the overall assessment of the currency risk and the development of appropriate hedging strategies. The objective of currency hedging is to ensure protection from future adverse fluctuations in exchange rates. Because we limit our potential losses, any negative impact on profits is restricted. The transaction risk from significant operating receivables and liabilities recognized in the financial statements and from financial receivables and liabilities is hedged as far as possible. In order to manage these risks, we primarily utilize currency forwards and cross-currency interest rate swaps. The risks arising from the translation of the earnings results of subsidiaries in foreign currencies and from net investments in foreign operations are only hedged in exceptional cases.

Interest rate risks

Description of risk: Interest rate risk encompasses all potentially negative influences on profits, equity or cash flow in current or future reporting periods arising from changes in interest rates. The financing and cash investment activities of the Henkel Group mainly take place on international money and capital markets. The resultant financial liabilities and cash deposits are exposed to the risk of changing interest rates.

Measures: The aim of our centralized interest rate management is to reduce the risk by choosing fixed or floating interest rate contracts and by using interest rate derivatives. Henkel's interest management strategy is essentially aligned to optimizing the net interest result for the Group. The decisions made in interest management relate to the bonds, liabilities to banks and commercial paper put in place to secure Group liquidity, the securities and time deposits used for cash investments, and other interest-bearing financial instruments. Depending on forecasts with respect to interest rate developments, Henkel issues fixed- or floating-rate notes or enters into derivative financial instruments, primarily interest rate swaps, in order to optimize the interest rate lock-down structure.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Risks from pension obligations
Description of risk: Our pension obligations are exposed to various market risks. The risks relate primarily to changes in market interest rates, inflation, and life expectancy. The risks to which the plan assets are exposed are general market price risks.

Measures: We counteract these risks by managing the funding level and the structure of pension commitments. Our internal pension risk management function monitors the risks of all pension plans Group-wide in compliance with local legal regulations. As part of the monitoring process, guidelines on the control and management of risks are adopted and continuously developed; these guidelines mainly govern funding levels, portfolio structure and actuarial assumptions. We also take into account sustainability criteria. The funds earmarked for covering pension obligations are invested in line with an asset-liability study based on the respective expected cash flows of the country-specific pension obligations. The objective of the financing strategy within the Group is to ensure that plan assets cover 90 to 100 percent of the present value of the funded pension obligations.

Social risks

Social risks are risks arising from population trends or changes in lifestyles that are reflected, for example, in competition for labor, changes in consumer behavior or increasing pressure on healthcare and pension systems. They also include reputational risks.

Personnel risks
Description of risk: The motivation and the qualification of our employees are key drivers of Henkel's business success. Therefore, it is strategically important to attract highly qualified professionals and executives and ensure they stay with the Company. When it comes to selecting and recruiting talent, we are facing increased global competition for the best candidates – especially over the long term – and we are noticing the effects of demographic change in many of our markets. These developments expose us to the risk of losing valuable employees or of being unable to recruit relevant qualified professionals and executives. Over the long term, these risks could adversely affect our ability to compete and thus business performance at Henkel.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Measures: We combat the risk of losing valuable employees through specifically devised personnel development programs and incentive systems. Supporting this is an established, thorough annual review process from which we derive individually tailored and future-viable qualification and upskilling programs, as well as performance-related remuneration systems. The Leadership Commitments form the focal point of our efforts to advance our leadership culture and to drive our cultural change.

In addition to an appreciative corporate culture, the principles of diversity, equity and inclusion (DEI) are firmly anchored in Henkel's corporate strategy. Striving for enhanced gender diversity is a key element in a holistic DEI strategy that also incorporates further dimensions such as internationality and ethnicity, sexual orientation, people with disability and inter-generational collaboration. Henkel is striving to make significant progress in all these dimensions. The Company has established a Group-wide DEI network to anchor and implement these efforts in all business units and regions.

Further areas of our personnel management focus include a global health management system and support for flexible work models to ensure better work-life flexibility. We create a positive and supportive work environment where our employees feel appreciated and respected. All these aspects are united in our Smart Work approach.

Henkel reduces the risk of not being able to recruit qualified professionals and executives by promoting a strong and authentic employer brand, partnering with universities and global student organizations, and through enhanced, target-oriented communication and focus on promoting young talent and specialized development programs.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Risks in connection with the Company's reputation and its brands

Description of risk: As a globally active corporation, Henkel is exposed to potential damage to the reputation of its corporate brand – Henkel – or that of our product brands, particularly in the consumer goods sector, in the event of negative reports in the media, including social media. These could lead to a negative impact on sales or the pace of growth.

Measures: We minimize these risks through the measures described under legal and regulatory risks (see pages 194 to 197). On the one hand, this is to ensure that our production facilities and products remain safe; on the other, our active communications work strengthens the reputation of the corporate brand and our product brands. These measures are supported by a global communication network and international and local crisis management systems with regular training sessions.

Technological risks (IT and cyber risks)

Technological risks arise, in particular, from increasing digitalization.

Description of risk: Information technology (IT) has strategic significance for Henkel. Our business processes rely to a great extent on internal and external IT services, applications, networks, and infrastructure systems. The failure or disruption of key IT services and the manipulation or loss of data – as a result of unauthorized access, for example, constitute material risks for Henkel. We analyze different potential in-house and external perpetrators and types of threat, such as intent, error or natural phenomena. The failure or disruption of important IT services can impair critical business processes. The loss of confidential data, for example formulations, customer information or price lists, could put us at a disadvantage with our competitors or give rise to legal consequences. Henkel's reputation could also be damaged by such loss.

Measures: The technical and organizational safeguards for assuring information and cyber security at Henkel are based on the international standards ISO 27001 and 27002. Major components include the classification of information and IT applications with respect to confidentiality, availability, integrity and data protection requirements, as well as commensurate measures for mitigating risk. In addition, Henkel has put technical and organizational measures in place to prevent, discover and defeat cyber attacks. Henkel maintains regular contact with other major corporations, associations and specialized service providers in order to enable the early detection of threats and implementation of effective countermeasures.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Our critical business processes operate through redundantly configured systems designed for high availability. Our data backup procedures reflect best engineering practice. We regularly review our restore and disaster recovery processes.

Access to buildings and areas containing IT systems, as well as user authorizations for our information systems, are limited to the minimum level necessary. For critical business processes, the required segregation of duties is enforced by technological means.

Our IT services are protected against unauthorized external access and are consistently kept up to date. We develop our systems using proven project management and program modification procedures.

We instruct and train our employees in the proper and secure use and operation of information systems as part of their regular duties. We require our IT service providers to maintain a comparable level of IT and cyber security.

The implementation of our security measures is continually reviewed by our Corporate Audit function, other internal departments, and independent third parties.

Environmental risks (environmental, safety and health risks)

Description of risk: Henkel is a global manufacturing corporation and, through its operating activities, is therefore exposed to risks pertaining to the environment, safety and health, manifesting in the form of personal injury, physical damage to goods, and reputational damage. For example, soil contamination and the associated remediation expense, as well as leakage or other technical failures, could give rise to direct costs for the Company. Furthermore, indirect costs such as fines, claims for compensation or reputational damage may also be incurred. We assign the highest priority to the health and safety of our customers, consumers and employees.

Long-term risks arise in particular from accelerated climate change, water scarcity and restrictions on disposable and, in particular, non-recyclable plastic packaging and product ingredients.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Accelerating climate change could have negative impacts on a wide range of countries, particularly through increases in the frequency and severity of extreme weather events. In addition to physical risks, this development may also give rise to socioeconomic, so-called "transition" risks, for example as a result of political measures such as regulations and taxes.

Population and economic growth, and also, potentially, climate change impacts, can exacerbate water scarcity in various regions. An acute, local water shortage or legal restrictions on the use of water can have a direct impact on the activities of our suppliers, our own operations, and our customers and consumers. Regulations to protect water resources, as well as changes in customer and consumer expectations, could have an impact on our raw material and product portfolio. Restrictions on disposable and, in particular, non-recyclable plastic packaging, as well as increasing requirements for distributors and manufacturers of plastic packaging, for example in the context of "extended producer responsibility," and also those governing the use of recyclate and the recyclability of packaging, could have an impact on the marketability and profitability of the current product and packaging portfolio.

For further information on our strategies and measures and relevant metrics and indicators, please refer to our Sustainability Report 2024.

Measures: We take specific measures to minimize these risks (see the measures described under legal and regulatory risks on pages 194 to 197), and organize appropriate auditing, advisory and training activities. We continually update these preventive measures in order to properly safeguard our assets and reputation. We ensure compliance with high technical standards, rules of conduct, and relevant statutory requirements as a further means of preserving our assets, and make sure that our corporate values – one of which is sustainability – are put into practice. We have established comprehensive monitoring systems and a holistic, global crisis management system to manage extreme weather incidents or other crises, with defined protection strategies in place at all our sites and for all employees. Protecting the physical and mental health of our employees is integral to securing our workflows. We achieve high uptake through extensive communication, information and support programs. Targeted measures to protect and promote health are implemented on the basis of employee surveys.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

We reduce potential long-term risks with the help of our comprehensive sustainability strategy, medium- and long-term targets, and the associated strategies and actions. For example, Henkel has established a net-zero plan with much broader targets for reducing emissions along the value chain. To achieve net zero, we have set targets for operational greenhouse gas emissions (Scope 1 and 2) and for indirect emissions occurring both up- and downstream in the value chain (Scope 3) for 2030 and 2045. These new targets have also been validated by the Science Based Targets initiative (SBTi), a climate action organization that supports companies in setting targets to reduce greenhouse gas emissions in line with the Paris Climate Agreement. To reduce direct emissions at our sites, we will continue to improve our energy efficiency and expand the use of energy from renewable sources to cover the remaining energy demand. In order to bring the evaluation of our CO_2 emissions in the upstream supply chain to the next level, we have launched a comprehensive engagement program for our worldwide suppliers called "Climate Connect." The program aims to advance decarbonization along the value chain of both business units through the collection of emissions data. We are also working to further increase the proportion of ingredients based on low-emission, renewable or recycled raw materials in our consumer goods and adhesive technologies. With our sustainable packaging strategy, we are contributing to emission abatement by minimizing the amount of packaging material and increasing the share of low-emission, recycled and renewable packaging alternatives. Where relevant, weather risks and geohazards are monitored separately and countermeasures are proactively put in place. Clear specifications in our standards for safety, health and the environment, as well as comprehensive programs in the business units, serve to improve the environmental compatibility of our products. With a comprehensive packaging strategy, we promote the circular economy in particular by improving the recyclability of our packaging, increasing the use of recycled plastics and developing new packaging concepts. By focusing on the central challenges of sustainable development in our research and product development, we are creating an important foundation for the future viability of our Company.

For a more detailed discussion of our strategies and measures, please refer to our Sustainability Report 2024.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Legal and regulatory risks

Description of risk: As a globally active corporation, we are exposed, in the course of our ordinary business activities, to a range of risks relating to litigations and other actions, including government agency proceedings in which we are currently involved or may become involved in the future. These risks arise, in particular, in the fields of product liability, product deficiency, competition and cartel law, infringement of proprietary rights, data protection, artificial intelligence, information security, patent law, tax law, environmental protection and legacy remediation. We also have a portfolio of industrial property rights, patents and trademarks that can be the target of attacks and infringements. We cannot exclude the likelihood of negative rulings on current litigations and further litigations being initiated in the future. Even in the case of completed proceedings, it cannot be ruled out that we will still be confronted with claims by third parties on the basis of the same facts due to long or, in some cases, absent statutory limitation periods. In addition, uncertainty in the legal environment in some regions could cause us to lose our rights with or without adequate compensation, or limit our ability to assert our rights.

As a corporation with global operations, we are particularly exposed to various environmental, health or product-/safety-related regulations, laws and guidelines that affect our business activities and processes. Our business is subject to various national rules and regulations and – within the EU – increasingly to harmonized laws applicable throughout the EU. These regulations change constantly due to political requirements and can also be tightened. The risk in these cases is that our products do not (yet) comply with these regulations and as a result are no longer marketable, or these regulations are not yet (adequately) reflected in the relevant internal systems and processes, which may impair business activities or necessitate manual remedial measures. In addition, some of our activities are subject to rules and regulations derived from approvals, licenses, certificates or permits. Our manufacturing operations are bound by rules and regulations with respect to the registration, evaluation, usage, storage, transportation and handling of certain substances and also in relation to emissions, wastewater, effluent and other waste. The construction and operation of production facilities and other plant and infrastructure are governed by framework rules and regulations, including those relating to legacy remediation. Product-specific regulations of relevance to us relate in particular to ingredients and input materials, safety in manufacturing, in the handling of products and their contents, and in the packaging and marketing of these items. The control mechanisms include statutory material-related regulations, usage prohibitions or restrictions, procedural requirements (test and inspection, identification marking, provision of warning labels, etc.), and product liability law. Violation of such regulations may lead to legal proceedings or compromise our future business activities. Consequently, major losses may also result from litigations and proceedings that exceed the insurance amounts or are not covered by our insurance policies or provisions. Potential damage to our reputation is not covered by insurance, nor is there any guarantee that Henkel will acquire adequate insurance cover at economically reasonable terms and conditions in future.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Amendments to the aforementioned regulations and further changes to the regulatory environment in our relevant markets could influence our business activities or require adjustment of our operations. Such changes might involve import and export controls, customs regulations – particularly changes planned by the future US government in that regard –, other trade regulations, including sanctions, or pricing and foreign exchange restrictions. In particular, the uncertain geopolitical situation may lead to unpredictable and potentially contradictory extraterritorial regulations, restrictions and sanctions, with the risk that it is then difficult to fulfill all relevant legal requirements at the same time for certain transactions. In addition, complex multi-disciplinary regulations may vary from country to country. This harbors the risk that a global standard cannot be implemented effectively and consistently, potentially rendering it necessary to implement multiple country-specific or regional standards. Although we monitor the political and regulatory situation in all our key markets so that we can promptly adapt potential problem areas and our business activities and processes to changes in conditions, amendments to regulations, laws and policies can have a negative impact on our business activities and processes and thus adversely affect our net assets, financial position and results of operations.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

There is also a risk that our corporate values and our ethical, compliance and sustainability requirements are not adequately mirrored by our contractual partners. Even if corresponding requirements exist for our partners in the supply chain, violations that may lead to claims by third parties or damage our reputation cannot be ruled out.

Equally, as a globally active corporation, we maintain business relations with customers in countries that are subject to export control legislation, embargoes, economic sanctions, exclusion policies or other forms of trade restriction. Changes to these regulations, new or extended sanctions, or corresponding initiatives by institutional investors or non-governmental organizations may result in restrictions being imposed on our business activities in these countries or, indirectly, in other countries, or may prevent us from acquiring or keeping customers and suppliers.

We see long-term risks, for example, in tax law developments and new requirements arising from data security-related legislation.

Measures: Our internal standards, guidelines, codes of conduct, and training measures are geared to ensuring compliance with the aforementioned statutory requirements and, for example, safeguarding our manufacturing facilities and products. These precepts have also been incorporated into our management systems and are regularly reviewed. This includes the early monitoring and evaluation of relevant statutory and regulatory requirements and changes.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Ensuring compliance with laws and regulations is an integral component of our business processes. This includes the early monitoring and evaluation of relevant statutory and regulatory requirements and changes. Henkel has further established a Group-wide compliance organization with locally and regionally responsible compliance officers led by a globally responsible General Counsel & Chief Compliance Officer, which carries out appropriate risk analyses and risk-mitigating measures, such as training courses, or initiates internal audits. Current proceedings and pending litigations are continuously recorded and monitored in a separate reporting system. Our Corporate Legal department maintains constant contact with local counsel for this purpose. Regular reports are submitted to the Management Board and oversight bodies. We conduct our own analysis and assessments – or obtain external legal opinions, if necessary – to assess risks and determine any need for provisions. This risk assessment is based predominantly on estimating the probability of occurrence and bandwidths of the potentially ensuing claims for damages. This risk assessment and potential accrual of provisions is conducted in collaboration between the business units with operational responsibility and the legal and finance departments. Appropriate provisions are accrued based on probability of occurrence. For certain legal risks, we have concluded insurance policies with coverage that we consider to be appropriate and standard for the industry. However, predicting the outcome of proceedings is fraught with considerable uncertainty, especially if a claimant is seeking substantial or unspecified damages. In view of this, we are unable to predict what obligations may arise from such litigations.

With our comprehensive approach to responsible procurement, we already promote sustainable practices and respect for human rights in our supply chain. A central element of our strategic risk management and compliance approach is our six-step Responsible Sourcing Process, which is an integral part of our procurement activities and includes pre-checks and risk assessment, review, analysis and continuous improvement both when we start collaborating with our suppliers and in a recurring cycle.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Major opportunity categories

Entrepreneurial opportunities are identified and evaluated at Group level and in the individual business units, and duly incorporated into the strategy and planning processes. We understand the opportunities presented in the following as potential future developments or events that could lead to a positive deviation from our guidance. We also assess the probabilities of price-related procurement market and financial opportunities.

Procurement market opportunities
Description of opportunities: Countervailing the procurement market risks listed on pages 181 and 182, opportunities may also arise in which the influencing factors described in this section develop in a direction that is advantageous to Henkel, resulting in lower-than-expected prices for direct and indirect materials.

Impact: Very low probability rating, possible significant impact on our earnings guidance.

Sales and market opportunities
Description of opportunities: Additional business opportunities would arise if the uncertain geopolitical and macroeconomic situation in some regions, or the economic conditions in individual sectors, develop substantially better than expected.

Impact: The opportunities described could have a medium impact on our earnings guidance.

Financial opportunities
Description of opportunities: Countervailing the currency and interest rate risks indicated under financial risks, and the risks arising from pension obligations as described on pages 185 to 188, opportunities may also arise in which the influencing factors described in this section develop in a direction that is advantageous to Henkel.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Impact: We classify financial opportunities as follows:

- Currency opportunities with a medium probability of a high impact on our earnings guidance
- Interest rate opportunities with a medium probability of a low impact on our earnings guidance
- Opportunities arising from our pension obligations with a medium probability of a high impact on our equity

Acquisition opportunities

Description of opportunities: Acquisitions are a key component of our strategy. They allow us to grow more strongly in promising markets or to gain access to new markets and technologies. In the process, we reap the benefits of both earnings and cost synergies in most cases.

Impact: Large acquisitions could have a high impact on our earnings guidance.

Research and development opportunities

Description of opportunities: Opportunities arising from our extensive, continuous innovation process are a key component of our strategy and are already accounted for in our guidance. There are additional opportunities in the event of product introductions that exceed our expectations of market acceptance, and in the development of exceptional innovations that have not yet been taken into account. They include key areas of action for sustainable development, such as climate protection and circular economy.

Impact: Innovations arising from future research and development could have a high impact on our earnings guidance.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Internal accounting control system

The internal control system represents the entirety of all systematically defined control and monitoring activities aimed at ensuring the efficacy and efficiency of business processes, appropriate reporting procedures and compliance with all laws and regulations of relevance for Henkel. Accordingly, it extends beyond the internal accounting control system (for a discussion of the internal control system, please refer to the corporate governance statement on pages 60 to 65). The following describes the main features of the internal control and risk management system in relation to our accounting processes, in accordance with Section 315 (4) German Commercial Code [HGB]. The internal control system's function is to implement relevant principles, procedures and controls so as to ensure the financial statement closing process is regulatory compliant. At Henkel, the design of the internal control system is aligned to COSO – the internationally acknowledged internal control framework – and the German audit code IDW PS 982. Within the organization of the internal control system, the Management Board assumes overall responsibility at Group level. The duly coordinated subsystems of the internal control system lie within the responsibility of the Corporate Accounting, Controlling, Group Treasury, Compliance, and Regional Finance functions. Within these functions, there are a number of integrated monitoring and control levels. These are assessed by regular and comprehensive effectiveness tests performed by our Corporate Audit function and by our corporate unit Internal Control System. Of the multifaceted control processes incorporated into the accounting process, several are important to highlight.

The basis for all our accounting processes is provided by our corporate standard "Accounting," which contains detailed accounting and reporting instructions covering all material circumstances, including clear procedures for inventory valuation or how transfer prices applicable for intragroup transactions should be determined. This corporate standard is binding on the entire Group and is regularly updated and approved by the CFO. The local Presidents and Heads of Finance of all consolidated subsidiaries must confirm their compliance with this corporate standard on an annual basis.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Further globally binding procedural instructions affecting our accounting practice are contained in our corporate standards "Treasury" and "Investments." Through appropriate organizational measures in conjunction with restrictive access to our information systems, we ensure the segregation of duties in our accounting systems between transaction entry on the one hand, and checking and approval on the other. Documentation relating to the operational accounting and closing processes ensures that important tasks – such as the reconciliation of receivables and payables on the basis of account balance confirmations – are clearly assigned. Additionally, binding authorization regulations exist governing the approval of contracts, credit notes and the like, and the principle of dual control is a mandatory requirement for all material transactions. This is also stipulated in Group-wide corporate standards. To prevent possible data losses and system failures, we regularly back up our relevant IT systems. Our security concept also includes technical system checks, manual spot checks by experienced employees, and individually aligned authorizations and access restrictions. The significant risks for Henkel and the corresponding controls with respect to the regulatory preparation of our annual and consolidated financial statements are collated in a central documentation pack. This documentation is reviewed and updated annually by the respective process owners. The established systems are also regularly reviewed to determine their improvement and optimization potential. We consider these systems to be appropriate and effective.

The accounting activities for subsidiaries included in the consolidated financial statements are performed locally by the subsidiary or through a Shared Service Center, taking the aforementioned corporate standards into account. The individual subsidiaries' financial statements are transferred to our central consolidation system and checked at corporate level for correctness. After all consolidation steps have been completed, the consolidated financial statements are prepared by Corporate Accounting in consultation with the specialist departments. Preparation of the combined management report is coordinated by Investor Relations in cooperation with each business unit and corporate function. The Management Board then draws up the consolidated financial statements and the annual financial statements of Henkel AG & Co. KGaA, and the combined management report for Henkel AG & Co. KGaA and the Group, and subsequently presents these documents to the Supervisory Board for approval.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Risks and opportunities in summary

At the time this report was prepared, there were no identifiable risks related to future developments that – separately or in combination – could endanger the existence either of Henkel AG & Co. KGaA, or a material subsidiary included in the consolidation, or the Group, as a going concern.

In the short term, we expect moderate growth in global economic output. There is, however, huge uncertainty, particularly surrounding the war in Ukraine and the Middle East conflict. Although the assessment of some risks may have changed somewhat, there has been no fundamental change to the overall risk and opportunities situation. The system of risk categorization adopted by Henkel continues to indicate that the most significant exposure currently relates to the impact of procurement market, and also sales and market risks and financial risks, to which we are responding with the countermeasures described above.

Equally, none of the identified long-term risks within the ten-year risk horizon is classified as posing a threat to the continued existence of Henkel as a going concern. Even in the unlikely event of several of these risks occurring simultaneously, the Henkel Group's solid risk profile, geographical and portfolio diversification, and store of appropriate countermeasures mean that it is not exposed to any risks that could jeopardize its continued existence as a going concern.

The Management Board remains confident that the earning power of the Group forms a solid foundation for our future business development and provides the necessary resources to leverage our opportunities.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

FORECAST

Macroeconomic development

The assessment of future global economic development is based on data provided by S&P Global Market Intelligence.

Overview:
Gross domestic product growth of approximately 2.5 percent
Following the moderate growth momentum over the past fiscal year, growth of approximately 2.5 percent is again forecasted for global economic output in 2025. Global economic development is likely to continue to be characterized by elevated inflation rates in the coming year and by persisting geopolitical uncertainties – not least against the background of the war in Ukraine and the conflict in the Middle East.

Gross domestic product is expected to grow by around 1 percent in Europe. An increase of approximately 2 percent is forecasted for both North America and Latin America. Economic output is expected to expand by approximately 4.5 percent in the IMEA region and approximately 3.5 percent in the Asia-Pacific region.

Inflation:
Globally declining inflationary pressure
S&P Global Market Intelligence expects global inflation to be approximately 3.5 percent in 2025 – which would be lower than the previous year (approximately 4.5 percent) but still high on average. Inflation is forecasted to be approximately 3 percent in Europe and North America. Prices in the IMEA region are expected to increase by around 10 percent. Inflation is forecasted to be approximately 7 percent in Latin America. In the Asia-Pacific region, prices are expected to increase by approximately 1.5 percent.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Direct materials:
Price levels to remain elevated overall
We expect an increase in the low to mid-single-digit percentage range in prices for direct materials (raw materials, packaging and purchased goods and services) in 2025 compared to the previous year's average. Energy and labor costs, among other things, are expected to remain elevated – accompanied by continued high uncertainty surrounding future global economic and geopolitical developments.

Currencies:
Continued high volatility
We anticipate continued high volatility in the currency markets. On average for 2025, we anticipate a largely negative trend in the major emerging market currencies of relevance for Henkel compared to 2024. We expect the US dollar to strengthen versus the euro.

Development by sector

Consumption and retail:
Growth of around 3 percent
S&P Global Market Intelligence forecasts that global private consumption will increase again by around 3 percent in 2025. Private spending is expected to grow by approximately 1.5 percent in Europe and by approximately 2.5 percent in North America. Private consumption is forecasted to increase by around 5 percent in the IMEA region and by approximately 2 percent in Latin America. Growth of around 3 percent is expected in the Asia-Pacific region.

Industrial production index:
Increase of approximately 2 percent
S&P Global Market Intelligence expects the industrial production index (IPX) to increase by approximately 2 percent worldwide. Slight growth of approximately 1 percent and 0.5 percent is forecasted for Europe and North America respectively. An increase of around 4 percent and approximately 3.5 percent is expected in the IMEA and Asia-Pacific regions respectively. Industrial production is expected to increase by approximately 2 percent in Latin America.

ank=20250703;2025070708482

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Outlook for the Henkel Group in 2025

Following moderate growth momentum in 2024 in a persistently – although easing – inflationary environment, moderate growth in global economic output is again anticipated for 2025. This assumes a moderate increase in both industrial demand and consumer demand in key areas of the consumer goods business for Henkel. Furthermore, based on current estimates, global inflation is expected to continue to abate in fiscal 2025 compared to previous years, with interest rates also expected to fall.

We expect prices for direct materials to increase by a low to mid-single-digit percentage range versus the annual average for 2024. We also expect energy and labor costs to remain at elevated levels. We will counteract these headwinds in both business units through innovations and selective price increases combined with strict cost discipline. We also anticipate further savings from the merger of our consumer businesses.

We expect acquisitions and divestments to have a negative effect in the low single-digit percentage range on the growth of nominal sales of the Henkel Group.

We expect the translation of sales in foreign currencies to have a neutral to negative effect in the low single-digit percentage range.

In light of these factors, we issue the following guidance for the business performance of the Henkel Group and the two business units in 2025:

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Guidance 2025

	Guidance 2025
Organic sales growth	
Henkel Group:	1.5 to 3.5 percent
Adhesive Technologies:	2.0 to 4.0 percent
Consumer Brands:	1.0 to 3.0 percent
Adjusted[1] return on sales (adjusted EBIT margin)	
Henkel Group:	14.0 to 15.5 percent
Adhesive Technologies:	16.0 to 17.5 percent
Consumer Brands:	13.5 to 15.0 percent
Development of adjusted[1] earnings per preferred share at constant exchange rates	Increase in the low- to high-single-digit percentage range

[1] Adjusted for one-time expenses and income, and for restructuring expenses.

Furthermore, we have the following expectations for 2025:

- Restructuring expenses of 200 to 250 million euros
- Cash outflows from investments in property, plant and equipment and intangible assets of between 650 and 750 million euros

Dividend

In accordance with our dividend policy and depending on the Company's asset and profit positions and its financial requirements, we expect a dividend payout by Henkel AG & Co. KGaA for fiscal 2024 in the range of 30 to 40 percent of net income after non-controlling interests and adjusted for exceptional items.

ank=20250703;2025070708483

CONSOLIDATED FINANCIAL STATEMENTS

209 Consolidated statement of financial position

211 Consolidated statement of income

212 Consolidated statement of comprehensive income

213 Consolidated statement of changes in equity

215 Consolidated statement of cash flows

217 Notes to the consolidated financial statements – Group segment report by business unit

219 Notes to the consolidated financial statements – Key financials by region

220 Notes to the consolidated financial statements – Accounting principles and methods applied in preparation of the consolidated financial statements

241 Notes to the consolidated financial statements – Notes to the consolidated statement of financial position

243 Goodwill and other intangible assets
249 Property, plant and equipment
254 Other financial assets
255 Other assets
256 Deferred taxes
256 Inventories
258 Trade accounts receivable
259 Cash and cash equivalents
260 Assets and liabilities held for sale
262 Issued capital
264 Capital reserve
264 Treasury shares
265 Retained earnings
265 Other components of equity
265 Non-controlling interests
266 Provisions for pensions and similar obligations

278 Other provisions
280 Borrowings
281 Other financial liabilities
282 Other liabilities
283 Trade accounts payable
284 Income tax liabilities
284 Financial instruments report

321 Notes to the consolidated financial statements – Notes to the consolidated statement of income

321 Sales and principles of revenue recognition
322 Cost of sales
323 Marketing, selling and distribution expenses
323 Research and development expenses
323 Administrative expenses
324 Other operating income
324 Other operating expenses
325 Financial result
326 Taxes on income
331 Non-controlling interests

332 Notes to the consolidated financial statements – Other disclosures

332 Reconciliation of adjusted net income
334 Payroll cost and employee structure
335 Share-based payment plans
341 Group segment reporting by business unit and by region
346 Earnings per share
347 Consolidated statement of cash flows
352 Contingent liabilities
352 Other unrecognized financial commitments
353 Shareholdings in the capital of Henkel AG & Co. KGaA/ Voting rights notifications
354 Related party disclosures
355 Exercise of exemption options
355 Remuneration of the corporate bodies
359 Declaration of compliance with the Corporate Governance Code
359 Subsidiaries and other investments
360 Auditor's fees and services

361 Notes to the consolidated financial statements – Subsequent events

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

363 Corporate bodies of Henkel AG & Co. KGaA

ank=20250703;2025070708484

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

in million euros	Note	Dec. 31, 2023[1]	%	Dec. 31, 2024	%
Goodwill	1	13,602	42.9	**14,992**	**42.5**
Other intangible assets	1	3,381	10.7	**3,789**	**10.7**
Property, plant and equipment	2	3,736	11.8	**3,802**	**10.8**
Other financial assets	3	275	0.9	**232**	**0.7**
Other assets	4	272	0.9	**305**	**0.9**
Deferred tax assets	5	1,178	3.7	**1,115**	**3.2**
Non-current assets		**22,443**	**70.7**	**24,235**	**68.7**
Inventories	6	2,445	7.7	**2,568**	**7.3**
Trade accounts receivable	7	3,470	10.9	**3,530**	**10.0**
Other financial assets	3	552	1.7	**1,138**	**3.2**
Income tax refund claims		266	0.8	**287**	**0.8**
Other assets	4	500	1.6	**451**	**1.3**
Cash and cash equivalents	8	1,951	6.1	**2,889**	**8.2**
Assets held for sale	9	100	0.3	**168**	**0.5**
Current assets		**9,285**	**29.3**	**11,031**	**31.3**
Total assets		**31,727**	**100.0**	**35,267**	**100.0**

[1] Amended following the updated allocation of the purchase price for the shares in Composite Technology Intermediate, Inc.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Equity and liabilities

in million euros	Note	Dec. 31, 2023[1]	%	Dec. 31, 2024	%
Issued capital	10	438	1.4	**438**	**1.2**
Capital reserve	11	652	2.1	**652**	**1.8**
Treasury shares	12	-1,054	-3.3	**-1,052**	**-3.0**
Retained earnings	13	21,363	67.3	**22,619**	**64.1**
Other components of equity	14	-1,478	-4.7	**-926**	**-2.6**
Equity attributable to shareholders of Henkel AG & Co. KGaA		**19,922**	**62.8**	**21,732**	**61.6**
Non-controlling interests	15	77	0.2	**90**	**0.3**
Equity		**19,999**	**63.0**	**21,822**	**61.9**
Provisions for pensions and similar obligations	16	535	1.7	**569**	**1.6**
Other provisions	17	301	0.9	**329**	**0.9**
Borrowings	18	1,860	5.9	**2,049**	**5.8**
Other financial liabilities	19	530	1.7	**610**	**1.7**
Other liabilities	20	77	0.2	**57**	**0.2**
Deferred tax liabilities	5	669	2.1	**741**	**2.1**
Non-current liabilities		**3,972**	**12.5**	**4,356**	**12.4**
Other provisions	17	2,230	7.0	**2,165**	**6.1**
Borrowings	18	409	1.3	**1,527**	**4.3**
Trade accounts payable	21	4,075	12.8	**4,241**	**12.0**
Other financial liabilities	19	209	0.7	**282**	**0.8**
Other liabilities	20	406	1.3	**398**	**1.1**
Income tax liabilities	22	428	1.3	**467**	**1.3**
Liabilities held for sale	9	–	–	**8**	**0.0**
Current liabilities		**7,756**	**24.4**	**9,089**	**25.8**
Total equity and liabilities		**31,727**	**100.0**	**35,267**	**100.0**

[1] Amended following the updated allocation of the purchase price for the shares in Composite Technology Intermediate, Inc.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

CONSOLIDATED STATEMENT OF INCOME

in million euros	Note	2023	%	2024	%	+/-
Sales	24	**21,514**	**100.0**	**21,586**	**100.0**	**0.3%**
Cost of sales	25	-11,853	-55.1	**-10,765**	**-49.9**	-9.2%
Gross profit		**9,661**	**44.9**	**10,820**	**50.1**	**12.0%**
Marketing, selling and distribution expenses	26	-5,764	-26.8	**-6,132**	**-28.4**	6.4%
Research and development expenses	27	-587	-2.7	**-634**	**-2.9**	8.0%
Administrative expenses	28	-1,102	-5.1	**-1,176**	**-5.4**	6.7%
Other operating income	29	127	0.6	**111**	**0.5**	-12.9%
Other operating expenses	30	-324	-1.5	**-159**	**-0.7**	-50.9%
Operating profit (EBIT)		**2,011**	**9.3**	**2,831**	**13.1**	**40.8%**
Interest income		73	0.3	**101**	**0.5**	38.5%
Interest expense		-106	-0.5	**-113**	**-0.5**	6.9%
Other financial result		-90	-0.4	**-96**	**-0.4**	7.4%
Investment result		0	0.0	**0**	**0.0**	>100%
Financial result	31	**-122**	**-0.6**	**-108**	**-0.5**	**-11.8%**
Income before tax		**1,888**	**8.8**	**2,723**	**12.6**	**44.2%**
Taxes on income	32	-549	-2.6	**-691**	**-3.2**	25.9%
Tax rate in %		29.1		**25.4**		
Net income		**1,340**	**6.2**	**2,032**	**9.4**	**51.7%**
Attributable to non-controlling interests	33	22	0.1	**25**	**0.1**	14.8%
Attributable to shareholders of Henkel AG & Co. KGaA		1,318	6.1	**2,007**	**9.3**	52.3%
Earnings per ordinary share – basic and diluted in euros		3.13		**4.78**		52.7%
Earnings per preferred share – basic and diluted in euros		3.15		**4.80**		52.4%

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

See Notes 16 and 23 for further explanatory information

in million euros	2023	2024
Net income	**1,340**	**2,032**
Results subject to possible future reclassification:		
Exchange differences on translation of foreign operations and inflation adjustments according to IAS 29	-409	**622**
Gains/losses from derivative financial instruments (Hedge reserve)	-48	**-81**
Gains/losses from debt instruments	-0	**0**
Income taxes on these items	13	**22**
Results not subject to future reclassification:		
Remeasurement of net liability from defined benefit pension plans	-174	**-8**
Gains/losses from equity instruments	1	**-8**
Income taxes on these items	65	**10**
Other comprehensive income (net of taxes)	**-552**	**559**
Total comprehensive income for the period	**788**	**2,591**
Attributable to non-controlling interests	16	**29**
Attributable to shareholders of Henkel AG & Co. KGaA	772	**2,562**

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

See Notes 10 to 15 for further explanatory information

	Issued capital					Other components of equity					
in million euros	Ordinary shares	Preferred shares	Capital reserve	Treasury shares	Retained earnings	Currency translation reserve	Hedge reserve	Reserve for equity and debt instruments	Share-holders of Henkel AG & Co. KGaA	Non-controlling interests	Total
At January 1, 2023	**260**	**178**	**652**	**-870**	**20,903**	**-925**	**-135**	**20**	**20,083**	**74**	**20,157**
Net income	–	–	–	–	1,318	–	–	–	1,318	22	**1,340**
Other comprehensive income (net of taxes)	–	–	–	–	-109	-402	-36	0	-546	-6	**-552**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**1,209**	**-402**	**-36**	**0**	**772**	**16**	**788**
Dividends	–	–	–	–	-771	–	–	–	-771	-12	**-783**
Share-based payments	–	–	–	–	24	–	–	–	24	–	**24**
Changes in ownership interest with no change in control	–	–	–	–	–	–	–	–	–	–	**–**
Purchase of treasury shares	–	–	–	-186	–	–	–	–	-186	–	**-186**
Use of treasury shares	–	–	–	3	1	–	–	–	4	–	**4**
Other changes in equity	–	–	–	–	-3	–	–	–	-3	–	**-3**
Equity transactions with shareholders	**–**	**–**	**–**	**-183**	**-748**	**–**	**–**	**–**	**-932**	**-12**	**-944**
At December 31, 2023	**260**	**178**	**652**	**-1,054**	**21,363**	**-1,327**	**-171**	**20**	**19,922**	**77**	**19,999**

TABLE CONTINUED ON NEXT PAGE

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

	Issued capital					Other components of equity					
in million euros	Ordinary shares	Preferred shares	Capital reserve	Treasury shares	Retained earnings	Currency translation reserve	Hedge reserve	Reserve for equity and debt instruments	Share-holders of Henkel AG & Co. KGaA	Non-controlling interests	Total
At January 1, 2024	**260**	**178**	**652**	**-1,054**	**21,363**	**-1,327**	**-171**	**20**	**19,922**	**77**	**19,999**
Net income	–	–	–	–	2,007	–	–	–	2,007	25	**2,032**
Other comprehensive income (net of taxes)	–	–	–	–	2	618	-59	-8	555	4	**559**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**2,010**	**618**	**-59**	**-8**	**2,562**	**29**	**2,591**
Dividends	–	–	–	–	-771	–	–	–	-771	-18	**-788**
Share-based payments	–	–	–	–	18	–	–	–	18	–	**18**
Changes in ownership interest with no change in control	–	–	–	–	–	–	–	–	–	–	**–**
Purchase of treasury shares	–	–	–	–	–	–	–	–	–	–	**–**
Use of treasury shares	–	–	–	2	0	–	–	–	2	–	**2**
Other changes in equity	–	–	–	–	1	–	–	–	1	1	**2**
Equity transactions with shareholders	**–**	**–**	**–**	**2**	**-751**	**–**	**–**	**–**	**-750**	**-17**	**-766**
At December 31, 2024	**260**	**178**	**652**	**-1,052**	**22,619**	**-709**	**-229**	**12**	**21,732**	**90**	**21,822**

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

CONSOLIDATED STATEMENT OF CASH FLOWS

See Note 39 for further explanatory information

in million euros	2023	2024
Operating profit (EBIT)	**2,011**	**2,831**
Income taxes paid	-505	**-574**
Amortization/depreciation/impairment/write-ups of intangible assets, property, plant and equipment, and assets held for sale	918	**826**
Gains/losses on disposal of intangible assets and property, plant and equipment, and from divestments	205	**6**
Change in inventories	605	**-122**
Change in trade accounts receivable	47	**-50**
Change in other assets	122	**82**
Change in trade accounts payable	-468	**187**
Change in other liabilities, provisions and equity items	320	**-64**
Cash flow from operating activities	**3,255**	**3,120**
Purchase of intangible assets and property, plant and equipment, including payments on account	-608	**-626**
Acquisition of subsidiaries and other business units (net of cash and cash equivalents acquired)	-513	**-1,333**
Acquisition of associates and other investments	-16	**-13**
Proceeds on disposal of subsidiaries, other business units and investments (net of cash and cash equivalents disposed)	368	**92**
Proceeds on disposal of intangible assets and property, plant and equipment	17	**16**
Interest received	57	**86**
Change in other financial assets	10	**-552**
Cash flow from investing activities	**-684**	**-2,330**
Dividends paid to shareholders of Henkel AG & Co. KGaA	-771	**-771**
Dividends paid to non-controlling shareholders	-12	**-18**
Interest paid[1]	-101	**-103**
Dividends and interest paid	*-884*	***-892***

TABLE CONTINUED ON NEXT PAGE

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

in million euros	2023	2024
Repayment of bonds	-312	–
Issuance of long-term bank loans	–	**244**
Other changes in borrowings	-274	**979**
Redemption of lease liabilities	-146	**-146**
Allocations to pension funds	-58	**-51**
Other changes in pension obligations	129	**16**
Payments for the acquisition of treasury shares	-195	–
Other financing transactions	-14	**21**
Cash flow from financing activities	**-1,754**	**171**
Net change in cash and cash equivalents	817	**961**
Effect of exchange rates on cash and cash equivalents and inflation adjustments according to IAS 29	-89	**-23**
Change in cash and cash equivalents	**728**	**938**
Cash and cash equivalents at January 1	1,088	**1,951**
Change in cash and cash equivalents classified as held for sale	135	–
Cash and cash equivalents at December 31	**1,951**	**2,889**

Additional voluntary information: Reconciliation to free cash flow

in million euros	2023	2024
Cash flow from operating activities	3,255	**3,120**
Purchase of intangible assets and property, plant and equipment, including payments on account	-608	**-626**
Redemption of lease liabilities	-146	**-146**
Proceeds on disposal of intangible assets and property, plant and equipment	17	**16**
Net interest paid	-45	**-17**
Other changes in pension obligations	129	**16**
Free cash flow	**2,603**	**2,362**

[1] Including interest paid in connection with lease liabilities.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GROUP SEGMENT REPORT BY BUSINESS UNIT

in million euros	Adhesive Technologies	Consumer Brands	Operating business units total	Corporate	Henkel Group
Sales 2024	**10,970**	**10,467**	**21,437**	**149**	**21,586**
Proportion of Henkel Group sales	51%	48%	**99%**	1%	**100%**
Sales 2023	10,790	10,565	**21,355**	159	**21,514**
Change versus previous year	1.7%	-0.9%	**0.4%**	-5.8%	**0.3%**
Adjusted for foreign exchange	3.5%	0.9%	**2.2%**	–	**2.1%**
Organic	2.4%	3.0%	**2.6%**	–	**2.6%**
Operating profit (EBIT) 2024	**1,715**	**1,276**	**2,992**	**-161**	**2,831**
Operating profit (EBIT) 2023	1,423	753	**2,176**	-165	**2,011**
Change versus previous year	20.6%	69.4%	**37.5%**	–	**40.8%**
Return on sales (EBIT margin) 2024	**15.6%**	**12.2%**	**14.0%**	–	**13.1%**
Return on sales (EBIT margin) 2023	13.2%	7.1%	**10.2%**	–	**9.3%**
Adjusted operating profit (adjusted EBIT) 2024	**1,817**	**1,419**	**3,236**	**-147**	**3,089**
Adjusted operating profit (adjusted EBIT) 2023	1,584	1,115	**2,699**	-144	**2,556**
Change versus previous year	14.7%	27.2%	**19.9%**	–	**20.9%**
Adjusted return on sales (adjusted EBIT margin) 2024	**16.6%**	**13.6%**	**15.1%**	–	**14.3%**
Adjusted return on sales (adjusted EBIT margin) 2023	14.7%	10.6%	**12.6%**	–	**11.9%**
Capital employed 2024[1]	**10,435**	**11,490**	**21,925**	**88**	**22,013**
Capital employed 2023[1]	9,674	11,592	**21,266**	116	**21,382**
Change versus previous year	7.9%	-0.9%	**3.1%**	–	**3.0%**

TABLE CONTINUED ON NEXT PAGE

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

in million euros	Adhesive Technologies	Consumer Brands	Operating business units total	Corporate	Henkel Group
Return on capital employed (ROCE) 2024	**16.4%**	**11.1%**	**13.6%**	**–**	**12.9%**
Return on capital employed (ROCE) 2023	14.7%	6.5%	**10.2%**	**–**	**9.4%**
Adjusted return on capital employed (adjusted ROCE) 2024	**17.4%**	**12.3%**	**14.8%**	**–**	**14.0%**
Adjusted return on capital employed (adjusted ROCE) 2023	16.4%	9.6%	**12.7%**	**–**	**12.0%**
Amortization/depreciation/impairment/write-ups of intangible assets and property, plant and equipment and assets held for sale 2024[2]	**376**	**429**	**805**	**21**	**826**
Of which impairment 2024	**31**	**97**	**128**	**1**	**129**
Of which write-ups 2024	**-2**	**-10**	**-13**	**–**	**-13**
Amortization/depreciation/impairment/write-ups of intangible assets and property, plant and equipment and assets held for sale 2023[2]	344	550	**894**	24	**918**
Of which impairment 2023	17	198	**215**	2	**218**
Of which write-ups 2023	–	-2	**-2**	–	**-2**
Additions to non-current assets 2024	**1,501**	**672**	**2,172**	**29**	**2,202**
Additions to non-current assets 2023	828	379	**1,207**	12	**1,219**
Operating assets 2024[3]	**13,911**	**16,264**	**30,175**	**525**	**30,700**
Operating liabilities 2024	**3,864**	**4,634**	**8,499**	**437**	**8,935**
Net operating assets 2024[3]	**10,046**	**11,630**	**21,676**	**88**	**21,764**
Operating assets 2023[3]	12,897	16,687	**29,584**	551	**30,135**
Operating liabilities 2023	3,697	4,957	**8,654**	435	**9,089**
Net operating assets 2023[3]	9,200	11,729	**20,929**	116	**21,046**

[1] Including goodwill at cost prior to any accumulated impairment.
[2] Including depreciation, impairment and write-ups of right-of-use assets.
[3] Including goodwill at net carrying amounts.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

KEY FINANCIALS BY REGION

Additional voluntary information

in million euros	Europe	IMEA	North America	Latin America	Asia-Pacific	Corporate	Henkel Group
Sales 2024[1]	**8,048**	**2,289**	**6,029**	**1,636**	**3,434**	**149**	**21,586**
Sales 2023[1]	8,270	2,071	6,073	1,681	3,260	159	21,514
Change versus previous year	-2.7%	10.5%	-0.7%	-2.7%	5.4%	–	0.3%
Organic	0.9%	18.7%	-1.1%	1.6%	4.9%	–	2.6%
Proportion of Group sales 2024	**37%**	**11%**	**28%**	**8%**	**16%**	**1%**	**100%**
Proportion of Group sales 2023	38%	10%	28%	8%	15%	1%	100%
Adjusted operating profit (adjusted EBIT) 2024[2]	**1,579**	**213**	**650**	**203**	**591**	**-147**	**3,089**
Adjusted operating profit (adjusted EBIT) 2023[2]	1,328	195	515	184	477	-144	2,556
Change versus previous year	18.9%	9.1%	26.2%	10.3%	23.9%	–	20.9%
Adjusted return on sales (adjusted EBIT margin) 2024[2]	**19.6%**	**9.3%**	**10.8%**	**12.4%**	**17.2%**	**–**	**14.3%**
Adjusted return on sales (adjusted EBIT margin) 2023[2]	16.1%	9.4%	8.5%	11.0%	14.6%	–	11.9%

[1] By location of company.

[2] Effective from fiscal 2024, the regional development is presented based on adjusted operating profit (adjusted EBIT) and adjusted return on sales (adjusted EBIT margin). To improve the comparability of profitability in the regions, the presentation of intragroup charges has been amended.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

ACCOUNTING PRINCIPLES AND METHODS APPLIED IN PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

General information

Henkel AG & Co. KGaA (Düsseldorf Regional Court, HRB 4724) is the parent company of the Henkel Group. Its registered office is Henkelstrasse 67, 40589 Düsseldorf, Germany. The Group is organized in two operational business units – Adhesive Technologies and Consumer Brands. Details of the business units' activities are discussed in the notes to the consolidated financial statements, Note 37, on pages 341 to 345 and the combined management report on pages 93 to 95.

The consolidated financial statements of Henkel AG & Co. KGaA as of December 31, 2024, have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted per Regulation number 1606/2002 of the European Parliament and the Council on the application of international accounting standards in the European Union, and in compliance with Section 315e German Commercial Code [HGB]. The financial statements are based on the going concern principle. The consolidated financial statements are published in the commercial register.

The individual financial statements of the companies included in the consolidation have been prepared as of the same accounting date, December 31, 2024, as that of Henkel AG & Co. KGaA.

Members of the PwC organization or other independent firms of auditors instructed accordingly have audited the financial statements of the material companies included in the consolidation. The Management Board of Henkel Management AG – which is the Personally Liable Partner of Henkel AG & Co. KGaA – prepared the consolidated financial statements on February 7, 2025 and approved them for forwarding to the Supervisory Board and for publication.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The functional currency of Henkel AG & Co. KGaA and the reporting currency of the Group is the euro. Unless otherwise indicated, all amounts are shown in million euros. All individual figures have been rounded. Addition may therefore result in deviations from the totals indicated. In order to improve the clarity and informative value of the consolidated financial statements, certain items are combined in the consolidated statement of financial position, the consolidated statement of income and the consolidated statement of comprehensive income, and then shown separately in the notes.

Scope of consolidation

In addition to Henkel AG & Co. KGaA as the ultimate parent company, the consolidated financial statements at December 31, 2024 include 13 German and 192 non-German companies in which Henkel AG & Co. KGaA has a dominating influence over financial and operating policies, based on the concept of control. The Group controls a company when it is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. Companies in which the stake held represents less than half of the voting rights are fully consolidated if Henkel AG & Co. KGaA controls them, as defined in IFRS 10 (Consolidated Financial Statements), through contractual agreements or the right to appoint corporate bodies.

Henkel AG & Co. KGaA prepares the consolidated financial statements for the largest and the smallest groups of companies to which Henkel AG & Co. KGaA and its subsidiaries belong.

The following table shows the changes to the scope of consolidation in fiscal 2024 and in the previous year:

Scope of consolidation

	2023	2024
At January 1	**201**	**197**
Additions	14	**30**
Mergers	-9	**-14**
Disposals	-9	**-7**
At December 31	**197**	**206**

Details of the acquisitions and divestments made in the fiscal year can be found in the section "Acquisitions and divestments" below. The remaining changes to the scope of consolidation have no significant impact on the material items of the consolidated financial statements.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Subsidiaries which are of secondary importance to the Group and to the presentation of a true and fair view of our net assets, financial position and results of operations due to their inactivity or low level of activity are generally not included in the consolidated financial statements. For simplification purposes, investments in these subsidiaries are recognized at cost less any impairment. The total assets of these companies represent less than 1 percent of the Group's total assets; their total sales and income (net of taxes) are also less than 1 percent of the Group totals.

Acquisitions and divestments

Acquisitions

Effective April 2, 2024, Henkel acquired all shares in Seal for Life Industries Intermediate Co., USA, Seal for Life Global Dutch Holding B.V., Netherlands, and SFL Canusa Canada Ltd., Canada, in the Adhesive Technologies business unit. These acquired companies, together with their subsidiaries, operate globally under the name Seal for Life and are specialized in protective coatings and sealing solutions in a broad variety of infrastructure markets such as renewable energies, oil, gas and water. The acquisition is intended to strengthen our global position and expand our range of solutions for maintenance, repair and overhaul. The purchase price, including external liabilities repaid as of the transaction date, was 1,099 million euros and was paid in cash. The provisional goodwill acquired represents the growth potential of the businesses purchased, as well as both offensive and defensive synergies resulting from acquisition. Most of the goodwill is not tax-deductible.

The provisional fair values of the acquired assets and liabilities were determined by the contracts and available opening balances on the relevant acquisition date.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Acquisition of Seal for Life 2024

in million euros	Fair value
Goodwill	755
Other intangible assets	281
Property, plant and equipment	50
Other non-current assets	13
Non-current assets	**1,099**
Inventories	47
Trade accounts receivable	37
Cash and cash equivalents	16
Other current assets	6
Current assets	**105**
Total assets	**1,204**
Net assets	**1,099**
Deferred tax liabilities	54
Other non-current liabilities	10
Non-current liabilities	**64**
Other current provisions/liabilities	25
Trade accounts payable	16
Current liabilities	**41**
Total equity and liabilities	**1,204**

Reconciliation of the purchase price to provisional goodwill

in million euros	2024
Acquisition of Seal for Life	
Purchase price	1,099
Fair value of the acquired assets and liabilities (provisional)	344
Provisional goodwill	**755**

If Henkel had completed the acquisition of Seal for Life effective January 1, 2024, and the business activities had thus been included in the consolidated financial statements since that date, these activities would have contributed 232 million euros to sales and, taking into account incidental acquisition costs, 12 million euros to net income for the reporting period of January 1 to December 31, 2024. The actual contributions of the business in the year under review were 183 million euros to sales and 8 million euros to net income, factoring in the incidental acquisition costs. Incidental acquisition costs amounted to 17 million euros.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Effective April 30, 2024, we also completed the acquisition of the Vidal Sassoon brand and the related consumer hair care business in China in the Consumer Brands business unit. The purchase price paid in cash on completion of the transaction was 252 million euros. In addition, a liability for a contingent purchase price payment was recognized at its fair value of 29 million euros, with this payment essentially tied to the fulfillment of contractually defined services by the seller during a transitional services phase. Further information regarding the determination of the fair value of this liability and the scope of future payments is provided in Note 23 on pages 284 to 320.

The determination of the purchase price and the allocation of the purchase price to the acquired assets and liabilities in accordance with IFRS 3 (Business Combinations) for the shares in Seal for Life and the consumer hair care business in China acquired in fiscal 2024 have not yet been finalized, as certain information relevant to the measurement is not yet available. Also and above all, determination of the fair value of the other intangible assets, provisions and deferred taxes, and the resulting goodwill from the acquisition, has not yet been finalized. The process of determining fair values requires discretionary judgments when making corresponding assumptions and estimates. These preliminary estimates are based on currently available information and will be updated during the measurement period, which may not exceed twelve months from the acquisition date, based on valuations performed by independent third parties, additionally available information and further analysis.

Divestments

Active portfolio management continues to be an essential element in determining the future strategic direction of the Henkel Group. Both the acquisition and sale of trademark rights and businesses are integral to our strategy. As part of this strategy, we divested the global metal packaging coatings business in the Adhesive Technologies business unit effective October 1, 2024. We also made a number of small divestments in both business units in fiscal 2024. These divestments did not have a material effect on the net assets, financial position and results of operations.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Consolidation methods

The financial statements of Henkel AG & Co. KGaA and of the subsidiaries included in the consolidated financial statements were prepared on the basis of uniformly valid principles of recognition and measurement, applying the standardized year-end date adopted by the Group. Such entities are included in the consolidated financial statements as of the date on which the Group obtained control.

All intragroup receivables and liabilities, sales, income and expenses, as well as intragroup profits on transfers of non-current assets or inventories, are eliminated on consolidation.

The purchase method is used for capital consolidation. In business combinations, therefore, all hidden reserves and hidden charges in the entity acquired are revalued at the time of acquisition, and all identifiable intangible assets are separately recognized if they are clearly separable or if their recognition arises from a contractual or other legal right. Any difference arising between the acquisition cost and the (share of) net assets after purchase price allocation is recognized as goodwill. The goodwill attributable to subsidiaries is measured in the functional currency of the subsidiary.

Entities acquired are included in the consolidation for the first time as subsidiaries by offsetting the carrying amount of the respective parent company's investment in them against their assets and liabilities. Contingent consideration is recognized at fair value as of the date of first-time consolidation. Subsequent changes in value do not result in an adjustment to the valuation at the time of acquisition. Incidental costs relating to the acquisition of participating interests in entities are not included in the purchase price. Instead, they are recognized through profit or loss in the period in which they occur.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

In the recognition of acquisitions of less than 100 percent of the shares in a company, non-controlling interests are measured at the fair value of the proportion of net assets that they represent. The Henkel Group uses the present access method to recognize put options granted on non-controlling interests, unless the acquisition of the outstanding non-controlling interests has already been realized from an economic viewpoint. This method requires the recognition of a financial liability, remeasured through equity, for the commitment associated with the put option granted. The non-controlling interests continue to be recognized in the statement of financial position and the statement of comprehensive income. Minority interests that have already been economically acquired are recognized using the anticipated acquisition method. Unlike the present access method, non-controlling interests are in this case not recognized in the statement of financial position and the statement of comprehensive income.

Changes in the shareholdings of subsidiary companies resulting in a decrease or an increase in the participating interests of the Group without loss of control are recognized directly in equity as transactions with shareholders.

As soon as the control of a subsidiary is lost, all the assets and liabilities and the non-controlling interests, and also the accumulated currency translation gains or losses, are derecognized. In the event that Henkel continues to own non-controlling interests in the non-consolidated entity, these are measured at fair value. The result of deconsolidation is recognized under other operating income or expenses.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Associates

An associate is a company over which the Group can exercise significant influence on the financial and operating policies without having control. Significant influence is generally presumed when the Group holds 20 percent or more of the voting rights. Where a Group company conducts transactions with an associate, the resulting profits or losses are eliminated in accordance with the share of the Group in that company.

As a rule, shares in associates are recognized using the equity method. For simplification purposes, investments in associated companies that are less relevant for the Group and for the presentation of a fair view of its net assets, financial position and results of operations, are recognized at cost less any impairment.

As of December 31, 2024, the Henkel Group did not hold any stakes in associated companies that were accounted for using the equity method.

Currency translation

General principles

The annual financial statements, including the hidden reserves and hidden charges of Group companies recognized by the purchase method, goodwill arising on consolidation, and the statement of cash flows, are translated into euros using the functional currency method outlined in IAS 21 The Effects of Changes in Foreign Exchange Rates. The functional currency is the currency in which a foreign company predominantly generates funds and makes payments. The functional currency of the Group companies is generally the local currency of the company concerned. Assets and liabilities of subsidiaries of which the functional currency is not the currency of a hyperinflationary economy are translated at closing rates, while income and expenses are translated at the average rates for the year as an approximation of the actual rates at the date of the transaction. Equity items are recognized at historical exchange rates. The differences arising from using average rather than closing rates are taken to equity and shown as other components of equity, or as non-controlling interests, and remain neutral in respect of net income until the shares in the Group company are divested.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

In the subsidiaries' annual financial statements, transactions in foreign currencies are converted at the rates prevailing at the time of the transaction. Financial assets and liabilities in foreign currencies are measured at closing rates through profit or loss. For the main currencies in the Group, the following exchange rates have been used based on 1 euro:

Currencies

		Average exchange rate		Exchange rate on December 31	
	ISO code	2023	2024	2023	2024
Chinese yuan	CNY	7.66	**7.79**	7.85	**7.58**
Mexican peso	MXN	19.18	**19.82**	18.72	**21.55**
Polish zloty	PLN	4.54	**4.31**	4.34	**4.28**
Turkish lira	TRY	25.76	**35.57**	32.65	**36.74**
US dollar	USD	1.08	**1.08**	1.11	**1.04**

Financial reporting in hyperinflationary economies

Financial statements of subsidiaries of which the functional currency is the currency of a hyperinflationary economy as defined in IAS 29 (Financial Reporting in Hyperinflationary Economies) must be restated for the change in purchasing power resulting from inflation prior to conversion into the Group currency and before consolidation. Non-monetary items on the statement of financial position that are measured at cost or amortized cost, equity, and the amounts stated on the consolidated statement of income must be indexed on the basis of a general price index and represented at current purchasing power from the time of initial recognition in the financial statements. Monetary items are not restated. Corresponding gains and losses from current inflation are recognized in financial result.

After restatement to current purchasing power, all items on the statement of financial position and all income and expenses on the consolidated statement of income are translated to the functional currency of the Group (euros) at the closing rate on the reporting date. When performing consolidation, Henkel recognizes changes resulting from the current inflation of the equity of its subsidiaries in the currency translation reserve.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Determining whether an economy is classifiable as hyperinflationary is based on qualitative and quantitative criteria, including in particular whether cumulative inflation has exceeded 100 percent over the past three years. On this basis, the Henkel Group has classified Türkiye as a hyperinflationary economy for the current and the previous reporting period and has applied IAS 29 accordingly. For the purpose of preparing the consolidated financial statements, a change of 48.4 percent in general purchasing power was assumed, with input from experts, as the actual inflation rate for the month of December 2024 was not yet available when the financial statements were being prepared. The price index published by TURKSTAT, the Turkish office of statistics, was 2,685 as of December 31, 2024. The price index stood at 1,859 as of December 31, 2023, and at 1,128 as of December 31, 2022. In fiscal 2024, a loss on the net monetary position from the adjustment to current purchasing power was recognized in the other financial result in an amount of 58 million euros (previous year: 53 million euros).

IAS 29 was not applied to subsidiaries in other economies classified as hyperinflationary due to their immaterial impact on the net assets, financial position and results of operations of the Henkel Group.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Recognition and measurement methods

Summary of selected measurement methods

Financial statement items	Measurement method
Assets	
Goodwill	Lower of initially recognized value of acquisitions per IFRS 3 and comparative figure following impairment testing at the level of the cash-generating units (impairment-only approach)
Other intangible assets	
With indefinite useful lives	Lower of cost and recoverable amount (impairment-only approach)
With definite useful lives	Amortized cost less any impairment losses
Property, plant and equipment	Depreciated cost less any impairment losses
Financial assets (categories per IFRS 9)	
Amortized cost	Amortized cost using the effective interest method
Fair value through profit or loss	Fair value with gains or losses recognized in the income statement
Fair value through other comprehensive income	Fair value with gains or losses recognized in other comprehensive income[1]
Other assets	(Amortized) cost
Inventories	Lower of cost and net realizable value
Assets held for sale	Lower of carrying amount and fair value less costs to sell

[1] Apart from impairment equivalent to the expected credit losses, and from effects arising from measurement in a foreign currency.

Equity and liabilities	
Provisions for pensions and similar obligations	Present value of future obligations (projected unit credit method)
Other provisions	Settlement amount
Financial liabilities (categories per IFRS 9)	
Amortized cost	Amortized cost using the effective interest method
Fair value through profit or loss	Fair value with gains or losses recognized in the income statement
Other liabilities	Settlement amount

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

If relevant for the comprehension of the financial statements, the methods of recognition and measurement, which are basically unchanged from the previous year, are described in the notes relating to the individual items of the statement of financial position on these pages. The disclosures relevant for the Henkel Group with regard to IFRS 7 (Financial Instruments: Disclosures) showing the breakdown of our financial instruments by category, our methods for fair value measurement, and the derivative financial instruments that we use are also provided as part of the report on our financial instruments (Note 23 on pages 284 to 320). Changes to International Financial Reporting Standards (IFRSs) that were applied for the first time in the year under review are discussed in the section entitled "New international accounting regulations according to International Financial Reporting Standards (IFRSs)" on pages 235 to 240. Changes in the methods of recognition and measurement arising from revised and new standards are applied retrospectively, provided that the effect is material and there are no alternative regulations. The consolidated statement of income from the previous year and the opening balance for this comparative period are amended as if the new methods of recognition and measurement had always been applied.

Accounting estimates, assumptions and discretionary judgments

Preparation of the consolidated financial statements is based on a number of accounting estimates and assumptions. These have an impact on the reported amounts of assets, liabilities and contingent liabilities at the reporting date, and the disclosure of income and expenses for the reporting period. The actual amounts may differ from these estimates.

The accounting estimates and their underlying assumptions are based on past experience and are continually reviewed. Changes in accounting estimates are recognized in the period in which the change takes place where such change exclusively affects that period. A change is recognized in the period in which it occurs and in later periods where such change affects both the reporting period and subsequent periods. Estimations regarding the application of those IFRSs which have a significant impact on the consolidated financial statements are presented, in particular, in the explanatory notes on goodwill and other intangible assets (Note 1 on pages 243 to 248), right-of-use assets recognized in property, plant and equipment (Note 2 on pages 249 to 253), provisions for pensions and similar obligations (Note 16 on pages 266 to 277), other provisions (Note 17 on pages 278 and 279), financial instruments (Note 23 on pages 284 to 320), sales (Note 24 on pages 321 and 322), income taxes (Note 22 on page 284 and Note 32 on pages 326 to 331), and share-based payment plans (Note 36 on pages 335 to 340).

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

In light of persisting geopolitical uncertainties – not least against the backdrop of the war in Ukraine and the Middle East conflict – the estimates required for the preparation of the consolidated financial statements are subject in some areas to much greater uncertainty than is normally the case. This is especially true of estimates of any possible impairment of non-financial assets, such as goodwill and other intangible assets and financial assets.

Material discretionary judgments are currently made in respect of the demarcation of the cash-generating units as explained in Note 1 on pages 243 to 248, the determination of the useful lives of trademarks and other rights as explained on page 242, an assessment of the classification of assets and liabilities as held for sale as explained in Note 9 on pages 260 and 261, an assessment of the impact of supplier finance programs on our trade accounts payable (for further details, please refer to Note 21 on page 283) and the segment report as explained in Note 37 on pages 341 to 345.

ank=20250703;2025070708496

THE COMPANY
SHARES AND BONDS
COMBINED MANAGEMENT REPORT
CONSOLIDATED FINANCIAL STATEMENTS
FURTHER INFORMATION
CREDITS/LEGAL
CONTACTS
FINANCIAL CALENDAR

Climate disclosures

Climate change poses one of the biggest global challenges of our time. We see it as a factor that exacerbates existing risks, but also offers opportunities. Even though we do not assume that risks will arise from climate change that could jeopardize the survival of our business activities, such aspects do produce additional uncertainty when accounting for estimations, and have been considered accordingly. This holds particularly true, in Henkel's case, when determining the possible impairment of non-financial assets such as goodwill and other intangible assets. The corporate planning figures used for impairment testing therefore also incorporate climate aspects (see Note 1 on pages 243 to 248).

For many years now, Henkel has included sustainability as an integral part of its corporate strategy, incorporating a large number of measures aimed at mitigating climate risks and adjustment to them. The costs and benefits of these measures are embedded in the Company's cost structures. In addition, climate and sustainability aspects are considered when making investment and financing decisions. Explanations and disclosures relating to this topic can be found in the sections discussing investments in startup companies and venture capital funds (Note 3 on pages 254 and 255), the description of the bonds issued under our Sustainable Finance Framework (Note 18 on pages 280 and 281), and the characteristics of our supplier finance programs (Note 21 on page 283) and of our virtual power purchase agreements (Note 23 on pages 284 to 320).

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Amendment of prior-year figures

In fiscal 2024, the allocation of the purchase price for the shares acquired in fiscal 2023 of Composite Technology Intermediate, Inc. was finalized. The prior-year figures have been amended accordingly.

Amendments to the consolidated statement of financial position

in million euros	Dec. 31, 2023 reported	Amendments	Dec. 31, 2023 amended
Goodwill	13,569	33	**13,602**
Other intangible assets	3,422	-42	**3,381**
Property, plant and equipment	3,732	4	**3,736**
Other financial assets	275	0	**275**
Deferred tax assets	1,176	2	**1,178**
Non-current assets	**22,447**	**-4**	**22,443**
Inventories	2,444	2	**2,445**
Trade accounts receivable	3,471	-1	**3,470**
Other financial assets	550	2	**552**
Current assets	**9,282**	**3**	**9,285**
Total assets	**31,728**	**-1**	**31,727**
Other provisions	293	8	**301**
Deferred tax liabilities	678	-9	**669**
Non-current liabilities	**3,972**	**-0**	**3,972**
Other provisions	2,230	-1	**2,230**
Other liabilities	406	0	**406**
Current liabilities	**7,757**	**-1**	**7,756**
Total equity and liabilities	**31,728**	**-1**	**31,727**

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

New international accounting regulations according to International Financial Reporting Standards (IFRSs)

Accounting methods applied for the first time in the year under review

	Mandatory for fiscal years beginning on or after
IAS 1 (Amendment) Classification of Liabilities as Current or Non-current– Deferral of Effective Date and Non-current Liabilities with Covenants	January 1, 2024
IAS 7 and IFRS 7 (Amendment) Supplier Finance Arrangements	January 1, 2024
IFRS 16 (Amendment) Lease Liability in a Sale and Leaseback	January 1, 2024

First-time application of the changes to the standards did not have any material effect on the net assets, financial position and results of operations of the Henkel Group.

IAS 1 (Amendment)

With the amendments to IAS 1 (Presentation of Financial Statements), the standard-setter has provided more precise regulations on the classification of liabilities as current or non-current. In cases where a company does not have the right to defer settlement of the liability by at least twelve months from the reporting date, the liability must be classified as current. If the company does have such a right as of the reporting date, the liability is classified as non-current. If such a right exists but is contingent on the fulfillment of certain conditions by the company, the relevant liability is classified as non-current only if these conditions are fulfilled at the end of the reporting period. This applies even if the creditor does not assess the fulfillment of the conditions until a later date. It is also made clear that the likelihood of whether the company will actually defer settlement of the liability for at least twelve months is irrelevant in assessing the maturity. The classification is not affected by management's intentions, although these may render additional disclosures necessary. The standard-setter has also incorporated regulations in IAS 1 on assessing the maturity of debt instruments that can be converted into a company's own shares. If the conversion option in such a contract is recognized separately from the non-derivative host contract as equity, this does not have any impact on the assessment of the maturity of the liability. The conversion option must only be included in the analysis in cases where it has the characteristics of debt capital.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

In addition, the IASB clarifies that the classification of a liability of which the due date can be deferred by at least twelve months into the future upon compliance with certain covenants must only be recognized on the reporting date as current or non-current with reference to fulfillment of the covenants if such compliance relates to the period prior to the reporting date or the reporting date. If the covenants relate to the future, they are irrelevant for determining the settlement date on the reporting date. However, special recognition and disclosure rules apply to such liabilities of which the settlement date is dependent on the compliance with covenants in the twelve months following the reporting date.

IAS 7 and IFRS 7 (Amendment)
The amendments to IAS 7 (Statement of Cash Flows) and IFRS 7 expand the existing disclosure requirements under the standards to include quantitative and qualitative disclosures regarding a company's supplier finance arrangements and the liabilities associated with such arrangements. The amendments aim to make it possible for readers of financial statements to assess the influence of supplier financing on a company's liabilities and cash flows, as well as the liquidity risk to which the company is exposed.

IFRS 16 (Amendment)
With the amendments to IFRS 16 (Leases), the IASB has incorporated into the standard new rules governing the remeasurement of a lease liability in the case of a sale and leaseback transaction. IFRS 16 contains specific regulations on the initial measurement of the liability in a sale and leaseback transaction; however, there are no specific regulations on the remeasurement of this liability. According to the amendments to IFRS 16, the lease liability is to be measured in such a way that no profit or loss is realized in the remeasurement insofar as this relates to the retained right of use.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Accounting regulations not yet adopted by Henkel

Although already adopted into EU law ("endorsed"), the following accounting regulations were not yet applicable in fiscal 2024 and were not voluntarily adopted early by the Henkel Group:

Accounting regulations not yet applied

	Mandatory for fiscal years beginning on or after
IAS 21 (Amendment) Lack of Exchangeability	January 1, 2025

IAS 21 (Amendment)

The amendments to IAS 21 incorporate extended guidelines for determining the relevant spot rates when recognizing foreign exchange transactions and converting foreign business operations if one currency is only convertible into another to a limited extent. In such instances, additional disclosures are required in the notes to the consolidated financial statements. Here, the standard-setter has provided a more precise definition of the exchangeability of a currency and clarifies the need to examine exchangeability on the reporting date for each specific type of transaction. If one currency cannot be exchanged for another, IAS 21 specifies that either an observable spot rate must be adopted unchanged, or a rate estimated on the basis of another methodology must be used for conversion. When discussing the translation of such foreign currency transactions, disclosures must be included in the notes to the consolidated financial statements in respect of the restrictions on exchangeability and the rate used, and also with regard to the risks associated with the lack of exchangeability. If the functional currency of a foreign business operation is not exchangeable, summarized financial details of the foreign business operation must be included in the notes to the consolidated financial statements in addition to disclosures about the relevant business. The amendment to IAS 21, which is not yet mandatory, is not expected to have any material impact on the consolidated financial statements.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Accounting regulations not yet adopted into EU law

In fiscal 2024, the IASB issued the following standards and amendments to existing standards, which still have to be adopted into EU law before they become applicable:

Accounting regulations not yet adopted into EU law

	Mandatory for fiscal years beginning on or after
IFRS 9 and IFRS 7 (Amendment) Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Annual Improvements Volume 11	January 1, 2026
IFRS 18 Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	January 1, 2027

IFRS 9 and IFRS 7 (Amendment)

The amendments to IFRS 9 incorporate a right to choose when to derecognize financial liabilities settled using an electronic payment system. In addition, the existing guidelines on assessing whether the contractual cash flows of a financial asset consist solely of payments of principal and interest on the principal amount outstanding have been expanded for certain instruments. The newly incorporated regulations relate, among other things, to the classification of financial assets of which the cash flows are linked to ESG conditions, to non-recourse financial assets and to contractually linked instruments. As part of the package of amendments, the disclosure requirements for financial instruments have also been expanded in IFRS 7. The additional disclosures relate to equity instruments for which changes in fair value are recognized in other comprehensive income and to financial assets and liabilities that are measured at amortized cost or at fair value through other comprehensive income and have contractual terms that may change the date or amount of the contractual cash flows. The amendments to IFRS 9 and IFRS 7 are not expected to have any material impact on Henkel's consolidated financial statements.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Annual Improvements Volume 11
The collective amendments include minor amendments to IFRS 1 (First-time Adoption of International Financial Reporting Standards), IFRS 7, IFRS 9, IFRS 19 and IAS 7. These amendments primarily clarify cases of doubt in the application of the standards and resolve inconsistencies and are not expected to have any impact on Henkel's consolidated financial statements.

IFRS 18
IFRS 18 replaces the existing standard IAS 1. As well as carrying forward existing regulations, it incorporates various additional requirements concerning the presentation of components of primary financial statements. The new regulations predominantly relate to the structure of the statement of income, which, following the introduction of mandatory subtotals, is divided into the categories "Operating," "Investing" and "Financing." The "operating profit or loss before financing and taxes" required to be reported under IFRS 18, i.e. the total income and expenses allocated to the "Operating" and "Investing" categories, is conceptually more broadly understood as the operating profit (EBIT) currently reported by Henkel in the consolidated statement of income. The "Operating" category includes items such as income and expenses from the translation of operational monetary items in a foreign currency, and results from the hedging of risks arising from such items as Henkel Group currently includes in the financial result. Further individual aspects relating to the future reporting of income and expenses in Henkel's consolidated statement of income are currently being assessed. It is therefore not yet possible to quantify the impact.

IFRS 18 also requires additional disclosures on the statement of income to be included in the notes when applying the cost of sales method. These include an explanation of how certain types of operating expenses are recognized in the line items of the statement of income in accordance with the cost of sales method.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Additional disclosures are also required in relation to company-specific metrics that are used in public communications to provide management's view of an aspect of a company's financial performance – referred to as management-defined performance measures. The management-defined performance measures in the Henkel Group are currently the adjusted operating profit (adjusted EBIT), the adjusted financial result and the adjusted net income. The reconciliation of these metrics to the subtotals reported in the consolidated statement of income is already explained in Note 34 on pages 332 and 333. Under IFRS 18, the income tax effects and the effects on non-controlling interests in relation to the adjustment components must be disclosed separately in the reconciliation. A more detailed description of the management-defined performance measures must also be provided and must explain, among other things, the aspect of the company's financial performance that the metrics are intended to communicate.

The new accounting standard also includes principles and guidelines on the aggregation and disaggregation of items in the components of primary financial statements that go beyond the guidelines of IAS 1. The first-time application of these options and the removal of existing options concerning the reporting of interest and dividends in the statement of cash flows in IAS 7 is not currently expected to have any material impact on Henkel's consolidated financial statements.

IFRS 18 is applicable retrospectively, which means that the comparative period must be amended when applying the standard for the first time.

IFRS 19

The standard provides the option for certain companies to reduce the disclosure requirements in their individual financial statements or subgroup financial statements prepared in accordance with the IFRSs compared to the disclosure requirements that arise during regular application of all IFRS Accounting Standards. In order to apply IFRS 19, the company concerned must be a subsidiary in accordance with IFRS 10, must not have public accountability, and must be included in consolidated financial statements or subgroup financial statements that are available to the public. The standard therefore has no impact on the consolidated financial statements of Henkel AG & Co. KGaA.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The measurement and recognition policies for financial statement items are described in the relevant note.

Non-current assets

All non-current assets with definite useful lives are depreciated or amortized exclusively using the straight-line method on the basis of their estimated useful lives. The useful life estimates are reviewed annually. If facts or circumstances indicate the need for impairment, the recoverable amount is determined. It is measured at the higher of fair value less costs of disposal and value in use. Impairment losses are recognized if the recoverable amounts of the assets are lower than their carrying amounts. Impairment and scheduled amortization and depreciation are allocated to the functions in the statement of income.

The same standardized useful lives were applied in the fiscal year as in the previous year, as follows:

Useful life

in years	
Intangible assets with definite useful lives	3 to 20
Residential buildings	50
Office buildings	40
Research and factory buildings, workshops, stores and staff buildings	25 to 33
Plant facilities	10 to 25
Machinery	7 to 10
Office equipment	10
Vehicles	5 to 10
Factory and research equipment	2 to 5

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The intangible assets with indefinite useful lives essentially comprise trademarks and other rights with no obvious time limitation on the generation of cash inflows. Given the consistency and strength of the brands, indefinite useful lives are assumed, and these intangible assets are not subject to scheduled amortization. Instead, they are subjected to impairment testing once a year and as indicated, as is also the case with goodwill. Impairment of trademarks and other rights is recognized in selling expenses, whereas goodwill impairment is included under other operating expenses.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

1 Goodwill and other intangible assets

Cost

in million euros	Trademarks and other rights: Assets with indefinite useful lives	Trademarks and other rights: Assets with definite useful lives	Internally generated intangible assets with definite useful lives	Intangible assets in development	Goodwill	Total
At Jan. 1, 2023	**3,059**	**1,861**	**748**	**254**	**13,620**	**19,543**
Acquisitions[1]	54	45	–	–	388	**487**
Divestments	–	-0	–	–	-6	**-6**
Additions	–	4	0	49	–	**53**
Disposals	–	-52	-2	-204	–	**-258**
Reclassifications to assets held for sale	-0	-52	–	–	-31	**-84**
Reclassifications	–	3	46	-48	–	**–**
Translation differences	-72	-54	-3	2	-373	**-500**
Adjustment to current purchasing power according to IAS 29	–	1	–	–	17	**18**
At Dec. 31, 2023/Jan. 1, 2024[1]	**3,040**	**1,755**	**789**	**54**	**13,614**	**19,252**
Acquisitions	224	168	–	–	926	**1,317**
Divestments	-8	-1	–	–	-5	**-13**
Additions	–	5	-3	53	–	**54**
Disposals	-6	-2	-44	–	-0	**-52**
Reclassifications to assets held for sale	–	-6	–	–	-55	**-61**
Reclassifications	-8	11	64	-66	-0	**–**
Translation differences	119	32	2	6	508	**667**
Adjustment to current purchasing power according to IAS 29	–	1	–	–	17	**17**
At Dec. 31, 2024	**3,361**	**1,962**	**808**	**46**	**15,005**	**21,181**

[1] Amended following the updated allocation of the purchase price for the shares in Composite Technology Intermediate, Inc.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Accumulated amortization/impairment

	Trademarks and other rights					
in million euros	Assets with indefinite useful lives	Assets with definite useful lives	Internally generated intangible assets with definite useful lives	Intangible assets in development	Goodwill	Total
At Jan. 1, 2023	**78**	**1,611**	**527**	**207**	**11**	**2,434**
Divestments	–	-0	–	–	–	**-0**
Write-ups	–	–	–	–	–	**–**
Scheduled amortization	–	67	50	–	–	**117**
Impairment	46	4	5	0	1	**56**
Disposals	–	-52	-2	-204	–	**-258**
Reclassifications to assets held for sale	-0	-34	–	–	–	**-34**
Reclassifications	–	0	-0	–	–	**–**
Translation differences	1	-45	-3	–	–	**-47**
Adjustment to current purchasing power according to IAS 29	–	0	–	–	1	**1**
At Dec. 31, 2023/Jan. 1, 2024	**126**	**1,551**	**578**	**3**	**12**	**2,270**
Divestments	-8	-1	–	–	–	**-9**
Write-ups	–	–	–	–	–	**–**
Scheduled amortization	–	69	55	–	–	**124**
Impairment	11	18	14	0	–	**43**
Disposals	-6	-1	-44	–	–	**-52**
Reclassifications to assets held for sale	–	-6	–	–	–	**-6**
Reclassifications	–	-0	3	-3	–	**–**
Translation differences	1	27	2	–	0	**30**
Adjustment to current purchasing power according to IAS 29	–	0	–	–	1	**1**
At Dec. 31, 2024	**123**	**1,657**	**608**	**0**	**13**	**2,401**

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Net carrying amounts

in million euros	Trademarks and other rights: Assets with indefinite useful lives	Trademarks and other rights: Assets with definite useful lives	Internally generated intangible assets with definite useful lives	Intangible assets in development	Goodwill	Total
At December 31, 2024	**3,238**	**305**	**200**	**46**	**14,992**	**18,781**
At December 31, 2023[1]	2,915	204	211	51	13,602	16,983

[1] Amended following the updated allocation of the purchase price for the shares in Composite Technology Intermediate, Inc.

Goodwill represents the future economic benefit of assets that are acquired through business combinations and are not individually identifiable and separately recognized, together with expected synergies. Goodwill upon first-time consolidation constitutes a positive difference between the cost of acquiring the entity and the amount of acquired identified assets and assumed liabilities existing at the time of acquisition and measured as specified in IFRS 3. Trademarks and other rights acquired for valuable consideration are stated at purchase cost, while internally generated software is stated at development cost.

Additions to intangible assets under development mostly reflect investments in digitalizing and consolidating our IT system architecture. The change in goodwill resulting from acquisitions made in the fiscal year is presented in the section "Acquisitions and divestments" on pages 222 to 224.

Goodwill as well as trademarks and other rights with indefinite useful lives are subjected to an impairment test once a year and also when indicators of impairment are present at the level of groups of cash-generating units (impairment-only approach). Testing is based on fair value less costs of disposal. A discounted cash flow method is used to determine fair value (before deduction of costs of disposal), which is allocated to level 3 of the fair value hierarchy (see Note 23 on page 290). The estimated future cash flows are derived from the budget approved by the management bodies responsible, with the budgeted figures forming the basis for the impairment test. The assumptions upon which the essential budgeting and planning parameters are based reflect experience gained in the past, aligned to current information provided by external sources.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The impairment of goodwill is assessed at the level of global groups of cash-generating units. The identified groups of cash-generating units and the goodwill assigned to these groups at the carrying amount as of the reporting date of December 31, 2024 and at the prior year-end are indicated in the following table. Further details on the groups of cash-generating units can be found in the segment report in Note 37 on pages 341 to 345 and in the combined management report on pages 121 to 137.

Goodwill carrying amounts and valuation parameters

	December 31, 2023[1]			December 31, 2024		
Groups of cash-generating units in million euros	**Goodwill**	**Terminal growth rate**	**Weighted average cost of capital (after tax)**	**Goodwill**	**Terminal growth rate**	**Weighted average cost of capital (after tax)**
Mobility & Electronics	2,623	1.50%	8.50%	**2,701**	**1.50%**	**8.50%**
Craftsmen, Construction & Professional	1,429	1.00%	8.50%	**2,231**	**1.00%**	**8.50%**
Packaging & Consumer Goods	1,885	1.50%	8.50%	**1,947**	**1.50%**	**8.50%**
Total Adhesive Technologies	**5,937**			**6,879**		
Consumer	6,222	1.00%	5.75%	**6,627**	**1.00%**	**5.75%**
Professional	1,442	1.00%	5.75%	**1,485**	**1.00%**	**5.75%**
Total Consumer Brands	**7,664**			**8,112**		

[1] Amended following the updated allocation of the purchase price for the shares in Composite Technology Intermediate, Inc.

The planning horizon on which impairment testing is based is four years. Planning assumptions included the potential adverse effects on business of the continued geopolitical tensions, such as those arising from the ongoing war in Ukraine and as a result of the Middle East conflict, although they themselves are subject to great uncertainty.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The expected average annual growth in sales in the groups of cash-generating units in Adhesive Technologies during the four-year detailed planning period is between 3 and 5 percent (previous year: 3 to 6 percent). Average sales growth of the groups of cash-generating units in the Consumer Brands business unit is 3 to 4 percent annually over the four-year planning horizon (previous year: 3 to 4 percent).

For the period after the four-year detailed planning horizon, a growth rate in cash flows of between 1 and 2 percent (previous year: 1 to 2 percent) is assumed for the purpose of goodwill impairment testing. This assumption includes, in particular, the passing-on of expected long-term inflation to our customers. Taking into account specific tax effects, the cash flows of the various cash-generating units are discounted at different rates reflecting the weighted average cost of capital (WACC) in each business unit, namely: 8.50 percent (previous year: 8.50 percent) after tax for Adhesive Technologies and 5.75 percent after tax for Consumer Brands (previous year: 5.75 percent).

Impairment of trademarks and other rights with indefinite useful lives is assessed at the level of either global cash-generating units (Adhesive Technologies) or regional cash-generating units (Consumer Brands).

As of December 31, 2024, as at the end of the previous year, most of the trademarks and other rights with indefinite useful lives are attributable to two cash-generating units. The carrying amount of the trademarks and other rights allocated to the regional cash-generating unit Consumer North America in the Consumer Brands business unit was 1.7 billion euros as of December 31, 2024 (previous year: 1.6 billion euros). For impairment testing purposes, a cost of capital of 6.13 percent after taxes (previous year: 6.23 percent) and a terminal growth rate of 1.0 percent (previous year: 1.0 percent) were applied. The average annual increase in sales in the cash-generating unit during the four-year detailed planning period is 1 percent (previous year: 0 percent). As of December 31, 2024, the carrying amount of the trademarks and other rights allocated to the cash-generating unit Professional North America in the Consumer Brands business unit was 360 million euros (previous year: 338 million euros). For impairment testing purposes, a cost of capital of 6.12 percent after taxes (previous year: 6.22 percent) and a terminal growth rate of 1.0 percent (previous year: 1.0 percent) were applied. The average annual increase in sales during the four-year detailed planning period is 5 percent (previous year: 2 percent). The carrying amounts of the other trademarks and other rights with indefinite useful lives are allocated to a large number of global (Adhesive Technologies) and regional (Consumer Brands) cash-generating units.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

In the 2025 planning year, we expect moderate growth in global economic output characterized by sustained high inflation rates and continued uncertainty surrounding geopolitical developments. We expect prices for direct materials to increase compared to the annual average for 2024. Energy and labor costs are expected to remain elevated. The corporate planning process also incorporates the potential impacts of climate change. For example, expenses and investments relating to measures that support our net-zero targets, which reflect our business strategy aligned to a reduced-emission economy, are incorporated in corresponding operating and capital expenditure plans. The budget also considers climate-related opportunities, such as the progressing trend toward electromobility accompanied by increased demand for our adhesives for use in battery assemblies.

The influence of the volatile market environment that is currently prevailing in terms of inflation, interest rate trends and energy prices has been taken into consideration in sensitivity analyses, together with estimation uncertainties due to climate change and geopolitical tensions. Neither an increase in the weighted average cost of capital that Henkel regards as realistic nor a reduction in either the long-term growth rate or free cash flow would result in any goodwill impairment requirement for the cash-generating units or groups of cash-generating units.

No impairment was recognized on goodwill in fiscal 2024 (previous year: 1 million euros). Impairment of 11 million euros was recognized on trademarks and other rights with indefinite useful lives in the year under review (previous year: 46 million euros) and relates to discontinued trademarks in both business units.

The trademarks and other rights with indefinite useful lives with a net carrying amount totaling 3,238 million euros (previous year: 2,915 million euros) are established in their markets and will continue to be intensively promoted. Moreover, there are no other statutory, regulatory or competition-related factors that limit our usage of our brand names.

The Company also intends to continue using the trademarks and other rights disclosed as having definite useful lives. In fiscal 2024, these assets and internally generated intangible assets with definite useful lives required recognition of impairment charge in an amount of 33 million euros (previous year: 9 million euros). The impairment losses relate primarily to trademarks and the associated technologies and to software in both business units.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

2 Property, plant and equipment

Cost

in million euros	Land, land rights and buildings	Plant and machinery	Factory and office equipment	Assets in the course of construction	Total
At Jan. 1, 2023	**3,430**	**4,476**	**1,335**	**387**	**9,628**
Acquisitions[1]	11	3	0	–	**15**
Divestments	-1	-11	-3	–	**-14**
Additions to existing operations	60	107	76	317	**560**
Additions of right-of-use assets	63	12	24	–	**99**
Disposals	-79	-151	-95	-2	**-327**
Reclassifications to assets held for sale	-26	-21	-17	-1	**-65**
Reclassifications	58	178	55	-290	**–**
Translation differences	-59	-71	-26	-7	**-163**
Adjustment to current purchasing power according to IAS 29	15	28	4	-1	**46**
At Dec. 31, 2023/Jan. 1, 2024	**3,472**	**4,552**	**1,352**	**402**	**9,777**
Of which: right-of-use assets	872	58	100	–	**1,030**
Acquisitions	21	24	2	3	**50**
Divestments	-29	-49	-8	-7	**-94**
Additions to existing operations	69	115	73	303	**561**
Additions of right-of-use assets	176	11	32	–	**219**
Disposals	-114	-205	-117	-1	**-430**
Reclassifications to assets held for sale	-30	-149	-5	-8	**-192**
Reclassifications	75	180	39	-295	**–**
Translation differences	27	24	0	-3	**42**
Adjustment to current purchasing power according to IAS 29	15	31	7	–	**54**
At Dec. 31, 2024	**3,685**	**4,537**	**1,377**	**394**	**9,993**
Of which: right-of-use assets	1,009	60	104	–	**1,173**

[1] Amended following the updated allocation of the purchase price for the shares in Composite Technology Intermediate, Inc.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Accumulated depreciation/impairment

in million euros	Land, land rights and buildings	Plant and machinery	Factory and office equipment	Assets in the course of construction	Total
At Jan. 1, 2023	**1,643**	**3,028**	**1,036**	**10**	**5,716**
Divestments	-0	-8	-2	–	**-10**
Write-ups	–	-2	-0	–	**-2**
Scheduled depreciation	181	279	125	–	**585**
Impairment	10	122	10	19	**161**
Disposals	-72	-143	-91	-1	**-309**
Reclassifications to assets held for sale	-8	-12	-13	–	**-33**
Reclassifications	1	0	-1	–	**–**
Translation differences	-29	-46	-17	0	**-92**
Adjustment to current purchasing power according to IAS 29	6	18	2	–	**25**
At Dec. 31, 2023/Jan. 1, 2024	**1,730**	**3,236**	**1,048**	**28**	**6,042**
Of which: right-of-use assets	380	32	64	–	**476**
Divestments	-24	-45	-8	-7	**-83**
Write-ups	-2	-10	–	–	**-13**
Scheduled depreciation	185	272	128	–	**586**
Impairment	24	63	5	-6	**86**
Disposals	-103	-197	-114	-0	**-414**
Reclassifications to assets held for sale	-14	-86	-4	–	**-105**
Reclassifications	0	0	-0	0	**1**
Translation differences	27	23	1	-0	**51**
Adjustment to current purchasing power according to IAS 29	7	23	5	–	**35**
At Dec. 31, 2024	**1,833**	**3,281**	**1,061**	**15**	**6,190**
Of which: right-of-use assets	444	37	61	–	**543**

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Net carrying amounts

in million euros	Land, land rights and buildings	Plant and machinery	Factory and office equipment	Assets in the course of construction	Total
At Dec. 31, 2024	**1,852**	**1,256**	**316**	**378**	**3,802**
Of which: right-of-use assets	564	23	44	–	**631**
At Dec. 31, 2023[1]	1,742	1,316	304	374	**3,736**
Of which: right-of-use assets	492	26	36	–	**554**

[1] Amended following the updated allocation of the purchase price for the shares in Composite Technology Intermediate, Inc.

Property, plant and equipment includes land, land rights and buildings, plant and machinery, factory and office equipment, rights of use to corresponding leased assets, and assets in the course of construction. Special considerations relating to the recognition of right-of-use assets and separate disclosures regarding leases are discussed in the following section "Additional disclosures regarding leases."

Additions are stated at purchase or manufacturing cost. The latter includes direct costs and appropriate proportions of necessary overheads. Borrowing costs for qualified assets per IAS 23 (Borrowing Costs) are currently not capitalized due to their lack of materiality. Cost figures are shown net of investment grants and allowances. As of December 31, 2024, investment grants of 98 million euros (previous year: 70 million euros) were deducted from purchase and manufacturing costs. Some of the grants are contingent upon certain terms and conditions being met, such as location guarantees. Henkel is sufficiently confident that these terms and conditions can be satisfied. Acquisition-related incidental costs incurred in order to make the asset ready for the intended use are capitalized. An overview of the primary investment projects undertaken during the fiscal year can be found on pages 139 and 140 in the combined management report.

At December 31, 2024, no property, plant and equipment had been pledged as collateral for existing liabilities, as was also the case in the previous year.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The impairment on property, plant and equipment in fiscal 2024 was essentially due to restructuring projects implemented as part of production network optimization measures and to portfolio measures implemented in the Consumer Brands business unit.

The periods over which the assets are depreciated are based on their estimated useful lives as set out on page 241. The depreciation and impairment charges are included in the cost of sales, selling, distribution and administrative expenses and research and development expenses in a ratio equivalent to the use of the asset. Write-ups in fiscal 2024 have been recognized in the cost of sales.

Additional disclosures regarding leases

In the course of its business operations, Henkel enters into various lease agreements as a lessee. The underlying assets primarily include office buildings and fixtures, production facilities and warehouses – all of which are recognized under land, land rights and buildings – as well as plant and machinery, and the vehicles and IT inventory classified as factory and office equipment.

Right-of-use assets are recognized initially at the value of the lease liability plus any lease payments made at or prior to provision of the leased asset, less any lease incentives received. Furthermore, additions include all initial direct costs incurred by the lessee together with the estimated cost of dismantling or returning the leased asset to the condition, and similar, required by the lease agreement at the end of the lease term. In the case of short-term leases and leases involving assets of low value, the Henkel Group exercises the option not to recognize a right-of-use asset or a lease liability.

In fiscal 2024, the Henkel Group recognized additions to right-of-use assets in property, plant and equipment of 219 million euros in total (previous year: 99 million euros), attributable mainly to land, land rights and buildings. Acquisitions accounted for additions of 10 million euros (previous year: 4 million euros). The additions were offset by scheduled depreciation and impairment of 153 million euros (previous year: 149 million euros). As of December 31, 2024, right-of-use assets amounted to 631 million euros (previous year: 554 million euros).

The depreciation recognized separately for the various categories of assets in the consolidated statement of income for the fiscal year is listed in the following table, together with further disclosures of lease-related expenses and income affecting Henkel as a lessee:

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Effects on the consolidated statement of income of leases with Henkel as lessee

in million euros	2023	2024
Depreciation and impairment in the year under review	149	**153**
Of which: right-of-use assets in land, land rights and buildings	112	**114**
Of which: right-of-use assets in plant and machinery	13	**14**
Of which: right-of-use assets in factory and office equipment	24	**25**
Interest expenses on lease liabilities	21	**25**
Expenses relating to short-term leases	11	**12**
Expenses relating to leases of low-value assets	5	**6**
Expenses relating to variable lease payments not considered in the valuation of the lease liability	1	**1**
Income from subleases	2	**5**

Henkel paid 189 million euros in total for leases in fiscal 2024 (previous year: 184 million euros).

The Henkel Group uses the incremental borrowing rate to discount lease payments when measuring its lease liabilities. This rate is based on country-specific interest rates that are observable in the market and which are adjusted with regard to duration and credit risk. If no interest rates are observable for the relevant durations, they are derived from linear interpolation.

An analysis of the maturities of the lease liabilities of the Henkel Group is included with the disclosures on financial instruments in Note 23 on pages 284 to 320. In addition to the future payments from leases discussed there, payment commitments of 6 million euros (previous year: 7 million euros) also existed as of the reporting date with regard to leases of material relevance to Henkel that have already been agreed but have not yet commenced and have therefore not yet been capitalized.

Some of Henkel's leases for land, land rights and buildings include optional lease periods. Contractually agreed payments in these optional lease periods are in the mid-triple-digit million euros range, as was also the case in the previous year. They are not included in the measurement of the lease liability because there is insufficient certainty that the option on the lease periods will be exercised.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

3 Other financial assets

Analysis

in million euros	December 31, 2023[1] Non-current	Current	Total	December 31, 2024 Non-current	Current	Total
Receivables from non-consolidated subsidiaries and associates	–	0	0	–	**0**	**0**
Financial receivables from third parties	12	19	31	**12**	**213**	**225**
Derivative financial instruments	89	52	141	**40**	**73**	**113**
Investments in non-consolidated subsidiaries	4	–	4	**3**	**–**	**3**
Investments in associates	3	–	3	**3**	**–**	**3**
Other investments	129	–	129	**138**	**–**	**138**
Receivables from Henkel Trust e.V. and external pension funds	–	176	176	**–**	**194**	**194**
Securities and time deposits	24	217	240	**20**	**544**	**564**
Of which: readily monetizable	17	204	221	**6**	**531**	**537**
Financial collateral provided	–	5	5	**–**	**19**	**19**
Sundry financial assets	14	83	98	**16**	**93**	**109**
Total	**275**	**552**	**827**	**232**	**1,138**	**1,370**

[1] Amended following the updated allocation of the purchase price for the shares in Composite Technology Intermediate, Inc.

With the exception of investments, derivatives, securities and time deposits, all other financial assets are measured at amortized cost.

Of the receivables from non-consolidated subsidiaries and associates, 0 million euros is attributable to non-consolidated subsidiaries, as was also the case in the previous year.

The receivables from Henkel Trust e.V. and external pension funds relate to pension payments made by Henkel AG & Co. KGaA to retirees for which reimbursement can be claimed from Henkel Trust e.V. and external pension funds.

Of the current financial receivables from third parties, 200 million euros relates to receivables from third parties in connection with EU emission rights swaps contracted by Henkel for the purpose of liquidity management.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The securities and time deposits essentially comprise time deposits, debt securities and shares in investment funds and are generally readily monetizable under our financial management arrangements with the exception of those securities and time deposits that are mandatory to cover our pension liabilities and cannot therefore be monetized at short notice. In addition, the shares in investment funds are never used for liquidity management purposes and are therefore not classified as readily monetizable.

Other investments and securities and time deposits also include investments in startup companies and venture capital funds focusing on climate protection and sustainability. As of December 31, 2024, the carrying amount of these non-current financial assets was 24 million euros (previous year: 22 million euros). Sundry non-current financial assets include, among others, receivables from insurance companies.

Examples of sundry current financial assets include:

- Receivables from sureties and guarantee deposits amounting to 26 million euros (previous year: 22 million euros).
- Receivables from suppliers amounting to 21 million euros (previous year: 33 million euros).
- Receivables from employees amounting to 12 million euros (previous year: 6 million euros).

4 Other assets

Analysis

	December 31, 2023[1]			December 31, 2024		
in million euros	Non-current	Current	Total	Non-current	Current	Total
Tax receivables	3	345	348	**4**	**281**	**285**
Payments on account	–	65	65	–	**78**	**78**
Overfunding of pension obligations	160	–	160	**179**	–	**179**
Reimbursement rights related to employee benefits	91	10	101	**105**	**12**	**117**
Deferred charges	13	58	71	**11**	**61**	**72**
Sundry other assets	4	22	26	**6**	**19**	**25**
Total	**272**	**500**	**772**	**305**	**451**	**756**

[1] Amended following the updated allocation of the purchase price for the shares in Composite Technology Intermediate, Inc.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

5 Deferred taxes

Deferred taxes are recognized for temporary differences between the valuation of an asset or a liability in the financial statements and its tax base, for tax losses carried forward, and for unused tax credits. This also applies to temporary differences in valuation arising through acquisitions, with the exception of deferred tax liabilities relating to goodwill.

Deferred tax liabilities on taxable temporary differences related to shares in subsidiaries are recognized to the extent that a reversal of this difference is expected in the foreseeable future, or cannot be controlled.

Changes in the deferred taxes in the statement of financial position result in deferred tax expenses or income unless the underlying item is directly recognized in other comprehensive income. For items recognized directly in other comprehensive income, the associated deferred taxes are also recognized in other comprehensive income.

The valuation, recognition and breakdown of deferred taxes in respect of the various items in the statement of financial position are disclosed under Note 32 "Taxes on income" on pages 326 to 331.

6 Inventories

In accordance with IAS 2 (Inventories), reported under inventories are those assets that are intended to be sold in the ordinary course of business (finished products and merchandise), those in the process of production for such sale (work in progress) and those to be utilized or consumed in the course of manufacture or the provision of services (raw materials and supplies). Payments on account for purchasing inventories are likewise disclosed under the inventories heading.

When accounting for cash flow hedges under IFRS 9, the measurement effects from hedging instruments for acquiring non-financial assets are initially recognized in equity in the hedge reserve, and included as part of the cost upon acquisition of the assets. The IFRS 9 basis adjustment shown under inventories relates to the results of currency hedges for the procurement of inventories in a foreign currency and of hedging certain raw materials purchases against market price risks. Further information can be found in the financial instruments report in Note 23 on pages 284 to 320.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Inventories are measured at the lower of cost and net realizable value, with the cost element being determined using either the first in, first out (FIFO) or the moving average cost method. Manufacturing cost includes not only the direct costs but also appropriate portions of necessary overheads (for example goods inward department, raw material storage, filling, costs incurred through to the finished goods warehouse), production-related administrative expenses, the costs of the pensions of people who are employed in the production process, and production-related amortization/depreciation. The overhead add-ons are calculated on the basis of average capacity utilization. Not included, however, are interest expenses incurred during the manufacturing period.

The net realizable value is determined as an estimated selling price less costs yet to be incurred through to completion, and less necessary selling and distribution costs. Write-downs to the net realizable value are made if, at the measurement date, the carrying amounts of the inventories are above their realizable market values. The resultant valuation allowance as of December 31, 2024 amounted to 178 million euros (previous year: 212 million euros). The carrying amount of inventories recognized at net realizable value amounted to 592 million euros (previous year: 597 million euros). No inventories were pledged as security for liabilities in fiscal 2024 nor in the previous year.

Analysis of inventories

in million euros	Dec. 31, 2023[1]	Dec. 31, 2024
Raw materials and supplies	678	**718**
Work in progress	137	**146**
Finished products and merchandise	1,616	**1,689**
Payments on account for merchandise	16	**18**
IFRS 9 basis adjustment	-1	**-2**
Total	**2,445**	**2,568**

[1] Amended following the updated allocation of the purchase price for the shares in Composite Technology Intermediate, Inc.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

7 Trade accounts receivable

Trade accounts receivable amounted to 3,530 million euros (previous year: 3,470 million euros). They are all due within one year. Valuation allowances are recognized in respect of customer default risks. The expense arising from accrual of these valuation allowances, and income from the reversal of same, are recognized in selling and distribution costs. For an explanation of these valuation allowances and our risk management, please consult pages 307 to 311.

Trade accounts receivable

in million euros	Dec. 31, 2023[1]	Dec. 31, 2024
Trade accounts receivable, gross	3,582	**3,634**
Less: cumulative valuation allowances on trade accounts receivable	112	**103**
Trade accounts receivable, net	**3,470**	**3,530**

[1] Amended following the updated allocation of the purchase price for the shares in Composite Technology Intermediate, Inc.

Development of valuation allowances on trade accounts receivable

in million euros	2023[1]	2024
Valuation allowances at January 1	**102**	**112**
Additions/Releases	24	**3**
Derecognition of receivables	-11	**-14**
Currency translation effects	-3	**1**
Other changes	1	**0**
Valuation allowances at December 31	**112**	**103**

[1] Amended following the updated allocation of the purchase price for the shares in Composite Technology Intermediate, Inc.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

8 Cash and cash equivalents

Recognized under cash and cash equivalents are cash on hand, checks, credit at banks, and other financial assets with an initial term of not more than three months. In accordance with IAS 7, also recognized under cash equivalents are shares in money market funds which, due to their first-class credit rating and investment in extremely short-term money market securities, experience only minor value fluctuations and can be readily converted within one day into known amounts of cash. Utilized bank overdrafts are recognized in the statement of financial position as liabilities to banks.

The volume of cash and cash equivalents increased compared to the previous year from 1,951 million euros to 2,889 million euros. Of this figure, 2,755 million euros (previous year: 1,855 million euros) relates to cash and 134 million euros (previous year: 96 million euros) to cash equivalents. The change in cash and cash equivalents is shown in the consolidated statement of cash flows.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

9 Assets and liabilities held for sale

Assets and liabilities held for sale are assets and disposal groups that can be sold in their current condition at terms and conditions that are common and usual for such assets and disposal groups and for which sale is highly probable. Disposal must be expected within one year from the time of reclassification as held for sale. Disposal groups include a group of assets earmarked for sale or otherwise disposal together in a single transaction, together with the liabilities that are directly linked to these assets and transferred as part of the transaction.

Immediately before the reclassification of any assets and liabilities to the held-for-sale category, the relevant measurement rules for the balance sheet item are applied for the last time. For non-financial assets, this also implies performing an impairment test in accordance with IAS 36. Any impairment recognized in this context is reported in the consolidated statement of income in accordance with the rules formulated for the balance sheet item. After reclassification, scheduled amortization/depreciation is no longer recognized for the assets. Instead, the assets and disposal groups are recognized at the lower of carrying amount and fair value less costs of disposal (level 3). The fair value less costs of disposal is generally determined by current price negotiations with potential buyers. The expense from any write-down to fair value less costs of disposal is recognized under other operating expenses. Cash and cash equivalents and trade accounts receivable are carried at amortized cost.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Year on year, assets held for sale increased from 100 million euros to 168 million euros. Liabilities held for sale as of December 31, 2024 amounted to 8 million euros; there were no liabilities held for sale at the end of the previous year. The assets and liabilities held for sale as of December 31, 2024 essentially relate to the assets and liabilities that were reclassified in the year under review and are attributable to the Retailer Brands business in North America that is intended for sale in the Consumer Brands business unit. They mainly comprise pro rata goodwill, property, plant and equipment, inventories, and trade accounts receivable. An agreement to sell two subsidiaries that comprise the business was signed on February 3, 2025.

The disposals connected with the assets held for sale relate substantially to the sale of the global metal packaging coatings business effective October 1, 2024 in the Adhesive Technologies business unit. The assets that were disposed of essentially comprised property, plant and equipment, other intangible assets and proportionate goodwill.

In the case of two assets reclassified in fiscal 2023 to assets and liabilities held for sale, it was not possible to complete the sale by the reporting date. The Company still plans to dispose of these assets. At the end of fiscal 2024, the assets were stated in the amount of 7 million euros (previous year: 10 million euros).

Assets and liabilities held for sale

in million euros	Dec. 31, 2023	Dec. 31, 2024
Goodwill	33	**55**
Other intangible assets	18	**0**
Property, plant and equipment	37	**98**
Inventories and trade accounts receivable	11	**16**
Provisions and other liabilities	–	**-8**
Net assets	**100**	**160**

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

10 Issued capital

Issued capital

in million euros	Dec. 31, 2023	Dec. 31, 2024
Ordinary bearer shares	260	**260**
Preferred bearer shares	178	**178**
Capital stock	**438**	**438**

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 and preferred shares remained unchanged year on year.

The number of ordinary shares outstanding, i.e. the number of ordinary shares issued less treasury stock, as of December 31, 2024 remained the same as at the end of the previous year at 256,505,172 (previous year: 256,505,172). The number of preferred shares outstanding increased versus prior year to 162,856,627 as of December 31, 2024 (previous year: 162,822,096). Further information on the utilization of treasury shares in fiscal 2024 can be found in Note 12 on page 264.

Pursuant to the resolution adopted by the Annual General Meeting on April 24, 2023, the Personally Liable Partner is authorized to purchase ordinary and/or preferred shares of the Company for any permissible purpose at any time until April 23, 2028 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 effective date or at the time the authorization is exercised, whichever is lower. The term of the derivatives must not exceed 18 months in each case. The choice of derivative must ensure that the purchase of treasury shares acquired through exercising the derivative is not possible after April 23, 2028.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Moreover, by resolution of the Annual General Meeting of April 24, 2023, the Personally Liable Partner is authorized to utilize the acquired treasury shares for any permissible purpose, subject to the approval of the Shareholders' Committee and the Supervisory Board. 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 or employee participation programs. The shares may likewise be used to satisfy warrants or conversion rights granted by the Company. The Personally Liable Partner was further authorized to withdraw treasury shares without 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 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 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.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

11 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.

12 Treasury shares

Treasury shares held by the Company – stated as 3,290,703 ordinary shares and 15,340,779 preferred shares as at December 31, 2023 – changed as follows in the year under review:

During the reporting period, a total of 34,531 preferred shares (equivalent to a notional share of 0.03 million euros or 0.01 percent of the capital stock) were taken from treasury shares to fulfill commitments arising from the share-based Global Long Term Incentive Plan 2020+. Their issue to employees resulted in equity increasing by 2.3 million euros. Details of the share-based payment plans settled in equity instruments can be found in Note 36 on pages 335 to 340. As of December 31, 2024, 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
- 15,306,248 preferred shares (equivalent to a notional share of 15.3 million euros or 3.49 percent of the capital stock).

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

13 Retained earnings

Recognized in retained earnings are the following:

- Amounts allocated in the financial statements of Henkel AG & Co. KGaA in previous years
- Amounts allocated from consolidated net income less those amounts attributable to non-controlling interests
- Gains or losses from the sale of treasury shares
- Actuarial gains and losses recognized in equity
- Changes in reserves due to the accounting treatment of share-based payment plans
- The effects of acquisition or disposal of ownership interests in subsidiaries with no change in control
- Valuation effects following application of the present access method
- Impacts of first-time application of IFRSs

14 Other components of equity

Reported under this heading are differences recognized in equity arising from the currency translation of annual financial statements of foreign subsidiaries and from adjustments to current purchasing power in compliance with IAS 29, and also the effects arising from the valuation in other comprehensive income of financial assets in the "fair value through other comprehensive income" category and of derivative financial instruments designated in cash flow hedges and hedges of a net investment in a foreign operation. At December 31, 2024, the difference attributable to shareholders of Henkel AG & Co. KGaA arising from currency translation decreased by 618 million euros from -1,327 million to -709 million euros. Other components of equity decreased by 38 million euros following the reclassification of amounts from the currency translation reserve to the statement of income in connection with the discontinuation of our business activities in Venezuela.

15 Non-controlling interests

Recognized under non-controlling interests are equity shares held by third parties measured on the basis of the proportion of net assets they represent.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

16 Provisions for pensions and similar obligations

Description of the pension plans

Employees in companies included in the consolidated financial statements have entitlements under company pension plans which are either defined contribution or defined benefit plans. These take different forms depending on the legal, financial and tax regimes of each country. The level of benefits provided is based, as a rule, on the length of service and on the income of the person entitled. Details of pension benefits for members of the Management Board are provided in the explanatory notes to the remuneration policy and in the Remuneration Report.

In defined benefit plans, the liability for pensions and other post-employment benefits is calculated at the present value of the future obligations (projected unit credit method). This actuarial method of calculation takes future trends in wages, salaries and retirement benefits into account.

The majority of the beneficiaries of these pension plans are located in Germany and the USA. The pension obligations are primarily financed via various external trust assets and pension funds that are legally independent of Henkel.

Active employees of Henkel in Germany participate in a defined contribution system, "Altersversorgung 2004 (AV 2004)," which was newly formed in 2004. AV 2004 is an employer-financed pension plan that reflects the personal income development of employees during their career at Henkel and thus provides a performance-related pension. Henkel guarantees a return on the Company's contributions. The benefit essentially consists of an annuity payable upon attainment of the statutory retirement age plus a lump-sum payment if the annuity threshold is exceeded in the employee's service period. In addition to retirement and disability pensions, the plan benefits include surviving spouse and surviving child benefits.

Employees at Henkel in Germany who started working for the Company after April 1, 2011 participate in the pension plan "Altersversorgung 2011 (AV 2011)." AV 2011 is an employer-financed, fund-linked retirement plan funded by contributions based on the income development of the employee. Henkel assures its employees that a lump-sum amount is available upon retirement, which is at least equivalent to the level of principal contributions made by Henkel. Henkel pays the pension contribution into an investment fund established for the purpose of the Company pension plan.

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THE COMPANY
SHARES AND BONDS
COMBINED MANAGEMENT REPORT
CONSOLIDATED FINANCIAL STATEMENTS
FURTHER INFORMATION
CREDITS/LEGAL
CONTACTS
FINANCIAL CALENDAR

Upon attaining statutory retirement age, employees can choose in both pension plans between an annuity through transfer of the superannuation lump sum to a pension fund, or a one-time payment, or payment in installments.

To provide protection under civil law of the pension entitlements of future and current pensioners of Henkel AG & Co. KGaA in Germany against insolvency, we have transferred the proceeds of the bond issued in 2005 and certain other assets to Henkel Trust e.V. The trustee invests the cash with which it has been entrusted in the capital market in accordance with investment policies laid down in the trust agreement. In fiscal 2021, we transferred the entitlements of most Henkel AG & Co. KGaA pensioners and their surviving dependents in Germany to an external pension fund. Plan assets were correspondingly transferred from Henkel Trust e.V. to the external pension fund. This did not have any effect on the recognition of pension obligations in Germany under IFRSs. The only changes were in the primary funding of pension obligations and the way in which benefits are provided. The non-insurance pension fund is subject to the German Insurance Supervision Act and thus falls under the control of the German Federal Financial Supervisory Authority (BaFin).

In addition, we also subsidize medical benefits for active and retired employees resident mainly in the USA. Under these programs, retirees are reimbursed a certain percentage of their refundable medical expenses. We recognize provisions during the employees' service period and pay out the promised benefits when they are claimed. The subsidies paid to active employees for medical services are recognized as a current expense and are therefore not included in the provisions for pensions and similar obligations.

The defined contribution plans are structured in such a way that the Company pays contributions to institutions on the basis of statutory or contractual terms or on a voluntary basis and has no further obligations regarding the payment of benefits to employees. The contributions for defined contribution plans, excluding multi-employer plans, for the reporting period amounted to 141 million euros (previous year: 134 million euros).

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Multi-employer plans

Henkel provides defined pension benefits that are financed by more than one employer. Within the Henkel Group, benefits from multi-employer plans are provided for employees in the USA. The multi-employer plan in the USA is treated as a defined contribution plan because, due to the limited share of the contribution volume in the plan, the information available for each of the financing companies is insufficient for defined benefit accounting. Withdrawal from the multi-employer plan at the present time would incur a one-time expense of around 26 million euros (previous year: around 23 million euros). Payments into the multi-employer plan in fiscal 2024 amounted to 1 million euros (previous year: 1 million euros). We expect contributions of around 1 million euros in fiscal 2025. Henkel's share in the overall plan is less than 1 percent.

Assumptions

Group-wide, the obligations from our pension plans are valued by an independent external actuary at the end of the fiscal year. The calculations at the end of the fiscal year are based on the actuarial assumptions below. These are given as the weighted average. The mortality rates used are based on published statistics and experience relating to each country. In Germany, the assumptions in both the fiscal year and the previous year were based on the "Heubeck 2018G" mortality table. In the USA, the assumptions in each case were based on the modified "Pri-2012" mortality table. The valuation of pension obligations in Germany was based essentially on the assumption of a 2.0-percent increase in retirement benefits (previous year: 2.0 percent). As was also the case last year, that portion of inflation that had already occurred and exceeded the anticipated long-term increase in pensions in Germany was taken into account in the year under review by increasing the obligation to retirees by a flat rate of 5.6 percent (previous year: 8.3 percent). This effect is recognized under actuarial losses as a change in the financial assumptions.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The discount rate is based on yields in the market for high-ranking corporate bonds on the respective due date. The currency and term of the underlying bonds are matched to the currency and expected maturities of the post-employment pension obligations.

Actuarial assumptions

	Germany		USA		Other countries[1]	
in percent	2023	2024	2023	2024	2023	2024
Discount rate	3.50	**3.50**	5.00	**5.60**	4.50	**4.70**
Income trend	3.50	**3.50**	3.50[2]	**3.50**[2]	3.30	**3.18**
Retirement benefits trend	2.00	**2.00**	–	**–**	2.51	**2.44**
Expected increases in costs for medical benefits	–	**–**	6.80	**8.25**	4.20	**4.80**
in years						
Life expectancy at age 65 as of the valuation date for a person currently						
65 years old	22.5	**22.6**	21.7	**21.8**	22.4	**22.5**
40 years old	25.5	**25.6**	23.5	**23.6**	23.9	**24.1**

[1] Weighted average.

[2] Income trend based on the average age of the plan participants in the USA. The actual income trend assumption is based on an age-related scale.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Development of defined benefit plans

	Defined benefit obligation I		Plan assets II		Impact from the asset ceiling III		Net defined benefit obligation (I - II + III)	
in million euros	2023	2024	2023	2024	2023	2024	2023	2024
At Jan. 1	**3,849**	**4,143**	**3,649**	**3,789**	**25**	**21**	**225**	**375**
Current service cost	65	**72**					65	**72**
Interest expense	167	**158**					167	**158**
Interest income			157	**143**	1	**1**	-156	**-142**
Other	-2	**-1**	-1	**-0**			-1	**-1**
Income and expenses recognized through profit or loss	**230**	**228**	**157**	**142**	**1**	**1**	**74**	**87**
Actuarial gains (-)/losses (+), due to								
Changes in demographic assumptions	-11	**-0**					-11	**-0**
Changes in financial assumptions	315	**-43**					315	**-43**
Experience adjustments	-9	**60**					-9	**60**
Income (+)/expense (-) from plan assets (excluding interest income or expenses)			111	**-18**			-111	**18**
Remeasurement of the asset ceiling					-5	**-22**	-5	**-22**
Items recognized in other comprehensive income (before deferred taxes)	**296**	**16**	**111**	**-18**	**-5**	**-22**	**179**	**12**
Employer contributions			58	**51**			-58	**-51**
Employee contributions	25	**26**	25	**26**			0	**0**
Retirement benefits paid from plan assets	-200	**-238**	-200	**-238**			0	**0**
Retirement benefits paid by employer	-37	**-36**					-37	**-36**
Plan settlement payments	-1	**-2**					-1	**-2**
Changes in the scope of consolidation	-1	**-3**	-1	**1**			0	**-4**
Translation differences	-21	**48**	-11	**44**			-10	**4**
Other changes	2	**5**	-0	**1**			2	**5**
At Dec. 31	**4,143**	**4,187**	**3,789**	**3,797**	**21**		**375**	**390**
Of which: overfunding of pension obligations (shown under other assets)							160	**179**
Of which: provisions for pensions and similar obligations							535	**569**
The amount at Dec. 31 is attributable to								
Germany	2,704	**2,757**	2,520	**2,552**			185	**205**
USA	637	**636**	480	**469**			156	**167**
Rest of the world	802	**794**	789	**776**	21		34	**17**

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Development of reimbursement rights

in million euros	2023	2024
At Jan. 1	**103**	**101**
Interest income	5	5
Income and expenses recognized through profit or loss	**5**	**5**
Income (+)/expenses (-) from reimbursement rights (excluding interest income)	6	5
Items recognized in other comprehensive income (before taxes)	**6**	**5**
Employer contributions	–	7
Employee contributions	–	–
Retirement benefits paid from reimbursement rights	-9	-8
Changes in the scope of consolidation	–	–
Translation differences	-4	7
At Dec. 31	**101**	**117**

Other amounts recognized in the consolidated statement of income include gains or losses on plan settlements, past service cost, and administrative costs paid out of plan assets that are not attributable to the administration of plan assets.

Of the defined benefit obligation (DBO) amounting to 4,187 million euros (previous year: 4,143 million euros), 3,808 million euros (previous year: 3,775 million euros) is fully or partially covered by plan assets. 117 million euros (previous year: 101 million euros) is covered by reimbursement rights.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Of the total obligation:

- 1,485 million euros (previous year: 1,449 million euros) is attributable to active employees,
- 753 million euros (previous year: 720 million euros) to former employees with vested pension benefits, and
- 1,948 million euros (previous year: 1,973 million euros) to retirees.

The average weighted duration of pension obligations is 11 years (previous year: 11 years) for Germany, 7 years (previous year: 7 years) for the USA and 13 years (previous year: 14 years) for other countries.

In determining the net obligation, we take into account amounts that are not recognized due to asset ceiling restrictions. If the fair value of the plan assets exceeds the obligations arising from the pension benefits, an asset is recognized only if the reporting entity can also derive economic benefit from these assets, for example in the form of return flows or a future reduction in contributions (asset ceiling). In the prior year, we recorded an amount of 21 million euros as an asset ceiling. This asset ceiling related to a portion of the plan assets of our companies in Belgium. In the 2024 reporting period, these assets were transferred to an insurance company. Consequently, the assets can also be used for a future reduction in contributions and the funding of other plans of our companies in Belgium, so there is no longer an asset ceiling to account for as of the end of the fiscal year.

Within our consolidated statement of income, current service costs are allocated on the basis of cost of sales to the respective function. Only the balance of interest expense for the defined benefit obligation and interest income for the plan assets and asset ceiling is reported in financial result. All gains/losses from the termination, curtailment and amendment of plans are recognized in other operating income/expenses. Employer contributions to state pension insurance are included as "Social security contributions and staff welfare costs" under Note 35 on page 334. In 2024, employer contributions to plan assets totaled 51 million euros (previous year: 58 million euros). Payments into pension funds in fiscal 2025 are expected to total 49 million euros.

The reimbursement rights covering a portion of the pension obligations in the USA are assets that are not protected against insolvency and therefore are not classified as plan assets under IAS 19.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The reimbursement rights indicated are available to the Group in order to cover the expenditures required to fulfill the respective pension obligations. Reimbursement rights and the associated pension obligations must, according to IAS 19, be shown unnetted in the statement of financial position.

Analysis of plan assets

	Dec. 31, 2023[1]			Dec. 31, 2024		
in million euros	Quotation on active markets	No quotation on active markets	Total	Quotation on active markets	No quotation on active markets	Total
Shares	**743**	**–**	**743**	**813**	**–**	**813**
Europe	239	–	239	**244**	**–**	**244**
USA	145	–	145	**149**	**–**	**149**
Others	359	–	359	**420**	**–**	**420**
Bonds and hedging instruments	**2,388**	**-86**	**2,302**	**2,283**	**-72**	**2,211**
Government bonds	996	–	996	**931**	**–**	**931**
Corporate bonds	1,393	–	1,393	**1,352**	**–**	**1,352**
Derivatives	–	-86	-86	**–**	**-72**	**-72**
Alternative investments	**–**	**376**	**376**	**–**	**365**	**365**
Cash	**–**	**305**	**305**	**–**	**299**	**299**
Liabilities[2]	**–**	**-176**	**-176**	**–**	**-194**	**-194**
Other assets	**–**	**117**	**117**	**–**	**112**	**112**
Qualified insurance contracts	**–**	**122**	**122**	**–**	**193**	**193**
Total	**3,131**	**658**	**3,789**	**3,096**	**702**	**3,797**

[1] Adjustment of prior-year figures to separately reflect qualified insurance policies.
[2] Liability to Henkel AG & Co. KGaA from the assumption of pension payments for Henkel Trust e.V. and external pension funds.

The objective of the investment strategy for the global plan assets is the long-term security of pension payments. This is ensured by comprehensive risk management that takes into account the asset and liability portfolios of the defined benefit pension plans. Henkel pursues a liability-driven investment (LDI) approach in order to achieve the investment objective. This approach takes into account the structure of the pension obligations and manages the cover ratio of the pension plans. To improve this ratio, Henkel invests plan assets in a diversified portfolio for which the expected long-term yield is above the interest costs of the pension obligations.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

In order to cover the risks arising from trends in wages, salaries and life expectancies, and to close the potential deficit between plan assets and pension obligations over the long term, additional investments are made in a return-enhancing portfolio as an add-on instrument that contains assets such as equities, emerging-market bonds and real estate. The target portfolio structure of the plan assets is essentially determined in asset-liability studies. These studies are conducted regularly with the help of external advisors who assist Henkel in the investment of plan assets. They examine the actual portfolio structure, taking into account current capital market conditions, investment principles and the obligation structure, and can suggest adjustments to be made to the portfolio.

The expected long-term yield for individual plan assets is derived from the target portfolio structure and the expected long-term yields for the individual asset classes.

Risks associated with pension obligations

Our internal pension risk management function monitors the risks of all pension plans Group-wide in compliance with local legal regulations. As part of the monitoring process, guidelines on the control and management of risks are adopted and continuously developed; these guidelines mainly govern funding levels, portfolio structure and actuarial assumptions. The objective of the financing strategy within the Group is to ensure that plan assets cover at least 90 to 100 percent of the present value of the funded pension obligations. The contributions and investment strategies are intended to ensure complete coverage of the plans for the duration of the pension obligations.

Henkel's pension obligations are exposed to various market risks. These risks are counteracted by ensuring the required funding level and the structure of pension benefits. The risks relate primarily to changes in market interest rates, inflation, and life expectancy, as well as general market fluctuations. Pension obligations based on contractual provisions in Germany generally entail lifelong benefits payable when the employee reaches retirement age or in the case of incapacity or death.

In order to reduce the risks arising from the payment of lifelong benefits, as well as inflation, pension benefits have been gradually converted since 2004 to what are known as modular benefits with a pension option, with the fund available being initially divided into an annuity and lump-sum portion. Newly hired employees since 2011 receive a commitment based primarily on the lump-sum benefit. In principle, lump-sum benefits may also be paid out as an annuity through a pension fund. All benefits in Germany are financed through a provident fund (Vorsorgefonds) established for the purpose of the occupational pension plan. Benefits for new employees since 2011, as well as a portion of the entitlements vested since 2004, are linked to the performance of this provident fund, resulting in a reduction in overall risk to the Company. The described adjustments within the pension structure reduce the financial risk arising from pension commitments in Germany.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

By linking the benefit to the capital investment, the net risk is also largely eliminated. An increase in the long-term inflation assumption would mainly affect the expected increase in pensions and the expected trend in pension-eligible salaries.

The pension obligations in the USA are based primarily on three retirement plans that are all closed to new employees. New employees receive pension benefits based on a defined contribution plan. The pension benefits generally have a lump-sum option which is usually exercised. When a pension becomes payable, the amount granted is determined on the basis of current market interest rates. As a result, the impact of a change to the interest rate used in the calculation is low compared to pension commitments entailing life-long benefits. Additionally, in the USA, pensions paid once are not adjusted by amount, thus there are no direct risks during the pension payment period arising from pending pension adjustments. Inflation risks therefore result mainly from the salary adjustments awarded.

The effects of changes to assumptions with respect to medical benefits for employees and retirees in the USA are shown in the sensitivity analysis.

The analysis of our Group-wide pension obligations revealed no extraordinary risks.

Cash flows and sensitivities

In the next five years, the following payments from pension plans are expected:

Future payments for pension benefits

in million euros	Germany	USA	Other countries	Total
2025	179	70	44	**293**
2026	176	58	41	**274**
2027	172	56	44	**272**
2028	173	53	45	**271**
2029	172	52	49	**273**

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The future level of the funded status and thus of the pension obligations depends on the development of the discount rate, among other factors. Companies based in Germany and the USA account for 81 percent of our pension obligations (previous year: 81 percent). The medical costs incurred after retirement by former employees of our subsidiaries in the USA are also recognized in the pension obligations for defined benefit plans. A rate of increase of 8.25 percent (previous year: 6.8 percent) was assumed. We expect this rate of increase to fall gradually to 4.0 percent by 2050 (previous year: 4.0 percent by 2047). The effects of a change in material actuarial assumptions for the present value of pension obligations are as follows:

Sensitivities – Present value of pension obligations at December 31, 2023

in million euros	Germany	USA	Other countries	Total
Present value of obligations	2,704	637	802	**4,143**
In the event of				
Rise in discount rate by 1.0pp	2,500	605	709	**3,814**
Reduction of discount rate by 1.0pp	2,954	686	918	**4,558**
Rise in future income increases by 0.5pp	2,705	639	813	**4,157**
Reduction of future income increases by 0.5pp	2,704	635	790	**4,129**
Rise in retirement benefits increases by 0.5pp	2,789	637	823	**4,249**
Reduction of retirement benefits increases by 0.5pp	2,625	637	784	**4,046**
Rise in medical costs by 0.5pp	2,704	638	802	**4,144**
Reduction of medical costs by 0.5pp	2,704	636	802	**4,142**

pp = percentage points

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Sensitivities – Present value of pension obligations at December 31, 2024

in million euros	Germany	USA	Other countries	Total
Present value of obligations	2,757	636	794	**4,187**
In the event of				
Rise in discount rate by 1.0pp	2,562	604	706	**3,871**
Reduction of discount rate by 1.0pp	2,994	675	905	**4,574**
Rise in future income increases by 0.5pp	2,757	638	806	**4,201**
Reduction of future income increases by 0.5pp	2,756	634	782	**4,173**
Rise in retirement benefits increases by 0.5pp	2,838	636	814	**4,288**
Reduction of retirement benefits increases by 0.5pp	2,681	636	773	**4,091**
Rise in medical costs by 0.5pp	2,757	637	794	**4,188**
Reduction of medical costs by 0.5pp	2,757	635	793	**4,185**

pp = percentage points

The extension of life expectancy in Germany by one year would increase the present value of pension obligations by 3 percent (previous year: 3 percent). In the USA, an extension of life expectancy by one year would increase the present value of pension obligations by 2 percent (previous year: 2 percent).

It should be noted with respect to the sensitivities presented that, due to mathematical effects, the percentage change is not and does not need to be linear. Thus the percentage increases and decreases do not vary with the same absolute amount. Each sensitivity is independently calculated with no scenario analysis.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

17 Other provisions

Development 2024

in million euros	At December 31, 2023[1]	Acquisitions	Utilized	Released	Added	Other changes	At December 31, 2024
Restructuring provisions	**265**	**–**	**-137**	**-50**	**105**	**-6**	**178**
Of which: non-current	81	–	-31	-17	29	-11	**52**
Of which: current	184	–	-106	-34	76	5	**126**
Sales provisions	**1,326**	**5**	**-873**	**-129**	**905**	**-2**	**1,232**
Of which: non-current	9	–	-0	-4	8	-2	**12**
Of which: current	1,316	5	-873	-126	897	-0	**1,220**
Personnel provisions	**579**	**2**	**-425**	**-31**	**550**	**4**	**679**
Of which: non-current	85	–	-9	-1	57	-6	**125**
Of which: current	495	2	-416	-30	493	11	**554**
Sundry provisions	**361**	**5**	**-61**	**-36**	**129**	**8**	**406**
Of which: non-current	126	1	-1	-4	5	14	**140**
Of which: current	234	4	-59	-32	124	-6	**265**
Total	**2,531**	**12**	**-1,496**	**-246**	**1,690**	**4**	**2,494**
Of which: non-current	301	1	-41	-25	99	-6	**329**
Of which: current	2,230	11	-1,455	-221	1,591	10	**2,165**

[1] Amended following the updated allocation of the purchase price for the shares in Composite Technology Intermediate, Inc.

Provisions are recognized for obligations toward third parties where the outflow of resources is probable and the expected obligation can be reliably estimated. Provisions are measured to the best estimate of the expenditures required in order to meet the current obligation as of the reporting date. Price increases expected to take place prior to the time of performance are included in the calculation. Provisions in which the interest effect is material are discounted to the reporting date at a pre-tax interest rate. For obligations in Germany, we have applied interest rates of between 2.8 and 3.7 percent (previous year: 3.3 and 3.7 percent).

Other changes in provisions include changes in the scope of consolidation, movements in exchange rates, compounding effects, and adjustments to reflect changes in maturity as time passes.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Provisions are recognized in respect of restructuring measures on condition that work has begun on the implementation of a detailed, formal plan or such a plan has already been communicated. Additions to the restructuring provisions relate to the optimization of our production, logistics and sales and distribution structures.

Sales provisions cover expected refunds to customers and risks arising from pending transactions. Commitments to customers result in cash outflows in the following period.

Personnel provisions essentially cover expenditures likely to be incurred by the Group for variable, performance-related remuneration components.

Sundry provisions include, for example, provisions for warranties in production and engineering. Also included are provisions to cover the risk arising from legal disputes and proceedings, representing not just the cash outflows for the probable amount but also the anticipated cost of legal – for example civil-law – proceedings. The pending judicial and arbitration court proceedings or public authority proceedings relate in particular to issues of product liability, product deficiency, competition law, infringement of proprietary rights, patent law, tax law, environmental protection and legacy remediation.

The course and outcomes of legal disputes are inherently problematic and unpredictable. Based on the knowledge currently available, no material future impact on the net assets, financial position and results of operations of the Company is expected.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

18 Borrowings

Analysis

in million euros	December 31, 2023 Non-current	Current	Total	December 31, 2024 Non-current	Current	Total
Bonds	1,857	7	1,865	**1,810**	**100**	**1,910**
Commercial paper[1]	–	275	275	**–**	**387**	**387**
Liabilities to banks[2]	3	127	129	**239**	**1,040**	**1,279**
Total	**1,860**	**409**	**2,269**	**2,049**	**1,527**	**3,576**

[1] From the euro and US dollar commercial paper program (total volume: 2 billion US dollars and 2 billion euros).
[2] Obligations with floating rates of interest or interest rates pegged for less than one year.

Bonds

Issuer	Type	Nominal value	Carrying amounts excluding accrued interest Dec. 31, 2023	Carrying amounts excluding accrued interest Dec. 31, 2024	Market values excluding accrued interest[1] Dec. 31, 2023	Market values excluding accrued interest[1] Dec. 31, 2024	Market values including accrued interest Dec. 31, 2023	Market values including accrued interest Dec. 31, 2024	Interest rate p.a. 2023	Interest rate p.a. 2024	Maturity
Henkel AG & Co. KGaA	Bond	70 million US dollars[2]	63	**67**	59	**66**	60	**66**	1.042%	**1.042%**	7/7/2025
Henkel AG & Co. KGaA	Bond	25 million euros	25	**25**	24	**25**	24	**25**	0.120%	**0.120%**	7/10/2025
Henkel AG & Co. KGaA	Bond	350 million GB pounds[2]	403	**422**	376	**399**	377	**400**	1.250%	**1.250%**	9/30/2026
Henkel AG & Co. KGaA	Bond	250 million US dollars[3]	226	**240**	208	**227**	208	**228**	1.750%	**1.750%**	11/17/2026
Henkel AG & Co. KGaA	Bond	650 million euros[4]	640	**648**	647	**652**	652	**657**	2.625%	**2.625%**	9/13/2027
Henkel AG & Co. KGaA	Bond	500 million euros	500	**500**	416	**419**	416	**420**	0.500%	**0.500%**	11/17/2032
Total			**1,857**	**1,902**	**1,729**	**1,788**	**1,737**	**1,796**			

[1] Stock market price at December 31.
[2] The interest and principal payments of the bonds denominated in US dollars and GB pounds are converted into euro payments through interest rate currency swaps and foreign exchange forward contracts.
[3] The bond is designated as a hedging instrument in connection with a net investment in a foreign operation.
[4] Coupon payments converted from fixed to floating through the use of interest rate swaps.

In fiscal 2021 and 2022, Henkel issued three sustainability-linked bonds with nominal values of 250 million US dollars, 650 million euros and 500 million euros respectively, recognized as non-current borrowings. The coupons on these bonds are fixed in principle and dependent on the achievement of certain sustainability performance targets relating to the sustainability of our packaging and to the reduction of greenhouse gas

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

emissions. Failure by Henkel to meet these targets on the respective fixed date would result in a prospective increase in the coupon payable on the bonds from said fixed date onward until maturity. In the case of the US dollar bond, the capital surcharge at maturity would be 0.25 or 0.5 percentage points, depending on whether one or both targets are missed. The surcharge on the coupon of the two euro-denominated bonds would be 0.375 or 0.75 percentage points respectively, for the residual term after the fixed date.

In July 2024, Henkel reclassified the US-dollar-denominated bond with a nominal value of 70 million US dollars and the euro-denominated bond with a nominal value of 25 million euros from non-current to current borrowings on account of the shorter residual term. In addition, current and non-current liabilities to banks increased in fiscal 2024, as did current liabilities from commercial paper in connection with the financing, in matching currencies, of the acquisitions made by Henkel in the year under review.

Liabilities to banks include financial collateral received from banks, in addition to loans and borrowings. Said collateral amounted to 55 million euros as of December 31, 2024 (previous year: 88 million euros).

19 Other financial liabilities

Analysis

	December 31, 2023			December 31, 2024		
in million euros	Non-current	Current	Total	Non-current	Current	Total
Lease liabilities	504	119	624	**593**	**120**	**713**
Liabilities to non-consolidated subsidiaries and associates	–	3	3	–	**3**	**3**
Liabilities to customers	1	45	46	**1**	**52**	**52**
Derivative financial instruments	8	29	37	**0**	**76**	**76**
Sundry financial liabilities	17	13	29	**17**	**32**	**49**
Total	**530**	**209**	**738**	**610**	**282**	**893**

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Lease liabilities increased year on year by 89 million euros to 713 million euros. For further details of lease liability measurement, please refer to Note 2 on pages 249 to 253.

Of the liabilities to non-consolidated subsidiaries and associated companies, 3 million euros (previous year: 3 million euros) is attributable to non-consolidated subsidiaries.

20 Other liabilities

Analysis

	December 31, 2023			December 31, 2024		
in million euros	Non-current	Current	Total	Non-current	Current	Total
Other tax liabilities	–	221	221	–	193	193
Liabilities to employees	6	40	46	5	49	54
Liabilities relating to employee deductions	–	40	40	0	39	39
Liabilities in respect of social security	–	22	22	0	25	25
Sundry other liabilities	71	84	154	52	92	144
Total	**77**	**406**	**483**	**57**	**398**	**455**

Sundry other liabilities primarily comprise various income deferrals for other accounting periods amounting to 12 million euros (previous year: 18 million euros) and payments on account received (i.e. contract liabilities as defined in IFRS 15 [Revenue from Contracts with Customers]) in the amount of 67 million euros (previous year: 88 million euros). On December 31, 2024, contract liabilities also included a deferral for the use of trademark rights in the amount of 63 million euros (previous year: 82 million euros). The reduction of this liability resulted in the recognition of revenues totaling 19 million euros in fiscal 2024 (previous year: 13 million euros).

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

21 Trade accounts payable

Trade accounts payable increased from 4,075 million euros to 4,241 million euros. In addition to purchase invoices, they also relate to accruals for invoices outstanding in respect of goods and services received. They are all due within one year.

As part of its strategic supplier management concept, Henkel offers selected suppliers around the world the option to join its supplier financing programs. These programs involving four banks and one platform operator are, among other things, conditional upon the sustainability performance of the supplier, for example in respect of climate-relevant emissions and the use of natural resources, and enable suppliers to pre-finance individual invoices before they are due, thereby benefiting from favorable financing terms. Suppliers enter into financing arrangements with a bank or platform operator without Henkel's involvement to obtain premature payout of the invoice amount less an interest component from said bank or platform operator. Henkel pays the invoice amount to the bank or platform operator when it is due. Payment terms are within the customary limits for the industry.

Henkel has evaluated these programs, based on various indicators, and has concluded that the respective liabilities continue to bear the characteristics of trade accounts payable. Accordingly, the associated payments to the bank/platform operator are presented as cash outflows from operating activities. The carrying amounts of trade accounts payable that are part of a supplier finance arrangement amounted to 747 million euros as of December 31, 2024 (previous year: 707 million euros). Suppliers had already received payments from financial service providers for trade accounts payable with a carrying amount of 497 million euros as of December 31, 2024. The average payment term for trade accounts payable that are part of a supplier financing arrangement is between 91 and 134 days, depending on the region. The average payment term for comparable liabilities that are not covered by such arrangements is between 60 and 95 days. There were no material business combinations, foreign exchange effects or other non-cash effects that would have impacted the liabilities that are part of a supplier financing arrangement in fiscal 2024.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

22 Income tax liabilities

Income tax liabilities include tax obligations and uncertain tax positions. The tax treatment of certain items and transactions is, in part, dependent on future recognition by the tax authorities or tax judiciary. Insofar as it is deemed likely that the tax authorities will not accept a tax position, this is taken into consideration when determining the income tax liabilities and other tax items, with the most probable or expected amount then being applied (per IAS 12 and IFRIC 23). The same assumptions are applied to both current and deferred taxes when accounting for uncertain tax positions.

Uncertain tax positions can arise when new tax regulations are applied or interpretations of existing tax regulations are amended. In relation to deferred income tax assets, this results in a tax risk in the mid to high double-digit million euros range as of December 31, 2024 (previous year: mid- to high double-digit million euros range). In relation to current income taxes, there were opportunities in the low double-digit million euros range as of December 31, 2024. Occurrence of the underlying risk or underlying opportunity is not deemed to be particularly likely.

23 Financial instruments report

How Henkel recognizes and measures financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Within the Henkel Group, financial instruments are reported in the statement of financial position under trade accounts receivable, trade accounts payable, borrowings, other financial assets, other financial liabilities, and cash and cash equivalents.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Financial instruments are recognized once Henkel becomes a party to the contractual provisions of the financial instrument and thereby acquires rights or enters into comparable obligations relating to same. The recognition of financial assets takes place at the settlement date, with the exception of derivative financial instruments which are recognized at the trade date. All financial instruments are initially reported at their fair value. Only those trade accounts receivable without any material financing component are recognized at transaction price as defined in IFRS 15. Transaction costs are only capitalized if the financial instruments are not subsequently measured at fair value through profit or loss.

IFRS 9 specifies three categories for measuring financial assets:

- Measured at amortized cost
- Measured at fair value through profit or loss
- Measured at fair value through other comprehensive income

Classification of financial assets to one of the measurement categories is initially based on the structure of the contractual cash flows. Financial assets in respect of which cash flows occur at specified times and represent solely interest and principal payments are classified depending on the business model under which they are held.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Financial instruments held so as to collect contractual cash flows are recognized at amortized cost using the effective interest method. All financial assets – with the exception of derivative financial instruments, other investments, certain financial investments presented under securities and time deposits or cash equivalents, and the virtual power purchase agreements and liabilities from contingent purchase price agreements included under sundry financial assets and liabilities – meet these criteria and are measured at amortized cost.

If the business model essentially requires the assets to be held – albeit with their sale remaining possible where necessary to cover liquidity needs, for example – said assets are recognized at fair value through other comprehensive income.

Financial instruments in respect of which cash flows are comprised entirely of interest and principal payments but which are not held within one of the two aforementioned business models, are recognized at fair value through profit or loss.

In addition, a risk provision must be accrued in the amount of expected credit losses for financial assets that are measured at amortized cost or at fair value through other comprehensive income. For more details, please refer to the notes on trade accounts receivable on page 258 and on credit risk on pages 307 to 313.

Financial assets in respect of which the cash flows are not comprised entirely of interest and principal payments are always recognized at fair value through profit or loss. At Henkel this is the case with derivative financial assets and shares in investment funds. As a rule, Henkel exercises its right to choose to recognize equity instruments at fair value through other comprehensive income. This approach is commensurate with the fact that, generally, the Company does not plan to sell the assets to benefit from short-term changes in their fair value. If these equity instruments are, nevertheless, sold or derecognized for some other reason, the valuation effects accumulated up to then in other comprehensive income are reclassified to retained earnings rather than the consolidated statement of income.

Financial liabilities must be allocated to one of the following measurement categories:

- Measured at amortized cost
- Measured at fair value through profit or loss

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

As a rule, Henkel recognizes financial liabilities at amortized cost using the effective interest method. Exceptionally, derivative financial liabilities and the virtual power purchase agreements and liabilities from contingent purchase price agreements included under sundry financial assets and liabilities are measured at fair value through profit or loss.

Hedge accounting is applied in individual cases – where possible and economically sensible – in order to avoid profit and loss variations arising from fair value changes in derivative financial instruments. Fair value and cash flow hedges or hedges of a net investment in a foreign operation are designated within the Group depending on the type of underlying and the risk being hedged. Details relating to the hedging contracts transacted within the Group and how the fair values of the derivatives are determined are provided on pages 298 to 306. The carrying amounts of borrowings recognized in connection with a fair value hedge are adjusted for the valuation effect from the hedged risk.

Henkel currently exercises the fair value option in selected instances for financial assets if this reduces an accounting mismatch between the assets and the corresponding derivative financial instruments hedging material market risks. In the case of already contracted future purchases of non-financial assets containing embedded derivatives, Henkel exercises the option on a case-by-case basis to recognize the entire contract at fair value through profit or loss.

The following table summarizes the allocation of items on the statement of financial position to the financial instrument classes and compares the carrying amounts of the financial assets and liabilities with their respective fair values:

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Comparison of carrying amounts and fair values of financial instruments

in million euros		Dec. 31, 2023[1]	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2024
Financial assets	**Financial instruments class (valuation hierarchy of fair values)**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Trade accounts receivable	Amortized cost	3,470		3,530	
Other financial assets		827		1,370	
Receivables from non-consolidated subsidiaries and associates	Amortized cost	0		0	
Financial receivables from third parties	Amortized cost	29		225	
Derivative financial instruments not included in a designated hedging relationship	Fair value through profit or loss (level 2)	33	33	42	42
Derivative financial instruments included in a designated hedging relationship	Derivatives included in a designated hedging relationship (level 2)	108	108	71	71
Derivative financial instruments included in a designated hedging relationship	Derivatives included in a designated hedging relationship (level 3)	0	0	0	0
Investments in non-consolidated subsidiaries and associates	Not assigned to any valuation category under IFRS 9	7		6	
Other investments	Fair value through other comprehensive income (level 3)	129	129	138	138
Receivables from Henkel Trust e.V. and external pension funds	Amortized cost	176		194	
Securities and time deposits	Amortized cost	8		316	
Securities and time deposits	Fair value through profit or loss (level 1)	208	208	228	228
Securities and time deposits	Fair value through profit or loss (level 2)	17	17	6	6
Securities and time deposits	Fair value through profit or loss (level 3)	7	7	14	14
Financial collateral provided	Amortized cost	5		19	
Sundry financial assets	Amortized cost	100		108	
Sundry financial assets	Fair value through profit or loss (level 3)	4	4	5	5
Sundry financial assets	Not assigned to any valuation category under IFRS 9	-4		-4	
Cash and cash equivalents	Amortized cost	1,951		2,889	
Cash and cash equivalents	Fair value through profit or loss (level 2)	0	0	0	0
Total		**6,248**		**7,790**	

TABLE CONTINUED ON NEXT PAGE

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Comparison of carrying amounts and fair values of financial instruments

in million euros		Dec. 31, 2023[1]	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2024
Financial liabilities	**Financial instruments class (valuation hierarchy of fair values)**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Borrowings		2,269		3,576	
Bonds (not included in a designated hedging relationship)	Amortized cost (level 1)	1,219	1,085	1,257	1,139
Bonds (included in a designated hedging relationship)	Amortized cost (level 1) accounted for as part of a fair value hedge	645	652	653	657
Other borrowings	Amortized cost	404		1,666	
Trade accounts payable	Amortized cost	4,075		4,241	
Other financial liabilities		738		893	
Lease liabilities	Not assigned to any valuation category under IFRS 9	624		713	
Liabilities to non-consolidated subsidiaries and associates	Amortized cost	3		3	
Liabilities to customers	Amortized cost	46		52	
Derivative financial instruments not included in a designated hedging relationship	Fair value through profit or loss (level 2)	21	21	31	31
Derivative financial instruments included in a designated hedging relationship	Derivatives included in a designated hedging relationship (level 2)	14	14	44	44
Derivative financial instruments included in a designated hedging relationship	Derivatives included in a designated hedging relationship (level 3)	1	1	0	0
Sundry financial liabilities	Amortized cost	28		21	
Sundry financial liabilities	Fair value through profit or loss (level 3)	-9	-9	18	18
Sundry financial liabilities	Not assigned to any valuation category under IFRS 9	11		10	
Total		**7,082**		**8,710**	

[1] Amended following the updated allocation of the purchase price for the shares in Composite Technology Intermediate, Inc.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

IFRS 13 (Fair Value Measurement) defines fair value as the price that would be payable in a principal market – or in the most favorable market, in the absence of the former – if an asset were to be sold or a liability transferred. Valuation parameters as close to market reality as possible must be used as input factors to determine fair value. The fair value hierarchy prioritizes the input factors used in the valuation methods in three descending levels, depending on market proximity:

- Level 1: Fair values which are determined on the basis of quoted, unadjusted prices in active markets.
- Level 2: Fair values which are determined on the basis of parameters for which either directly or indirectly derived market prices are available.
- Level 3: Fair values which are determined with the aid of parameters for which the input factors are not derived from observable market data.

The fair value of securities and time deposits, and bonds, classified as level 1, is based on the quoted market prices on the reporting date. Observable market data are used to measure the fair value of level 2 securities, time deposits and cash equivalents. If bid and ask prices are available, the mid price is used to determine the fair value. When measuring derivative financial instruments, the credit risk is determined by netting all financial assets, liabilities, collateral received and collateral provided for each counterparty to determine the net credit exposure. An explanation of the method used to determine the fair values of derivative financial instruments can be found on pages 298 to 306.

For financial instruments measured at fair value in the statement of financial position and of which the fair value is allocated to level 3, the change in values in the reporting period is presented below:

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Development of level 3 assets and liabilities 2023

in million euros	Derivative financial assets included in a designated hedging relationship	Derivative financial liabilities included in a designated hedging relationship	Other investments and securities	Sundry financial assets with embedded derivatives	Sundry financial liabilities with embedded derivatives	Sundry financial liabilities from contingent consideration
Carrying amount at January 1, 2023	**0**	**1**	**116**	**4**	**-11**	**–**
Purchases	–	–	21	–	–	–
Gains/losses (realized) recognized as other operating income or expenses	–	–	–	0	1	–
Of which: attributable to assets and liabilities held at the end of the reporting period	–	–	–	0	1	–
Gains/losses (realized) recognized in other financial result	–	–	–	–	–	–
Of which: attributable to assets and liabilities held at the end of the reporting period	–	–	–	–	–	–
Gains/losses recognized in other comprehensive income	-0	0	1	–	–	–
Foreign exchange effects and other changes	–	–	-2	–	0	–
Carrying amount at December 31, 2023	**0**	**1**	**136**	**4**	**-9**	**–**

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Development of level 3 assets and liabilities 2024

in million euros	Derivative financial assets included in a designated hedging relationship	Derivative financial liabilities included in a designated hedging relationship	Other investments and securities	Sundry financial assets with embedded derivatives	Sundry financial liabilities with embedded derivatives	Sundry financial liabilities from contingent consideration
Carrying amount at January 1, 2024	**0**	**1**	**136**	**4**	**-9**	**–**
Purchases	–	–	22	–	–	29
Gains/losses (realized) recognized as other operating income or expenses	–	–	–	0	1	-3
Of which: attributable to assets and liabilities held at the end of the reporting period	–	–	–	0	1	-3
Gains/losses (realized) recognized in other financial result	–	–	-1	–	–	–
Of which: attributable to assets and liabilities held at the end of the reporting period	–	–	-1	–	–	–
Gains/losses recognized in other comprehensive income	–	-1	-8	–	–	–
Foreign exchange effects and other changes	–	–	3	–	-1	1
Carrying amount at December 31, 2024	**0**	**0**	**152**	**5**	**-9**	**26**

The derivative financial instruments categorized as level 3 are commodity forwards recognized in hedge accounting. In the absence of forward quotes in the market, the fair value is determined on the basis of bids obtained from several banks for new contracts involving similar products.

Changes in the fair values determined using this procedure are recognized in full in other comprehensive income and are presented in the hedge reserve. Reclassification of the corresponding amounts to the cost of hedged inventories is performed when the derivatives are realized. This occurs when the hedged inventories are recognized. A 10-percent higher (lower) forward price of the derivatives on the reporting date would have resulted in other comprehensive income increasing (decreasing) by 0 million euros.

Other investments and securities include shares in companies and in investment funds that are currently not intended for sale. The fair value of other investments and securities is based either on information derived from recent financing transactions, on a cost-based method, or on valuation using the discounted cash flow method taking into account the free cash flow of the share or fund investment. Appropriate risk-adjusted costs of capital are applied when using the discounted cash flow method.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The individual other investments and investment fund shares are of minor importance for the presentation of the net assets and results of operations of the Henkel Group. If any conceivably realistic changes were to occur in the valuation parameters, the change in the fair values revealed by sensitivity analysis would not exceed in total a euro range in the mid-single-digit millions. Such changes are attributable virtually entirely to other investments and would be included in other comprehensive income. Changes in the fair values of securities are recognized in other financial result. No valuation results recognized in equity were reclassified to retained earnings in the year under review, nor in the previous year.

As part of our sustainability strategy to achieve our climate targets, we have entered into virtual power purchase (VPP) agreements in the USA and Europe. The renewable energy generation facilities underlying the agreements are managed by their respective operators. Henkel has no rights of determination or control over the use of the facilities. The benefits to the contract partners come in the form of two components: a cash flow that depends, among other things, on the development of the respective spot electricity price, and certificates that Henkel receives as proof of origin for electricity from renewable energies. The cash flow between Henkel and the operator serves to settle, on a monthly basis, the difference between the contractually fixed price per MWh of electricity produced and the respective spot electricity price when the electricity is fed into the grid. The agreed compensation payments between Henkel and the operator are limited to a maximum differential amount for Henkel, so that fluctuations in value arising from the agreements are limited. The annual production volume forecasted under the virtual power purchase agreement in the USA is 300,000 MWh. The agreement in Europe is for an annual production forecast of 200,000 MWh. The respective contract terms from start of operation of the wind farm/solar park are 10.5 years in the USA and 10 years in Europe. Due to the derivatives embedded in the agreements, each contract is accounted for at fair value through profit or loss. The fair value allocated to level 3 is derived from the present value of the expected cash flows from the agreement.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The main valuation parameters for the virtual power purchase agreement entered into in the USA in fiscal 2020 are the expected electricity prices and the US dollar interest rate used for discounting. In addition to the expected electricity prices, a primary parameter for valuation of the virtual power purchase agreement executed in Europe in fiscal 2022 is the euro interest rate used for discounting. A change of 10 percent in the expected electricity prices or of 100 basis points in the discount rate would result in a change in the fair value of the virtual power purchase agreement concerned of 0 million euros.

At the time of initial recognition, the fair values of the virtual power purchase agreements were higher than the transaction price. The respective differences were deferred and will be recognized pro rata temporis as earnings in the statement of income over the term of the agreement, once operations commence at the wind farm or solar park on which the respective virtual power purchase agreement is based. The deferred difference is recognized in the statement of financial position, together with the positive or negative fair value of the agreement, under sundry financial assets or sundry financial liabilities.

Changes in the fair value and deferred amount are recognized in other operating income or other operating expenses in the statement of income. On January 1, 2024, the deferred difference recognized for the virtual power purchase agreement in the USA was 11 million euros (previous year: 13 million euros). In the reporting period, 1 million euros was recognized as other operating income (previous year: 1 million euros). The difference remaining as of December 31, 2024, after allowing for currency effects, was 10 million euros (previous year: 11 million euros). On January 1, 2024, the deferred difference recognized for the virtual power purchase agreement in Europe was 4 million euros (previous year: 4 million euros). In fiscal 2024, the amount of 0 million euros was recognized as other operating income for the first time following the commissioning of the solar park in May 2024. The difference remaining as of December 31, 2024, was 4 million euros (previous year: 4 million euros).

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The fair value of the contingent consideration reported under sundry financial liabilities in connection with the acquisition of the Vidal Sassoon brand and the related consumer hair care business in China is essentially tied to the fulfillment of contractually defined services by the seller during a transitional services phase. The assessments as to whether the services have been provided as contractually agreed will be made in 2024 and 2025 at six-monthly intervals from the date of acquisition. If the seller fails to meet one of three agreed performance indicators in any of the assessment periods, or only meets them in part, the purchase price liability is reduced by a maximum of a low single-digit million euro amount for each unmet performance indicator. Any corresponding changes will be recognized in other operating income or expenses. The agreement stipulates that Henkel will pay a maximum amount of up to 29 million euros.

No reclassifications between the valuation categories or classes per IFRS 7, nor within the fair value hierarchy, were performed during the reporting period or in the comparable prior period.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Net gains and losses from financial instruments by category

The net gains and losses from financial instruments can be allocated to the following categories:

Net results by measurement category 2023

in million euros	Interest	Valuation allowances	Payments received for written-off and derecognized financial instruments	Fees	Other effects recognized through profit or loss	Valuation effects recognized through other comprehensive income	Reclassifications of valuation effects recognized through other comprehensive income	Total net results
Financial assets measured at amortized cost	45	-30	1	–	-0	–	–	15
Financial assets measured at fair value through other comprehensive income (debt instruments)	–	–	–	–	–	-0	–	-0
Financial assets measured at fair value through other comprehensive income (equity instruments)	–	–	–	–	–	-0	–	-0
Financial assets and liabilities measured at fair value through profit or loss[1]	20	–	–	–	-13	68	-107	-31
Financial liabilities measured at amortized cost	-98	–	–	-2	-24	–	–	-124
Total net results 2023	**-33**	**-30**	**1**	**-2**	**-37**	**68**	**-107**	**-140**

[1] Including designated hedging instruments.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Net results by measurement category 2024

in million euros	Interest	Valuation allowances	Payments received for written-off and derecognized financial instruments	Fees	Other effects recognized through profit or loss	Valuation effects recognized through other comprehensive income	Reclassifications of valuation effects recognized through other comprehensive income	Total net results
Financial assets measured at amortized cost	75	-9	1	–	3	–	–	70
Financial assets measured at fair value through other comprehensive income (debt instruments)	–	–	–	–	–	0	–	0
Financial assets measured at fair value through other comprehensive income (equity instruments)	–	–	–	–	–	-9	–	-9
Financial assets and liabilities measured at fair value through profit or loss[1]	29	–	–	–	-5	-103	43	-36
Financial liabilities measured at amortized cost	-117	–	–	-6	-15	–	–	-138
Total net results 2024	**-12**	**-9**	**1**	**-6**	**-17**	**-112**	**43**	**-113**

[1] Including designated hedging instruments.

Reconciliation of net results to financial result

in million euros	2023	2024
Total net results	**-140**	**-113**
Less/plus results included in operating profit or in other comprehensive income	68	**77**
Foreign exchange effects	9	**-12**
Interest expense of pension obligations less interest income from plan assets and reimbursement rights	-6	**-11**
Other financial result (not related to financial instruments)	-54	**-49**
Financial result	**-122**	**-108**

No gains or losses were realized in the fiscal year from the derecognition of financial assets measured at amortized cost.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Derivative financial instruments and hedge accounting

Derivative financial instruments are measured at their fair value at the reporting date. Recognition of the gains and losses arising from fair value changes of derivative financial instruments is dependent upon whether hedge accounting rules are applicable. The Group ensures that its hedge accounting is consistent with the Group risk management objectives and strategy, and that a qualitative and forward-looking approach is adopted when assessing the effectiveness of its hedging transactions.

Hedge accounting is not applied for derivative financial instruments as long as their valuation is offset by direct compensatory changes in the fair values of the hedged items or the requirements for hedge accounting are not fulfilled. We recognize directly in the statement of income the fair value changes in these derivatives which, in economic terms, represent effective hedges within the framework of the Group strategy. In derogation from the above, hedges of intragroup financing arrangements in US dollars are recognized as cash flow hedges if their valuation effects cannot be fully eliminated in the consolidated financial statements.

In hedge accounting, derivative financial instruments are classified as instruments for hedging the fair value ("fair value hedge"), as instruments for hedging future cash flows ("cash flow hedge") or as instruments for hedging a net investment in a foreign operation ("hedge of a net investment in a foreign operation"). When closing the transaction, Henkel documents the relationship between the hedging instrument and the hedged item, together with the risk management objectives and strategies of the hedging transactions. All derivatives classified as hedging instruments are tied to specific committed and planned transactions. Henkel uses acknowledged methods – such as the "dollar offset method" or the "hypothetical derivative method" – to determine the effective portion of the hedges and any ineffective portions.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The following table provides an overview of the derivative financial instruments utilized and recognized within the Group, and their fair values:

Derivative financial instruments

	Nominal value		Positive fair value[2]		Negative fair value[2]	
in million euros	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024
Currency risk						
Currency forwards[1]	7,669	**8,633**	85	**60**	-31	**-75**
Of which: for hedging loans within the Group	2,382	**3,386**	44	**27**	-6	**-16**
Of which: designated as cash flow hedges	2,641	**2,550**	59	**19**	-9	**-36**
Of which: designated as net investment hedge	229	**228**	1	**–**	-1	**-8**
Cross-currency interest rate swaps[3]	466	**489**	25	**35**	–	**–**
Of which: designated as cash flow hedges	466	**489**	25	**35**	–	**–**
Interest rate risk						
Interest rate swaps	1,122	**1,081**	31	**18**	-4	**–**
Of which: designated as cash flow hedges[4]	271	**289**	24	**13**	–	**–**
Of which: designated as fair value hedges	650	**650**	–	**3**	-4	**–**
Commodity price risk						
Commodity forwards	6	**4**	–	**–**	-1	**0**
Of which: designated as cash flow hedges	6	**4**	–	**–**	-1	**0**
Total derivative financial instruments	**9,263**	**10,208**	**141**	**113**	**-37**	**-76**

[1] Maturity less than 1 year with the exception of forward exchange contracts for intragroup financing with a nominal volume of 400 million euros (previous year: 400 million euros) and a positive fair value of 10 million euros (previous year: 34 million euros), as well as hedges of a net investment in a foreign operation with a nominal volume of 114 million euros (previous year: 114 million euros) and a negative fair value of -5 million euros (previous year: -1 million euros).

[2] Fair values including accrued interest and excluding valuation allowance for counterparty credit risk of 0 million euros (previous year: 0 million euros).

[3] Nominal value reporting year: 350 million British pounds and 70 million US dollars (previous year: 350 million British pounds and 70 million US dollars).

[4] Nominal value reporting year: 300 million US dollars (previous year: 300 million US dollars).

We determine the fair value of forward exchange transactions and cross-currency interest rate swaps on the basis of the reference rates issued by the European Central Bank for the reporting date, taking into account forward premiums/forward discounts for the remaining term of the respective contract versus the contracted foreign exchange rate. Interest rate hedges are measured on the basis of discounted cash flows expected in the future, taking into account market interest rates applicable for the remaining term of the contracts. These are indicated for the two most important currencies in the following table. It shows the interest rates quoted on the interbank market in each case on December 31.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Interest rates in percent p.a.

Terms, each to December 31	Euro		US dollar	
	2023	2024	2023	2024
1 month	3.88	**2.91**	5.38	**4.32**
3 months	3.87	**2.67**	5.33	**4.30**
6 months	3.21	**2.12**	4.76	**4.25**
1 year	2.55	**1.98**	4.07	**4.18**
2 years	2.30	**1.99**	3.75	**4.08**
5 years	2.22	**2.03**	3.60	**4.04**
10 years	2.19	**2.06**	3.53	**4.07**

In measuring derivative financial instruments, counterparty credit risk is taken into account with an adjustment to the unsecured fair values concerned, determined on the basis of credit risk premiums. The adjustment relating to fiscal 2024 amounts to 0 million euros (previous year: 0 million euros). Changes in credit risk are recognized through profit or loss in financial result.

Depending on their fair value and their maturity on the reporting date, derivative financial instruments are included in current or non-current financial assets (positive fair value) or in current or non-current financial liabilities (negative fair value).

Most of the currency forwards served to hedge risks arising from trade accounts receivable and payable, and those pertaining to Group financing.

Fair value hedges
A fair value hedge hedges fluctuations in the fair value of recognized assets and liabilities or unrecognized firm commitments which arise from a specific risk. The changes in the fair values of the hedging instruments and of the hedged items resulting from the hedged risk are simultaneously recognized through profit or loss in other financial result.

To hedge the fair value risk of a fixed-rate bond issued by Henkel AG & Co. KGaA in September 2022 with a nominal volume of 650 million euros, interest rate swaps with identical nominal volumes and the same term were used in both fiscal 2024 and the previous year as hedging instruments in a fair value hedge. The hedged underlying is recognized under non-current borrowings.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Fair value hedges and ineffective portions

in million euros	2023	2024
Carrying amounts of hedged items (net of accrued interest)	640	**648**
Of which: cumulative hedge-related adjustments	-8	**-1**
Change in the carrying amounts of hedged items in the period	16	**7**
Change in the carrying amounts of the hedging instruments in the period	-16	**-7**
Ineffective portion	–	–

Cash flow hedges

A cash flow hedge hedges fluctuations in future cash flows from recognized assets and liabilities, unrecognized firm commitments, and highly probable forecasted transactions arising from a specific risk. The Henkel Group uses this instrument to hedge currency, interest rate, and commodity price risks. The effective portion of the change in fair value of the cash flow hedge is initially recognized in equity under cash flow hedge reserve. The ineffective portion of the change in value is recognized directly through profit or loss in financial result or operating profit, depending on the hedged item. Henkel exercises its right to choose to also initially recognize changes in value of non-designated components of hedging instruments – such as the forward component and foreign currency basis spreads of currency forwards and the foreign currency basis spreads of cross-currency interest rate swaps – in equity under hedging cost reserve. Amounts recognized in the reserves are released through profit or loss in the same period in which the hedged item impacts profit or loss. If a cash flow hedge results in the recognition of a non-financial asset, the amounts recognized in equity are included as part of the cost when the asset is recognized ("basis adjustment").

Cash flow hedge reserve (net of deferred taxes)

in million euros	At Jan. 1	Hedge results	Reclassifications to the statement of income	Reclassifications to inventories (basis adjustment)	At Dec. 31
2024	**-209**	**-69**	**24**	**-0**	**-253**
2023	-176	103	-140	4	**-209**

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Hedging cost reserve (net of deferred taxes)

in million euros	At Jan. 1	Hedge results	Reclassifications to the statement of income	Reclassifications to inventories (basis adjustment)	At Dec. 31
2024	**3**	**-20**	**19**	**2**	**5**
2023	5	-40	39	-1	3

The reserves disclosed in equity essentially relate to currency hedges for past acquisitions, anticipated sales, planned inventory purchases, and for our foreign currency bonds. The cash flow hedge reserve of -205 million euros as of December 31, 2024, (previous year: -205 million euros) was attributable to results from hedges that were no longer subject to hedge accounting.

Currency risk

As part of its risk management, the Henkel Group hedges fluctuations in cash flows of planned sales and inventory purchases in foreign currencies against currency risk. Currency forwards or recognized receivables and payables are used as hedging instruments. They are all due within one year. In the case of currency forwards, no ineffective portions arise since the Group only designates the spot component as the hedging instrument. Changes in the non-designated components of the derivatives over the term of the hedge are recognized in the hedging cost reserve. The hedge ratio is determined individually, depending on the relevant strategy for each currency. The hedging rates for major currencies are shown in the following table:

Hedging rates for sales and inventory purchases

	2024	
in million euros	**Nominal**	**Weighted hedging rate**
US dollar	114	1.04
Canadian dollar	80	1.50
Chinese yuan	43	7.76
Polish zloty	27	4.34
Mexican peso	24	21.98

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

An addition to the reserves (net of deferred taxes) of -40 million euros (previous year: 19 million euros) relates to currency hedges of planned inventory purchases and currency hedges of planned sales against fluctuating spot rates. Of the changes in hedge values recognized in equity in the reporting period, losses of 1 million euros (previous year: losses of 1 million euros) were reclassified to cost of hedged inventories without affecting profit or loss while losses within the framework of hedging planned sales of 8 million euros (previous year: gains of 47 million euros) were reclassified to operating profit through profit or loss. The positive and negative fair values of the derivatives contracted as a currency hedge of planned inventory purchases and as a currency hedge of budgeted sales amounted to 9 million euros (previous year: 25 million euros) and -36 million euros (previous year: -9 million euros) respectively. The cash flows from these currency derivatives, like the cash flows from the hedged inventory purchases and the hedged sales, are expected to occur and affect operating profit in the next fiscal year when the inventories are used and the sales revenue is realized.

In addition to the currency derivatives, foreign currency trade accounts payable are designated as hedging instruments for planned sales. The carrying amount of the liabilities designated as hedges amounted to 582 million euros (previous year: 472 million euros). The cash flows from these liabilities and the cash flows from the hedged sales are expected to occur, and affect operating profit, in the next fiscal year. The hedge transactions did not produce any ineffective portions.

In addition, hedges of existing and planned intragroup financing arrangements in US dollars are recognized as cash flow hedges if their valuation effects cannot be fully eliminated in the consolidated financial statements. The hedges do not contain any ineffective portions since the Group only designates the spot component as the hedging instrument. Changes in the non-designated components of the derivatives over the term of the hedge are recognized in the hedging cost reserve. In the year under review, hedging operations resulted in an addition to the reserves (net of deferred taxes) of -27 million euros (previous year: 12 million euros). Additions to the cash flow hedge reserve in the reporting year and the previous year were reclassified in full in each respective year to profit or loss. In fiscal 2024, losses of 24 million euros (previous year: gains of 14 million euros) were reclassified to other financial result, where the valuation effects from intragroup financing arrangements are also recognized. In the year under review, losses of 7 million euros (previous year: losses of 7 million euros) were reclassified through profit or loss from the hedging cost reserve to the interest result. As of December 31, 2024, the positive fair values of the respective derivatives totaled 10 million euros (previous year: 34 million euros). The cash flows from these currency derivatives, like the cash flows from the hedged intragroup financing arrangements, are expected to occur within the next three years.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

In addition, cross-currency interest rate swaps or rolling currency forwards are used to hedge currency risks arising in connection with interest and principal payments in foreign currencies relating to Group funding. Fixed payments in foreign currencies are converted into fixed-rate payments in euros through cross-currency interest rate swaps. The hedging rates for the bonds issued in foreign currencies are shown in the table below:

Bond hedging rates

	2024	
Bond maturity	**Nominal**	**Weighted hedging rate in euros**
7/7/2025	70 million US dollars	1.12
9/30/2026	350 million GB pounds	0.88

The hedging instruments have been structured and designated such that the occurrence of ineffectiveness has been eliminated. Changes in the non-designated foreign currency basis spreads over their duration are recognized in hedging cost reserve. The cash flows from the cross-currency interest rate swap that are attributable to the interest payments were recognized proportionately for the reporting period through profit or loss as an interest expense. The term of the cross-currency interest rate swaps is matched to the term of the respective bond.

Interest rate risk

As was also the case in fiscal 2023, we hedged part of the risk of interest rate changes in connection with our commercial paper program using interest rate swaps with a nominal volume of 300 million US dollars (previous year: 300 million US dollars) in the year under review. The swaps were designated as hedging instruments in cash flow hedges. Because of the revolving nature of our commercial paper borrowings, the interest payments in US dollars are variable and were converted into fixed-interest payments through the interest rate swap. Both in fiscal 2024 and the previous year, we contracted interest rate swaps to hedge the fair value risk of the fixed-rate bond issued in September 2022 with a nominal volume of 650 million euros. The interest rate swaps were designated as hedging instruments used in a fair value hedge. The interest rate swaps were used to convert the interest payments on the bond to variable payments.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Commodity price risk
Payments for planned commodity purchases are selectively hedged against fluctuations due to changes in the purchase prices of raw materials. Commodity forwards are used to hedge this risk. They are all due within one year. The Group only designates the commodity price component of the planned raw material purchases. Other price components, such as transportation costs, are not designated. Accordingly, there are no ineffective portions.

During fiscal 2024, the Henkel Group hedged exposures to clearly identifiable palm kernel oil, kerosene and natural gas components. In accounting for designated hedging relationships, the gains arising from the derivatives designated as hedging instruments amounting to 0 million euros net of deferred taxes (previous year: losses of 1 million euros) were recognized as additions to the reserve for cash flow hedges. On expiry of the hedging relationships, losses of 0 million euros (previous year: losses of 2 million euros) recognized in equity in the fiscal year were reclassified directly to the cost of the hedged inventories (basis adjustment). As of December 31, 2024, contracts hedging the risk of commodity prices had positive and negative fair values of 0 million euros (previous year: 0 million euros) and -0 million euros (previous year: -1 million euros) respectively.

Hedges of net investments in foreign operations
The accounting treatment of hedges of net investments in foreign operations against translation risk is similar to that applied to cash flow hedges. The gain or loss arising from the effective portion of the hedging instrument is recognized in the reserve for hedges of net investments in foreign operations, with the ineffective portion recognized directly through profit or loss. A bond issued by Henkel with a nominal volume of 250 million US dollars, which is included under non-current borrowings, and also the spot components of currency forwards, were used as hedging instruments. As of December 31, 2024, the positive and negative market values of these currency forwards amounted to 0 million euros (previous year: 1 million euros) and -8 million euros (previous year: -1 million euros) respectively. In addition, current liabilities to banks with a nominal volume of 4,960 million Chinese yuan were designated as hedging instruments in fiscal 2024. The carrying amount of these liabilities to banks was 654 million euros as of December 31, 2024. The design of the hedging relationships ensured there were no ineffective portions. For the non-designated forward component and the currency basis spreads of the currency forwards used as hedging instruments, Henkel exercises its right to also recognize these in equity in the hedging cost reserve insofar as they relate to the hedged item.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The gains or losses recognized directly in equity in connection with the hedges of net investments in foreign operations remain there until disposal of the net investment. The changes in non-designated components of hedges that are recognized in equity are reclassified pro rata temporis to the statement of income over the term of the hedge.

The reserve for hedges of net investments in foreign operations relates essentially to translation risks arising from net investments in Swiss francs, US dollars, Chinese yuan, Thai baht and British pounds. As of December 31, 2024, an amount of 30 million euros (previous year: 30 million euros) of the reserve was attributable to the results from hedges for which the associated contracts expired in previous years.

Reserve for hedges of net investments in foreign operations (net of deferred taxes)

in million euros	At Jan. 1	Addition (recognized in equity)	Release (recognized through profit or loss)	At Dec. 31
2024	**39**	**-17**	**–**	**23**
2023	36	10	-6	39

Reserve for cost of hedges of net investments in foreign operations (net of deferred taxes)

in million euros	At Jan. 1	Addition (recognized in equity)	Release (recognized through profit or loss)	At Dec. 31
2024	**-4**	**2**	**-1**	**-3**
2023	–	-4	0	-4

Risks arising from financial instruments, and risk management

As a globally active corporation, Henkel is exposed in the course of its ordinary business operations to credit risks, liquidity risks and market risks (currency translation, interest rate and other price risks). The purpose of financial risk management is to restrict the exposure arising from operating activities through the use of selective derivative and non-derivative hedges. Henkel uses derivative financial instruments exclusively for the purposes of risk management. Without these instruments, Henkel would be exposed to higher financial risks. Changes in exchange rates, interest rates or commodity prices can lead to significant fluctuations in the fair values of the derivatives used. These variations in fair value should not be regarded in isolation from the hedged items, as derivative and hedged item constitute a unit in terms of countervailing fluctuations.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Management of currency, interest rate and liquidity risks is based on the treasury guidelines introduced by the Management Board, which are binding on the entire corporation. These guidelines define the targets, principles and competencies of the Group Treasury unit. They also describe the fields of responsibility and establish the distribution of these responsibilities between Group Treasury and Henkel's subsidiaries. The Management Board is regularly and comprehensively informed of all major risks and of all relevant hedging transactions and arrangements. A description of the objectives and fundamental principles adopted in capital management can be found in the combined management report on pages 145 and 146. There were no major risk clusters in the reporting period. Appropriate details are provided in the description of the individual risks.

Credit risk

In the course of its business activities with third parties, the Henkel Group is inherently exposed to global credit risk arising from both its operating business and its financial investments. This risk derives from the possibility of the contractual party not fulfilling its obligations.

The maximum credit risk arising from financial assets not subject to the impairment rules of IFRS 9 – excluding any collateral provided – is reflected by the carrying amounts of the financial assets recognized in the statement of financial position and presented as follows:

Maximum risk position

in million euros	Dec. 31, 2023	Dec. 31, 2024
Financial assets measured at fair value through profit or loss	269	**294**
Derivative financial instruments included in a designated hedging relationship	108	**71**
Equity instruments measured at fair value through other comprehensive income	129	**138**
Total carrying amounts	**507**	**504**

Given that collateral has been provided, the actual credit risk is significantly lower and is discussed in detail in the following. Other financial assets include 194 million euros representing receivables from Henkel Trust e.V. and an external pension fund (previous year: 176 million euros), which constitutes the largest of all the financial assets. Given the investment structure and rules of Henkel Trust e.V. and of the external pension fund, the credit risk is very minor. Further details of risk concentrations are discussed in the following.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Under IFRS 9, valuation allowances for expected credit losses (Expected Loss Model) must be recognized for all financial assets measured at amortized cost and for all debt instruments measured at fair value through other comprehensive income.

IFRS 9 provides a three-level method for this purpose. Valuation allowances are accrued on the basis either of the 12 months expected losses (level 1), or of the lifetime expected losses if the credit risk has increased significantly since initial recognition (level 2), or if the asset is credit-impaired (level 3). The simplified approach is adopted, however, for most of the financial assets, including trade accounts receivable with no material financing component. As such, the expected credit losses are always determined for the full lifetime of the financial instruments.

To calculate the expected credit losses, counterparties are grouped by similar credit default risks. Individual valuation allowances are made on a case-by-case basis in response to specific circumstances and risk indicators. Both empirical data, such as historical default rates, and forward-looking information, such as individual and macroeconomic circumstances, are considered when determining the amounts of the valuation allowances. If a counterparty's credit rating is deemed to be impaired – following noticeable changes in payment behavior or application for bankruptcy, for example –, all outstanding amounts relating to that counterparty are subjected to a valuation allowance. The level of expected loss is determined on the basis of individual assessment. Valuation allowances and increases thereto are always recognized through profit or loss. If the expected credit losses decrease, a corresponding amount of the risk provision is released through profit or loss.

A financial asset is derecognized if it is reasonably judged to be unlikely that the corresponding cash flows will be recoverable in part or in whole, for example after completion of insolvency proceedings or after consideration of other local law circumstances. If an outstanding receivable is judged to be unrecoverable, the valuation allowance already in place is utilized and the remaining net amount outstanding is stated as an expense and derecognized.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Trade accounts receivable and other financial assets in Henkel's operating business
In its operating business, Henkel is confronted by progressive concentration and consolidation on the customer side, as reflected in the receivables from individual customers. As of December 31, 2024, the USA, China and Germany represented the highest risk concentration at country level. Of the total trade accounts receivable, customers based in the USA accounted for 20 percent as at the reporting date. Customers based in China accounted for 12 percent and customers based in Germany for 9 percent of all trade accounts receivable. The risk concentration was much lower at individual customer level. Receivables from customers with a high credit risk rating accounted for about 7 percent of all trade accounts receivable as at the reporting date. These risks are monitored regularly at the global and regional level and steps are taken to mitigate exposure.

Our credit risk management system operating on the basis of a globally applied corporate standard entitled "Customer Credit Management" ensures that credit risks are constantly monitored and bad debts minimized. This corporate standard, which applies to both new and existing customers, governs the risk classification and allocation of credit limits based on individual analyses of customers' creditworthiness derived from both internal and external financial information, and ensures the continuous monitoring of the risk of bad debts. We monitor our key customer relationships at global, regional and local levels. In addition, risk-mitigating measures (such as trade credit insurance) are put in place for most countries and customers worldwide.

Collateral received and other safeguards include country-specific and customer-specific protection afforded by credit insurance, letters of credit in the export business and, for example, sureties, guarantees and cover notes. The credit risk associated with trade accounts receivable is, moreover, reduced globally through excess-of-loss credit insurance. The insurance covers trade accounts receivable starting at a specific amount and includes an aggregate first loss deductible as well as a small percentage deductible.

In order to reflect the fact that some of our customers might experience economic difficulties in connection with the impacts of the war in Ukraine and the conflict in the Middle East or current macroeconomic risks, higher default probabilities than in previous years were assumed in some cases when measuring valuation allowances on trade accounts receivable. These probabilities were determined on the basis of expert assessments regarding the economic impacts of the current developments and with reference to in-house and external information about the financial status of individual customers and customer groups.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Valuation allowances on trade accounts receivable by risk category as of December 31, 2023

Risk categories	Probability of default[1]	Gross before deduction of collateral and value-added tax in million euros	Net for determining the valuation allowance in million euros	Valuation allowance in million euros
Low risk	0.1%	1,740	760	2
Moderate risk	0.3% to 0.8%	1,275	520	13
High risk	2.6% to 17.8%	194	99	16
Individual assessment	individual	28	24	11
Default	100%	68	64	63
SMEs and microbusinesses	6.8%	114	96	6
Total		**3,419**	**1,563**	**112**

[1] Average likelihood of default before case-by-case analysis, and adjustments to reflect the impacts of the war in Ukraine, the Middle East crisis and of current macroeconomic risks.

Valuation allowances on trade accounts receivable by risk category as of December 31, 2024

Risk categories	Probability of default[1]	Gross before deduction of collateral and value-added tax in million euros	Net for determining the valuation allowance in million euros	Valuation allowance in million euros
Low risk	0.1%	1,661	792	3
Moderate risk	0.4% to 0.8%	1,405	570	13
High risk	2.3% to 16.0%	233	99	13
Individual assessment	individual	21	19	7
Default	100%	66	63	63
SMEs and microbusinesses	5.1%	111	90	5
Total		**3,497**	**1,634**	**103**

[1] Average likelihood of default before case-by-case analysis, and adjustments to reflect the impacts of the war in Ukraine, the Middle East crisis and of current macroeconomic risks.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Of the gross amount before deduction of collateral and value-added tax of 3,497 million euros (previous year: 3,419 million euros), positions worth in total 1,863 million euros (previous year: 1,856 million euros) were deducted for which no valuation allowances were required. Of this figure, 1,581 million euros (previous year: 1,645 million euros) relates to collateral received, and 282 million euros (previous year: 210 million euros) to refundable sales tax. Accordingly, the net base for determining valuation allowances was 1,634 million euros (previous year: 1,563 million euros).

The carrying amount of trade accounts receivable of which the term was renegotiated because they would have otherwise been more than 30 days overdue, was 3 million euros (previous year: 13 million euros). Receivables of 63 million euros (previous year: 64 million euros) were written off in full, but not yet derecognized as they are still subject to ongoing collection proceedings.

Apart from financial receivables from third parties amounting to 225 million euros (previous year: 31 million euros), no valuation allowances exist in respect of other financial assets in our operating business because the credit risk is considered to be very low. A valuation allowance of 19 million euros exists for financial receivables from third parties (previous year: 18 million euros).

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Financial investments

Credit risks also arise from financial investments such as cash at banks, securities and the positive fair value of derivatives. Such exposure is limited by our Group Treasury specialists through the selection of counterparties with strong credit ratings, and limitations on the amounts allocated to individual investments. In financial investments and derivatives trading with German and international banks, we only enter into transactions with counterparties of high financial standing. We invest primarily in securities from issuers with an investment grade rating. Our cash deposits can be liquidated at short notice. Our financial investments are broadly diversified across various counterparties and various financial assets. Credit ratings and investment limits are continuously monitored and steps taken if fixed thresholds for ratings and credit default swaps (CDS) are exceeded. To minimize the credit risk, we agree netting arrangements with counterparties to offset bilateral receivables and obligations involving those counterparties. We additionally enter into collateral agreements with selected banks, on the basis of which reciprocal sureties are established at least twice a month to secure the fair values of contracted derivatives and other claims and obligations. The netting arrangements only provide for a contingent right to offset transactions conducted with a contractual party. Accordingly, associated amounts can be offset only under certain circumstances, such as the insolvency of one of the contractual parties. Thus, the netting arrangements do not meet the offsetting criteria under IAS 32 (Financial Instruments: Presentation). The following table provides an overview of financial assets and financial liabilities from derivatives that are subject to netting, collateral or similar arrangements:

Financial assets and financial liabilities from derivatives subject to netting, collateral, or similar arrangements

	Gross amount recognized in the statement of financial position[1]		Amount eligible for offsetting		Financial collateral received/provided		Net amount	
At December 31 in million euros	2023	2024	2023	2024	2023	2024	2023	2024
Financial assets	141	**113**	37	**75**	88	**55**	16	**-17**
Financial liabilities	37	**76**	37	**75**	5	**19**	-5	**-18**

[1] Fair values excluding valuation allowance of 0 million euros relating to counterparty credit risk (previous year: 0 million euros).

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

In addition to netting and collateral arrangements, investment limits are set, based on the ratings of the counterparties, in order to minimize credit risk. These limits are monitored and adjusted regularly. When determining the limits, we also apply certain other indicators, such as the pricing of credit default swaps by the banks. A valuation allowance of 0 million euros exists to cover the remaining credit risk relating to the positive fair values of derivatives (previous year: 0 million euros).

In the case of financial assets held by Henkel in connection with EU emission rights swap contracts, the underlying emission rights are provided as collateral to the Henkel Group. They may be utilized even if the debtor is not in default of payment, since Henkel is only committed to returning the same number and specification of emission rights. The fair value of the non-financial assets held as collateral as of December 31, 2024 was 204 million euros (previous year: none). Because the financial assets are fully backed, the credit risk was classified as absolutely minor, and no valuation allowance was recognized.

Liquidity risk

Liquidity risk is defined as the risk of an entity failing to meet its financial obligations at any given time. We mitigate this risk through our long-term management strategy of using financing instruments in the shape of bonds issued in different currencies with variously staggered terms. This is possible with the support of our existing debt issuance program comprising a total volume of 10 billion euros. We predominantly invest cash in financial assets traded in a liquid market in order to ensure that they can be sold at any time to receive liquid funds or to manage liquidity in the short term. We also use our US dollar and euro commercial paper programs comprising 2 billion US dollars and 2 billion euros respectively for short-term liquidity management. In order to ensure the financial flexibility of Henkel at any time, the liquidity within the Group is largely centralized and managed across the Group through the use of cash pools. In addition, the Henkel Group has at its disposal a confirmed syndicated credit line of 2 billion euros. The term of this credit line was extended for five years in July 2024 and can be carried through up to July 2029 with two one-year extension options. Additionally, Henkel has access to bilateral loans of 0.1 billion euros with a revolving term of up to one year. Our credit rating is regularly assessed by the rating agencies S&P, Moody's and Scope Ratings. We intend to maintain our ratings within a "single A" target corridor.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

As part of its strategic supplier management concept, Henkel offers selected suppliers around the world the option to participate in its supplier finance arrangements (supplier finance programs). Further details are discussed in Note 21 on page 283. The payment targets agreed with suppliers for the relevant trade accounts payable are not contractually tied to the existence of supplier finance arrangements. They are used to finance suppliers and do not therefore expose Henkel to any material liquidity or concentration risk.

Overall, the liquidity risk of the Group is therefore very low.

The maturity structure of the original and derivative financial liabilities within the scope of IFRS 7 based on undiscounted cash flows, and thus the risk cluster in relation to liquidity risk, is shown in the following table:

Cash flows from financial liabilities 2023

		Remaining term			
in million euros	Dec. 31, 2023 Carrying amounts	Up to 1 year	Between 1 and 5 years	More than 5 years	Dec. 31, 2023 Total cash flow
Bonds	**1,865**	29	1,476	510	**2,015**
Commercial paper[1]	**275**	275	–	–	**275**
Liabilities to banks	**129**	127	3	–	**130**
Lease liabilities	**624**	134	317	259	**710**
Trade accounts payable	**4,075**	4,075	–	–	**4,075**
Sundry financial instruments[2]	**78**	60	17	–	**78**
Original financial instruments	**7,046**	**4,701**	**1,813**	**769**	**7,282**
Expected inflow from interest rate and cross-currency interest rate swaps	**4**	17	51	–	**68**
Expected outflow for interest rate and cross-currency interest rate swaps		25	47	–	**72**
Other derivative financial instruments	**32**	32	–	–	**32**
Derivative financial instruments	**-37**	**40**	**-4**	–	**-36**
Total	**7,082**	**4,741**	**1,808**	**769**	**7,318**

[1] From the euro and US dollar commercial paper program (total volume: 2 billion euros and 2 billion US dollars).

[2] Sundry financial instruments include amounts due to customers, and finance bills.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Cash flows from financial liabilities 2024

in million euros	Dec. 31, 2024 Carrying amounts	Remaining term: Up to 1 year	Remaining term: Between 1 and 5 years	Remaining term: More than 5 years	Dec. 31, 2024 Total cash flow
Bonds	**1,910**	122	1,459	508	**2,088**
Commercial paper[1]	**387**	387	–	–	**387**
Liabilities to banks	**1,279**	1,040	239	–	**1,279**
Lease liabilities	**713**	141	399	276	**816**
Trade accounts payable	**4,241**	4,241	–	–	**4,241**
Sundry financial instruments[2]	**104**	87	18	–	**104**
Original financial instruments	**8,634**	**6,018**	**2,114**	**783**	**8,916**
Expected inflow from interest rate and cross-currency interest rate swaps	–	–	–	–	–
Expected outflow for interest rate and cross-currency interest rate swaps		–	–	–	–
Other derivative financial instruments	**76**	76	–	–	**76**
Derivative financial instruments	**76**	**76**	–	–	**76**
Total	**8,710**	**6,094**	**2,114**	**783**	**8,992**

[1] From the euro and US dollar commercial paper program (total volume: 2 billion euros and 2 billion US dollars).

[2] Sundry financial instruments include amounts due to customers, and finance bills.

Market risk

Market risk exists where the fair value or future cash flows of a financial instrument may fluctuate due to changes in market prices. Market risks primarily take the form of currency risk, interest rate risk and commodity price risk.

Group Treasury manages currency exposure and interest rates centrally for the Group and is therefore responsible for all transactions involving financial derivatives and other financial instruments. Trading, Treasury Controlling and Settlement (front, middle and back offices) are separated both physically and in terms of organization. The parties to the contracts are German and international banks which Henkel monitors regularly, in accordance with Group-wide corporate treasury guidelines, for creditworthiness and the quality of their quotations. Financial derivatives are used to manage currency exposure, interest rate and other price risks in connection with operating activities and the resultant financing requirements, again in accordance with the corporate treasury guidelines. Financial derivatives are entered into solely for hedging purposes.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The currency and interest rate risk management of the Group is supported by an integrated treasury system which is used to identify, measure and analyze the Group's currency exposure and interest rate risks. In this context, "integrated" means that the entire process from the conclusion of financial transactions to their entry in the accounts is covered. Much of the currency trading takes place on internet-based, multibank trading platforms. The foreign currency transactions concluded are automatically transferred into the treasury system. The currency exposure and interest rate risks reported by all subsidiaries under standardized reporting procedures are likewise integrated into the treasury system by data transfer. As a result, it is possible to retrieve and measure at any time all currency and interest rate risks across the Group and all derivatives entered into to hedge the exposure to these risks. The treasury system supports the use of various risk concepts.

Market risk is monitored on the basis of sensitivity analyses and value-at-risk computations. Sensitivity analyses enable estimation of potential losses, future gains, fair values or cash flows of instruments susceptible to market risks arising from one or several selected hypothetical changes in foreign exchange rates, interest rates, commodity prices or other relevant market rates or prices over a specific period. We use sensitivity analyses in the Henkel Group because they enable reasonable risk assessments to be made on the basis of direct assumptions (e.g. an increase in interest rates). Value-at-risk analyses reveal the maximum potential future loss of a certain portfolio over a given period based on a specified probability level.

Currency risk

The global nature of our business activities results in a large number of cash flows in different currencies.

This transaction risk arises from possible exchange rate fluctuations causing changes in the value of future foreign currency cash flows. The hedging of the resultant exchange rate risks forms a major part of our central risk management activity. Transaction risks arising from our operating business are partially avoided by the fact that we manufacture our products in those countries in which they are sold. Residual transaction risks on the operating side are proactively managed by Group Treasury. This includes the ongoing assessment of the overall currency risk and the development of appropriate hedging strategies. 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. Because we limit our potential losses, any negative impact on profits is restricted. The transaction risk arising from major financial payables and receivables is extensively hedged. In order to manage these risks, we primarily utilize currency forwards and cross-currency interest rate swaps. The derivatives are designated as cash flow hedges and recognized accordingly in the financial statements or measured at fair value through profit or loss. The currency risk that exists within the Group in the form of transaction risk initially affects equity in the case of cash flow hedges, while all changes in the value of the other derivatives are recognized directly in the statement of income.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The following table shows the risk exposure for Henkel's major currencies. The risk arises mainly from imports and exports by Henkel AG & Co. KGaA and its foreign subsidiaries. Due to the international nature of its activities, the Henkel Group has a portfolio of more than 50 different currencies.

Currency risk exposure[1]

	December 31, 2023			December 31, 2024		
in million euros	Total currency risk exposure before currency hedging	Of which: from planned transactions	Net currency risk exposure after currency hedging	Total currency risk exposure before currency hedging	Of which: from planned transactions	Net currency risk exposure after currency hedging
US dollar	387	715	6	**589**	**851**	**91**
Canadian dollar	93	89	22	**116**	**106**	**27**
Chinese yuan	136	104	36	**91**	**57**	**14**
British pound	59	55	33	**90**	**79**	**60**
Australian dollar	79	68	48	**85**	**74**	**56**
Others	973	860	695	**986**	**783**	**707**
Total	**1,728**	**1,890**	**840**	**1,957**	**1,949**	**955**

[1] Transaction risk.

The value-at-risk pertaining to the transaction risk of the Henkel Group as of December 31, 2024 amounted to 40 million euros after hedging (previous year: 55 million euros). The value-at-risk shows the maximum expected risk of loss in a year as a result of currency fluctuations. Our value-at-risk analysis within the internal risk reporting system assumes a time horizon of one year and a one-sided confidence interval of 95 percent, as it comprehensively reflects the risk associated with one fiscal year. We adopt the variance-covariance approach as our basis for calculation. Volatilities and correlations are determined using historical data. The value-at-risk analysis is based on the book positions, the derivative financial instruments and the operating planned positions in foreign currency, with a forecasting horizon of up to 12 months.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Interest rate risk

Interest rate risk encompasses all potentially negative influences on profits, equity or cash flow in current or future reporting periods arising from changes in interest rates. In the case of fixed-interest financial instruments, changing capital market interest rates result in a fair value risk, as the attributable fair values fluctuate depending on those capital market interest rates. In the case of floating-interest financial instruments, a cash flow risk exists because the interest payments may be subject to future fluctuations.

The financing and cash investment activities of the Henkel Group mainly take place on international money and capital markets. The resultant financial liabilities and cash deposits are exposed to the risk of changing interest rates. The aim of our centralized interest rate management is to reduce this risk by choosing fixed or floating interest rate contracts and by using interest rate derivatives. Only those derivative financial instruments that can be modeled, monitored and assessed in the risk management system may be used to hedge the interest rate risk.

Henkel's interest management strategy is essentially aligned to optimizing the net interest result for the Group. The decisions made in interest management relate to the bonds, liabilities to banks and commercial paper put in place to secure Group liquidity, the securities and time deposits used for cash investments, and other interest-bearing financial instruments, such as intragroup financing arrangements. The financial instruments exposed to interest rate risk are primarily denominated in euros and US dollars.

Depending on forecasts with respect to interest rate developments, Henkel enters into derivative financial instruments, primarily interest rate swaps, in order to optimize the interest rate lock-down structure. In the event of an expected rise in interest rate levels, Henkel protects its positions by transacting additional interest rate derivatives as effective hedging instruments. In addition to interest obligations arising from the fixed-rate US dollar bond, Henkel enters into cross-currency interest rate swaps to convert the bond denominated in British pounds into fixed-rate euro obligations. Financial instruments with interest rates pegged for less than twelve months are included in the calculation on a time-weighted basis. Interest rate swaps were used to convert the interest on the euro bond issued in September 2022 to floating interest. All other financial instruments bear floating interest rates. The US dollar interest rate risk of intragroup financing arrangements was mitigated by a long-term currency hedge with a nominal volume of 400 million US dollars.

ank=20250703;2025070708539

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Our exposure to interest rate risk at the reporting dates was as follows:

Interest rate risk exposure

	Carrying amounts			
	December 31, 2023		December 31, 2024	
in million euros	Interest rate risk exposure before interest hedge	Interest rate risk exposure after interest hedge	Interest rate risk exposure before interest hedge	Interest rate risk exposure after interest hedge
Fixed-interest financial instruments				
Euro	-977	-327	**-987**	**-337**
US dollar	-546	-841	**-302**	**-591**
Others	-187	-187	**-467**	**-467**
Total	**-1,710**	**-1,355**	**-1,757**	**-1,395**
Floating-interest financial instruments				
Euro	634	-16	**1,439**	**789**
US dollar	-273	23	**-567**	**-278**
Chinese yuan	218	218	**-266**	**-266**
Polish zloty	103	103	**109**	**109**
Others	1,039	1,039	**952**	**952**
Total	**1,722**	**1,367**	**1,667**	**1,306**

The calculation of the interest rate risk is based on sensitivity analyses that assume a parallel shift of 100 basis points in the interest curves of all currencies. When analyzing fair value risk, we calculate the hypothetical fair value loss or gain of the relevant fixed-interest financial instruments as of the reporting date.

The risk of interest rate fluctuations with respect to the earnings of the Henkel Group per the basis point value (BPV) analysis as described above is shown in the following table.

Interest rate risk

in million euros	2023	2024
Based on an interest rate change of 100 basis points	31	**28**
Of which:		
Cash flow through profit and loss	14	**13**
Fair value recognized in equity through other comprehensive income	17	**15**

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

When issuing sustainability-linked bonds, Henkel also committed to meet certain sustainability performance targets. Failure by Henkel to meet these targets would result in a prospective increase in the interest rate on the bonds (see Note 18 on pages 280 and 281).

Commodity price risk

Uncertainty with respect to commodity price development impacts the Group. Purchase prices for raw materials can affect the net assets, financial position and results of operations of Henkel. The risk management strategy put in place by the Group management for safeguarding against procurement market risk is described in more detail in the risks and opportunities report on pages 181 and 182. As a small part of the risk management strategy, cash-settled commodity forwards are entered into on the basis of forecasted purchasing requirements in order to hedge future uncertainties with respect to commodity prices. Cash-settled commodity forwards are only used by Henkel where there is a direct relationship between the hedging derivative and the physical underlying. Henkel uses hedge accounting for these hedging transactions, thus limiting the temporary exposure to price risks related to holding commodity forwards. Developments in fair values and the resultant risks are continuously monitored.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

NOTES TO THE CONSOLIDATED STATEMENT OF INCOME

24 Sales and principles of revenue recognition

Sales relate exclusively to revenues from contracts with customers and, at 21,586 million euros (previous year: 21,514 million euros), came in above the level of the previous year.

Sales encompass the consideration received for the transfer of goods and services less direct sales deductions such as customer-related rebates, credits and other benefits paid or granted. Sales revenues are recognized once control of the goods has been transferred, or the service provided. The timing of transfer of control of the goods to a customer is determined by the underlying contract and the terms and conditions of supply stipulated therein, or by international trade rules.

Sales represent the consideration that Henkel will likely receive in exchange for transferring the goods or providing the service. Sales revenues may only be recognized when no substantial adjustments to the cumulative recognized revenue are expected.

Pursuant to IFRS 15, Henkel does not recognize sales revenues for products that it expects to be returned. In addition, empirical experience has shown that customers are justified in expecting invoice amounts to be reduced in certain instances. The amounts of these expected refunds are also not recognized as sales. Henkel draws on past return and refund statistics to quantify the expected returns and refunds; these are separated by business unit and legal entity, and are subject to ongoing calculation and adjustment. Mathematical estimates and assumptions are made with regard to the underlying analysis period for determining, among other factors, the return and refund rates and the amount of sales to be adjusted by such rates, and also with regard to observable volatilities.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Henkel agrees payment terms that are standard in our industry; contracts with customers do not contain any material financing components.

Warranty obligations do not constitute a separate performance obligation and are recognized as provisions in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets).

Services are generally provided in conjunction with the sale of goods, and recorded once the service has been performed. The amount of sales revenues relating to the provision of services is less relevant than that attributable to the transfer of goods.

For information on opening and closing balances of, and valuation allowances on receivables from contracts with customers in fiscal 2024, please refer to our discussion of trade accounts receivable in Note 7 on page 258.

A breakdown of sales by business unit and region can be found in the Group segment report by business unit on pages 217 and 218 and the key financials by region on page 219.

Henkel exercises its right to choose to refrain from disclosing transaction prices relating to any remaining performance obligations, since the respective prerequisites are fulfilled.

Interest income is recognized on a time-proportion basis that takes into account the effective yield on the asset and the interest rate in force. Dividend income from investments is recognized when the shareholders' right to receive payment is legally established.

25 Cost of sales

Cost of sales amounted to 10,765 million euros (previous year: 11,853 million euros).

It comprises the cost of products and services sold and the purchase cost of merchandise sold. Cost of sales includes the directly attributable cost of materials and primary production cost, plus indirect production overheads including the production-related amortization/depreciation and impairment of intangible assets and property, plant and equipment.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

26 Marketing, selling and distribution expenses

Marketing, selling and distribution expenses increased from 5,764 million euros to 6,132 million euros.

In addition to marketing organization and distribution expenses, this item comprises, in particular, advertising, sales promotion and market research expenses. Also included here are the expenses of technical advisory services for customers, valuation allowances on trade accounts receivable and amortization charges and impairment losses on trademarks and other rights.

27 Research and development expenses

At 634 million euros, research and development expenses were higher year on year (previous year: 587 million euros).

The capitalization of research expenses is not permitted. Development expenditures are recognized as an asset if all the criteria for recognition are met, the research phase can be clearly distinguished from the development phase, and the expenditures can be attributed to distinct project phases. Currently, the criteria set out in IAS 38 (Intangible Assets) for recognizing development expenditures are not all met with respect to product and technology developments. This is due to a high level of interdependence within these developments and the difficulty of assessing which products will eventually be marketable.

28 Administrative expenses

Administrative expenses in the year under review totaled 1,176 million euros (previous year: 1,102 million euros).

Administrative expenses include personnel and material costs relating to the Group Management, Human Resources, Purchasing, Accounting and IT functions, as well as the costs of managing and administering the business units.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

29 Other operating income

Other operating income

in million euros	2023	2024
Gains on disposal of non-current assets and business units	15	**11**
Release of provisions	8	**7**
Insurance claim payouts	5	**8**
Sundry operating income	99	**85**
Total	**127**	**111**

Sundry operating income relates to a number of individual items arising from ordinary operating activities, such as grants and subsidies, tax refunds for indirect taxes, and similar income.

30 Other operating expenses

Other operating expenses

in million euros	2023	2024
Losses on disposal of non-current assets and business units	-220	**-16**
Goodwill impairment	-1	**–**
Sundry operating expenses	-103	**-143**
Total	**-324**	**-159**

Sundry operating expenses include a number of individual items arising from ordinary operating activities, such as fees, provisions for litigation and third-party claims, other taxes, and similar expenses. In fiscal 2024, sundry operating expenses also included expenses of 38 million euros arising from the reclassification of currency translation reserves in connection with the discontinuation of our business activities in Venezuela.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

31 Financial result

Financial result

in million euros	2023	2024
Interest result	-33	**-12**
Other financial result	-90	**-96**
Investment result	0	**0**
Total	**-122**	**-108**

Interest result

in million euros	2023	2024
Interest and similar income from third parties	56	**89**
Interest result from currency forwards hedging financial assets	17	**12**
Interest income	**73**	**101**
Interest to third parties	-86	**-108**
Interest result from currency forwards hedging financial liabilities	-20	**-5**
Interest expense	**-106**	**-113**
Total	**-33**	**-12**

Other financial result

in million euros	2023	2024
Interest result from net obligation (pensions)	-11	**-16**
Interest income from reimbursement rights (IAS 19)	5	**5**
Expenses from currency losses	-62	**-76**
Income from currency gains	45	**55**
Other financial expenses	-105	**-103**
Other financial income	37	**38**
Total	**-90**	**-96**

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Changes to the fair value of the forward component of currency forwards used to hedge the currency risks associated with financial assets and liabilities are disclosed under interest result. The forward component of a currency forward reflects the interest rate differential between two currencies at the time the transaction is entered into and thus has the character of interest. The results from the development of the fair value of the other components of the currency forwards, in particular the spot component, are shown as currency gains or losses in other financial result.

Losses from adjustments to current purchasing power of the non-monetary assets and liabilities and of the equity of our subsidiary in Türkiye of -58 million euros (previous year: -53 million euros) are recognized in other financial expenses. Please see Note 23 on pages 296 and 297 for information on the net results of the financial instruments by measurement category per IFRS 7, and the reconciliation of same to financial result.

32 Taxes on income

The breakdown of income tax expense/income reads as follows:

Income before tax and analysis of taxes

in million euros	2023	2024
Income before tax	**1,888**	**2,723**
Current taxes	520	**598**
Deferred taxes	29	**93**
Taxes on income	**549**	**691**
Tax rate	29.1%	**25.4%**

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Components of tax expense and income

in million euros	2023	2024
Current tax expense in the reporting year	552	**606**
Current tax expense global minimum tax (Pillar Two)	–	**3**
Current tax adjustments for prior years	-32	**-11**
Current taxes	**520**	**598**
Deferred tax expense from temporary differences	69	**105**
Deferred tax income from unused tax losses and other carry-forwards	-33	**-2**
Deferred tax income from tax credits	-11	**-10**
Deferred tax expense from changes in tax rates	1	**–**
Increase in valuation allowances on deferred tax assets	3	**–**
Deferred taxes	**29**	**93**

Deferred tax expense by items on the statement of financial position

in million euros	2023	2024
Intangible assets	4	**97**
Property, plant and equipment	-39	**9**
Financial assets	43	**-14**
Inventories	-2	**-5**
Other receivables and other assets	-34	**-4**
Special tax items	-4	**-1**
Provisions	-18	**-43**
Liabilities	93	**9**
Tax credits	-1	**-1**
Unused tax losses and other carry-forwards	-13	**46**
Total	**29**	**93**

We have summarized the individual company reports prepared on the basis of the tax rates applicable in each country and taking into account consolidation procedures, in the reconciliation statement below. This shows how the expected tax charge, based on the tax rate applicable to Henkel AG & Co. KGaA of 31.2 percent, is reconciled to the effective tax charge disclosed.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Tax reconciliation statement

in million euros	2023	2024
Income before tax	1,888	**2,723**
Tax rate (including trade tax) of Henkel AG & Co. KGaA	31.2%	**31.2%**
Expected tax charge	**589**	**850**
Tax reductions due to differing tax rates abroad	-140	**-169**
Tax reductions for prior years	-44	**-34**
Tax increases/reductions due to changes in tax rates	1	**–**
Tax increases due to the valuation of deferred tax assets relating to unused tax losses and other carry-forwards and temporary differences	3	**-41**
Tax reductions due to tax-free income and other items	-54	**-76**
Tax reductions arising from additions and deductions for local taxes	-22	**-19**
Tax increases due to withholding taxes	46	**101**
Tax increases due to non-deductible expenses	170	**76**
Global minimum tax (Pillar Two)	–	**3**
Tax charge disclosed	**549**	**691**
Tax rate	**29.1%**	**25.4%**

Deferred taxes are calculated on the basis of tax rates that apply in the individual countries at the year-end date or which have already been legally decided. In Germany, 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 31.2 percent. Deferred tax assets and liabilities are netted where they involve the same tax authority and the same tax creditor.

The deferred tax assets and liabilities stated on the reporting date relate to the following items of the consolidated statement of financial position, unused tax losses and tax credits:

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Allocation of deferred taxes

in million euros	Deferred tax assets		Deferred tax liabilities	
	Dec. 31, 2023[1]	Dec. 31, 2024	Dec. 31, 2023[1]	Dec. 31, 2024
Intangible assets	612	**530**	1,088	**1,201**
Property, plant and equipment	31	**28**	100	**110**
Financial assets	1	**7**	92	**84**
Inventories	23	**26**	4	**1**
Other receivables and other assets	86	**166**	152	**228**
Special tax items	–	**–**	19	**18**
Provisions	823	**885**	100	**96**
Liabilities	168	**184**	33	**33**
Tax credits	2	**4**	–	**–**
Unused tax losses and other carry-forwards	351	**315**	–	**–**
Amounts netted	-919	**-1,030**	-919	**-1,030**
Financial statement figures	**1,178**	**1,115**	**669**	**741**

[1] Amended following the updated allocation of the purchase price for the shares in Composite Technology Intermediate, Inc.

The deferred tax assets relating to provisions in the financial statement of 885 million euros (previous year: 823 million euros) result in part from recognition and measurement differences with respect to pension obligations. Of the deferred tax assets on unused tax losses and other carry-forwards, 145 million euros (previous year: 183 million euros) is attributable to tax loss carry-forwards, 152 million euros (previous year: 159 million euros) to other carry-forwards, and 18 million euros (previous year: 9 million euros) to interest carry-forwards. The deferred tax liabilities of 1,201 million euros (previous year: 1,097 million euros) relating to intangible assets are mainly attributable to business combinations. Deferred tax liabilities of 82 million euros (previous year: 85 million euros) relating to the retained earnings of foreign subsidiaries have been recognized due to the fact that these earnings will be distributed in the future.

A valuation allowance of 58 million euros for deferred tax assets arising from temporary differences was reversed in the reporting year (previous year: 31 million euros).

We have summarized in the following table the expiry dates of unused tax losses and tax credits for which no deferred tax assets have been recognized.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Expiry dates of unused tax losses and other carry-forwards without deferred tax assets thereon

	Unused tax losses corporate income tax		Unused tax losses state/local taxes		Interest and other carry-forwards		Capital losses		Tax credits	
in million euros	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024
Expire within										
1 year	43	3	–	–	–	–	–	–	–	–
2 years	–	17	–	–	–	–	–	–	–	–
3 years	–	5	–	–	–	–	–	–	–	–
more than 3 years	7	1	656	693	61	–	55	187	44	59
May be carried forward without restriction	113	151	86	88	32	159	9	9	–	16
Total	**163**	**177**	**742**	**781**	**93**	**159**	**64**	**196**	**44**	**75**

A valuation allowance of 5 million euros for deferred tax assets arising from corporate tax loss carry-forwards was reversed in the reporting year.

Of the unused tax losses for local income taxes, 693 million euros (previous year: 656 million euros) is mainly attributable to unused US state tax losses (tax rate 5.2 percent [previous year: 5.3 percent]).

In some countries, different tax rates apply to unused tax losses arising from losses on the disposal of assets than to operating profits, and in some cases losses on the disposal of assets may only be offset against gains on the disposal of assets.

For one company in Germany that generated trade tax losses in the previous year, an excess of deferred tax assets totaling 703 million euros (previous year: 741 million euros) was recognized on temporary differences, other carry-forward expenses, and tax loss carry-forwards. In addition, a total of 72 million euros (previous year: 130 million euros) was recognized as an excess of deferred tax assets on unused tax losses and temporary differences for a company in the Netherlands that suffered tax losses in the current year. Where necessary, measures were taken to ensure the availability of sufficient taxable income in future, so that our current position is that the deferred tax assets can be realized.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Income taxes in other comprehensive income[1]

in million euros	Dec. 31, 2023	Dec. 31, 2024
Deferred taxes from actuarial gains and losses on pension obligations	-65	**-10**
Deferred taxes from the hedging of currency and interest rate risks	-13	**-22**
Total of income taxes in other comprehensive income	**-78**	**-32**

[1] (-) Tax income/(+) Tax expense.

As an international group, Henkel is tax domiciled in around 80 countries and subject to the OECD's "Pillar Two" model rules. Germany has adopted "Pillar Two" legislation, which came into force on January 1, 2024.

Henkel observes the obligatory exception to temporary non-recognition of deferred taxes per IAS 12 Amendment of May 23, 2023, so that any future associated tax burdens/tax relief will not produce any deferred tax effect.

33 Non-controlling interests

The amount shown here represents the proportion of net income and losses attributable to other shareholders of consolidated subsidiaries.

In the 2024 fiscal year, net income of 25 million euros was attributable to non-controlling interests (previous year: net income of 22 million euros).

The non-controlling interests included in the Henkel Group at the end of fiscal 2024 had no material impact on our net assets, financial position and results of operations. The Group has no joint operations or unconsolidated structured entities.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

OTHER DISCLOSURES

34 Reconciliation of adjusted net income

in million euros		2023	2024	+/-
Operating profit (EBIT) (as reported)		**2,011**	**2,831**	**40.8%**
One-time income		-4	**-3**	–
One-time expenses		281	**60**	–
Restructuring expenses		267	**202**	–
Adjusted operating profit (adjusted EBIT)		**2,556**	**3,089**	**20.9%**
Adjusted return on sales	in %	11.9	**14.3**	2.4pp
Financial result (adjusted)		-85	**-62**	-26.9%
Taxes on income (adjusted)		-630	**-759**	20.4%
Adjusted tax rate	in %	25.5	**25.1**	-0.4pp
Adjusted net income		**1,841**	**2,269**	**23.2%**
Attributable to non-controlling interests		22	**25**	14.9%
Attributable to shareholders of Henkel AG & Co. KGaA		1,819	**2,243**	23.3%
Adjusted earnings per ordinary share	in euros	**4.33**	**5.34**	**23.3%**
Adjusted earnings per preferred share	in euros	**4.35**	**5.36**	**23.2%**
At constant exchange rates				25.1%

The figure for one-time expenses for fiscal 2024 includes 26 million euros relating to the merger of the former Beauty Care and Laundry & Home Care business units into the combined Consumer Brands business unit. These result primarily from internal costs for the IT integration of the business units. The other expenses amounting to 18 million euros are primarily attributable to incidental costs relating to acquisitions and divestments.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Restructuring expenses substantially comprise payments related to the termination of employment relationships and impairment losses on non-current assets and inventories. The figure was also impacted in particular by expenditure relating to the merger of the former Laundry & Home Care and Beauty Care business units into the Consumer Brands business unit. In the period under review, the restructuring expenses also included expenses arising from the reclassification of currency translation reserves in connection with the discontinuation of our business activities in Venezuela. Of the restructuring expenses in fiscal 2024, 101 million euros is attributable to cost of sales (previous year: 181 million euros) and 39 million euros to marketing, selling and distribution expenses (previous year: 48 million euros). A further 2 million euros is attributable to research and development expenses (previous year: 6 million euros), while 21 million euros is attributable to administrative expenses (previous year: 32 million euros) and 38 million euros to other operating expenses (previous year: no expenses).

The financial result was adjusted by 46 million euros for the net loss incurred from the adjustment to current purchasing power of non-monetary assets and liabilities, and of equity, resulting from the application of financial reporting rules for hyperinflationary economies relating to Türkiye (previous year: 38 million euros).

Taxes on income amounting to 759 million euros (previous year: 630 million euros) reflect the tax effects of the adjustments to operating profit (EBIT).

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

35 Payroll cost and employee structure

Payroll cost[1]

in million euros	2023	2024
Wages and salaries	3,077	**3,234**
Social security contributions and staff welfare costs	521	**540**
Pension costs	178	**185**
Total	**3,775**	**3,960**

[1] Excluding personnel-related restructuring expenses of 90 million euros (previous year: 150 million euros).

Number of employees per function[1]

	2023	2024
Production and engineering	25,250	**23,900**
Marketing, selling and distribution	12,850	**12,500**
Research and development	2,750	**2,750**
Administration	8,100	**8,300**
Total	**48,900**	**47,500**

[1] Basis: annual average number of full-time employees, excluding apprentices and trainees, work experience students and interns; figures rounded.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

36 Share-based payment plans

Long-term variable cash-settled share-based remuneration (Long Term Incentive, LTI) as part of Management Board remuneration

Since the start of fiscal 2023, the Long Term Incentive (LTI) plan for Management Board members has been designed as a long-term cash-settled share-based remuneration component per IFRS 2 (Share-Based Payment). It comprises a four-year forward-looking performance period divided into a three-year period for measuring target achievement (performance measurement period) and a subsequent one-year lock-up period. The LTI is a rolling program. As such, a new LTI tranche with a four-year performance period is issued every year.

At the start of each LTI tranche, a certain number of virtual shares are awarded provisionally to begin with. This number is calculated by dividing the LTI target amount by the average price of Henkel preferred shares over the last 30 stock exchange trading days immediately prior to the start of the performance period. The number of virtual shares that are ultimately awarded is determined at the end of the three-year performance measurement period by multiplying the number of provisionally awarded virtual shares by the weighted target achievement of the three performance criteria – adjusted return on capital employed (adjusted ROCE with a 60-percent weighting), relative total shareholder return (TSR with a – 20-percent weighting) and ESG targets (20-percent weighting). Separate targets are set at the beginning of each year for each of the three years in the performance measurement period. The ultimate number of virtual shares is subject to a subsequent lock-up period of one year. The final payment amount at the end of the performance period is determined by multiplying the number of ultimately awarded virtual shares by the average price of Henkel preferred shares over the last 30 stock exchange trading days immediately prior to the end of the performance period. In addition, Management Board members receive a dividend equivalent to the aggregate of the dividends paid over the respective four-year performance period for each virtual share that is ultimately awarded. The remuneration payable under an LTI tranche is capped. Further details regarding the LTI as a part of Management Board remuneration can be found in the Remuneration Report, which is published separately.

To avoid non-payment of an LTI in 2026 due to extending the performance period of the LTI from three years to four years, the LTI tranche 2023 has been split into two sub-tranches for purposes of transitioning to the new remuneration system. Accordingly, under the first sub-tranche of the new LTI program (LTI tranche 2023), 50 percent of the ultimately awarded virtual shares will be paid out at the end of the three-year performance measurement period in 2026, while the remaining 50 percent will be payable under the second sub-tranche as scheduled at the end of the one-year lock-up period in 2027.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

As the Management Board members' LTI rights vest as soon as the first year of a performance measurement period ends, a provision is already accrued in full for the anticipated payment amount until the end of the first year. Additions to the provision are made pro rata temporis over the course of a year. At the end of the first year and on each subsequent reporting date during the performance period, the provision is reviewed on the basis of the fair value per virtual share. All changes to the measurement of this provision are reported under payroll cost.

In the year under review, 115,010 virtual shares were provisionally awarded as part of the program (previous year: 122,004 virtual shares). As of December 31, 2024, the measurement of the provision for all current tranches was based on a total of 237,014 virtual shares awarded provisionally at the start of the relevant tranche (previous year: 122,004 virtual shares). The addition to the provision for the share-based LTI as part of Management Board remuneration recognized in payroll cost in fiscal 2024 totaled 12 million euros (previous year: 9 million euros). The carrying amount of the provision as of December 31, 2024 was 21 million euros (previous year: 9 million euros) and applies only to vested entitlements.

Share Ownership Guideline in the context of Management Board remuneration

The obligation to purchase and hold shares (Share Ownership Guideline) is a key element of the remuneration policy for Management Board members. Management Board members must invest at least 25 percent of the net amount paid out as performance-related remuneration (STI and LTI) at the end of a fiscal year in Henkel preferred shares until such time as their shareholdings equate to a specified minimum investment amount derived from their basic remuneration (ordinary Management Board member: one times their basic remuneration; Chair of the Management Board: twice their basic remuneration). The shares are placed in a blocked custody account with correspondingly restricted access and must be held by the Management Board members for the entire duration of their tenure. Management Board members can opt to invest more each year or can add existing shares to their portfolio. The purchase price at the time of the respective acquisition is decisive for fulfillment of the share acquisition and holding obligation.

All members of the Management Board have fulfilled their obligations to purchase shares in accordance with the Share Ownership Guideline, so no further shares need to be purchased using members' variable remuneration.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Global Long Term Incentive Plan (LTI Plan) 2020+

The Global LTI Plan 2020+ introduced on January 1, 2017 provides for share-based remuneration settled with preferred shares of Henkel AG & Co. KGaA. The 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+ 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.

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. As the Global LTI Plan 2020+ provides for settlement using treasury shares, the allocations are recognized in equity. If treasury shares are granted at the end of the performance measurement period, equity is reduced accordingly with no effect on profit or loss. Additional employer contributions and other payments that do not constitute part of the investment amount and are not settled with treasury shares are recognized under other provisions.

The Global LTI Plan 2020+ 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+commenced in fiscal 2022. The Global LTI Plan 2020+ therefore acted as an incentive for the last time in the cycle 2021–2024.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Development of the number of shares for the Global LTI Plan 2020+

	2023	2024
Outstanding entitlements at the end of the previous year	1,178,912	**1,028,289**
Entitlements freely available on January 1	-103,032	**-178,267**
Entitlements granted in the year	55,348	**46,209**
Entitlements forfeited in the year	-82,142	**-32,548**
Shares resulting from conversion of dividend payments in the year	19,905	**30,873**
Entitlements that became vested in the year	-40,702	**-50,787**
Outstanding entitlements on December 31	**1,028,289**	**843,769**

In fiscal 2024, an equity-increasing payroll cost of 19 million euros was recognized in connection with the Global LTI Plan 2020+ (previous year: equity increase of 27 million euros). Following the close of the year under review, all entitlements are freely available to beneficiaries as of January 1, 2025.

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+. 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 measurement 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 COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

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 2024 and the previous year, 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. Given the dependence on relative TSR and the award to beneficiaries at the highest level of the hierarchy of virtual shares as part of the opportunity, the Global LTI Plan 2023 constitutes a long-term cash-settled share-based remuneration program per IFRS 2 for all beneficiaries. 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 34 million euros in fiscal 2024 (previous year: 16 million euros), while an amount of 4 million euros (previous year: 0 million euros) was withdrawn for payout to employees. The carrying amount of the provision was 46 million euros as at December 31, 2024 (previous year: 15 million euros).

Development of the number of virtual shares for the Global LTI Plan 2023

	2023	2024
Virtual shares at the end of the previous year	–	**32,135**
Virtual shares granted in the year	33,335	**31,392**
Virtual shares forfeited in the year	-1,870	–
Virtual shares resulting from conversion of dividend payments in the year	669	**1,634**
Virtual shares on December 31	**32,135**	**65,161**

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The fair value of each virtual share as of the reporting date was 84.70 euros (closing date of Henkel preferred shares on December 30, 2024; previous year: 72.86 euros, closing date on December 29, 2023).

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. The employee share plan constitutes a share-based remuneration program as defined in IFRS 2 that is serviced through equity instruments.

Under the plan, the Henkel Group paid its employees a bonus of 8 million euros in Henkel preferred shares in fiscal 2024 (previous year: 8 million euros). Because of the revolving nature of the plan, this bonus was recognized directly as a payroll cost for reasons of simplification. The sale of bonus shares forfeited by employees lowered the payroll cost by 1 million euros in 2024 (previous year: 1 million euros). The following table summarizes the outstanding entitlements of employees from bonus shares in fiscal 2024 and the previous year.

Development of the number of shares for the employee share plan

	2023	2024
Outstanding entitlements on January 1	331,163	**372,085**
Entitlements granted in the year	112,231	**103,049**
Entitlements forfeited in the year	-7,619	**-6,882**
Shares resulting from conversion of dividend payments in the year	4,511	**4,786**
Entitlements that became vested/freely available in the year	-68,201	**-152,585**
Outstanding entitlements on December 31	**372,085**	**320,453**

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

37 Group segment reporting by business unit and by region

The Group segment report examines the activities of the Henkel Group by operating segments; selected regional information is also provided on a voluntary basis. In keeping with the requirements of IFRS 8 (Operating Segments), the two business units – Adhesive Technologies and Consumer Brands – were identified as operating segments in fiscal 2024. The operating segments also constitute the reportable segments. The segment report corresponds to the way in which the Henkel Group managed its operating business internally in fiscal 2024, and the Group's internal reporting structure.

Reportable segments

Adhesive Technologies

The operating segment Adhesive Technologies offers a broad and globally leading portfolio of high-impact solutions in adhesives, sealants and functional coatings. It is made up of three business areas – Mobility & Electronics, Packaging & Consumer Goods, and Craftsmen, Construction & Professional.

Our Mobility & Electronics business area offers our international customers in the automotive and electronics sectors, as well as industrial key accounts, tailor-made system solutions, specialized technical services and a technology portfolio that addresses global trends such as electrification, connectivity, autonomous driving and industrial defossilization.

In the Packaging & Consumer Goods business area, we offer innovative solutions for manufacturers of consumer goods and brand products around the globe. We use our technology portfolio and market expertise to address global consumer trends, such as the demand for more sustainable products and for a circular economy, and the requirement to ensure the maximum possible levels of food safety.

In the Craftsmen, Construction & Professional business area, we offer high-impact solutions for private consumers and craftsmen, the construction trade, and for manufacturing and professional maintenance in more than 800 industries. We develop innovations for transformative products and customer solutions on strong global brand platforms and respond to global technology trends, such as sustainable construction, DIY, smart production processes, and preventive maintenance.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Consumer Brands
The Consumer Brands business unit operates worldwide in the Laundry & Home Care and Hair business areas. Both business areas have focused brand portfolios and offer consumer-relevant innovations. In the Laundry & Home Care business area, we offer heavy-duty and specialty detergents, laundry additives, dish-washing products, and hard surface and toilet cleaners. In the Hair business area, we offer hair styling, hair coloring and hair care products. In our Other Consumer Businesses area, Henkel is represented in selective markets, primarily in body care products.

The products in our Laundry & Home Care and Other Consumer Businesses areas are marketed and sold exclusively under the Consumer business. The Hair business area comprises brands and products that are distributed under the Consumer business as well as those that are offered exclusively as part of our Professional business. The Consumer business and the Professional business are designed as two distinct functions from both an organizational and strategic perspective to ensure that we optimally serve the different customer groups and fulfill the different needs of the businesses.

Principles of Group segment reporting

In determining the assets and liabilities, we apply essentially the same principles of recognition and measurement as in the consolidated financial statements. We have valued net operating assets in foreign currencies at average exchange rates.

The Group measures the performance of its segments on the basis of a segment income variable referred to internally and in our reporting procedures as "adjusted EBIT," which is calculated by adjusting operating profit (EBIT) for one-time expenses and income, and also for restructuring expenses (see Note 34 on pages 332 and 333). The adjusted cost of sales included in adjusted EBIT (10,664 million euros, previous year: 11,672 million euros) is distributed evenly across the reportable segments in fiscal 2024, as was also the case in the previous year. In both years, around two thirds of the adjusted marketing, selling and distribution expenses (6,071 million euros, previous year: 5,661 million euros) is attributable to the Consumer Brands business unit and around one third to the Adhesive Technologies business unit.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The reportable segments account for 3 million euros (previous year: 4 million euros) of the one-time income and for 44 million euros (previous year: 278 million euros) of the one-time expenses. Of the restructuring expenses, 204 million euros (previous year: 249 million euros) is attributable to the reportable segments. Of these restructuring expenses, 84 million euros (previous year: 95 million euros) is attributable to Adhesive Technologies and 119 million euros (previous year: 154 million euros) to the Consumer Brands business unit.

For reconciliation with the figures for the Henkel Group, Group management overheads are reported under Corporate together with income and expenses that cannot be allocated to the individual business units.

For reconciliation with the pre-tax earnings of the Henkel Group, please refer to the consolidated statement of income and the financial result reported therein.

Proceeds transferred between the segments only exist to a negligible extent and are therefore not separately disclosed.

Operating assets, provisions and liabilities are assigned to the segments in accordance with their usage or origin. Where usage or origin is attributable to several segments, allocation is effected on the basis of appropriate ratios and keys.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Reconciliation between net operating assets/capital employed and financial statement figures

in million euros	Net operating assets Annual average[1] 2023	Net operating assets December 31, 2023	Financial statement figures December 31, 2023[4]	Net operating assets Annual average[1] 2024	Net operating assets December 31, 2024	Financial statement figures December 31, 2024
Goodwill at carrying amounts	13,566	13,569	13,602	14,360	14,992	**14,992**
Other intangible assets and property, plant and equipment (including assets held for sale)	7,319	7,254	7,216	7,562	7,759	**7,759**
Deferred taxes	–	–	1,178	–	–	**1,115**
Inventories	2,824	2,444	2,445	2,555	2,568	**2,568**
Trade accounts receivable from third parties	3,752	3,471	3,470	3,724	3,530	**3,530**
Intragroup trade accounts receivable	1,930	1,785	–	1,865	1,939	**–**
Other assets and tax refund claims[2]	743	661	1,866	633	623	**2,413**
Cash and cash equivalents	–	–	1,951	–	–	**2,889**
Operating assets/Total assets	**30,135**	**29,185**	**31,727**	**30,700**	**31,411**	**35,267**
Liabilities	9,089	8,896	11,728	8,935	9,196	**13,445**
Of which:						
Trade accounts payable to third parties	4,200	4,075	4,075	4,110	4,241	**4,241**
Intragroup trade accounts payable	1,930	1,785	–	1,865	1,939	**–**
Other provisions and other liabilities[2] (financial and non-financial)	2,959	3,035	3,752	2,961	3,010	**3,842**
Net operating assets	21,046	20,289	–	21,764	22,215	**–**
– Goodwill at carrying amounts	13,566	13,569	–	14,360	14,992	**–**
+ Goodwill at cost[3]	13,903	13,907	–	14,609	15,265	**–**
Capital employed	21,382	20,627	–	22,013	22,488	**–**

[1] The annual average is calculated on the basis of the 12 monthly figures.

[2] We take only amounts relating to operating activities into account in calculating net operating assets.

[3] Before deduction of accumulated impairment.

[4] Amended following the updated allocation of the purchase price for the shares in Composite Technology Intermediate, Inc.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Discussion of the key financials by region

For regional and geographic analysis purposes, we allocate sales to countries on the basis of the country-of-origin principle. Non-current assets are allocated in accordance with the domicile of the international company to which they pertain.

In 2024, the subsidiaries domiciled in Germany, including Henkel AG & Co. KGaA, generated sales of 2,434 million euros (previous year: 2,411 million euros). Sales realized by the subsidiaries domiciled in the USA amounted to 5,547 million euros in 2024 (previous year: 5,655 million euros). Subsidiaries domiciled in China achieved sales of 1,778 million euros in 2024 (previous year: 1,588 million euros). In total, the Group generated sales of 21,586 million euros in the year under review (previous year: 21,514 million euros). In fiscal 2023 and 2024, no individual customer accounted for more than 10 percent of total sales.

Of the total non-current assets disclosed for the Henkel Group at December 31, 2024 (excluding financial instruments, deferred tax assets and the overfunding of pension obligations) amounting to 22,888 million euros (previous year: 20,996 million euros), 2,472 million euros (previous year: 2,371 million euros) was attributable to the subsidiaries domiciled in Germany, including Henkel AG & Co. KGaA. The non-current assets (excluding financial instruments, deferred tax assets and the overfunding of pension obligations) recognized in respect of the subsidiaries domiciled in the USA amounted to 12,711 million euros at December 31, 2024 (previous year: 11,900 million euros).

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

38 Earnings per share

Earnings per share

in million euros		2023 Reported	2023 Adjusted	2024 Reported	2024 Adjusted
Net income attributable to shareholders of Henkel AG & Co. KGaA		**1,318**	**1,819**	**2,007**	**2,243**
Dividends, ordinary shares		469	469	**518**	**518**
Dividends, preferred shares		302	302	**332**	**332**
Total dividends		771	771	**850**	**850**
Retained earnings, ordinary shares		334	640	**707**	**851**
Retained earnings, preferred shares		212	407	**449**	**541**
Retained earnings		**546**	**1,048**	**1,156**	**1,392**
Number of outstanding ordinary shares[1]		256,529,013	256,529,013	**256,505,172**	**256,505,172**
Dividend per ordinary share	in euros	1.83	1.83	**2.02**[3]	**2.02**
Of which: preliminary dividend per ordinary share[2]	in euros	0.02	0.02	**0.02**	**0.02**
Retained earnings per ordinary share	in euros	1.30	2.50	**2.76**	**3.32**
Earnings per ordinary share (basic/diluted)[4]	in euros	**3.13**	**4.33**	**4.78**	**5.34**
Number of outstanding preferred shares[1]		163,191,731	163,191,731	**162,849,645**	**162,849,645**
Dividend per preferred share	in euros	1.85	1.85	**2.04**[3]	**2.04**
Of which: preferred dividend per preferred share[2]	in euros	0.04	0.04	**0.04**	**0.04**
Retained earnings per preferred share	in euros	1.30	2.50	**2.76**	**3.32**
Earnings per preferred share (basic/diluted)[4]	in euros	**3.15**	**4.35**	**4.80**	**5.36**

[1] Weighted annual average of preferred and ordinary shares.

[2] See sections entitled "Corporate governance" and "Composition of issued capital/Shareholders' rights" in the combined management report.

[3] Proposal to shareholders for the Annual General Meeting on April 28, 2025.

[4] There are currently no significant dilutive effects.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

39 Consolidated statement of cash flows

The consolidated statement of cash flows shows the movements in cash and cash equivalents, distinguishing between changes in cash and cash equivalents from operating activities, investing activities and financing activities in accordance with the requirements of IAS 7. Changes in financial funds due to exchange rate movements are presented separately and are not included in cash flow from operating activities, cash flow from investing activities or cash flow from financing activities.

The composition of cash and cash equivalents is discussed in Note 8 on page 259. In some countries, there are administrative hurdles to the transfer of money to the parent company or to other Group companies. The cash and cash equivalents attributable to these countries amounted to 150 million euros as of December 31, 2024 (previous year: 131 million euros).

Cash flows of subsidiaries whose functional currency is that of a hyperinflationary economy are presented at current purchasing power. They are therefore adjusted using the relevant conversion factors from the date on which each respective transaction took place.

Cash flow from operating activities is calculated using the indirect method by adjusting the operating profit for non-cash items and adding cash inflows and outflows not reflected in the operating profit. The necessary adjustments to operating profit include in particular depreciation and amortization, impairment losses and write-ups of intangible assets, property, plant and equipment and assets held for sale, as well as changes in provisions, other assets and liabilities, and in net working capital. In addition, payments for income taxes are included in cash flows from operating activities.

In fiscal 2024, non-cash impairment on intangible assets, property, plant and equipment and assets held for sale reported under "Amortization/depreciation/impairment/write-ups of intangible assets, property, plant and equipment, and assets held for sale" by which operating profit was corrected, amounted to 129 million euros (previous year: 218 million euros).

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Cash flows from investing activities are calculated directly and occur essentially as a result of outflows for the purchase and inflows from the disposal of intangible assets and property, plant and equipment, subsidiaries and other business units, and investments. This item also includes cash inflows and outflows from other financial assets and interest received on cash and cash equivalents.

In the year under review, the cash outflow for investments in subsidiaries and other business units and the cash inflow from proceeds on disposal of subsidiaries, other business units and investments, related essentially to the transactions discussed in the section "Acquisitions and divestments" on pages 222 to 224.

The cash flow from financing activities, which is also determined directly, mainly comprises dividends paid, interest paid, the change in financial funds from borrowing and repaying financial liabilities and the changes in pension obligations resulting from funding activities. Cash flows from the forward components of currency forwards contracted with Group-external parties used to hedge intragroup financing arrangements are netted under interest paid. The incoming payments from forward components of currency forwards recognized here amounted to 12 million euros in fiscal 2024 (previous year: 17 million euros), while outgoing payments amounted to 5 million euros (previous year: 20 million euros).

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The other changes in borrowings in fiscal 2024 are essentially due to payments received in the amount of 927 million euros resulting from the increase of our current liabilities to banks. Payments made and received in connection with our revolving short-term commercial paper financing program resulted – netted – in cash inflows from financing activities of 94 million euros in fiscal 2024 (previous year: cash outflows of 227 million euros). Other changes in pension obligations include payment receipts of 100 million euros in fiscal 2024 constituting the refund of pension payments to retirees for which a right of reimbursement exists with respect to Henkel Trust e.V. and an external pension fund. The prior-year reimbursement recognized in cash flow from financing activities amounted to 210 million euros.

Further explanation of the development of the individual cash flows can be found in the discussion of the financial position of the Henkel Group in the management report on page 144.

Free cash flow indicates how much cash is actually available for acquisitions and dividends, reducing debt and for allocations to pension funds.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Reconciliation of assets and liabilities reflected in cash flow from financing activities 2023

in million euros	Derivative assets and liabilities	Receivables from Henkel Trust e.V. and other external pension funds and reimbursement rights	Provisions for pensions and similar obligations	Borrowings	Lease liabilities	Other assets and liabilities[1]	Total
At January 1, 2023	**122**	**374**	**-417**	**-2,907**	**-681**	**-18**	**-3,526**
Changes in cash flows (Cash flow from financing activities)	-29	-104	32	687	167	-1	752
Of which:							
Interest paid[2]	-11	–	–	80	21	-1	88
Issuance and repayment of bonds, repayment of non-current bank liabilities and other changes in borrowings[3]	-18	–	–	599	–	–	581
Redemption of lease liabilities	–	–	–	–	146	–	146
Allocations to pension funds and other changes in pension obligations	–	-104	32	–	–	–	-72
Payments for the acquisition of treasury shares	–	–	–	8	–	–	8
Interest income and expenses recognized in financial result	10	5	-11	-77	-21	0	-93
Additions of lease liabilities	–	–	–	–	-99	–	-99
Acquisition or disposal of subsidiaries	–	–	–	–	-4	–	-4
Foreign exchange effects	-0	-4	10	18	13	–	36
Changes in fair value	-21	6	-179	10	-1	–	-186
Sundry	–	–	29	0	1	–	31
At December 31, 2023	**82**	**277**	**-535**	**-2,269**	**-624**	**-18**	**-3,088**

[1] These include commitments and entitlements relating to incidental tax expenses.

[2] Differs from the cash flow statement due to fees and other financial charges relating to the procurement of money and loans.

[3] Differs from the cash flow statement due to currency differences and the currency results of intragroup financing and capital transactions, and changes in financial liabilities to third parties.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Reconciliation of assets and liabilities reflected in cash flow from financing activities 2024

in million euros	Derivative assets and liabilities	Receivables from Henkel Trust e.V. and other external pension funds and reimbursement rights	Provisions for pensions and similar obligations	Borrowings	Lease liabilities	Other assets and liabilities[1]	Total
At January 1, 2024	**82**	**277**	**-535**	**-2,269**	**-624**	**-18**	**-3,087**
Changes in cash flows (Cash flow from financing activities)	-10	17	18	-1,119	171	-11	**-935**
Of which:							
Interest paid[2]	-17	–	–	91	25	-11	**87**
Issuance and repayment of bonds, repayment of non-current bank liabilities and other changes in borrowings[3]	7	–	–	-1,210	–	–	**-1,204**
Redemption of lease liabilities	–	–	–	–	146	–	**146**
Allocations to pension funds and other changes in pension obligations	–	17	18	–	–	–	**35**
Interest income and expenses recognized in financial result	17	5	-16	-92	-25	14	**-96**
Additions of lease liabilities	–	–	–	–	-219	–	**-219**
Acquisition or disposal of subsidiaries	–	–	4	–	-9	–	**-5**
Foreign exchange effects	-0	7	-4	-53	-14	–	**-64**
Changes in fair value	-18	5	-12	-43	7	–	**-62**
Sundry	–	–	-24	–	1	–	**-23**
At December 31, 2024	**71**	**311**	**-569**	**-3,576**	**-713**	**-15**	**-4,492**

[1] These include commitments and entitlements relating to incidental tax expenses.

[2] Differs from the cash flow statement due to fees and other financial charges relating to the procurement of money and loans.

[3] Differs from the cash flow statement due to currency differences and the currency results of intragroup financing and capital transactions, and changes in financial liabilities to third parties.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

40 Contingent liabilities

Compared to provisions, contingent liabilities are subject to much greater uncertainty as they represent either a potential obligation or a current obligation where payment is unlikely or the amount of the obligation cannot be estimated with sufficient reliability.

Estimating the financial impact from contingent liabilities pertaining to risks arising from legal disputes and proceedings that do not meet the criteria for recognition as provisions is not expedient due to the uncertainty surrounding the likelihood of resolution and amount of resource outflow involved.

Within the Henkel Group, contingent liabilities also exist with respect to warranty agreements and to guarantees assumed with respect to public authorities. At December 31, 2024, these contingent liabilities amounted to 8 million euros (previous year: 12 million euros).

41 Other unrecognized financial commitments

As of the end of 2024, commitments arising from orders for property, plant and equipment amounted to 105 million euros (previous year: 108 million euros).

As of the reporting date, payment commitments under the terms of agreements for capital increases and share purchases contracted prior to December 31, 2024 amounted to 17 million euros (previous year: 21 million euros).

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

42 Shareholdings in the capital of Henkel AG & Co. KGaA/Voting rights notifications

The following information was available regarding notifiable shareholdings in accordance with Section 160 (1) (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 in total a share of 61.82 percent of the voting rights (160,599,025 votes) in Henkel AG & Co. KGaA (ISIN DE0006048408). The voting rights are 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,
- two private limited companies (GmbH) set up by members of those families, and
- twelve limited partnerships with a limited company as general partner (GmbH & Co. KG),

under a share-pooling agreement as defined in Section 34 (2) German Securities Trading Act [WpHG].

No party to the share-pooling agreement is obliged to notify that it has reached or exceeded 3 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.

On December 27, 2024, BlackRock, Inc., Wilmington, Delaware, USA, gave notification that, as of December 20, 2024, it directly or indirectly held a total share of voting rights of 3.07 percent, of which 3.04 percent (7,887,993 voting rights) attached to ordinary shares and 0.03 percent (84,783 voting rights) arose from instruments as defined in Section 38 (1) WpHG. Most recently, BlackRock, Inc., Wilmington, Delaware, USA, gave notification on January 24, 2025 that its total share of voting rights in Henkel AG & Co. KGaA held directly or indirectly as of January 21, 2025 was 3.06 percent of the voting rights, whereby 3.01 percent (7,830,855 voting rights) comprised voting rights attached to ordinary shares and 0.05 percent (118,639 voting rights) comprised voting rights arising from said instruments.

Voting rights notifications received by the Company and further related information are publicly accessible on the website: **www.henkel.com/ir**

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

43 Related party disclosures

Related parties as defined by IAS 24 (Related Party Disclosures) are legal entities or natural persons who may be able to exert influence on Henkel AG & Co. KGaA and its subsidiaries, or be subject to control or significant influence by Henkel AG & Co. KGaA or its subsidiaries. These mainly include all members of the Henkel family share-pooling agreement who, together, represent the ultimate controlling party of the Henkel Group as defined in IAS 24, and the non-consolidated subsidiaries, the associates, and the members of the corporate bodies of Henkel AG & Co. KGaA. Related parties as defined in IAS 24 also include Henkel Trust e.V. and Metzler Trust e.V.

Accounts receivable from and payable to non-consolidated subsidiaries and associates are indicated in Note 3 on pages 254 and 255, and in Note 19 on pages 281 and 282.

Detailed information on the remuneration paid to the members of the corporate bodies can be found in the Remuneration Report compiled by the Management Board and the Supervisory Board in accordance with Section 162 AktG and in Note 45 on pages 355 to 358. As was also the case last year, no further material business transactions took place between the Company and members of the Management Board, Supervisory Board and Shareholders' Committee.

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 on Henkel Trust e.V. for reimbursement of pension payments made is shown under other financial assets (Note 3 on pages 254 and 255). The receivable does not bear interest.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

44 Exercise of exemption options

The following German companies included in the consolidated financial statements of Henkel AG & Co. KGaA exercised exemption options in fiscal 2024:

- Schwarzkopf Henkel Production Europe GmbH & Co. KG, Düsseldorf (Section 264b German Commercial Code [HGB])
- Henkel IP Management and IC Services GmbH, Monheim (Section 264 (3) HGB)
- Sonderhoff Holding GmbH, Cologne (Section 264 (3) HGB)

The Dutch company Henkel Nederland B.V., Nieuwegein, exercised the exemption option afforded in Article 2:403 of the Civil Code of the Netherlands.

45 Remuneration of the corporate bodies

The remuneration of the members of the Management Board of Henkel Management AG as the sole Personally Liable Partner of Henkel AG & Co. KGaA essentially consists of a fixed basic remuneration and other non-performance-related emoluments, an annual variable remuneration (Short Term Incentive, STI), and a variable cash remuneration based on the long-term performance of the Company (Long Term Incentive, LTI). Management Board members can also be granted pension benefits under a defined contribution plan or alternatively lump-sum pension payments. The non-performance-related emoluments include fringe benefits and benefits in kind that are commensurate with market conditions and directly related to Management Board activity.

The performance-related STI provides for remuneration in line with achievement within a one-year performance measurement period of targets set for the performance of both the Company and the individual Management Board members. The performance of the Company is measured in terms of organic sales growth (OSG) and adjusted earnings per preferred share (EPS) at constant exchange rates, which are equally weighted in the determination of target achievement. The multiplier for individual performance reflects the absolute and relative performance of the business unit for which each officer is responsible compared to market/competition performance, their individual contribution to implementing strategic priorities and the attainment of specific individual targets.

Under the 2022 LTI tranche for which the measurement period ended on December 31, 2024, and for which payment is due following the close of fiscal 2024, Management Board members were awarded cash remuneration based on average target achievement with regard to adjusted return on capital employed (adjusted

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

ROCE) over the three-year performance measurement period (remuneration year and the two following fiscal years). A separate target was set for each of the three years in the performance measurement period. The LTI tranche that is due for payment also considers the functional factors of the individual Management Board members, which reflect the complexity and significance of the business units for which they are responsible. A cap has been defined for the individual variable components of remuneration and the total compensation payable including other emoluments and pension contributions.

Since the start of fiscal 2023, the Long Term Incentive (LTI) for Management Board members is designed as a long-term cash-settled share-based remuneration plan under which the members of the Management Board are awarded a specific number of virtual shares based on the weighted target achievement of three performance criteria – adjusted return on capital employed (adjusted ROCE), relative total shareholder return (TSR) and ESG targets – over a three-year measurement period. The virtual shares are subsequently subject to a one-year lock-up period. Since the targets for each of the three years in the measurement period are only set at the beginning of each respective year, the full terms of the agreement governing this component of remuneration are not known until the targets are specified for the third year of the cycle. Under a transitional arrangement, the first payment under the share-based LTI will be due in 2026. Further discussion of this component of remuneration can be found in Note 36 on pages 335 and 336.

Members of the Supervisory Board and the Shareholders' Committee receive a fixed fee in cash. Supervisory Board members also receive attendance fees. Those members of the Supervisory Board elected as employee representatives are paid a salary that is commensurate with the market, as well as the fixed fee and attendance fees.

As the Supervisory Board of Henkel Management AG is only comprised of members who also belong to the Shareholders' Committee of Henkel AG & Co. KGaA, as was also the case in previous years, no remuneration was paid to these members for their activity on the Supervisory Board of Henkel Management AG in the year under review in accordance with Art. 14 of the Articles of Association of Henkel Management AG.

The following expenditure was recognized in fiscal 2024 and in the previous year per IFRSs for remuneration paid to members of the Management Board, Supervisory Board and Shareholders' Committee of Henkel AG & Co. KGaA in office in the year under review:

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Remuneration of the corporate bodies according to IFRS

in euros	2023	2024
Management Board remuneration		
Short-term remuneration[1]	15,952,537	**16,915,281**
Non-share-based Long Term Incentive	825,012	**383,920**
Share-based remuneration	9,352,139	**12,322,869**
Service cost of pension obligations	1,209,116	**1,220,357**
Total	27,338,804	**30,842,427**
Supervisory Board remuneration		
Fixed fee and attendance fee[2]	1,634,000	**1,757,970**
Shareholders' Committee remuneration		
Fixed fee[2]	2,350,000	**2,350,000**
Total expenses relating to the corporate bodies	31,322,804	**34,950,397**

[1] Fixed remuneration, other emoluments, Short Term Incentive (excluding the share-based amount related to the Share Ownership Guideline), lump-sum pension payouts, one-time special payments.
[2] Including (sub)committee activities.

The defined benefit obligation (DBO) outstanding as at December 31, 2024 from pension schemes for Management Board members in office amounted to 14,470,245 euros (previous year: 11,903,860 euros). For the Short Term Incentive and the Long Term Incentive for the Management Board, provision had been accrued or obligations recorded in equity in the amount of 35,067,924 euros as of the reporting date (previous year: 25,505,785 euros).

The remuneration paid in fiscal 2024 and in the previous year to members of the Management Board, Supervisory Board and Shareholders' Committee of Henkel AG & Co. KGaA in office in the fiscal year per HGB (Section 285 no. 9a HGB and Section 314 (1) no. 6a HGB) was as follows:

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Remuneration of the corporate bodies according to the German Commercial Code [HGB]

in euros	2023	2024
Management Board remuneration		
Short-term remuneration[1]	16,365,037	**16,915,281**
Of which: share-based remuneration based on the Share Ownership Guideline	412,500	**–**
Non-share-based Long Term Incentive	3,112,243	**3,637,632**
Share-based Long Term Incentive	9,652,075	**12,240,331**
Total	29,129,355	**32,793,244**
Supervisory Board remuneration		
Fixed fee and attendance fee[2]	1,634,000	**1,757,970**
Shareholders' Committee remuneration		
Fixed fee[2]	2,350,000	**2,350,000**
Total expenses relating to the corporate bodies	33,113,355	**36,901,214**

[1] Fixed remuneration, other emoluments, Short Term Incentive, lump-sum pension payouts, one-time special payments.
[2] Including (sub)committee activities.

Provisions for pension obligations to former members of the Management Board and the management of Henkel KGaA, as well as the former management of its legal predecessor and surviving dependents, amounted to 110,749,089 euros (previous year: 116,221;040 euros). The total remuneration (Section 285 no. 9b HGB and Section 314 (1) no. 6b HGB) of this group of persons, including the tranches of the Long Term Incentive or compensation for loss of earnings paid to departing Management Board members in the reporting year amounted to 10,697,503 euros in the reporting year (previous year: 9,475,746 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 audited Remuneration Report, which is published separately.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

46 Declaration of compliance with the German Corporate Governance Code

In February 2024, 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 German Stock Corporation Act [AktG]. The declaration has been made permanently available to shareholders on our website: **www.henkel.com/corporate-governance**

47 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 to the consolidated financial statements but not included in this version of the Annual Report. Said schedule is included in the accounting record submitted for publication in the Federal Gazette and can be viewed there. The schedule is also published on our website: **www.henkel.com/reports**

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

48 Auditor's fees and services

The following table lists the total fees charged to the Group for services provided by the auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft and other companies of the worldwide PwC network for fiscal 2024 and the previous year:

Type of fee

in million euros	2023	Of which: Germany	2024	Of which: Germany
Audit services	11.0	3.8	**11.4**	**3.8**
Other attestation services	0.6	0.5	**0.9**	**0.8**
Other services	0.0	0.0	**0.0**	**0.0**
Total	**11.6**	**4.3**	**12.4**	**4.6**

The financial statement auditing services relate primarily to the statutory audits of the annual and consolidated financial statements of Henkel AG & Co. KGaA, together with various audits of annual financial statements of its subsidiaries. Reviews of interim financial statements were also included in the audit mandate.

The other attestation services mainly related to the audit of non-financial reporting and sustainability-related disclosures and the audit of the Remuneration Report.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

SUBSEQUENT EVENTS

On February 3, 2025, Henkel signed an agreement to sell the Company's Retailer Brands business in North America, thus completing the strategic portfolio optimization in the Consumer Brands business unit, announced in February 2022. The business, which generates annual sales of around 500 million euros, includes detergents, fabric finishers and dishwash categories serving several retail customers in North America. No material financial effect is expected from the transaction.

Düsseldorf, February 7, 2025

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

Management Board
Carsten Knobel,
Mark Dorn, Wolfgang König, Sylvie Nicol, Marco Swoboda

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

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 2,921,709,194.73 euros for fiscal 2024 be applied as follows:

a) Payment of a dividend for fiscal 2024 of 2.02 euros per eligible ordinary share (256,505,172 shares)	= 518,140,447.44 euros
b) Payment of a dividend for fiscal 2024 of 2.04 euros per eligible preferred share (162,856,627 shares)	= 332,227,519.08 euros
c) Carry forward of the remaining amount (profit carried forward)	= 2,071,341,228.21 euros
	2,921,709,194.73 euros

The proposal for appropriation of the profit allows for the 3,290,703 ordinary shares and 15,306,248 preferred shares held directly or indirectly as treasury stock by the Company as of December 31, 2024. According to Section 71b Stock Corporation Act [AktG], treasury shares do not qualify for dividends. If the number of shares qualifying for dividends for fiscal 2024 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 2.02 euros per eligible ordinary share and 2.04 euros per eligible preferred share, with corresponding adjustment 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, May 2, 2025.

Düsseldorf, February 7, 2025

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

Management Board

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

CORPORATE BODIES OF HENKEL AG & CO. KGAA

Boards/memberships as defined by Section 125 (1) sentence 5 German Stock Corporation Act [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: 2028
Memberships:
Henkel AG & Co. KGaA (Shareholders' Committee, Chair)[2]
Henkel Management AG (Chair)[1]
Heraeus Holding GmbH[1]

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*
Vice Chair 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*
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

Lutz Bunnenberg
Private Investor, Munich
Place of residence: Munich
Born: November 16, 1973
Nationality: German
Member since: June 17, 2020
Elected until: 2028

Sabine Friedrich*
Assistance and Product Management for Product Development Industrials EIMEA
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

Vinzenz Gruber
(since April 22, 2024)
Executive Vice President & President Mondelez Europe, Mondelez International, Inc., Zurich, Switzerland
Place of Residence: Meilen, Switzerland
Born: May 1, 1965
Nationality: Italian-Swiss
Member since: April 22, 2024
Elected until: 2028

* Employee representatives.
[1] Membership of statutory supervisory and administrative boards in Germany.
[2] Membership of comparable oversight bodies.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Benedikt-Richard Freiherr von Herman
Private Investor, Wain
Place of residence: Wain
Born: October 4, 1972
Nationality: German
Member since: April 11, 2016
Elected until: 2028

Barbara Kux
Private Investor, Zurich, Switzerland
Place of residence: Zurich, Switzerland
Born: February 26, 1954
Nationality: Swiss
Member since: July 3, 2013
Elected until: 2028

Dr. Anja Langenbucher
(since April 22, 2024)
Europe Director, Bill and Melinda Gates Foundation, Berlin/London, UK
Place of Residence: Berlin
Born: November 12, 1972
Nationality: German
Member since: April 22, 2024
Elected until: 2028
Membership:
Sofina SA, Belgium[2]

Laurent Martinez
Chief Financial Officer, Orange S.A., Issy-les-Moulineaux, France
Place of residence: Boulogne-Billancourt, France
Born: June 23, 1968
Nationality: French
Member since: April 24, 2023
Elected until: 2028
Memberships:
Buyin S.A., Belgium[2]
Orange Group:
MasOrange S.L., Spain[2]
Orange MEA S.A., France[2]
Orange Polska S.A., Poland[2]

Simone Menne
Private Investor, Kiel
Place of residence: Rodenbek
Born: October 7, 1960
Nationality: German
Member since: June 17, 2020
Elected until: 2028
Memberships:
Johnson Control International plc., Ireland[2]
Russell Reynolds Associates Inc., USA[2]
Siemens Energy[1]

Natalie Mühlenfeld*
(since January 31, 2025)
Board Secretary, Board Division 1 – Politics/Transformation, IG BCE, Hannover
Place of residence: Düsseldorf
Born: August 13, 1980
Nationality: German
Member since: January 31, 2025
Elected until: 2028

Memberships:
BASF SE[1]
3M Deutschland GmbH[1]
Solventum Germany GmbH[1]

Andrea Pichottka*
(until December 31, 2024)
Managing Director, IG BCE Bonusagentur GmbH, Hannover
Managing Director, IG BCE Bonusassekuranz GmbH, Hannover
Place of residence: Bad Münder
Born: November 29, 1959
Nationality: German
Member since: October 26, 2004
Elected until: 2028

Philipp Scholz
(until April 22, 2024)
Adjunct Professor at Humboldt University Berlin, Berlin
Place of residence: Berlin
Born: February 18, 1967
Nationality: German
Member since: April 9, 2018
Elected until: 2024

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 and member of the Finance Committee 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 1, 2010
Elected until: 2028

Michael Vassiliadis*
Chair of IG BCE, Hannover
Place of residence: Hannover
Born: March 13, 1964
Nationality: German
Member since: April 9, 2018
Elected until: 2028
Memberships:
BASF SE[1]
RAG AG (Vice Chair)[1]
STEAG GmbH[1]
Vivawest GmbH[1]

Poul Weihrauch
(until April 22, 2024)
CEO/Office of the President, Mars Inc., McLean, Virginia, USA
Place of residence: Washington DC, USA
Born: June 19, 1968
Nationality: Danish
Member since: April 4, 2022
Elected until: 2024

* Employee representatives.
[1] Membership of statutory supervisory and administrative boards in Germany.
[2] Membership of comparable oversight bodies.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

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
Simone Menne, Chair
Laurent Martinez, Vice Chair
Dr. Simone Bagel-Trah
Birgit Helten-Kindlein
Edgar Topsch
Michael Vassiliadis

Sustainability Committee

Functions
The Sustainability Committee deals with sustainable corporate governance. It closely monitors the sustainability strategy of the Management Board and its further development.
Members
Dr. Simone Bagel-Trah, Chair
Barbara Kux, Vice Chair
Dr. Konstantin Benda
Vinzenz Gruber
Birgit Helten-Kindlein
Michael Vassiliadis

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Shareholders' Committee 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 18, 2005
Elected until: 2028
Memberships:
Henkel AG & Co. KGaA (Chair)[1]
Henkel Management AG (Chair)[1]
Heraeus Holding GmbH[1]

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: 2028
Membership:
HFO GmbH (Chair)[2]

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: 2028
Membership:
Bayer AG[1]

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: 2028
Memberships:
Henkel Management AG[1]
C&A AG, Switzerland[2]
Otto Group:
Hermes Germany GmbH[1]
Crate & Barrel Holdings, Inc., USA[2]
EDI Sourcing, LLC, USA[2]
Euromarket Design, Inc., USA[2]

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: 2028
Membership:
Henkel Management AG
(Vice Chair)[1]

Johann-Christoph Frey
(until April 22, 2024)
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[1]
Antai Venture Builder S.L., Spain[2]

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: 2028
Memberships:
Arenberg Schleiden GmbH[2]
Arenberg Recklinghausen GmbH[2]
Arenberg Beteiligungs-GmbH[2]
Rheinische Bodenverwaltung AG[1]

Thomas Manchot
(since April 22, 2024)
Private Investor, Düsseldorf
Place of Residence: Monaco
Born: March 16, 1965
Nationality: German
Member since: April 22, 2024
Elected until: 2028

Dr.-Ing. Dr.-Ing. E.h. Norbert Reithofer
(until April 22, 2024)
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[1]
Bayerische Motoren Werke
Aktiengesellschaft (Chair)[1]

[1] Membership of statutory supervisory and administrative boards in Germany.
[2] Membership of comparable oversight bodies.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

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: 2028
Membership:
Link & Co. International AB, Sweden[2]

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: 2028
Memberships:
Heineken Holding N.V., Netherlands[2]
Vodafone Group plc. (Chair), UK[2]

Poul Weihrauch
(since April 22, 2024)
CEO/Office of the President,
Mars Inc., McLean, Virginia, USA
Place of Residence: Washington DC, USA
Born: June 19, 1968
Nationality: Danish
Member since: April 22, 2024
Elected until: 2028

[1] Membership of statutory supervisory and administrative boards in Germany.
[2] Membership of comparable oversight bodies.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

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
James Rowan
Poul Weihrauch

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
Kaspar von Braun, Ph.D., Vice Chair
Alexander Birken
Thomas Manchot
Jean-François van Boxmeer

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

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[1]
Kühne Holding AG, Switzerland[2]

Mark Dorn
Adhesive Technologies
Place of residence: Düsseldorf
Born: January 31, 1973
Nationality: British-German
Member since: February 1, 2023

Wolfgang König
Consumer Brands
Place of residence: Düsseldorf
Born: May 2, 1972
Nationality: German
Member since: June 1, 2021
Membership:
Mast-Jägermeister SE[1]

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[2]

Marco Swoboda
Finance, Purchasing, Global Business Solutions, Digital/IT
Place of residence: Düsseldorf
Born: September 23, 1971
Nationality: German
Member since: January 1, 2020
Memberships:
Henkel Central Eastern Europe GmbH (Chair), Austria[2]
Henkel South Africa (Pty.) Ltd. (Chair), South Africa[2]
Henkel Strategic Business Solutions B.V. (Chair), Netherlands[2]

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: 2028
Memberships:
Henkel AG & Co. KGaA (Chair)[1]
Henkel AG & Co. KGaA (Shareholders' Committee, Chair)[2]
Heraeus Holding GmbH[1]

Kaspar von Braun, Ph.D.
Vice Chair,
Astrophysicist, Pasadena, USA
Place of residence: Pasadena, USA
Born: February 12, 1971
Nationality: German
Member since: April 23, 2024
Elected until: 2028
Membership:
Henkel AG & Co. KGaA (Shareholders' Committee)[2]

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: April 23, 2024
Elected until: 2028
Memberships:
Henkel AG & Co. KGaA (Shareholders' Committee)[2]
C&A AG, Switzerland[2]
Otto Group:
Hermes Germany GmbH[1]
Crate & Barrel Holdings, Inc., USA[2]
EDI Sourcing, LLC, USA[2]
Euromarket Design, Inc., USA[2]

* Personally Liable Partner of Henkel AG & Co. KGaA.
[1] Membership of statutory supervisory and administrative boards in Germany.
[2] Membership of comparable oversight bodies.

FURTHER INFORMATION

371 **Independent Auditor's Report**

384 **Responsibility statement**

385 **Quarterly breakdown of sales**

386 **Multi-year summary**

388 **Glossary**

393 **Credits/Legal**

394 **Contacts**

394 **Financial calendar**

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

INDEPENDENT AUDITOR'S REPORT

To Henkel AG & Co. KGaA, Düsseldorf

Report on the audit of the consolidated financial statements and of the group management report

AUDIT OPINIONS

We have audited the consolidated financial statements of Henkel AG & Co. KGaA, Düsseldorf, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2024, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of Henkel AG & Co. KGaA, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2024. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to § [Article] 289f HGB [Handelsgesetzbuch: German Commercial Code] and § 315d HGB.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (the IFRS Accounting Standards) as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. [paragraph] 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2024, and of its financial performance for the financial year from 1 January to 31 December 2024, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the statement on corporate governance referred to above

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

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

1. **Recoverability of goodwill and trademarks and other rights with indefinite useful lives**
2. **Recognition and measurement of pension provisions**

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

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. Recoverability of goodwill and trademarks and other rights with indefinite useful lives

1. In the consolidated financial statements of Henkel AG & Co. KGaA, goodwill amounting to € 15.0 billion in total (42.5 % of consolidated total assets) is reported, and trademarks and other rights with indefinite useful lives amounting to € 3.2 billion in total (9.2 % of consolidated total assets) are reported under the line item "Other Intangible assets" of the balance sheet. Goodwill and trademarks and other rights with indefinite useful lives are tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. The impairment tests are performed at the level of the cash-generating units or groups of cash-generating units to which the respective goodwill and trademarks and other rights with indefinite useful lives are allocated. In the context of the impairment test the carrying amount of the relevant (groups of) cash-generating units, including the respective allocated goodwill and trademarks and other rights with indefinite useful lives, are compared with the corresponding recoverable amount. The recoverable amount is generally determined on the basis of fair value less costs of disposal. The valuation to determine the fair value less costs of disposal carried out for the purposes of the impairment tests is based on the present values of the future cash flows derived from the financial planning for the financial year 2025 prepared by the executive directors and acknowledged by the supervisory board which is extrapolated for subsequent years based on assumptions. Expectations relating to future market developments and country-specific assumptions about the development of macroeconomic factors, as well as the effects of geopolitical and economic developments on the business activities of the Henkel Group are also taken into account. Present values are calculated using discounted cash flow models. The discount rate used is the weighted average cost of capital for the respective (groups of) cash-generating unit. The impairment test determined that no write-downs were necessary.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors of the future cash flows of the respective (groups of) cash-generating units, and on the respective discount rates, rates of growth and other assumptions employed. The valuation is therefore subject to considerable uncertainties. Against this background and due to the underlying complexity of the valuation, this matter was of particular significance in the context of our audit.

2. As part of our audit we assessed, among other things, the methodology used for the purpose of the impairment tests and evaluated the calculation of the weighted average cost of capital. In addition, we assessed whether the future cash flows underlying the valuation together with the weighted average cost of capital used represent an appropriate basis for the impairment tests overall. We evaluated the appropriateness of the future cash flows used in the calculations, which also include the effects of geopolitical and economic developments, among other things by comparing this data with the Group's extrapolated financial planning, 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 this context, we also assessed the appropriate consideration of the costs of Group functions in the respective (groups of) cash-generating units. With the knowledge that even relatively small changes in the discount rate applied can have material effects on the fair values less costs of disposal calculated in this way, we also focused our assessment on the parameters used to determine the discount rate applied, and evaluated the measurement model. Furthermore, we evaluated the sensitivity analyses performed by the Company in order to assess any impairment risk (lower recoverable amount versus carrying amount) relating to any potential change in a material assumption underlying the valuation.

   Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

3. The Company's disclosures on goodwill and trademarks and other rights with indefinite useful lives are contained in the notes to the consolidated financial statements in the section entitled "Notes to the consolidated balance sheet", note "(1) Goodwill and other intangible assets".

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

2. Recognition and measurement of pension provisions

1. In the consolidated financial statements of Henkel AG & Co. KGaA pension provisions amounting to € 0.6 billion are reported under the balance sheet item "Provisions for pensions and similar obligations". The pension provisions comprise pension obligations amounting to € 4.2 billion, plan assets of € 3.8 billion and a reported surplus of plan assets over benefit obligations of € 0.2 billion. The obligations from defined benefit pension plans are measured using the projected unit credit method. This requires assumptions to be made in particular about long-term rates of growth in salaries and pensions, average life expectancy and staff turnover. The average life expectancy is calculated for Germany as at 31 December 2024 based on the mortality tables published by Heubeck-Richttafeln GmbH (Heubeck-Richttafeln RT 2018 G). Country-specific mortality tables are used to calculate obligations outside of Germany. The discount rates must be determined by reference to market yields on high-quality corporate bonds with matching currencies and consistent maturities. This usually requires the data to be extrapolated, since sufficient long-term corporate bonds do not exist. The plan assets are measured at fair value, which in turn involves estimation uncertainties. From our point of view, these matters were 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.

2. As part of our audit, we firstly assessed whether the criteria for recognition as defined benefit or defined contribution pension commitments were met and evaluated the actuarial expert reports obtained and the professional qualifications of the external experts. 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 compliance with the standard and appropriateness, in addition to other procedures. In addition, we analyzed the development of the obligation and the cost components in accordance with actuarial expert reports in the light of changes occurring in the valuation parameters and the numerical data, and assessed their plausibility. For the audit of the fair value of the plan assets, we obtained bank and fund confirmations and assessed the methods on which the respective valuation was based and the valuation parameters applied. 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.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

3. The Company's disclosures relating to the pension provisions are contained in the notes to the consolidated financial statements in the section entitled "Notes to the consolidated balance sheet" in note "(16) Provisions for pensions and similar obligations".

OTHER INFORMATION

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

The other information comprises further

- the separate non-financial report to comply with §§ 289b to 289e HGB and with §§ 315b to 315c HGB
- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report

Our audit opinions on the consolidated financial statements and on the group 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 consolidated financial statements, with the group 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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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group 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 the internal control and these arrangements and measures (systems), respectively.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

- Perform audit procedures on the prospective information presented by the executive directors in the group 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.

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

Other legal and regulatory requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

ASSURANCE OPINION

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file Henkel_KA+KLB_ESEF-2025-02-07.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 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 consolidated financial statements and the group 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.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

BASIS FOR THE ASSURANCE OPINION

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 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 § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on 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 executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 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.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

GROUP AUDITOR'S RESPONSIBILITIES FOR THE ASSURANCE WORK 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 § 328 Abs. 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 § 328 Abs. 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 at the date of the consolidated financial statements on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 22 April 2024. We were engaged by the supervisory board on 7 May 2024. We have been the group auditor of the Henkel AG & Co. KGaA, Düsseldorf, without interruption since the financial year 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 of the EU Audit Regulation (long-form audit report).

Reference to an other matter – use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 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, 7 February 2025

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Peter Bartels
Wirtschaftsprüfer
(German Public Auditor)

Antje Schlotter
Wirtschaftsprüferin
(German Public Auditor)

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

RESPONSIBILITY STATEMENT

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

Düsseldorf, February 7, 2025

Henkel Management AG

Management Board
Carsten Knobel,
Mark Dorn, Wolfgang König, Sylvie Nicol, Marco Swoboda

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

QUARTERLY BREAKDOWN OF SALES

	1st quarter		2nd quarter		Half year		3rd quarter		4th quarter		Full year	
in million euros	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
Adhesive Technologies	2,791	**2,677**	2,683	**2,798**	5,475	**5,475**	2,711	**2,800**	2,604	**2,695**	10,790	**10,970**
Change versus previous year	6.1%	**-4.1%**	-5.4%	**4.3%**	0.1%	**0.0%**	-9.5%	**3.3%**	-6.3%	**3.5%**	-4.0%	**1.7%**
Adjusted for foreign exchange	5.0%	**-0.4%**	-0.5%	**4.4%**	2.1%	**2.0%**	-3.0%	**6.5%**	0.3%	**3.4%**	0.3%	**3.5%**
Organic	6.8%	**1.3%**	2.7%	**2.6%**	4.7%	**2.0%**	0.8%	**3.7%**	2.8%	**1.7%**	3.2%	**2.4%**
Consumer Brands	2,772	**2,605**	2,593	**2,662**	5,365	**5,266**	2,695	**2,653**	2,505	**2,547**	10,565	**10,467**
Change versus previous year	7.3%	**-6.0%**	-5.7%	**2.6%**	0.6%	**-1.8%**	-7.6%	**-1.6%**	-6.4%	**1.7%**	-3.3%	**-0.9%**
Adjusted for foreign exchange	6.5%	**-2.0%**	1.1%	**2.1%**	3.7%	**0.0%**	-1.3%	**2.3%**	-1.7%	**1.3%**	1.0%	**0.9%**
Organic	7.0%	**5.2%**	4.5%	**3.3%**	5.7%	**4.3%**	6.2%	**2.7%**	6.9%	**0.6%**	6.1%	**3.0%**
Corporate	46	**35**	40	**36**	86	**71**	34	**40**	39	**38**	159	**149**
Henkel Group	**5,609**	**5,317**	**5,316**	**5,496**	**10,926**	**10,813**	**5,440**	**5,492**	**5,148**	**5,281**	**21,514**	**21,586**
Change versus previous year	**6.4%**	**-5.2%**	**-5.8%**	**3.4%**	**0.1%**	**-1.0%**	**-9.0%**	**1.0%**	**-6.6%**	**2.6%**	**-3.9%**	**0.3%**
Adjusted for foreign exchange	**5.5%**	**-1.3%**	**0.0%**	**3.2%**	**2.7%**	**0.9%**	**-2.7%**	**4.5%**	**-0.9%**	**2.4%**	**0.4%**	**2.1%**
Organic	**6.6%**	**3.0%**	**3.2%**	**2.8%**	**4.9%**	**2.9%**	**2.8%**	**3.3%**	**4.5%**	**1.1%**	**4.2%**	**2.6%**

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

MULTI-YEAR SUMMARY

in million euros	2018	2019	2020	2021	2022	2023[1]	2024
Results of operations							
Sales	19,899	20,114	19,250	20,066	22,397	21,514	**21,586**
Adhesive Technologies	9,403	9,461	8,684	9,641	11,242	10,790	**10,970**
Consumer Brands	10,368	10,533	10,456	10,283	10,928	10,565	**10,467**
Corporate	128	121	110	142	228	159	**149**
Gross margin	46.0%	45.9%	46.1%	44.7%	41.8%	44.9%	**50.1%**
Research and development expenses	484	499	501	727	570	587	**634**
Operating profit (EBIT)	3,116	2,899	2,019	2,213	1,810	2,011	**2,831**
Adhesive Technologies	1,669	1,631	1,248	1,524	1,500	1,423	**1,715**
Consumer Brands	1,559	1,391	933	874	458	753	**1,276**
Corporate	-112	-123	-162	-185	-149	-165	**-161**
Income before tax	3,051	2,811	1,925	2,149	1,689	1,888	**2,723**
Tax rate	23.6%	25.2%	26.0%	24.2%	25.8%	29.1%	**25.4%**
Net income	2,330	2,103	1,424	1,629	1,253	1,340	**2,032**
Attributable to shareholders of Henkel AG & Co. KGaA	2,314	2,085	1,408	1,634	1,259	1,318	**2,007**
Earnings per preferred share (EPS) in euros	5.34	4.81	3.25	3.78	2.95	3.15	**4.80**
Net return on sales[2]	11.7%	10.5%	7.4%	8.1%	5.6%	6.2%	**9.4%**
Net assets							
Total assets	29,562	31,409	30,238	32,674	33,170	31,727	**35,267**
Non-current assets	20,879	22,279	20,906	22,264	22,744	22,443	**24,235**
Current assets	8,683	9,130	9,332	10,410	10,425	9,285	**11,031**
Equity	16,999	18,611	17,870	19,794	20,157	19,999	**21,822**
Liabilities	12,563	12,798	12,368	12,879	13,013	11,728	**13,445**
Equity ratio	57.5%	59.3%	59.1%	60.6%	60.8%	63.0%	**61.9%**
Return on equity[3]	14.9%	12.4%	7.6%	9.1%	6.3%	6.6%	**10.2%**
Leverage	0.8	0.8	0.6	0.4	0.8	0.3	**0.3**

TABLE CONTINUED ON NEXT PAGE

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

in million euros		2018	2019	2020	2021	2022	2023[1]	2024
Financial position								
Cash flow from operating activities		2,698	3,241	3,080	2,141	1,247	3,255	**3,120**
Capital expenditures[4]		1,104	1,262	1,220	802	716	1,120	**1,982**
Investment ratio[4]	as % of sales	5.5	6.3	6.3	4.0	3.2	5.2	**9.2**
Shares								
Dividend per ordinary share	in euros	1.83	1.83	1.83	1.83	1.83	1.83	**2.02[5]**
Dividend per preferred share	in euros	1.85	1.85	1.85	1.85	1.85	1.85	**2.04[5]**
Total dividends[6]		805	805	805	798	776	771	**850[5]**
Payout ratio[6]		30.9%	34.2%	43.7%	40.5%	46.6%	42.4%	**37.9%**
Share price, ordinary shares, at year-end[7]	in euros	85.75	84.00	78.85	68.70	60.25	64.98	**74.40**
Share price, preferred shares, at year-end[7]	in euros	95.40	92.20	92.30	71.14	65.02	72.86	**84.70**
Market capitalization at year-end[7, 8]	in bn euros	38.9	37.9	36.6	30.3	26.2	28.5	**32.9**
Employees								
Total[9]	(at December 31)	53,000	52,450	52,950	52,450	51,200	47,750	**47,150**
Germany		8,500	8,550	8,700	8,700	8,550	8,350	**8,050**
Abroad		44,500	43,900	44,250	43,750	42,650	39,400	**39,100**

[1] Amended following the updated allocation of the purchase price for the shares in Composite Technology Intermediate, Inc.

[2] Net income divided by sales.

[3] Net income divided by equity at the start of the year.

[4] Capital expenditures in existing operations and acquisitions.

[5] Proposal to shareholders for the Annual General Meeting on April 28, 2025.

[6] Since fiscal 2021, calculated based on the number of shares qualifying for dividends as of December 31.

[7] Closing share prices, Xetra trading system.

[8] Based on all outstanding shares, i.e. number of shares issued less treasury stock.

[9] Basis: permanent employees excluding trainees.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

GLOSSARY

Adjusted EBIT
Earnings Before Interest and Taxes (EBIT) adjusted for exceptional items in the form of one-time expenses and income, and for restructuring expenses.

Adjusted return on capital employed (ROCE)
Profitability metric reflecting the adjusted ratio of earnings before interest and taxes (adjusted EBIT) to capital employed.

Capital employed
Capital invested in company assets and operations.

Compliance
Term given to: Acting in conformity with applicable regulations; adherence to laws, rules, regulations and in-house or corporate codes of conduct.

Compound annual growth rate
Year-over-year rate of growth, e.g. of an investment.

Corporate governance
System of management and control, primarily within listed companies. Describes the powers and authority of corporate management, the extent to which these need to be monitored and the extent to which structures should be put in place through which certain interest/stakeholder groups may exert influence on the corporate management.

Corporate Governance Code
The German Corporate Governance Code (abbreviation: GCGC; German: Corporate Governance Kodex) is intended to render the rules governing corporate management and control for a stock company in Germany transparent for national and international investors, engendering trust and confidence in the corporate management of German companies.

Credit default swap
A financial contract in which the issuer of a bond insures the buyer's potential losses in the event of the issuer defaulting. Instrument used by Henkel to evaluate the credit risks of banks.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Credit facility
Aggregate of all loan services available on call from one or several banks as cover for an immediate credit requirement.

Declaration of compliance
Declaration made by the management/executive board and supervisory board of a company according to Section 161 German Stock Corporation Act [AktG], confirming implementation of the recommendations of the Governmental Commission for the German Corporate Governance Code.

Defined contribution plans/Defined contribution pension system
Post-employment benefit plans under which an entity pays fixed contributions into a separate, independent fund and is subject to no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in current and prior periods.

Derivative
Financial instrument, the value of which changes in response to changes in an underlying asset or an index, which will be settled at a future date and which initially requires only a small or no investment.

Earnings per share (EPS)
Net profit divided by the number of shares outstanding. Metric indicating the income of a joint stock corporation divided between the weighted average number of its shares outstanding. EPS is calculated in accordance with IAS 33 Earnings Per Share.

EBIT
Abbreviation for Earnings Before Interest and Taxes. Standard profit metric that enables the earning power of the operating business activities of a company to be assessed independently of its financial structure, facilitating comparability between entities where these are financed by varying levels of debt capital.

EBITDA
Abbreviation for Earnings Before Interest, Taxes, Depreciation and Amortization; impairment losses and reversals/write-ups are also eliminated from the earnings calculation.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Economic Value Added (EVA®)
The EVA concept reflects the net wealth generated by a company over a certain period. A company achieves positive EVA when the operating result exceeds the weighted average cost of capital. The WACC corresponds to the yield on capital employed expected by the capital market. EVA is a registered trademark of Stern Stewart & Co.

Equity ratio
Financial metric indicating the ratio of equity to total capital. It expresses the share of total assets financed out of equity (owners' capital) rather than debt capital (provided by lenders). Serves to assess the financial stability and independence of a company.

Free cash flow
Cash flow actually available for acquisitions, dividend payments, the reduction of borrowings, and allocations to pension funds.

Gross margin
Indicates the percentage by which a company's sales exceed cost of sales, i.e. the ratio of gross profit to sales.

Gross profit
Difference between sales and cost of sales.

Hedge accounting
Method for accounting for hedging transactions whereby the compensatory effect of changes in the fair value of the hedging instrument (derivative) and of the underlying asset or liability is recognized in either the statement of income or the statement of comprehensive income.

IMEA
Abbreviation for the region comprised of India, Middle East and Africa.

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

KGaA
Abbreviation for "Kommanditgesellschaft auf Aktien." A KGaA is a company with a legal identity (legal entity) in which at least one partner has unlimited liability with respect to the company's creditors (personally liable partner, aka general partner), while the liability for such debts of the other partners participating in the share-based capital stock is limited to their share capital (limited shareholders).

Long Term Incentive (LTI)
Term given to bonus aligned to long-term financial performance.

Net financial position
The net financial position is defined as cash and cash equivalents including cash and cash equivalents held for sale plus readily monetizable securities and time deposits and financial collateral provided, less borrowings, plus positive and minus negative fair values of derivative financial instruments.

Net financial position extended
In the extended definition, provisions for pensions and similar obligations, lease liabilities and sundry financial liabilities are deducted from the net financial position, while receivables arising from reimbursement rights in respect of Henkel Trust e.V. and external pension funds are added.

Net working capital
Inventories plus payments on account, receivables from suppliers and trade accounts receivable, less trade accounts payable, liabilities to customers, and current sales provisions.

Non-controlling interests
Proportion of equity attributable to third parties (non-controlling shareholders, aka minority shareholders) in subsidiaries included within the scope of consolidation. Valued on a proportional net asset basis. A pro-rata portion of the net income of the Group is attributable to shareholders owning non-controlling interests.

Organic sales growth
Growth in sales after adjusting for effects arising from acquisitions, divestments and foreign exchange effects – i.e. "top line" growth generated from within. Also excluded from the calculation is the organic sales development in Russia since the beginning of the second quarter of 2022 against the background of the announced and since completed exit of the business activities there, and the effects arising from the application of IAS 29 (Financial Reporting in Hyperinflationary Economies) for Türkiye.

THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

Payout ratio
Indicates what percentage of annual net income (adjusted for exceptional items) is paid out in dividends to shareholders, including non-controlling interests.

Relative total shareholder return (TSR)
Total shareholder return (TSR) describes the share price performance plus any gross dividends paid during the respective period. Relative TSR is derived by comparing the TSR of Henkel preferred shares with the TSR of a benchmark (DAX Performance Index).

Return on capital employed (ROCE)
Profitability metric reflecting the ratio of earnings before interest and taxes (EBIT) to capital employed.

Return on sales (EBIT)
Operating business metric derived from the ratio of EBIT to revenues.

Return-enhancing portfolio
Contains investments in equities and alternative investments, serving the purpose of improving the overall return of the pension plan assets over the long term in order to raise the coverage ratio of pension funds. In addition, a broader investment horizon increases the level of investment diversification.

Swap
Term given to the exchange of capital amounts in differing currencies (currency swap) or of different interest obligations (interest swap) between two entities.

Value-at-risk
Method, based on fair value, used to calculate the maximum likely or potential future loss arising from a portfolio.

Weighted average cost of capital (WACC)
Average return on capital, expressed as a percentage and calculated on the basis of a weighted average of the cost of debt and equity. WACC represents the minimum return expected of a company by its lenders for financing its assets.

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THE COMPANY
SHARES AND BONDS
COMBINED MANAGEMENT REPORT
CONSOLIDATED FINANCIAL STATEMENTS
FURTHER INFORMATION
CREDITS/LEGAL
CONTACTS
FINANCIAL CALENDAR

CREDITS/LEGAL

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THE COMPANY

SHARES AND BONDS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

CREDITS/LEGAL

CONTACTS

FINANCIAL CALENDAR

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FINANCIAL CALENDAR

Annual General Meeting
Henkel AG & Co. KGaA 2025:
Monday, April 28, 2025

Publication of
Statement for the First Quarter 2025:
Thursday, May 8, 2025

Publication of
Report for the First Half Year 2025:
Thursday, August 7, 2025

Publication of
Statement for the Third Quarter 2025:
Thursday, November 6, 2025

Publication of Report for Fiscal 2025:
Wednesday, March 11, 2026