
# HALF-YEAR FINANCIAL REPORT 2023

Henkel

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# HENKEL GROUP: KEY FINANCIALS

| in million euros | | 1–6/2022 | 1–6/2023 | +/- |
|---|---|---|---|---|
| **Sales** | | **10,913** | **10,926** | **0.1%** |
| Adhesive Technologies | | 5,467 | **5,475** | 0.1% |
| Consumer Brands | | 5,336 | **5,365** | 0.6% |
| **Operating profit (EBIT)** | | **684** | **864** | **26.3%** |
| **Adjusted[1] operating profit (adjusted EBIT)** | | **1,166** | **1,254** | **7.6%** |
| **Return on sales (EBIT margin)** | | **6.3%** | **7.9%** | **1.6pp** |
| **Adjusted[1] return on sales (adjusted EBIT margin)** | | **10.7%** | **11.5%** | **0.8pp** |
| **Net income** | | **448** | **574** | **28.2%** |
| Attributable to non-controlling interests | | 1 | **10** | >100% |
| Attributable to shareholders of Henkel AG & Co. KGaA | | 447 | **564** | 26.2% |
| **Earnings per preferred share** | in euros | **1.04** | **1.35** | **29.8%** |
| **Adjusted[1] earnings per preferred share** | in euros | **1.95** | **2.13** | **9.2%** |
| At constant exchange rates | | | | 14.4% |
| **Adjusted[1] return on capital employed (adjusted ROCE)** | | **10.9%** | **11.5%** | **0.6pp** |

pp = percentage points

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

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

# SUMMARY HALF-YEAR RESULTS

## 10,926 million euros

**Sales**

Nominal growth 0.1%

## 4.9%

**Organic sales growth**

- Adhesive Technologies: 4.7%
- Consumer Brands: 5.7%

## 11.5%

**Adjusted[1] return on sales (adjusted[1] EBIT margin)**

- Adhesive Technologies: 14.0%
- Consumer Brands: 10.4%

## 2.13 euros

**Adjusted[1] earnings per preferred share (EPS)**

Nominal growth 9.2%,
at constant exchange rates 14.4%

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

# MAJOR EVENTS

- January 1: Effective as of now, Henkel is organized into two business units – alongside Adhesive Technologies, the consumer businesses are now bundled within the integrated business unit Consumer Brands, which was created by merging the former business units Laundry & Home Care and Beauty Care.
- February 1: Mark Dorn joins the Henkel Management Board as Executive Vice President responsible for the Adhesive Technologies business unit.
- April 5: Henkel announces its plans to optimize the organizational structure of its Adhesive Technologies business unit. The financial reporting for the first quarter 2023 issued on May 4 already reflects the three business areas Mobility & Electronics, Packaging & Consumer Goods, and Craftsmen, Construction & Professional.
- April 20: Henkel announces the signing of an agreement on the divestment of its business activities in Russia. The transaction is completed effective April 21, 2023.
- April 24: Henkel's Annual General Meeting 2023 approves payment of a stable dividend versus prior year of 1.85 euros per preferred share.

# INTERIM GROUP MANAGEMENT REPORT

## Details on the amended reporting structure adopted as of Q1 2023

Starting from the first quarter of 2023, Henkel has amended its reporting structure to reflect its new organizational setup and has been reporting on the performance of its two business units Adhesive Technologies and Consumer Brands. Henkel had also already announced the reporting of key sales figures at the business area level, thus increasing transparency. Specifically, the company is reporting sales as well as nominal and organic sales growth. In the Consumer Brands business unit, these figures are reported for the business areas Laundry & Home Care, Hair and Other Consumer Businesses. In addition, Henkel has optimized the organizational structure within its Adhesive Technologies business unit in order to use scale and competence benefits even more efficiently, while at the same time ensuring close customer and market proximity. The new structure comprising the three business areas Mobility & Electronics, Packaging & Consumer Goods, and Craftsmen, Construction & Professional was already reflected in the reporting on the first quarter of 2023.

The company has also slightly modified its regional reporting structures to better reflect the allocation of management responsibilities. Since the first quarter of 2023, Henkel has been commenting on its business performance in the regions of Europe, IMEA (India, Middle East, Africa), North America, Latin America and Asia-Pacific.

Accordingly, the prior-year figures included in this report for the Consumer Brands business unit, for the business areas within the two business units, and for the regions Europe, IMEA and Asia-Pacific, reflect in each case the new structure.

## Macroeconomic environment

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

In the first half of 2023, the global economy continued to grow in an inflationary environment, albeit at a slower pace compared to the prior-year period. Economic development was essentially characterized by still high inflation rates and ensuing higher interest rates. At the same time, the situation in global supply chains and in the logistics and commodities markets improved noticeably, despite the impacts of the war in Ukraine, which in persisting have delayed a more pronounced economic recovery.

In the first six months of 2023, the global economy posted gross domestic product growth of approximately 2.5 percent compared to the prior-year period.

In Europe, economic output increased by around 1 percent, and in the IMEA region by approximately 3 percent. Year on year, economic growth was up by approximately 2 percent in the North America region. Economic output expanded by approximately 2.5 percent in Latin America, and by approximately 4 percent in the Asia-Pacific region.

At approximately 7 percent, global unemployment was on a par with the first six months of 2022. Although the global inflation rate – at approximately 6 percent – was slightly down year on year, it still remained at a high level.

Prices for direct materials (raw materials, packaging, and purchased goods and services) recorded a significant increase compared to the first six months of the previous year. This development was characterized in particular by higher wages and by in part persistently high commodity, logistics and energy costs.

Following the increasing appreciation of the US dollar versus the euro in the first half of 2022, the trend reversed in the first six months of 2023. As of end of June 2023, the exchange rate of the US dollar to the euro was about 1.09. The currencies in the emerging markets of importance to Henkel showed a mixed development. The Mexican peso appreciated, while the Turkish lira experienced a noticeable devaluation particularly in June 2023.

## Sectors of importance for Henkel

Private consumption increased by approximately 2 percent in the first six months of 2023 according to S&P Global Market Intelligence. Consumer spending in the mature markets rose by approximately 1.5 percent and in the emerging markets by approximately 3 percent compared to the prior-year period.

According to S&P Global Market Intelligence, the industrial production index (IPX) recorded an increase of approximately 0.5 percent in the first half of 2023 compared to the first six months of 2022. Industrial production in the mature markets was approximately on the prior-year level, whereas it expanded by approximately 1 percent in the emerging markets.

# Business performance January–June 2023

**Key financials**

| in million euros | | 1–6/2022 | 1–6/2023 | +/- |
|---|---|---|---|---|
| Sales | | 10,913 | **10,926** | 0.1% |
| Operating profit (EBIT) | | 684 | **864** | 26.3% |
| Adjusted[1] operating profit (adjusted EBIT) | | 1,166 | **1,254** | 7.6% |
| Return on sales (EBIT margin) | | 6.3% | **7.9%** | 1.6pp |
| Adjusted[1] return on sales (adjusted EBIT margin) | | 10.7% | **11.5%** | 0.8pp |
| Net income – attributable to shareholders of Henkel AG & Co. KGaA | | 447 | **564** | 26.2% |
| Adjusted[1] net income – attributable to shareholders of Henkel AG & Co. KGaA | | 840 | **894** | 6.5% |
| Earnings per preferred share | in euros | 1.04 | **1.35** | 29.8% |
| Adjusted[1] earnings per preferred share | in euros | 1.95 | **2.13** | 9.2% |

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

**+4.9%**
Organic sales growth

**11.5%**
Adjusted[1] EBIT margin

**2.13€**
Adjusted[1] EPS

**+14.4%**
Development of adjusted[1] EPS at constant exchange rates

## Sales

In a persistently challenging market environment, Henkel achieved **Group sales** of 10,926 million euros in the first half of 2023, equivalent to a nominal growth of 0.1 percent. Foreign exchange effects reduced sales by -2.5 percent and included the effects of the application of IAS 29 (Financial Reporting in Hyperinflationary Economies) for Türkiye.[2] Acquisitions and divestments reduced sales by -2.2 percent, with the effects of the announced and meanwhile completed exit of the business activities in Russia having been included since the beginning of the second quarter of 2022.[2] In organic terms (i.e. adjusted for foreign exchange and acquisitions/ divestments), a very strong sales growth of 4.9 percent was achieved. The increase was driven by double-digit price increases, with both business units contributing.

[1] Adjusted for one-time expenses and income, and for restructuring expenses.
2 The discussion of the relevant extraordinary impacts with regard to foreign exchange effects and acquisitions/ divestments also applies to the remainder of this management report.

## Sales development

| in million euros | Q2/2022 | Q2/2023 | 1–6/2022 | 1–6/2023 |
|---|---|---|---|---|
| **Sales** | **5,642** | **5,316** | **10,913** | **10,926** |
| **Change versus previous year** | **13.8%** | **-5.8%** | **9.9%** | **0.1%** |
| Foreign exchange | 4.7% | -5.8% | 2.4% | -2.5% |
| **Adjusted for foreign exchange** | **9.1%** | **0.0%** | **7.5%** | **2.7%** |
| Acquisitions/divestments | -1.8% | -3.2% | -1.4% | -2.2% |
| **Organic** | **10.9%** | **3.2%** | **8.9%** | **4.9%** |
| Of which price | 11.2% | 12.1% | 10.2% | 12.1% |
| Of which volume | -0.3% | -8.9% | -1.3% | -7.2% |

The **Adhesive Technologies** business unit generated very strong organic sales growth of 4.7 percent in the first half year of 2023, driven by the business areas Mobility & Electronics, and Craftsmen, Construction & Professional. The **Consumer Brands** business unit achieved very strong organic sales growth of 5.7 percent, driven by the Laundry & Home Care and Hair business areas.

## Sales development by business unit

| in million euros | Sales | | | |
|---|---|---|---|---|
| **Second quarter 2023** | **Q2/2022** | **Q2/2023** | **+/-** | **Organic** |
| Henkel Group | 5,642 | **5,316** | -5.8% | **3.2%** |
| Adhesive Technologies | 2,836 | **2,683** | -5.4% | **2.7%** |
| Consumer Brands | 2,752 | **2,593** | -5.7% | **4.5%** |
| **First half year 2023** | **1–6/2022** | **1–6/2023** | | |
| Henkel Group | 10,913 | **10,926** | 0.1% | **4.9%** |
| Adhesive Technologies | 5,467 | **5,475** | 0.1% | **4.7%** |
| Consumer Brands | 5,336 | **5,365** | 0.6% | **5.7%** |

From a regional perspective, **Europe** achieved organic sales growth of 2.4 percent. In the **IMEA** region, Henkel generated clear double-digit organic sales growth of 25.7 percent. Organic sales growth was 3.8 percent in **North America** and 13.2 percent in the **Latin America** region. In contrast, organic sales development in the **Asia-Pacific** region was negative at -2.7 percent, mainly due to the continued challenging market environment in China.

In the first half of 2023, there were no material changes to our business activities and competitive positions as presented in Henkel's Annual Report 2022 on pages 88 to 91.

### Key figures by region first half year

| in million euros | Europe | IMEA | North America | Latin America | Asia-Pacific | Corporate | Henkel Group |
|---|---|---|---|---|---|---|---|
| **Sales January–June 2023[1]** | **4,284** | **1,016** | **3,104** | **835** | **1,601** | **86** | **10,926** |
| Sales January–June 2022[1] | 4,434 | 1,096 | 2,874 | 733 | 1,667 | 110 | **10,913** |
| Change versus previous year | -3.4% | -7.2% | 8.0% | 13.9% | -4.0% | – | **0.1%** |
| Organic | 2.4% | 25.7% | 3.8% | 13.2% | -2.7% | – | **4.9%** |
| **Proportion of Group sales January–June 2023** | **39%** | **9%** | **28%** | **8%** | **15%** | **1%** | **100%** |
| Proportion of Group sales January–June 2022 | 41% | 10% | 26% | 7% | 15% | 1% | **100%** |
| **Operating profit (EBIT) January–June 2023** | **523** | **70** | **63** | **83** | **203** | **-77** | **864** |
| Operating profit (EBIT) January–June 2022 | 339 | 39 | 58 | 43 | 271 | -66 | **684** |
| Change versus previous year | 54.4% | 77.5% | 8.3% | 91.7% | -25.1% | – | **26.3%** |
| Adjusted for foreign exchange | 53.9% | 193.3% | 6.5% | 90.6% | -20.2% | – | **33.3%** |
| **Return on sales (EBIT margin) January–June 2023** | **12.2%** | **6.9%** | **2.0%** | **9.9%** | **12.7%** | **–** | **7.9%** |
| Return on sales (EBIT margin) January–June 2022 | 7.6% | 3.6% | 2.0% | 5.9% | 16.2% | – | **6.3%** |

[1] By location of company.

## Operating profit

The operating expense and income items leading to the operating profit result were impacted by one-time expenses and income, and by restructuring expenses.

One-time expenses in the first half of 2023 of 238 million euros relate primarily to losses arising from the divestment of the business activities in Russia. In order to adapt our structures to our markets and customers, we spent 155 million euros on restructuring in the first half of 2023 (previous year: 232 million euros). Restructuring expenses essentially comprise payments related to the termination of employment relationships, and impairment losses recognized on non-current assets and inventories. The figure is impacted in particular by expenditures relating to the merger of the former Laundry & Home Care and Beauty Care business units into the Consumer Brands business unit, and to the optimization of our production and distribution structures in both current business units. The reconciliation statement and additional disclosures relating to the one-time expenses and income, and to the restructuring expenses, can be found on pages 46 and 47.

Compared to the first six months of 2022, cost of sales decreased by -3.4 percent to 6,045 million euros. Gross profit increased by 4.9 percent to 4,881 million euros. Adjusted gross margin increased year on year by 2.1 percentage points to 44.7 percent, supported by selling price developments to further compensate for the persistently elevated prices for direct materials, and by portfolio optimization measures.

### Reconciliation from sales to adjusted operating profit

| in million euros | 1–6/2022 | % | 1–6/2023 | % | +/- |
|---|---|---|---|---|---|
| **Sales** | **10,913** | **100.0%** | **10,926** | **100.0%** | **0.1%** |
| Cost of sales | -6,259 | -57.4% | **-6,045** | **-55.3%** | -3.4% |
| **Gross profit** | **4,654** | **42.6%** | **4,881** | **44.7%** | **4.9%** |
| Marketing, selling and distribution expenses | -2,744 | -25.1% | **-2,810** | **-25.7%** | 2.4% |
| Research and development expenses | -263 | -2.4% | **-283** | **-2.6%** | 7.5% |
| Administrative expenses | -498 | -4.6% | **-529** | **-4.8%** | 6.1% |
| Other operating income/expenses | 18 | 0.2% | **-5** | **0.0%** | <-100% |
| **Adjusted operating profit (adjusted EBIT)** | **1,166** | **10.7%** | **1,254** | **11.5%** | **7.6%** |

Marketing, selling and distribution expenses increased by 2.4 percent to 2,810 million euros. Year on year, their ratio to sales rose slightly by 0.6 percentage points to 25.7 percent. Research and development expenses totaled 283 million euros (previous year: 263 million euros). The ratio to sales increased slightly year on year, to 2.6 percent. Administrative expenses amounted to 529 million euros (previous year: 498 million euros). At 4.8 percent, their ratio to sales was slightly above the level of the first six months of 2022.

The balance of other operating income and expenses totaled -5 million euros, -23 million euros below the level of the first half of 2022.

**Adjusted operating profit** (adjusted EBIT) increased from 1,166 million euros in the first half of 2022 to 1,254 million euros. **Adjusted return on sales** (adjusted EBIT margin) of the Henkel Group increased from 10.7 percent to 11.5 percent.

At -41 million euros, the financial result – adjusted for the effects of the application of IAS 29 (Financial Reporting in Hyperinflationary Economies) to Türkiye – was approximately at the prior-year level (first half of 2022: -44 million euros). The tax rate was 29.2 percent (adjusted: 25.5 percent).

Henkel generated net income of 574 million euros in the six months under review (prior-year period: 448 million euros). After allowing for 10 million euros attributable to non-controlling interests, net income for the first six months was 564 million euros (previous year: 447 million euros). Adjusted net income for the first six months after deducting non-controlling interests was 894 million euros compared to 840 million euros in the first half of 2022.

**Earnings per preferred share** were 1.35 euros (previous year: 1.04 euros). Adjusted earnings per preferred share grew by 9.2 percent to 2.13 euros compared to 1.95 euros in the first half of 2022. This development was predominantly driven by the increase in adjusted operating profit. At constant exchange rates, adjusted earnings per preferred share increased by 14.4 percent.

## Comparison between actual business performance and guidance

At 4.9 percent, organic sales growth of the Henkel Group in the first half of 2023 was above the original forecast of 1.0 to 3.0 percent for the full year. This positive variance is attributable to stronger sales performance in both business units. The Adhesive Technologies business unit, with organic sales growth of 4.7 percent, and the Consumer Brands business unit, with organic sales growth of 5.7 percent, each exceeded the range of 1.0 to 3.0 percent previously forecasted for the full year. Across both business units, the increase in selling prices in particular had a positive impact in the first half of the year.

Adjusted return on sales (adjusted EBIT margin) of the Henkel Group in the first six months of 2023 came in at 11.5 percent and was thus in the upper half of the range of 10.0 to 12.0 percent originally forecasted for 2023. With an adjusted return on sales of 14.0 percent, the Adhesive Technologies business unit was at the mid-point of the range of 13.0 to 15.0 percent expected for full fiscal 2023. The Consumer Brands business unit, with an adjusted return on sales of 10.4 percent, was above the range of 7.5 to 9.5 percent originally forecasted for the full year. This performance was supported by selling price increases to further compensate for the persistently high prices for direct materials, by savings generated from the creation of the integrated Consumer Brands business unit and by portfolio optimization measures.

Adjusted earnings per preferred share at constant exchange rates showed an increase of 14.4 percent and were therefore likewise above the previously forecasted range for full fiscal 2023 of -10.0 to +10.0 percent.

Based on the business performance in the first half of 2023 and the assumptions regarding business performance in the remaining two quarters, we are raising our guidance for fiscal 2023.

We now expect organic sales growth for the Henkel Group of 2.5 to 4.5 percent. For the Adhesive Technologies business unit, we anticipate an increase of 2.0 to 4.0 percent. For the Consumer Brands business unit, we are raising our expectation for organic sales growth to a range of 3.0 to 5.0 percent. Adjusted return on sales (adjusted EBIT margin) for the Henkel Group for fiscal 2023 is now expected in the range of 11.0 to 12.5 percent. We now expect an adjusted return on sales in the range of 13.5 to 15.0 percent for the Adhesive Technologies business unit and in the range of 9.5 to 11.0 percent for the Consumer Brands business unit.

For adjusted earnings per preferred share (EPS) at constant exchange rates, we now expect an increase in the range of 5.0 to 20.0 percent.

**Guidance versus performance first half year 2023**

| | Original guidance for 2023 | Updated guidance for 2023 | Results first half year 2023 |
|---|---|---|---|
| **Organic sales growth** | | | |
| Henkel Group: | 1.0 to 3.0 percent | 2.5 to 4.5 percent | 4.9 percent |
| Adhesive Technologies: | 1.0 to 3.0 percent | 2.0 to 4.0 percent | 4.7 percent |
| Consumer Brands: | 1.0 to 3.0 percent | 3.0 to 5.0 percent | 5.7 percent |
| **Adjusted[1] return on sales (adjusted EBIT margin)** | | | |
| Henkel Group: | 10.0 to 12.0 percent | 11.0 to 12.5 percent | 11.5 percent |
| Adhesive Technologies: | 13.0 to 15.0 percent | 13.5 to 15.0 percent | 14.0 percent |
| Consumer Brands: | 7.5 to 9.5 percent | 9.5 to 11.0 percent | 10.4 percent |
| **Development of adjusted[1] earnings per preferred share at constant exchange rates** | Development in the range of -10.0 to +10.0 percent | Development in the range of +5.0 to +20.0 percent | 14.4 percent |

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

# Adhesive Technologies

## Key financials

| in million euros | 1–6/2022 | 1–6/2023 | +/- |
|---|---|---|---|
| Sales | 5,467 | **5,475** | 0.1% |
| Proportion of Group sales | 50% | **50%** | – |
| Operating profit (EBIT) | 714 | **642** | -10.1% |
| Adjusted[1] operating profit (adjusted EBIT) | 743 | **766** | 3.0% |
| Return on sales (EBIT margin) | 13.1% | **11.7%** | -1.3pp |
| Adjusted[1] return on sales (adjusted EBIT margin) | 13.6% | **14.0%** | 0.4pp |
| Adjusted[1] return on capital employed (adjusted ROCE) | 15.6% | **15.6%** | 0.0pp |

pp = percentage points

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

**Sales** in the Adhesive Technologies business unit showed a flat development of 0.1 percent in nominal terms in the first half of 2023, reaching 5,475 million euros. Acquisitions/divestments reduced sales by -2.5 percent. Additionally, foreign exchange effects had a negative impact of -2.0 percent on growth.

Organically (i.e. adjusted for foreign exchange and acquisitions/divestments), sales growth was very strong at 4.7 percent. This performance was driven by double-digit price increases, while volumes were below the prior-year level due to muted demand in some relevant end markets.

## Sales development

| in million euros | Q2/2022 | Q2/2023 | 1–6/2022 | 1–6/2023 |
|---|---|---|---|---|
| **Sales** | **2,836** | **2,683** | **5,467** | **5,475** |
| **Change versus previous year** | **18.5%** | **-5.4%** | **15.0%** | **0.1%** |
| Foreign exchange | 5.7% | -4.9% | 3.6% | -2.0% |
| **Adjusted for foreign exchange** | **12.8%** | **-0.5%** | **11.4%** | **2.1%** |
| Acquisitions/divestments | -0.9% | -3.2% | -0.8% | -2.5% |
| **Organic** | **13.7%** | **2.7%** | **12.2%** | **4.7%** |
| Of which price | 14.0% | 9.0% | 12.1% | 10.2% |
| Of which volume | -0.3% | -6.3% | 0.1% | -5.5% |

The very strong organic sales increase in the Adhesive Technologies business unit in the first half of the year was driven by the Mobility & Electronics and Craftsmen, Construction & Professional business areas. The **Mobility & Electronics** business area achieved double-digit organic sales growth of 10.9 percent. This increase was driven by the Automotive and Industrial businesses, whereas performance in the Electronics business was negative due to persistently muted demand. The **Packaging & Consumer Goods** business area recorded an organic sales development of -1.5 percent. Sales growth was flat in the Consumer Goods business but negative in the Packaging business, which had achieved extraordinarily high growth in the prior-year period. The **Craftsmen, Construction & Professional** business area generated organic sales growth of 4.9 percent. This performance was driven by all businesses, with the General Manufacturing & Maintenance business achieving the strongest increase.

### Sales development by business area

| in million euros | Sales | | | |
|---|---|---|---|---|
| **Second quarter 2023** | **Q2/2022** | **Q2/2023** | **+/-** | **Organic** |
| Adhesive Technologies | 2,836 | **2,683** | -5.4% | **2.7%** |
| Mobility & Electronics | 907 | **940** | 3.7% | **9.2%** |
| Packaging & Consumer Goods | 962 | **848** | -11.8% | **-3.7%** |
| Craftsmen, Construction & Professional | 968 | **895** | -7.5% | **2.9%** |
| **First half year 2023** | **1–6/2022** | **1–6/2023** | | |
| Adhesive Technologies | 5,467 | **5,475** | 0.1% | **4.7%** |
| Mobility & Electronics | 1,758 | **1,899** | 8.0% | **10.9%** |
| Packaging & Consumer Goods | 1,855 | **1,733** | -6.6% | **-1.5%** |
| Craftsmen, Construction & Professional | 1,854 | **1,843** | -0.6% | **4.9%** |

From a regional perspective, the Adhesive Technologies business unit achieved very strong organic sales growth in **Europe** and **North America**. In both regions, growth in the Mobility & Electronics business area more than offset the development in the Packaging & Consumer Goods business area. The **IMEA** and **Latin America** regions each achieved double-digit organic sales growth to which all business areas contributed. By contrast, sales in the **Asia-Pacific** region were down year on year due in particular to the continuously strained market environment in China, which affected all business areas.

**Adjusted operating profit** (adjusted EBIT) increased by 3.0 percent to 766 million euros. **Adjusted return on sales** (adjusted EBIT margin) increased to 14.0 percent compared to 13.6 percent in the prior-year period. Here, price increases in particular had a positive impact on gross margin.

In the first half of the year, adjusted return on capital employed (adjusted ROCE) was at 15.6 percent, on a par with the prior-year period. The ratio of net working capital to sales in the second quarter stood at 14.3 percent, thus above the prior-year level.

# Consumer Brands

## Key financials

| in million euros | 1–6/2022 | 1–6/2023 | +/- |
|---|---|---|---|
| Sales | 5,336 | **5,365** | 0.6% |
| Proportion of Group sales | 49% | **49%** | – |
| Operating profit (EBIT) | 36 | **299** | >100% |
| Adjusted[1] operating profit (adjusted EBIT) | 482 | **559** | 15.9% |
| Return on sales (EBIT margin) | 0.7% | **5.6%** | 4.9pp |
| Adjusted[1] return on sales (adjusted EBIT margin) | 9.0% | **10.4%** | 1.4pp |
| Adjusted[1] return on capital employed (adjusted ROCE) | 8.2% | **9.4%** | 1.2pp |

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

The Consumer Brands business unit posted **sales** of 5,365 million euros in the first half of 2023, a nominal increase of 0.6 percent versus the prior-year period. Foreign exchange effects had a negative impact of -3.1 percent on sales. Acquisitions/divestments reduced sales by -2.0 percent.

Organically (i.e. adjusted for foreign exchange and acquisitions/divestments), sales increased by 5.7 percent, driven by pricing. By contrast, volumes decreased, partly also due to the ongoing portfolio optimization measures.

## Sales development

| in million euros | Q2/2022 | Q2/2023 | 1–6/2022 | 1–6/2023 |
|---|---|---|---|---|
| **Sales** | **2,752** | **2,593** | **5,336** | **5,365** |
| **Change versus previous year** | **8.6%** | **-5.7%** | **4.3%** | **0.6%** |
| Foreign exchange | 3.9% | -6.8% | 1.4% | -3.1% |
| **Adjusted for foreign exchange** | **4.7%** | **1.1%** | **3.0%** | **3.7%** |
| Acquisitions/divestments | -2.5% | -3.4% | -1.9% | -2.0% |
| **Organic** | **7.2%** | **4.5%** | **4.9%** | **5.7%** |
| Of which price | 8.5% | 15.4% | 8.4% | 14.1% |
| Of which volume | -1.3% | -10.9% | -3.5% | -8.4% |

The **Laundry & Home Care** business area generated very strong organic sales growth of 5.3 percent in the first half year. The Laundry Care business posted a very strong organic sales increase, mainly driven by double-digit growth in the Fabric Care category and significant sales growth in the Fabric Cleaning category. The good growth posted by the Home Care business was predominantly driven by the double-digit increase generated by the Dishwashing category.

In the first six months of the year, the **Hair** business area generated organic sales growth of 7.9 percent overall. The Consumer business achieved double-digit growth, mainly driven by the Hair Styling category, which had already generated a double-digit organic sales increase in the prior-year period. The Professional business posted good organic sales growth.

Sales performance in the **Other Consumer Businesses** was flat in the first half of the year.

**Sales development by business area**

| in million euros | Sales | | | |
|---|---|---|---|---|
| **Second quarter 2023** | **Q2/2022** | **Q2/2023** | **+/-** | **Organic** |
| Consumer Brands | 2,752 | **2,593** | -5.7% | **4.5%** |
| Laundry & Home Care | 1,802 | **1,664** | -7.7% | **4.4%** |
| Hair | 744 | **757** | 1.7% | **6.1%** |
| Other Consumer Businesses | 206 | **173** | -15.8% | **-1.4%** |
| **First half year 2023** | **1–6/2022** | **1–6/2023** | | |
| Consumer Brands | 5,336 | **5,365** | 0.6% | **5.7%** |
| Laundry & Home Care | 3,494 | **3,453** | -1.2% | **5.3%** |
| Hair | 1,455 | **1,568** | 7.8% | **7.9%** |
| Other Consumer Businesses | 387 | **344** | -11.0% | **0.0%** |

All regions contributed to the organic sales growth achieved in the Consumer Brands business unit in the first half of 2023. Organic sales growth was flat in the **Europe** region. Here, the development was mainly driven by the Hair business area, while the Laundry & Home Care business area was below the prior-year level. The **North America** region generated strong organic sales growth, with a particular contribution from the Laundry & Home Care business area. Organic sales growth in the **Latin America** region was significant, mainly driven by the Hair business area. The **Asia-Pacific** region achieved very strong growth, with both the Laundry & Home Care and Hair business areas contributing. The **IMEA** region achieved double-digit organic sales growth, likewise driven by both the Laundry & Home Care and Hair business areas.

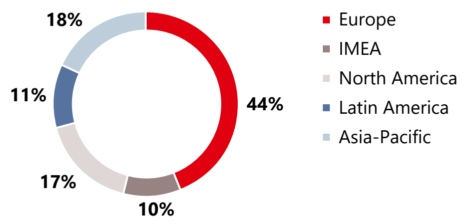
**Adjusted operating profit** (adjusted EBIT) reached 559 million euros. The increase by 15.9 percent compared to the prior-year level was supported by selling price developments to further compensate for the persistently high prices for direct materials, by savings generated from the creation of the integrated Consumer Brands business unit and by portfolio optimization measures. **Adjusted return on sales** (adjusted EBIT margin) increased to 10.4 percent.

In the first half of the year, adjusted return on capital employed (adjusted ROCE) was also up year on year at 9.4 percent. At -2.3 percent, the ratio of net working capital to sales in the second quarter was almost on a par with the prior-year level.

# Employees

As of June 30, 2023, we had around 48,050 employees. The change versus December 31, 2022 (around 51,200 employees) was mainly due to the divestment of our business activities in Russia.

**Employees by region**



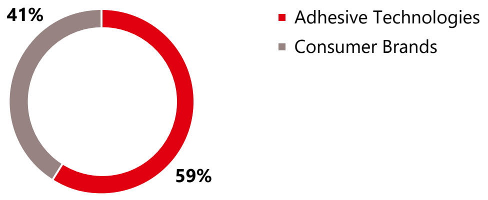

At June 30, 2023

# Research and development

In the first six months of the fiscal year, research and development expenditures amounted to 285 million euros (adjusted: 283 million euros) compared to 282 million euros (adjusted: 263 million euros) in the prior-year period. At 2.6 percent, the ratio of R&D expenditures to sales was on a par with the prior-year level. The ratio of adjusted R&D expenditure to sales was likewise 2.6 percent in the reporting period (previous year: 2.4 percent).

The development of innovative products is of key importance to our business model. The research and development strategy described in our Annual Report 2022 (starting on page 153) has remained unchanged.

**R&D expenditures by business unit**




At June 30, 2023

# Net assets and financial position

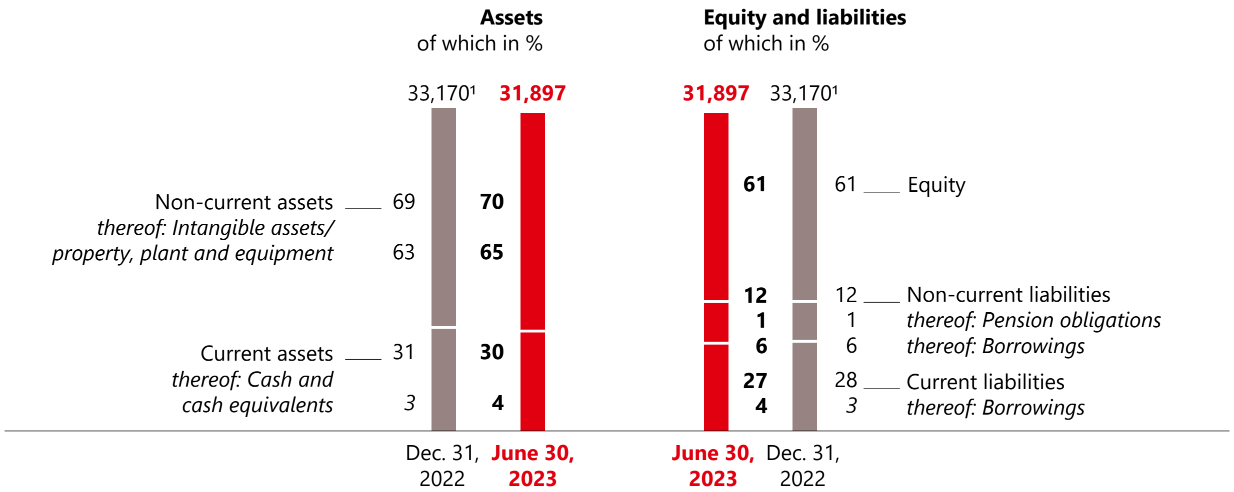
## Net assets

Compared to year-end 2022, total assets decreased by 1.3 billion euros to 31.9 billion euros.

In **non-current assets,** mainly goodwill and other intangible assets decreased by 243 million euros due in particular to currency effects. Property, plant and equipment decreased by 104 million euros in the first six months of the fiscal year. Investments of 250 million euros in property, plant and equipment and additions of 35 million euros in right-of-use assets (excluding acquisitions) were offset primarily by scheduled depreciation of 288 million euros, of which 70 million euros was attributable to right-of-use assets, with impairment losses accounting for 61 million euros.

**Current assets** totaled 9.5 billion euros, a decrease compared to December 31, 2022 (10.4 billion euros). Inventories decreased by 374 million euros, whereas trade accounts receivable increased by 284 million euros in the first half of 2023. The decrease of 333 million euros in other current financial assets was predominantly due to lower receivables both from Henkel Trust e.V. and from external pension funds, and also to lower fair values in respect of derivatives. This change was offset virtually entirely by the 284 million euros increase in cash and cash equivalents. The development of cash and cash equivalents is discussed in the section on our financial position on page 26. The decrease in current assets was therefore essentially caused by the change in assets held for sale, which declined by 717 million euros in the first half of 2023 in the wake of the disposal of our business activities in Russia. For further discussion of the assets held for sale, please refer to the notes on page 51.

**Financial structure**
in million euros




[1] Amended following the updated allocation of the purchase price for the shares in Shiseido Professional Inc.

Compared to year-end 2022, **equity** including non-controlling interests decreased by 0.6 billion euros to 19.6 billion euros. The net income of 574 million euros for the first six months of the year increased equity, whereas dividend payments in particular had the countervailing effect, reducing equity by 774 million euros. Equity was further reduced by 142 million euros due to the effects of currency translation in respect of the financial statements of our subsidiaries. Following purchases under our share buyback program in the first half of 2023, the value of our treasury shareholdings increased by 186 million euros. The individual components influencing equity development are shown in tables on pages 38 and 39.

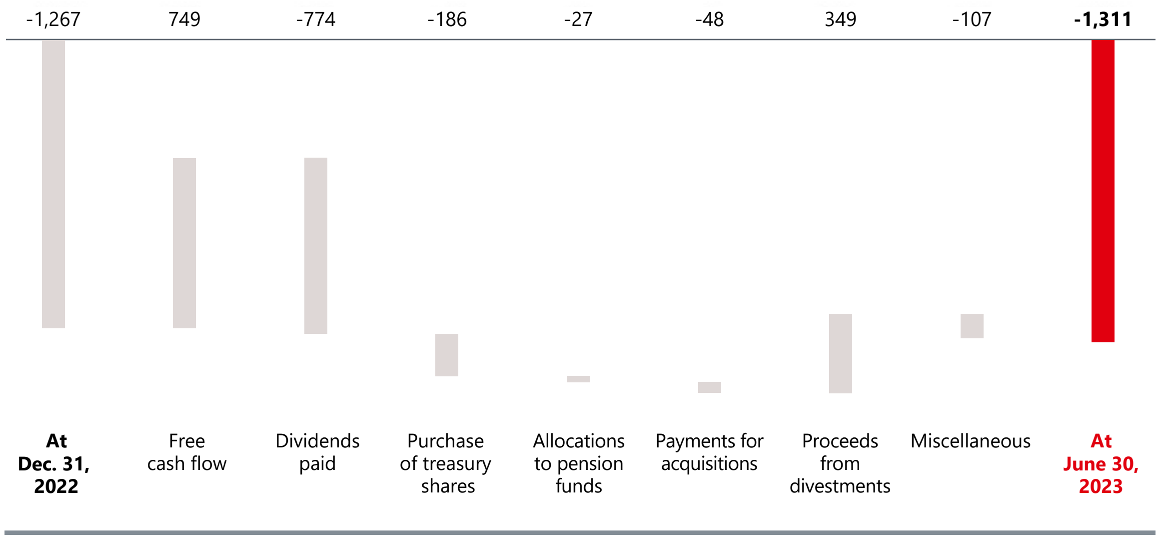
**Non-current liabilities** totaled 3.9 billion euros, on a par with the prior-year level.

Compared to year-end 2022, **current liabilities** decreased by 0.7 billion euros to 8.5 billion euros in total. This decrease was essentially due to the reduction in trade accounts payable. The sale of the business activities in Russia included the disposal of liabilities held for sale amounting to 177 million euros.

At June 30, 2023, our **net financial position**[1] amounted to -1,311 million euros (December 31, 2022: -1,267 million euros).

**Net financial position**

in million euros




**Net financial position**

| in million euros | |
|---|---|
| June 30, 2022 | -1,441 |
| December 31, 2022 | -1,267 |
| **June 30, 2023** | **-1,311** |

[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.

## Financial position

At 964 million euros, **cash flow from operating activities** in the first six months of 2023 was significantly higher than the comparable figure of the prior-year period (177 million euros). The higher cash flow was primarily the result of the 180 million euro increase in operating profit compared to the first six months of 2022. Further positive effects arose from the reduced cash outflow year on year from the change in net working capital[1], the decline in other assets and a deferral relating to the use of trademark rights connected with the disposal of our business activities in Russia. The ratio of net working capital to second-quarter sales increased year on year by 0.8 percentage points from 5.2 percent to 6.1 percent.

In the first six months of fiscal 2023, the **cash flow from investing activities** showed a cash inflow of 73 million euros, while in the prior-year period the Henkel Group had recorded a cash inflow of 120 million euros. With capital expenditures on intangible assets and property, plant and equipment including payments on account on a par with the prior-year level, the increased cash inflow in the year under review came primarily from proceeds on disposal of subsidiaries, other business units and investments. By contrast, additions to cash inflow in the first half of 2022 had primarily stemmed from realizing short-term financial investments recognized under other current financial assets. A discussion of the divestments implemented in the first six months of 2023 can be found in the “Acquisitions and divestments” section on page 29.

The cash outflow in **cash flow from financing activities** totaled -833 million euros in the first half of 2023, down from the comparable figure for the first half-year 2022 (-1,234 million euros). The cash outflow in the prior-year period related primarily to higher payments – compared to the period under review – for the purchase of treasury shares, and the cash used to acquire non-controlling interests with no change in control. In addition, cash inflows were received from the issuance of commercial paper in the first half of 2023 which exceeded the cash outflow for the redemption on maturity of a bond.

**Cash and cash equivalents** increased compared to December 31, 2022 by 284 million euros to 1,372 million euros.

[1] Inventories plus payments on account, trade accounts receivable and receivables from suppliers, less liabilities to customers, trade accounts payable and current sales provisions.

At 749 million euros, **free cash flow** was up compared to the first half of 2022 (46 million euros), due particularly to the higher cash flow from operating activities in the period under review.

The development of our financial position is indicated in detail in the consolidated statement of cash flows on pages 40 and 41.

### Key financial ratios

| | Dec. 31, 2022 | June 30, 2023 |
|---|---|---|
| **Leverage** | | |
| Net financial position extended[1] * (-1)/EBITDA | 0.8 | **0.9** |
| **Interest coverage ratio** | | |
| EBITDA/(interest expenses + pension interest) | 35.0 | **21.7** |
| **Equity ratio** | | |
| Equity/total assets | 60.8% | **61.4%** |

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

Leverage in the first half of 2023 was 0.9 compared to 0.8 at the end of the previous year. The interest coverage ratio was 21.7 in the period under review, following 35.0 in fiscal 2022. The equity ratio as at June 30, 2023 was 61.4 percent (previous year: 60.8 percent).

Our long-term ratings remain at “A” (Standard & Poor’s), “A2” (Moody’s) and “A” (Scope Ratings). The outlook is stable for all three ratings.

## Capital expenditures

Investments in property, plant and equipment for existing operations totaled 250 million euros, following 247 million euros in the first six months of 2022. We invested 29 million euros in intangible assets (previous year: 22 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.

Major individual projects in 2023 to date:

- Construction of an adhesives production plant, China (Adhesive Technologies)
- Construction of a hotmelts manufacturing plant, Hungary (Adhesive Technologies)
- Construction of an Innovation Center in Shanghai, China (Adhesive Technologies)
- Construction of a thermal conductors manufacturing plant, USA (Adhesive Technologies)
- Construction of a plant for compacting liquid detergents, USA (Consumer Brands)

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

### Capital expenditures first half year 2023

| in million euros | Existing operations | Acquisitions | Total |
|---|---|---|---|
| Intangible assets | 29 | 5 | **34** |
| Property, plant and equipment | 250 | – | **250** |
| **Total** | **280** | **5** | **284** |

## Right-of-use assets

In the course of its business operations, Henkel enters into various lease agreements as a lessee. In the first half of 2023, the Henkel Group recognized additions to right-of-use assets in property, plant and equipment of 35 million euros (previous year: 133 million euros).

## Acquisitions and divestments

In the first half of 2023, Henkel signed an agreement governing the acquisition of the portfolio of sustainable detergents and household cleaners marketed under the Earthwise brand in the Asia-Pacific region. The transaction was closed on July 1, 2023, after the reporting date.

Effective April 21, 2023, Henkel sold all shares in its subsidiary LAB Industries Ltd. (formerly: OOO Henkel Rus), which was responsible for the operations of both business units in Russia. In fiscal 2022, Russian business contributed about 5 percent to Group sales. At the time of completion, the transaction produced a cash inflow of 615 million euros, which was mainly attributable to the purchase price received for the transaction. The cash inflow also included a deferral for the use of trademark rights. The divestment resulted in a net loss before taxes of 214 million euros. Henkel has the option of buying back the business. The call option can be exercised for the first time in 2026 and expires in ten years.

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, the Consumer Brands business unit sold its US-American air freshener brand Renuzit effective April 3, 2023, and its Finnish detergent brand MiniRisk effective June 1, 2023. The two transactions do not have any material effect on the net assets, financial position and results of operations.

# Outlook

## Macroeconomic development

The following assessment of future world economic development is based on data provided by S&P Global Market Intelligence.

According to current estimates, the global economy is expected to show moderate growth in 2023, against the background of persistently high global inflation rates and the continuing war in Ukraine. In the second half of the year, supply chain problems, logistics bottlenecks and material shortages are expected to further ease, as should inflationary and cost pressures compared to the prior-year period. Despite an anticipated increase in pace as the year progresses, uncertainty surrounding the economic recovery remains, not least due to the war in Ukraine.

For 2023, S&P Global Market Intelligence expects gross domestic product to increase globally by approximately 2.5 percent compared to the prior-year period.

An increase of approximately 0.5 percent is predicted for Europe. Gross domestic product is forecasted to rise by around 4 percent in the IMEA region and by approximately 2 percent in North America. Growth of approximately 2 percent is anticipated for the Latin America region and of approximately 4 percent for the Asia-Pacific region.

Global unemployment is expected to be approximately 7 percent. A global inflation rate of approximately 5.5 percent is predicted for the full year 2023 – which, although lower year on year, still remains at an elevated level.

For prices for direct materials (raw materials, packaging and purchased goods and services), we expect an increase in the low single-digit percentage range in 2023 compared to the previous year's average. This development will likely be characterized in particular by rising wages and by in part persistently high commodity, logistics and energy costs.

We expect the currency markets to remain volatile. On average for 2023, we anticipated mixed developments in the major emerging market currencies compared to 2022. We expect a slightly weaker US dollar versus the euro.

## Development by sector

S&P Global Market Intelligence forecasts that global private consumption will increase by approximately 2.5 percent in 2023. Consumer spending is expected to rise by around 1 percent in the mature markets. An increase of around 4.5 percent is anticipated for the emerging markets.

Year on year, the industrial production index (IPX) is expected to grow by around 1 percent worldwide. For the mature markets, S&P Global Market Intelligence predicts that industrial production will stagnate, whereas an increase of approximately 2.5 percent is expected in the emerging markets.

## Risks and opportunities

The presentation of the major risk and opportunity categories and of our risk management system can be found on pages 170 to 194 of our Annual Report 2022.

The tense geopolitical situation has not changed substantially in the first half of 2023. The associated geopolitical risks have been eliminated following the disposal of our business activities in Russia. The situation on the commodity markets and in global supply chains has become somewhat less strained. Although the global economic environment has deteriorated, as expected, and uncertainty – for instance with regard to inflation – remains high, there are also signs of stabilization. Compared to our presentation of the evaluation categories in our Annual Report 2022, the likelihood of occurrence of procurement market risks has been reduced from moderate to low, while the probability of currency risks occurring has been raised from moderate to high. Apart from the aforementioned, no major changes have occurred in the reporting period compared to the discussion in our Annual Report 2022.

At the time this report was prepared, there were no identifiable risks related to future developments that 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.

## Outlook for the Henkel Group in 2023

Based on business developments in the first half of 2023 and assumptions regarding our performance in the remaining two quarters, the Management Board of Henkel AG & Co. KGaA has decided to raise our guidance for the full fiscal year.

According to current estimates, industrial demand in fiscal 2023 is still expected to be more subdued overall than in the previous year. Compared to the development in the first six months, the second half of the year is predicted to bring a slight upturn in growth. In contrast, the inflationary and thus volatile and uncertain environment is likely to still be characterized by persistently muted consumer demand in areas of the consumer goods business of importance for Henkel. At the same time, prices for raw materials, logistics services and energy affecting Henkel are expected to remain at high levels versus the previous year, albeit with price momentum already having eased in the first six months. This trend is expected to continue through the second half of 2023. On the other hand, the countervailing effect of wage inflation is likely to increase in the course of the year. In addition, we expect interest rates to remain significantly higher than in previous years.

Against this background, we now expect organic sales growth for the Henkel Group in fiscal 2023 of 2.5 to 4.5 percent (previously: 1.0 to 3.0 percent).

For the Adhesive Technologies business unit, we now anticipate organic sales growth in the range of 2.0 to 4.0 percent (previously: 1.0 to 3.0 percent). For the Consumer Brands business unit, we now expect organic sales growth of 3.0 to 5.0 percent (previously: 1.0 to 3.0 percent).

We continue to anticipate a negative impact on the growth of nominal Henkel Group sales in the mid-single-digit percentage range arising from the acquisitions and divestments made in 2022, including the effects of the announced and meanwhile completed exit of business activities in Russia. We now expect the translation of sales in foreign currencies to have a negative impact in the mid-single-digit percentage range (previously: low single-digit percentage range).

Aside from the effects of our exit from our business activities in Russia, which will particularly affect the second half of the year, still high prices for direct materials and logistics compared to the previous year continue to impact earnings development. Given the slowdown in price momentum in this regard in the first six months of the year and the expectation that this trend will continue in the further course of fiscal 2023, Henkel now anticipates an increase in the low single-digit percentage range (previously: low to mid-single-digit percentage increase).

For the Henkel Group, we now anticipate an adjusted return on sales (adjusted EBIT margin) in the range of 11.0 to 12.5 percent (previously: 10.0 to 12.0 percent). We expect adjusted return on sales for the Adhesive Technologies business unit to be in the range of 13.5 to 15.0 percent (previously: 13.0 to 15.0 percent) and for the Consumer Brands business unit an adjusted return on sales in the range of 9.5 to 11.0 percent (previously: 7.5 to 9.5 percent).

Adjusted earnings per preferred share (EPS) at constant exchange rates are now expected to grow in the range of 5.0 to 20.0 percent (previously -10.0 to +10.0 percent).

In addition, we continue to have the following expectations for 2023:

- Restructuring expenses in the range of 300 to 350 million euros
- Cash outflows for investments in property, plant and equipment and intangible assets of between 650 and 750 million euros

# Consolidated statement of financial position

## Assets

| in million euros | June 30, 2022 | % | Dec. 31, 2022[1] | % | June 30, 2023 | % |
|---|---|---|---|---|---|---|
| Goodwill | 13,908 | 40.9 | 13,609 | 41.0 | **13,440** | **42.1** |
| Other intangible assets | 3,553 | 10.5 | 3,499 | 10.5 | **3,425** | **10.7** |
| Property, plant and equipment | 3,971 | 11.7 | 3,911 | 11.8 | **3,807** | **11.9** |
| Other financial assets | 189 | 0.6 | 234 | 0.7 | **273** | **0.9** |
| Other assets | 548 | 1.6 | 307 | 0.9 | **278** | **0.9** |
| Deferred tax assets | 1,216 | 3.6 | 1,184 | 3.6 | **1,202** | **3.8** |
| **Non-current assets** | **23,385** | **68.8** | **22,744** | **68.6** | **22,425** | **70.3** |
| | | | | | | |
| Inventories | 3,055 | 9.0 | 3,180 | 9.6 | **2,807** | **8.8** |
| Trade accounts receivable | 3,948 | 11.6 | 3,535 | 10.7 | **3,818** | **12.0** |
| Other financial assets | 711 | 2.1 | 832 | 2.5 | **499** | **1.6** |
| Income tax refund claims | 438 | 1.3 | 403 | 1.2 | **374** | **1.2** |
| Other assets | 692 | 2.0 | 656 | 2.0 | **588** | **1.8** |
| Cash and cash equivalents | 1,210 | 3.6 | 1,088 | 3.3 | **1,372** | **4.3** |
| Assets held for sale | 527 | 1.6 | 731 | 2.2 | **14** | **0.0** |
| **Current assets** | **10,581** | **31.2** | **10,425** | **31.4** | **9,472** | **29.7** |
| | | | | | | |
| **Total assets** | **33,966** | **100.0** | **33,170** | **100.0** | **31,897** | **100.0** |

[1] Amended following the updated allocation of the purchase price for the shares in Shiseido Professional Inc.

# Consolidated statement of financial position

## Equity and liabilities

| in million euros | June 30, 2022 | % | Dec. 31, 2022[1] | % | June 30, 2023 | % |
|---|---|---|---|---|---|---|
| Issued capital | 438 | 1.3 | 438 | 1.3 | **438** | **1.4** |
| Capital reserve | 652 | 1.9 | 652 | 2.0 | **652** | **2.0** |
| Treasury shares | -491 | -1.4 | -870 | -2.6 | **-1,054** | **-3.3** |
| Retained earnings | 20,216 | 59.5 | 20,903 | 63.0 | **20,681** | **64.8** |
| Other components of equity | -509 | -1.5 | -1,040 | -3.1 | **-1,220** | **-3.8** |
| **Equity attributable to shareholders of Henkel AG & Co. KGaA** | **20,307** | **59.8** | **20,083** | **60.5** | **19,497** | **61.1** |
| Non-controlling interests | 81 | 0.2 | 74 | 0.2 | **75** | **0.2** |
| **Equity** | **20,388** | **60.0** | **20,157** | **60.8** | **19,573** | **61.4** |
| Provisions for pensions and similar obligations | 450 | 1.3 | 417 | 1.3 | **411** | **1.3** |
| Other provisions | 302 | 0.9 | 268 | 0.8 | **291** | **0.9** |
| Borrowings | 1,243 | 3.7 | 1,846 | 5.6 | **1,851** | **5.8** |
| Other financial liabilities | 575 | 1.7 | 591 | 1.8 | **554** | **1.7** |
| Other liabilities | 14 | 0.0 | 13 | 0.0 | **86** | **0.3** |
| Deferred tax liabilities | 784 | 2.3 | 726 | 2.2 | **660** | **2.1** |
| **Non-current liabilities** | **3,368** | **9.9** | **3,862** | **11.6** | **3,852** | **12.1** |
| Other provisions | 1,997 | 5.9 | 2,065 | 6.2 | **2,011** | **6.3** |
| Borrowings | 1,680 | 4.9 | 1,061 | 3.2 | **1,124** | **3.5** |
| Trade accounts payable | 4,774 | 14.1 | 4,621 | 13.9 | **4,147** | **13.0** |
| Other financial liabilities | 371 | 1.1 | 300 | 0.9 | **221** | **0.7** |
| Other liabilities | 534 | 1.6 | 379 | 1.1 | **447** | **1.4** |
| Income tax liabilities | 626 | 1.8 | 548 | 1.7 | **522** | **1.6** |
| Liabilities held for sale | 228 | 0.7 | 177 | 0.5 | **–** | **–** |
| **Current liabilities** | **10,211** | **30.1** | **9,152** | **27.6** | **8,473** | **26.6** |
| **Total equity and liabilities** | **33,966** | **100.0** | **33,170** | **100.0** | **31,897** | **100.0** |

[1] Amended following the updated allocation of the purchase price for the shares in Shiseido Professional Inc.

# Consolidated statement of income

## First half year

| in million euros | | 1–6/2022 | % | 1–6/2023 | % | +/- |
|---|---|---|---|---|---|---|
| **Sales** | | **10,913** | **100.0** | **10,926** | **100.0** | **0.1%** |
| Cost of sales | | -6,397 | -58.6 | **-6,162** | **-56.4** | -3.7% |
| **Gross profit** | | **4,516** | **41.4** | **4,764** | **43.6** | **5.5%** |
| Marketing, selling and distribution expenses | | -2,963 | -27.1 | **-2,851** | **-26.1** | -3.8% |
| Research and development expenses | | -282 | -2.6 | **-285** | **-2.6** | 0.9% |
| Administrative expenses | | -549 | -5.0 | **-546** | **-5.0** | -0.6% |
| Other operating income | | 87 | 0.8 | **45** | **0.4** | -48.3% |
| Other operating expenses | | -125 | -1.1 | **-263** | **-2.4** | >100% |
| **Operating profit (EBIT)** | | **684** | **6.3** | **864** | **7.9** | **26.3%** |
| Interest income | | 14 | 0.1 | **24** | **0.2** | 74.7% |
| Interest expense | | -24 | -0.2 | **-57** | **-0.5** | >100% |
| Other financial result | | -60 | -0.5 | **-20** | **-0.2** | -66.1% |
| Investment result | | 0 | 0.0 | **0** | **0.0** | >100% |
| **Financial result** | | **-70** | **-0.6** | **-53** | **-0.5** | **-24.2%** |
| **Income before tax** | | **614** | **5.6** | **811** | **7.4** | **32.0%** |
| Taxes on income | | -167 | -1.5 | **-237** | **-2.2** | 42.2% |
| Tax rate | in % | 27.1 | | **29.2** | | |
| **Net income** | | **448** | **4.1** | **574** | **5.3** | **28.2%** |
| Attributable to non-controlling interests | | 1 | 0.0 | **10** | **0.1** | >100% |
| Attributable to shareholders of Henkel AG & Co. KGaA | | 447 | 4.1 | **564** | **5.2** | 26.2% |
| Earnings per ordinary share – basic and diluted | in euros | 1.03 | | **1.34** | | 30.1% |
| Earnings per preferred share – basic and diluted | in euros | 1.04 | | **1.35** | | 29.8% |

# Consolidated statement of comprehensive income

## First half year

| in million euros | 1–6/2022 | 1–6/2023 |
|---|---|---|
| **Net income** | **448** | **574** |
| Results subject to possible future reclassification: | | |
| Exchange differences on translation of foreign operations and hyperinflation adjustments due to IAS 29 | 1,127 | **-147** |
| Gains/losses from hedging instruments (hedge reserve) | 8 | **-54** |
| Gains/losses from debt instruments | 0 | **–** |
| Income taxes on these items | -3 | **14** |
| Results not subject to future reclassification: | | |
| Remeasurement of net liability from defined benefit pension plans | 274 | **-36** |
| Gains/losses from equity instruments | 7 | **2** |
| Income taxes on these items | -98 | **12** |
| **Other comprehensive income (net of taxes)** | **1,315** | **-209** |
| **Total comprehensive income for the period** | **1,763** | **367** |
| Attributable to non-controlling interests | 6 | **5** |
| Attributable to shareholders of Henkel AG & Co. KGaA | 1,757 | **361** |

# Consolidated statement of changes in equity

## First half year

| | Issued capital | | | | | Other components of equity | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| in million euros | Ordinary shares | Preferred shares | Capital reserve | Treasury shares | Retained earnings | Currency translation reserve | Hedge reserve | Equity and debt capital instruments reserve | Shareholders of Henkel AG & Co. KGaA | Non-controlling interests | Total |
| **At January 1, 2022** | **260** | **178** | **652** | **-91** | **20,398** | **-1,445** | **-212** | **13** | **19,753** | **79** | **19,832** |
| Net income | – | – | – | – | 447 | – | – | – | 447 | 1 | **448** |
| Other comprehensive income (net of taxes) | – | – | – | – | 176 | 1,122 | 5 | 7 | 1,310 | 5 | **1,315** |
| **Total comprehensive income for the period** | **–** | **–** | **–** | **–** | **623** | **1,122** | **5** | **7** | **1,757** | **6** | **1,763** |
| Dividends | – | – | – | – | -795 | – | – | – | -795 | -2 | **-797** |
| Share-based payments | – | – | – | – | -68 | – | – | – | -68 | – | **-68** |
| Changes in ownership interest with no change in control | – | – | – | – | 2 | – | – | – | 2 | -2 | **–** |
| Purchase of treasury shares | – | – | – | -432 | – | – | – | – | -432 | – | **-432** |
| Utilization of treasury shares | – | – | – | 32 | 28 | – | – | – | 60 | – | **60** |
| Other changes in equity | – | – | – | – | 28 | – | – | – | 28 | – | **28** |
| **Equity transactions with shareholders** | **–** | **–** | **–** | **-400** | **-805** | **–** | **–** | **–** | **-1,205** | **-4** | **-1,209** |
| **At June 30, 2022** | **260** | **178** | **652** | **-491** | **20,216** | **-323** | **-207** | **20** | **20,307** | **81** | **20,388** |

TABLE CONTINUED ON NEXT PAGE

| | Issued capital | | | | | Other components of equity | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| in million euros | Ordinary shares | Preferred shares | Capital reserve | Treasury shares | Retained earnings | Currency translation reserve | Hedge reserve | Equity and debt capital instruments reserve | 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 | – | – | – | – | 564 | – | – | – | 564 | 10 | **574** |
| Other comprehensive income (net of taxes) | – | – | – | – | -24 | -142 | -40 | 2 | -204 | -5 | **-209** |
| **Total comprehensive income for the period** | **–** | **–** | **–** | **–** | **541** | **-142** | **-40** | **2** | **361** | **5** | **367** |
| Dividends | – | – | – | – | -771 | – | 0 | – | -771 | -4 | **-774** |
| Share-based payments | – | – | – | – | 9 | – | 0 | – | 9 | – | **9** |
| Changes in ownership interest with no change in control | – | – | – | – | – | – | 0 | – | – | – | **–** |
| Purchase of treasury shares | – | – | – | -186 | – | – | 0 | – | -186 | – | **-186** |
| Utilization of treasury shares | – | – | – | 3 | 1 | – | 0 | – | 4 | – | **4** |
| Other changes in equity | – | – | – | – | -3 | – | 0 | – | -3 | – | **-3** |
| **Equity transactions with shareholders** | **–** | **–** | **–** | **-183** | **-763** | **–** | **0** | **–** | **-947** | **-4** | **-950** |
| **At June 30, 2023** | **260** | **178** | **652** | **-1,054** | **20,681** | **-1,067** | **-175** | **22** | **19,497** | **75** | **19,573** |

# Consolidated statement of cash flows

## First half year

| in million euros | 1–6/2022 | 1–6/2023 |
|---|---|---|
| **Operating profit (EBIT)** | **684** | **864** |
| Income taxes paid | -359 | **-294** |
| Amortization/depreciation/impairment/write-ups of intangible assets and property, plant and equipment, and assets held for sale[1] | 639 | **421** |
| Net gains/losses on disposal of intangible assets and property, plant and equipment, and from divestments | -33 | **217** |
| Change in inventories | -514 | **303** |
| Change in trade accounts receivable | -554 | **-342** |
| Change in other assets | -76 | **99** |
| Change in trade accounts payable | 391 | **-426** |
| Change in other liabilities, provisions and equity items | -1 | **122** |
| **Cash flow from operating activities** | **177** | **964** |
| Purchase of intangible assets and property, plant and equipment including payments on account | -273 | **-284** |
| Acquisition of subsidiaries and other business units (net of cash and cash equivalents acquired) | -0 | **-39** |
| Acquisition of associated companies and other investments | -6 | **-9** |
| Proceeds on disposal of subsidiaries, other business units and investments (net of cash and cash equivalents disposed) | 57 | **349** |
| Proceeds on disposal of intangible assets and property, plant and equipment | 8 | **6** |
| Change in other current financial assets | 335 | **50** |
| **Cash flow from investing activities** | **120** | **73** |
| Dividends paid to shareholders of Henkel AG & Co. KGaA | -795 | **-771** |
| Dividends paid to non-controlling shareholders | -2 | **-4** |
| Interest received | 13 | **25** |
| Interest paid[2] | -22 | **-48** |
| *Dividends and interest paid and received* | *-806* | ***-797*** |
| Repayment of bonds | – | **-312** |
| Other changes in borrowings | -19 | **414** |
| Redemption of lease liabilities | -71 | **-74** |
| Allocations to pension funds | -21 | **-27** |
| Other changes in pension obligations | 214 | **160** |

TABLE CONTINUED ON NEXT PAGE

| in million euros | 1–6/2022 | 1–6/2023 |
| --- | --- | --- |
| Cash outflow for the purchase of treasury shares | -413 | **-195** |
| Payments for the acquisition of non-controlling interests with no change in control | -106 | **–** |
| Other financing transactions | -14 | **-2** |
| **Cash flow from financing activities** | **-1,234** | **-833** |
| Net change in cash and cash equivalents | -937 | **204** |
| Effect of exchange rates on cash and cash equivalents | 31 | **-54** |
| **Change in cash and cash equivalents** | **-906** | **150** |
| Cash and cash equivalents at January 1 | 2,116 | **1,088** |
| Change in cash and cash equivalents classified as held for sale | – | **135** |
| **Cash and cash equivalents at June 30** | **1,210** | **1,372** |

## Additional voluntary information: Reconciliation to free cash flow

| in million euros | 1–6/2022 | 1–6/2023 |
| --- | --- | --- |
| Cash flow from operating activities | 177 | **964** |
| Purchase of intangible assets and property, plant and equipment including payments on account | -273 | **-284** |
| Redemption of lease liabilities | -71 | **-74** |
| Proceeds on disposal of intangible assets and property, plant and equipment | 8 | **6** |
| Net interest paid | -9 | **-22** |
| Other changes in pension obligations | 214 | **160** |
| **Free cash flow** | **46** | **749** |

[1] Impairments in fiscal 2023 amount to 77 million euros (previous year: 269 million euros). The figures also include the depreciation, impairment and write-ups on right-of-use assets.

[2] Including interest paid in connection with lease liabilities.

# SELECTED EXPLANATORY NOTES

## Group segment report by business unit

### First half year

| in million euros | Adhesive Technologies | Consumer Brands | Operating business units total | Corporate | Henkel Group |
|---|---|---|---|---|---|
| **Sales January–June 2023** | **5,475** | **5,365** | **10,840** | **86** | **10,926** |
| Proportion of Group sales | 50% | 49% | **99%** | 1% | **100%** |
| Sales January–June 2022 | 5,467 | 5,336 | **10,803** | 110 | **10,913** |
| Change versus previous year | 0.1% | 0.6% | **0.3%** | -22.1% | **0.1%** |
| Adjusted for foreign exchange | 2.1% | 3.7% | **2.9%** | – | **2.7%** |
| Organic | 4.7% | 5.7% | **5.2%** | – | **4.9%** |
| **Operating profit (EBIT) January–June 2023** | **642** | **299** | **941** | **-77** | **864** |
| Operating profit (EBIT) January–June 2022 | 714 | 36 | **750** | -66 | **684** |
| Change versus previous year | -10.1% | 739.4% | **25.5%** | – | **26.3%** |
| **Return on sales (EBIT margin) January–June 2023** | **11.7%** | **5.6%** | **8.7%** | **-89.9%** | **7.9%** |
| Return on sales (EBIT margin) January–June 2022 | 13.1% | 0.7% | **6.9%** | – | **6.3%** |
| **Adjusted operating profit (adjusted EBIT) January–June 2023** | **766** | **559** | **1,325** | **-71** | **1,254** |
| Adjusted operating profit (adjusted EBIT) January–June 2022 | 743 | 482 | **1,225** | -60 | **1,166** |
| Change versus previous year | 3.0% | 15.9% | **8.1%** | – | **7.6%** |
| **Adjusted return on sales (adjusted EBIT margin) January–June 2023** | **14.0%** | **10.4%** | **12.2%** | **–** | **11.5%** |
| Adjusted return on sales (adjusted EBIT margin) January–June 2022 | 13.6% | 9.0% | **11.3%** | – | **10.7%** |
| **Capital employed January–June 2023**[1] | **9,793** | **11,857** | **21,650** | **138** | **21,788** |
| Capital employed January–June 2022[1] | 9,530 | 11,732 | **21,261** | 116 | **21,378** |
| Change versus previous year | 2.8% | 1.1% | **1.8%** | – | **1.9%** |

TABLE CONTINUED ON NEXT PAGE

## First half year

| in million euros | Adhesive Technologies | Consumer Brands | Operating business units total | Corporate | Henkel Group |
|---|---|---|---|---|---|
| **Return on capital employed (ROCE) January–June 2023** | **13.1%** | **5.0%** | **8.7%** | **–** | **7.9%** |
| Return on capital employed (ROCE) January–June 2022 | 15.0% | 0.6% | **7.1%** | – | **6.4%** |
| **Adjusted return on capital employed (adjusted ROCE) January–June 2023** | **15.6%** | **9.4%** | **12.2%** | **–** | **11.5%** |
| Adjusted return on capital employed (adjusted ROCE) January–June 2022 | 15.6% | 8.2% | **11.5%** | – | **10.9%** |
| **Amortization/depreciation/impairment/write-ups of intangible assets, property, plant and equipment and assets held for sale January–June 2023[2]** | **167** | **243** | **410** | **11** | **421** |
| **Of which impairment 2023** | **7** | **70** | **77** | **0** | **77** |
| **Of which write-ups 2023** | **–** | **-2** | **-2** | **–** | **-2** |
| Amortization/depreciation/impairment/write-ups of intangible assets, property, plant and equipment and assets held for sale January–June 2022[2] | 219 | 408 | **626** | 13 | **639** |
| Of which impairment 2022 | 49 | 218 | **267** | 3 | **269** |
| Of which write-ups 2022 | – | – | **–** | – | **–** |
| **Additions to non-current assets January–June 2023** | **166** | **148** | **314** | **5** | **320** |
| Additions to non-current assets January–June 2022 | 129 | 265 | **394** | 8 | **402** |
| **Operating assets January–June 2023[3]** | **13,009** | **17,007** | **30,016** | **569** | **30,585** |
| **Operating liabilities January–June 2023** | **3,692** | **5,015** | **8,707** | **431** | **9,138** |
| **Net operating assets January–June 2023[3]** | **9,317** | **11,992** | **21,309** | **138** | **21,447** |
| Operating assets January–June 2022[3] | 12,972 | 17,051 | **30,023** | 595 | **30,618** |
| Operating liabilities January–June 2022 | 3,917 | 5,222 | **9,139** | 479 | **9,618** |
| Net operating assets January–June 2022[3] | 9,055 | 11,828 | **20,884** | 116 | **21,000** |

[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.

## Second quarter (additional voluntary information)

| in million euros | Adhesive Technologies | Consumer Brands | Operating business units total | Corporate | Henkel Group |
|---|---|---|---|---|---|
| **Sales April–June 2023** | **2,683** | **2,593** | **5,277** | **40** | **5,316** |
| Proportion of Group sales | 50% | 49% | **99%** | 1% | **100%** |
| Sales April–June 2022 | 2,836 | 2,752 | **5,588** | 54 | **5,642** |
| Change versus previous year | -5.4% | -5.7% | **-5.6%** | -27.3% | **-5.8%** |
| Adjusted for foreign exchange | -0.5% | 1.1% | **0.3%** | – | **0.0%** |
| Organic | 2.7% | 4.5% | **3.5%** | – | **3.2%** |

# Regional performance

## Key figures by region first half year

| in million euros | Europe | IMEA | North America | Latin America | Asia-Pacific | Corporate | Henkel Group |
|---|---|---|---|---|---|---|---|
| **Sales January–June 2023**[1] | **4,284** | **1,016** | **3,104** | **835** | **1,601** | **86** | **10,926** |
| Sales January–June 2022[1] | 4,434 | 1,096 | 2,874 | 733 | 1,667 | 110 | **10,913** |
| Change versus previous year | -3.4% | -7.2% | 8.0% | 13.9% | -4.0% | – | **0.1%** |
| Organic | 2.4% | 25.7% | 3.8% | 13.2% | -2.7% | – | **4.9%** |
| **Proportion of Group sales January–June 2023** | **39%** | **9%** | **28%** | **8%** | **15%** | **1%** | **100%** |
| Proportion of Group sales January–June 2022 | 41% | 10% | 26% | 7% | 15% | 1% | **100%** |
| **Operating profit (EBIT) January–June 2023** | **523** | **70** | **63** | **83** | **203** | **-77** | **864** |
| Operating profit (EBIT) January–June 2022 | 339 | 39 | 58 | 43 | 271 | -66 | **684** |
| Change versus previous year | 54.4% | 77.5% | 8.3% | 91.7% | -25.1% | – | **26.3%** |
| Adjusted for foreign exchange | 53.9% | 193.3% | 6.5% | 90.6% | -20.2% | – | **33.3%** |
| **Return on sales (EBIT margin) January–June 2023** | **12.2%** | **6.9%** | **2.0%** | **9.9%** | **12.7%** | **–** | **7.9%** |
| Return on sales (EBIT margin) January–June 2022 | 7.6% | 3.6% | 2.0% | 5.9% | 16.2% | – | **6.3%** |

[1] By location of company.

## Key figures by region second quarter

| in million euros | Europe | IMEA | North America | Latin America | Asia-Pacific | Corporate | Henkel Group |
|---|---|---|---|---|---|---|---|
| **Sales April–June 2023**[1] | **2,083** | **453** | **1,520** | **424** | **796** | **40** | **5,316** |
| Sales April–June 2022[1] | 2,282 | 567 | 1,516 | 395 | 829 | 54 | **5,642** |
| Change versus previous year | -8.7% | -20.0% | 0.3% | 7.4% | -3.9% | – | **-5.8%** |
| Organic | 0.8% | 23.6% | 0.9% | 9.4% | -0.6% | – | **3.2%** |
| **Proportion of Group sales April–June 2023** | **39%** | **9%** | **29%** | **8%** | **15%** | **1%** | **100%** |
| Proportion of Group sales April–June 2022 | 40% | 10% | 27% | 7% | 15% | 1% | **100%** |

[1] By location of company.

# Reconciliation of adjusted earnings

**Reconciliation from operating profit to adjusted net income**

| in million euros | | 1–6/2022 | 1–6/2023 | +/- |
|---|---|---|---|---|
| **Operating profit (EBIT) (as reported)** | | **684** | **864** | **26.3%** |
| One-time income | | -32 | **-3** | – |
| One-time expenses | | 281 | **238** | – |
| Restructuring expenses | | 232 | **155** | – |
| **Adjusted operating profit (adjusted EBIT)** | | **1,166** | **1,254** | **7.6%** |
| Adjusted return on sales | in % | 10.7 | **11.5** | 0.8pp |
| Financial result (adjusted) | | -44 | **-41** | -8.3% |
| Taxes on income (adjusted) | | -280 | **-309** | 10.4% |
| Adjusted tax rate | in % | 25.0 | **25.5** | 0.5pp |
| **Adjusted net income** | | **841** | **904** | **7.5%** |
| Attributable to non-controlling interests | | 1 | **10** | >100% |
| Attributable to shareholders of Henkel AG & Co. KGaA | | 840 | **894** | 6.5% |
| **Adjusted earnings per ordinary share** | in euros | **1.94** | **2.12** | **9.3%** |
| **Adjusted earnings per preferred share** | in euros | **1.95** | **2.13** | **9.2%** |
| At constant exchange rates | | | | 14.4% |

pp = percentage points

The one-time income was generated from smaller divestments during the period under review.

One-time expenses in the first half of 2023 of 214 million euros relate to the losses arising from divestment of the business activities in Russia. The figure for one-time expenses also includes 22 million euros relating to the merger of the former Beauty Care and Laundry & Home Care business units to create the Consumer Brands business unit. This expenditure is essentially attributable to external consultancy services and project management costs.

Restructuring expenses substantially comprise payments related to the termination of employment relationships, and impairment losses on non-current assets and inventories. The figure is impacted in particular by expenditures relating to the merger of the former Laundry & Home Care and Beauty Care business units into the Consumer Brands business unit, and to the optimization of our production and distribution structures in both current business units. Of the restructuring expenses in the first half of 2023, 117 million euros is attributable to cost of sales (previous year: 52 million euros) and 28 million euros to marketing, selling and distribution expenses (previous year: 119 million euros). A further 2 million euros out of the total restructuring expense is attributable to research and development expenses (previous year: 19 million euros), while 8 million euros is attributable to administrative expenses (previous year: 42 million euros).

The financial result for the first half of 2023 was adjusted for the net loss of 12 million euros incurred in Türkiye during the first two quarters due to the inflation of non-monetary assets, liabilities and equity items, as determined through application of financial reporting in hyperinflationary economies (previous year: 25 million euros).

# Other disclosures

## Earnings per share

In calculating earnings per share for the period January through June 2023, we have included the standard dividend differential between ordinary and preferred shares for the full year of 2 eurocents (as stipulated in the Articles of Association), weighted on a time-proportional basis.

### Earnings per share

| | | 1–6/2022 | | 1–6/2023 | |
|---|---|---|---|---|---|
| | | Reported | Adjusted | Reported | Adjusted |
| **Net income attributable to shareholders of Henkel AG & Co. KGaA** | in million euros | 447 | 840 | **564** | **894** |
| Number of outstanding ordinary shares[1] | | 259,269,606 | 259,269,606 | **256,589,811** | **256,589,811** |
| **Basic earnings per ordinary share** | in euros | **1.03** | **1.94** | **1.34** | **2.12** |
| Number of outstanding preferred shares[1] | | 173,025,840 | 173,025,840 | **163,567,281** | **163,567,281** |
| **Basic earnings per preferred share** | in euros | **1.04** | **1.95** | **1.35** | **2.13** |
| **Diluted earnings per ordinary share** | in euros | **1.03** | **1.94** | **1.34** | **2.12** |
| **Diluted earnings per preferred share** | in euros | **1.04** | **1.95** | **1.35** | **2.13** |

[1] Weighted average.

## Recognition and measurement methods

This interim financial report of the Henkel Group has been prepared in accordance with Section 115 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG), in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting, and consequently in compliance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Essentially, the same accounting principles have been applied as for the consolidated financial statements for fiscal 2022, with the exception of the changes to IFRSs listed on pages 230 and 231 of our Annual Report 2022, which became mandatory on January 1, 2023. The changes do not, however, have any material impact on the consolidated financial statements of Henkel. In light of the local and global impacts of the ongoing war in Ukraine, the estimates required for the preparation of the interim 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.

To simplify interim financial reporting, IAS 34.41 allows certain estimates and assumptions to be made beyond the scope permitted for consolidated financial statements on condition that all material financial information is appropriately presented to enable a proper assessment of the net assets, financial position and results of operations of the company. In calculating taxes on income, the interim tax expense is determined on the basis of the estimated effective income tax rate for the current fiscal year.

The interim report for the first half year, composed of condensed interim consolidated financial statements and an interim Group management report, was duly subjected to an auditor's review. The Management Board of Henkel Management AG – which is the Personally Liable Partner of Henkel AG & Co. KGaA – compiled the interim consolidated financial statements and the interim Group management report and released them for forwarding to the Supervisory Board and for publication on August 8, 2023.

## Scope of consolidation

In addition to Henkel AG & Co. KGaA as the ultimate parent company, the scope of consolidation at June 30, 2023 includes 18 German and 170 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.

The following table shows the changes to the scope of consolidation compared to December 31, 2022:

**Scope of consolidation**

| | |
|---|---|
| **At January 1, 2023** | **201** |
| Additions | 1 |
| Mergers | -8 |
| Disposals | -5 |
| **At June 30, 2023** | **189** |

Apart from the divestment of the business activities in Russia, the changes to the scope of consolidation have not had any material effect on the items in the consolidated financial statements.

## Acquisitions

In the first half of 2023, Henkel signed an agreement governing the acquisition of the portfolio of sustainable detergents and household cleaners marketed under the Earthwise brand in the Asia-Pacific region. The transaction was closed on July 1, 2023, after the reporting date.

## Divestments

Effective April 21, 2023, Henkel sold all shares in its subsidiary LAB Industries Ltd. (formerly: OOO Henkel Rus), which was responsible for the operations of both business units in Russia. At the time of completion, the transaction produced a cash inflow of 615 million euros, which was mainly attributable to the purchase price received for the transaction. The cash inflow also included a deferral for the use of trademark rights. The loss of control over the subsidiary resulted in an outflow of 173 million euros from cash and cash equivalents. Henkel has the option of buying back the business. The call option can be exercised for the first time in 2026 and expires in ten years.

The net loss before taxes of the divestment was recognized in an amount of 214 million euros in other operating expenses. This figure includes a loss of 51 million euros from the loss of control over the Russian subsidiary, and a loss of 156 million euros from the reclassification of currency translation and hedge reserves relating to the Russian business (reclassification amounts).

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, the Consumer Brands business unit sold its US-American air freshener brand Renuzit effective April 3, 2023, and its Finnish detergent brand MiniRisk effective June 1, 2023. The two transactions do not have any material effect on the net assets, financial position and results of operations.

### Financial reporting in hyperinflationary economies

Financial statements of subsidiaries whose functional currency is the currency of a hyperinflationary economy as defined in IAS 29 Financial Reporting in Hyperinflationary Economies must be adjusted for the amount relating to 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 adjusted. Corresponding gains and losses from current inflation are recognized in financial result.

Following inflation, all items on the statement of financial position and all income and expenses on the consolidated statement of income are converted to the functional currency of the Group (euros) at the closing rate prevailing 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.

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 interim consolidated financial statements, a change of 19.1 percent in general purchasing power was assumed, based also on input from experts, as the actual inflation rate for the month of June 2023 was not yet available when the financial statements were being prepared. The price index assumed for June 30, 2023 was 1,352 (December 31, 2022: 1,128).

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.

## Impacts of the war in Ukraine

In light of the developments surrounding the war in Ukraine, Henkel announced mid-April 2022 that it would exit the business activities of all its business units in Russia. In April 2023, we sold the shares in our subsidiary LAB Industries Ltd. (formerly: OOO Henkel Rus), which was responsible for the operation of the two business units in Russia, to a consortium of local financial investors. Details regarding this divestment can be found in the sections "Divestments" and "Assets and liabilities held for sale."

The restrictions on our business activities in Ukraine imposed by the war did not give rise to a requirement for any material impairment charges in the first half of 2023 nor in the prior-year period.

## Assets and liabilities held for sale

Compared to December 31, 2022, assets held for sale decreased from 731 million euros to 14 million euros. As of June 30, 2023, the Henkel Group held no liabilities for sale, compared to 177 million euros of liabilities held for sale at the end of the previous year.

The disposals connected with the assets and liabilities held for sale in the first half of 2023 relate substantially to assets and liabilities of the business in Russia, which was divested during the period under review. They were comprised of intangible assets and property, plant and equipment (305 million euros), current assets (398 million euros) and current liabilities (177 million euros).

## Disclosures relating to treasury shares

Treasury shares held by the company – stated as 2,913,528 ordinary shares and 12,954,521 preferred shares as at December 31, 2022 – changed as follows in the first half of 2023:

As part of the share buyback program, which was completed on March 31, 2023, Henkel repurchased 377,175 ordinary shares in the first half of 2023 (equivalent to a notional share of 0.4 million euros or 0.09 percent of the capital stock) for a total purchase price of 24.0 million euros that was paid on the stock exchange, and 2,441,605 preferred shares (equivalent to a notional share of 2.4 million euros or 0.56 percent of the capital stock) for a total purchase price of 164.4 million euros that was paid on the stock exchange. The average price paid on the stock exchange was therefore 63.53 euros per ordinary share and 67.32 euros per preferred share.

Over the entire duration of the share buyback program from February 15, 2022 up to and including March 31, 2023, a total of 12,641,546 preferred shares and 3,290,703 ordinary shares were acquired. These purchases equate – in the case of the preferred shares – to a notional share of 12.6 million euros or 2.89 percent of the capital stock and – in the case of the ordinary shares – to a notional share of 3.3 million euros or 0.75 percent of the capital stock. The average price paid on the stock exchange was 63.28 euros per preferred share and 60.77 euros per ordinary share. In total, preferred shares were bought back for a total purchase price of 800 million euros, paid on the stock exchange, and ordinary shares were bought back for a total purchase price of 200 million euros, equivalent to a total purchase price of 1 billion euros for both share classes (all amounts excluding ancillary acquisition costs in each case). For details of the share buyback program, please refer to the summaries on our website.

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

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

During the reporting period, a total of 55,347 preferred shares (equivalent to a notional share of 0.06 million euros or 0.01 percent of the capital stock) were taken from treasury shares to fulfill commitments arising from the share-based Global Long Term Incentive Plan 2020+. They were issued to employees, which resulted in equity increasing by 3.8 million euros.

As of June 30, 2023, treasury shares held by the company amounted to

- 3,290,703 ordinary shares (equivalent to a notional share of 3.3 million euros or 0.75 percent of the capital stock) and
- 15,340,779 preferred shares (equivalent to a notional share of 15.3 million euros or 3.50 percent of the capital stock).

## Financial instruments

All financial assets and liabilities – 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 included under sundry financial assets and liabilities – are measured at amortized cost using the effective interest method. In addition, a risk provision was accrued in the amount of the expected credit losses for financial assets that are measured at amortized cost or at fair value through other comprehensive income.

The following table summarizes the allocation of items on the statement of financial position to the financial instrument classes according to IFRS 7 Financial Instruments: Disclosures, and compares the carrying amounts of the financial assets and liabilities with their respective fair values:

## Comparison of carrying amounts and fair values of financial instruments

| in million euros | | Dec. 31, 2022 | Dec. 31, 2022 | June 30, 2023 | June 30, 2023 |
|---|---|---|---|---|---|
| **Financial assets** | **Financial instruments class (valuation hierarchy of fair values)** | **Carrying amount** | **Fair value** | **Carrying amount** | **Fair value** |
| Trade accounts receivable | Amortized cost | 3,535 | – | 3,818 | |
| Other financial assets | | 1,067 | – | 772 | |
| Receivables from non-consolidated subsidiaries and associated companies | Amortized cost | 0 | – | 0 | |
| Financial receivables from third parties | Amortized cost | 18 | – | 25 | |
| Derivative financial instruments not included in a designated hedging relationship | Fair value through profit or loss (level 2) | 139 | 139 | 45 | 45 |
| Derivative financial instruments included in a designated hedging relationship | Derivatives included in a designated hedging relationship (level 2) | 161 | 161 | 124 | 124 |
| 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 associated companies | Not assigned to any valuation category under IFRS 9 | 7 | – | 7 | |
| Other investments | Fair value through other comprehensive income (level 3) | 115 | 115 | 124 | 124 |
| Receivables from Henkel Trust e.V. and external pension funds | Amortized cost | 271 | – | 128 | |
| Securities and time deposits | Amortized cost | 14 | – | – | |
| Securities and time deposits | Fair value through profit or loss (level 1) | 201 | 201 | 198 | 198 |
| Securities and time deposits | Fair value through profit or loss (level 3) | 2 | 2 | 6 | 6 |
| Financial collateral provided | Amortized cost | 28 | – | 9 | |
| Sundry financial assets | Amortized cost | 111 | – | 106 | |
| Sundry financial assets | Fair value through profit or loss (level 3) | 4 | 4 | 4 | 4 |
| Sundry financial assets | Not assigned to any valuation category under IFRS 9 | -4 | | -4 | |
| Cash and cash equivalents | Amortized cost | 1,088 | – | 1,372 | |
| Cash and cash equivalents | Fair value through profit or loss (level 2) | – | – | 0 | 0 |
| **Total** | | **5,690** | | **5,963** | |

TABLE CONTINUED ON NEXT PAGE

| in million euros | | Dec. 31, 2022 | Dec. 31, 2022 | June 30, 2023 | June 30, 2023 |
|---|---|---|---|---|---|
| **Financial liabilities** | **Financial instruments class (valuation hierarchy of fair values)** | **Carrying amount** | **Fair value** | **Carrying amount** | **Fair value** |
| Borrowings | | 2,907 | – | 2,975 | |
| Bonds (without designated hedging relationship) | Amortized cost (level 1) | 1,557 | 1,358 | 1,235 | 1,036 |
| Bonds (included in a designated hedging relationship) | Amortized cost (level 1) accounted for as part of a fair value hedge | 629 | 636 | 638 | 644 |
| Other borrowings | Amortized cost | 720 | – | 1,103 | |
| Trade accounts payable | Amortized cost | 4,621 | – | 4,147 | |
| Other financial liabilities | | 895 | – | 776 | |
| Lease liabilities | Not assigned to any valuation category under IFRS 9 | 681 | – | 637 | |
| Liabilities to non-consolidated subsidiaries and associated companies | Amortized cost | 3 | – | 3 | |
| Liabilities to customers | Amortized cost | 61 | – | 33 | |
| Derivative financial instruments not included in a designated hedging relationship | Fair value through profit or loss (level 2) | 83 | 83 | 35 | 35 |
| Derivative financial instruments included in a designated hedging relationship | Derivatives included in a designated hedging relationship (level 2) | 36 | 36 | 39 | 39 |
| 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 | 29 | – | 27 | |
| Sundry financial liabilities | Fair value through profit or loss (level 3) | -15 | -15 | -10 | -10 |
| Sundry financial liabilities | Not assigned to any valuation category under IFRS 9 | 17 | – | 12 | |
| **Total** | | **8,423** | | **7,897** | |

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 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. Credit risk is taken into account by adjusting the fair values concerned on the basis of credit risk premiums.

We determine the fair value of forward exchange contracts 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 derivatives 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 and June 30.

**Interest rates in percent p.a.**

| At Dec. 31/June 30 | Euro | | US dollar | |
|---|---|---|---|---|
| Term | 2022 | 2023 | 2022 | 2023 |
| 1 month | 1.88 | 3.40 | 4.39 | 5.22 |
| 3 months | 2.13 | 3.58 | 4.77 | 5.55 |
| 6 months | 2.69 | 3.90 | 5.14 | 5.76 |
| 1 year | 3.28 | 4.09 | 5.12 | 5.67 |
| 2 years | 3.40 | 3.88 | 4.71 | 5.10 |
| 5 years | 3.24 | 3.26 | 4.02 | 4.22 |
| 10 years | 3.20 | 3.01 | 3.84 | 3.86 |

The changes in the fair values of the level 3 financial instruments are discussed in the following:

**Development of level 3 assets and liabilities January–June 2022**

| 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 |
|---|---|---|---|---|---|
| **Carrying amount at January 1, 2022** | **–** | **–** | **97** | **–** | **-13** |
| Purchases | – | – | 5 | – | – |
| Gains/losses (realized) recognized in operating profit or loss | – | – | – | – | 2 |
| Of which attributable to assets and liabilities held at the end of the reporting period | – | – | – | – | 2 |
| Gains/losses recognized in other comprehensive income | 2 | 3 | 7 | – | – |
| Foreign exchange effects/Other changes | – | – | 2 | – | 0 |
| **Carrying amount at June 30, 2022** | **2** | **3** | **111** | **–** | **-10** |

**Development of level 3 assets and liabilities January–June 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 |
|---|---|---|---|---|---|
| **Carrying amount at January 1, 2023** | **0** | **1** | **116** | **4** | **-11** |
| Purchases | – | – | 13 | – | – |
| Gains/losses (realized) recognized in operating profit or loss | – | – | – | 0 | 1 |
| Of which attributable to assets and liabilities held at the end of the reporting period | – | – | – | 0 | 1 |
| Gains/losses recognized in other comprehensive income | -0 | -1 | 2 | – | – |
| Foreign exchange effects/Other changes | – | – | -2 | – | 0 |
| **Carrying amount at June 30, 2023** | **0** | **0** | **129** | **4** | **-10** |

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 1 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 investment. Appropriate risk-adjusted costs of capital are applied when using the discounted cash flow method.

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. Changes in the fair values of other investments are recognized in other comprehensive income. Changes in the fair values of securities are recognized in other financial result. No valuation results of other investments recognized in equity were reclassified to retained earnings in the reporting period, nor in the comparative prior-year period.

As part of our sustainability strategy, we have entered into Virtual Power Purchase Agreements in the USA and Europe. Because these agreements include embedded derivatives, they are recognized overall 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 contract.

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 base 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 value of the Virtual Power Purchase Agreements was 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 other financial assets or other 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, 2023, the deferred difference recognized for the Virtual Power Purchase Agreement in the USA was 13 million euros (previous year: 13 million euros). In the reporting period, 1 million euros was recognized as other operating income (previous year: 0 million euros). The difference remaining as of June 30, 2023 amounted to 12 million euros (previous year: 14 million euros).

The deferred difference for the Agreement in Europe, which was executed in the second half of 2022, amounted to 4 million euros on both January 1, 2023 and June 30, 2023. Since the solar park has not yet started operating, no income was recognized in the year under review.

## Voting rights/Related party disclosures

The company has been notified that, on April 4, 2022, 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 (160,599,023 votes) in Henkel AG & Co. KGaA.

## Notes to the consolidated statement of cash flows

In the first half of 2023, Henkel repaid as scheduled a bond with a nominal amount of 330 million Swiss francs. The other changes in borrowings take into account a number of cash inflows and outflows, particularly arising from the issuance and redemption of commercial paper and current liabilities to banks, plus changes in collateral received. The change, both in the first half of 2023 and in the prior-year period, was essentially due to payments made and received in connection with our revolving commercial paper financing program, which affected cash flow from financing activities to the tune of 501 million euros in the first six months of the fiscal year (previous year: 19 million euros). Of the dividend of 771 million euros paid to shareholders of Henkel AG & Co. KGaA, an amount of 469 million euros was paid on ordinary shares, while an amount of 301 million euros was paid on preferred shares.

## Notes to the Group segment report

Effective from the start of fiscal 2023, the Beauty Care and Laundry & Home Care business units were merged into the Consumer Brands business unit. The new organizational structure is also reflected in the Group segment report. The two business units Adhesive Technologies and Consumer Brands therefore constitute the reportable segments. The segment report corresponds to the way in which the Henkel Group has managed its operating business internally in fiscal 2023, and the Group's internal reporting structure. The company has also slightly modified its regional reporting structures to better reflect the allocation of management responsibilities. From fiscal 2023 onward, Henkel will be commenting on its business performance in the regions of Europe, IMEA (India, Middle East, Africa), North America, Latin America and Asia-Pacific. Prior-year figures reflect the new structure.

Organic growth is adjusted for exchange rate effects and acquisitions/divestments. Foreign exchange effects include the impacts of the mandatory application of IAS 29 for Türkiye. Acquisitions and divestments include the effects of the announced – and now completed – discontinuation of business activities in Russia since the start of the second quarter of 2022.

The Group measures the performance of its segments on the basis of a segment income metric 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.

The reportable segments account for 3 million euros (previous year: 31 million euros) of the one-time income and for 235 million euros (previous year: 261 million euros) of the one-time expenses. Of the restructuring expenses, 151 million euros (previous year: 227 million euros) is attributable to the reportable segments. Adhesive Technologies accounted for 59 million euros (previous year: 8 million euros) and Consumer Brands for 92 million euros (previous year: 219 million euros) of these restructuring expenses.

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. Adjusted return on capital employed (adjusted ROCE) denotes the ratio of adjusted earnings before interest and taxes (adjusted EBIT) to capital employed. Impairments recognized in the first half of 2023 were attributable to various assets within other intangible assets and property, plant and equipment.

### Other unrecognized financial commitments

At June 30, 2023, commitments arising from orders for property, plant and equipment amounted to 139 million euros (previous year: 89 million euros).

Payment commitments under the terms of agreements for capital increases and share purchases contracted prior to the reporting date amounted to 28 million euros (previous year: 21 million euros).

# Subsequent events

Effective July 1, 2023, we completed the acquisition of the portfolio of sustainable detergents and household cleaners marketed under the Earthwise brand in the Asia-Pacific region. Further details of this transaction can be found in the “Other disclosures” section on page 49.

Düsseldorf, August 8, 2023

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

Management Board
**Carsten Knobel,**
**Mark Dorn, Wolfgang König, Sylvie Nicol, Marco Swoboda**

# REVIEW REPORT

To Henkel AG & Co. KGaA, Düsseldorf:

We have reviewed the condensed interim consolidated financial statements – comprising the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and selected explanatory notes – and the interim Group management report of Henkel AG & Co. KGaA, Düsseldorf, for the period from January 1 to June 30, 2023, which form part of the half-year financial report in accordance with Section 115 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG).

The preparation of the condensed interim consolidated financial statements in accordance with those IFRSs applicable to interim financial reporting as adopted by the EU, and of the interim Group management report in accordance with the requirements of the German Securities Trading Act applicable to interim group management reports, is the responsibility of the Company's legal representatives. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim Group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim Group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and in supplementary compliance with the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU, and that the interim Group management report has not been prepared, in material aspects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to believe that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU, or that the interim Group management report has not been prepared, in material respects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, August 8, 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Peter Bartels
Wirtschaftsprüfer (German Public Auditor)

Antje Schlotter
Wirtschaftsprüferin (German Public Auditor)

# RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable accounting principles for interim financial reporting, the interim consolidated financial statements for the half year give a true and fair view of the net assets, financial position and results of operations of the Group, and the interim management report of the Group 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 over the remainder of the fiscal year.

Düsseldorf, August 8, 2023

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

Management Board
**Carsten Knobel,**
**Mark Dorn, Wolfgang König, Sylvie Nicol, Marco Swoboda**

# REPORT OF THE AUDIT COMMITTEE OF THE SUPERVISORY BOARD

In the meeting of August 8, 2023, the half-year financial report for the first six months of fiscal 2023 and the certificate prepared by PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, on its review of the interim consolidated financial statements and the interim Group management report were presented to the Audit Committee, who also received verbal explanations from the Management Board and the auditors pertaining to the above. The Audit Committee has approved and endorses the half-year financial report.

Düsseldorf, August 8, 2023

Chairman of the Audit Committee
**Simone Menne**

# MULTI-YEAR SUMMARY

## First half year 2019 to 2023

| in million euros | | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|
| **Sales Henkel Group** | | **10,090** | **9,485** | **9,926** | **10,913** | **10,926** |
| Adhesive Technologies | | 4,731 | 4,153 | 4,752 | 5,467 | **5,475** |
| Consumer Brands | | 5,296 | 5,278 | 5,114 | 5,336 | **5,365** |
| Adjusted[1] operating profit (EBIT) | | 1,641 | 1,191 | 1,430 | 1,166 | **1,254** |
| Adjusted[1] earnings per preferred share | in euros | 2.77 | 1.96 | 2.40 | 1.95 | **2.13** |

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

## Second quarter 2019 to 2023

| in million euros | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| **Sales Henkel Group** | **5,143** | **5,121** | **4,558** | **5,642** | **5,316** |
| Adhesive Technologies | 2,422 | 1,944 | 2,394 | 2,836 | **2,683** |
| Consumer Brands | 2,669 | 2,588 | 2,533 | 2,752 | **2,593** |

# CREDITS

**Published by**
Henkel AG & Co. KGaA
40191 Düsseldorf, Germany
Phone: +49 (0) 211 797-0


**Edited by**
Corporate Communications, Investor Relations,
Corporate Accounting and Subsidiary Controlling

**Coordination**
Martina Flögel, Jennifer Ott, Dr. Dennis Starke

**Design and typesetting in SmartNotes**
RYZE Digital
www.ryze-digital.de

**Photographs**
Nils Hendrik Müller; Henkel

**Translation**
RWS Holdings PLC

**Proofing**
Paul Knighton, Cambridge; Thomas Krause, Krefeld

**Date of publication of this report**
August 10, 2023
PR No.: 08 23 0



This document contains forward-looking statements which are based on the current estimates and assumptions made by the corporate management of Henkel AG & Co. KGaA. Statements with respect to the future are characterized by the use of words such as expect, intend, plan, anticipate, believe, estimate, and similar terms. These statements are not to be understood as in any way guaranteeing that those expectations will turn out to be accurate. Future performance and the results actually achieved by Henkel AG & Co. KGaA and its affiliated companies depend on a number of risks and uncertainties and may therefore differ materially from the forward-looking statements. Many of these factors are outside Henkel's control and cannot be accurately estimated in advance, such as the future economic environment and the actions of competitors and others involved in the marketplace. Henkel neither plans nor undertakes to update forward-looking statements. This document has been issued for information purposes only and is not intended to constitute investment advice or an offer to sell, or a solicitation of an offer to buy, any securities.

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Up-to-date facts and figures on Henkel also available on the internet:
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# FINANCIAL CALENDAR

Publication of Statement for the Third Quarter 2023:
Thursday, November 9, 2023

Publication of Report for Fiscal 2023:
Monday, March 4, 2024

Annual General Meeting Henkel AG & Co. KGaA 2024:
Wednesday, April 24, 2024