HENKEL
HALF-YEAR FINANCIAL REPORT 2024

CONTENTS

HALF-YEAR RESULTS AT A GLANCE

Key financials

in million euros		1–6/2023	1–6/2024	+/-
Sales		**10,926**	**10,813**	**-1.0%**
Adhesive Technologies		5,475	**5,475**	0.0%
Consumer Brands		5,365	**5,266**	-1.8%
Operating profit (EBIT)		**864**	**1,470**	**70.2%**
Adjusted[1] operating profit (adjusted EBIT)		**1,254**	**1,610**	**28.4%**
Return on sales (EBIT margin)		**7.9%**	**13.6%**	**5.7pp**
Adjusted[1] return on sales (adjusted EBIT margin)		**11.5%**	**14.9%**	**3.4pp**
Net income		**574**	**1,042**	**81.5%**
Attributable to non-controlling interests		10	**12**	25.6%
Attributable to shareholders of Henkel AG & Co. KGaA		564	**1,029**	82.4%
Earnings per preferred share	in euros	**1.35**	**2.46**	**82.2%**
Adjusted[1] earnings per preferred share	in euros	**2.13**	**2.78**	**30.5%**
At constant exchange rates				32.9%
Adjusted[1] return on capital employed (adjusted ROCE)		**11.5%**	**14.8%**	**3.3pp**

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

2.9%

Organic sales growth
- Adhesive Technologies: 2.0%
- Consumer Brands: 4.3%

14.9%

Adjusted return on sales (adjusted EBIT margin)
- Adhesive Technologies: 17.0%
- Consumer Brands: 14.3%

2.78 euros

Adjusted earnings per preferred share (EPS)
Development at constant exchange rates: +32.9%

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

MAJOR EVENTS

- February 1: Henkel announces the signing of an agreement to acquire the Vidal Sassoon brand in China and the related hair care business. The transaction was closed effective April 30, 2024.
- February 15: Henkel announces the signing of an agreement to acquire Seal for Life, a US-based specialized supplier of protective coatings and sealing solutions for a broad variety of infrastructure markets. The transaction was closed effective April 2, 2024.
- April 22: Henkel's Annual General Meeting 2024 approves payment of a stable dividend versus prior year of 1.85 euros per preferred share.
- May 3: Henkel raises its sales and earnings outlook for 2024, based on the very good year-to-date business performance and assumptions for the remainder of the year.
- July 17: Henkel once again raises its earnings outlook for 2024 as a result of the strong business performance in the first half of the year and assumptions for future business development.

INTERIM GROUP MANAGEMENT REPORT

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 2024, the global economy continued to grow at a moderate pace in the face of a persistently overall inflationary environment with higher interest rate levels. Economic growth continued to be impacted by geopolitical tensions. The global economy benefited from a further improvement in global supply chains and on the logistics and materials markets as well as from an overall easing inflationary pressure compared to the prior-year period.

In the first six months of 2024, the global economy recorded gross domestic product growth of around 3 percent compared to the prior-year period.

In Europe, economic output increased slightly by approximately 1 percent. In North America, economic output grew by approximately 3 percent compared to the prior-year period. Economic output increased in the Latin America region by approximately 1.5 percent, and by around 4 percent in both the IMEA and Asia-Pacific regions.

The global unemployment rate was at approximately 7 percent and thus on a par with the first half of 2023. At approximately 4.5 percent, the global inflation rate was below the level of the prior-year period but still remained at an elevated level.

Prices for direct materials (raw materials, packaging, and purchased goods and services) recorded a slight decline on average compared to the first six months of the previous year.

In the first half of 2024, the US dollar remained stable versus the euro. As of end of June 2024, the exchange rate of the US dollar to the euro was around 1.07. The currencies of relevance for Henkel in the emerging markets showed a mixed development. While the Mexican peso and the Polish zloty appreciated compared to the prior-year period, the Turkish lira experienced a strong devaluation.

Sectors of importance for Henkel

Global private consumption increased by approximately 2.5 percent in the first six months of 2024 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 4 percent compared to the prior-year period.

According to S&P Global Market Intelligence, the industrial production index (IPX) recorded an increase of approximately 1 percent in the first half of 2024 compared to the prior-year period. Industrial production in the mature markets declined slightly overall by approximately -1 percent but increased by approximately 4 percent in the emerging markets.

Business performance January–June 2024

Key financials

in million euros		1–6/2023	1–6/2024	+/-
Sales		10,926	**10,813**	-1.0%
Operating profit (EBIT)		864	**1,470**	70.2%
Adjusted[1] operating profit (adjusted EBIT)		1,254	**1,610**	28.4%
Return on sales (EBIT margin)		7.9%	**13.6%**	5.7pp
Adjusted[1] return on sales (adjusted EBIT margin)		11.5%	**14.9%**	3.4pp
Net income – attributable to shareholders of Henkel AG & Co. KGaA		564	**1,029**	82.4%
Adjusted[1] net income – attributable to shareholders of Henkel AG & Co. KGaA		894	**1,163**	30.0%
Earnings per preferred share	in euros	1.35	**2.46**	82.2%
Adjusted[1] earnings per preferred share	in euros	2.13	**2.78**	30.5%

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

+2.9%
Organic sales growth

14.9%
Adjusted[1] EBIT margin

2.78€
Adjusted[1] EPS

+32.9%
Development of adjusted[1] EPS at constant exchange rates

Sales

In a persistently challenging market environment, Henkel achieved **Group sales** of 10,813 million euros in the first half of 2024, equivalent to a nominal development of -1.0 percent. Foreign exchange effects reduced sales by -1.9 percent.[2] Acquisitions and divestments reduced sales by -2.1 percent. While the divestment of our business activities in Russia in April 2023 had a negative impact, the recently closed acquisitions in both business units – Seal for Life and Vidal Sassoon – contributed positively. In organic terms (i.e. adjusted for foreign exchange and acquisitions/divestments), Henkel achieved good sales growth of 2.9 percent. The increase was driven by a positive price development in both business units. Volume development at Group level, which continues to be negatively influenced by the portfolio measures in the Consumer Brands business unit, also showed a slight increase compared to the first half of 2023.

[1] Adjusted for one-time expenses and income, and for restructuring expenses.
[2] Including the impacts of the mandatory application of IAS 29 Financial Reporting in Hyperinflationary Economies for Türkiye. This note also applies to the remainder of the interim management report.

Sales development

in million euros	Q2/2023	Q2/2024	1–6/2023	1–6/2024
Sales	**5,316**	**5,496**	**10,926**	**10,813**
Change versus previous year	**-5.8%**	**3.4%**	**0.1%**	**-1.0%**
Foreign exchange	-5.8%	0.2%	-2.5%	-1.9%
Adjusted for foreign exchange	**0.0%**	**3.2%**	**2.7%**	**0.9%**
Acquisitions/divestments	-3.2%	0.3%	-2.2%	-2.1%
Organic	**3.2%**	**2.8%**	**4.9%**	**2.9%**
Of which price	12.1%	1.7%	12.1%	2.5%
Of which volume	-8.9%	1.1%	-7.2%	0.4%

The **Adhesive Technologies** business unit generated good organic sales growth of 2.0 percent in the first half year of 2024, driven by the Mobility & Electronics, and the Craftsmen, Construction & Professional business areas. The **Consumer Brands** business unit achieved very strong organic sales growth of 4.3 percent, to which all business areas contributed.

Sales development by business unit

in million euros	Sales			
Second quarter	**Q2/2023**	**Q2/2024**	**+/-**	**Organic**
Henkel Group	5,316	**5,496**	3.4%	**2.8%**
Adhesive Technologies	2,683	**2,798**	4.3%	**2.6%**
Consumer Brands	2,593	**2,662**	2.6%	**3.3%**
First half year	**1–6/2023**	**1–6/2024**		
Henkel Group	10,926	**10,813**	-1.0%	**2.9%**
Adhesive Technologies	5,475	**5,475**	0.0%	**2.0%**
Consumer Brands	5,365	**5,266**	-1.8%	**4.3%**

From a regional perspective, **Europe** achieved good organic sales growth of 1.8 percent. In the **IMEA** region, Henkel generated a clear double-digit organic sales increase of 21.0 percent, driven in particular by strong price developments in both business units. The **North America** region recorded a negative organic sales development of -1.6 percent. In **Latin America**, sales were organically on a par with the prior-year period. The **Asia-Pacific** region achieved very strong organic sales growth of 5.5 percent.

Sales performance by region

in million euros	Europe	IMEA	North America	Latin America	Asia-Pacific	Corporate	Henkel Group
Sales January–June 2024[1]	**4,071**	**1,132**	**3,033**	**863**	**1,642**	**71**	**10,813**
Sales January–June 2023[1]	4,284	1,016	3,104	835	1,601	86	**10,926**
Change versus previous year	-5.0%	11.4%	-2.3%	3.5%	2.5%	–	**-1.0%**
Organic	1.8%	21.0%	-1.6%	0.0%	5.5%	–	**2.9%**
Proportion of Group sales January–June 2024	**38%**	**10%**	**28%**	**8%**	**15%**	**1%**	**100%**
Proportion of Group sales January–June 2023	39%	9%	28%	8%	15%	1%	**100%**

[1] By location of company.

In the first half of 2024, there were no material changes to our business activities and competitive positions as presented in Henkel's Annual Report 2023 on pages 93 to 95.

Operating profit

Operating profit in the first half of 2024 came in at 1,470 million euros after 864 million euros in the previous year, which corresponds to a significant increase of 70.2 percent. The operating expense and income items leading to the operating profit result were impacted by one-time expenses and income, and by restructuring expenses.

One-time expenses in the first half of 2024 of 31 million euros mainly relate to incidental costs in connection with acquisitions and divestments, as well as with the merger of the former Beauty Care and Laundry & Home Care business units into the Consumer Brands business unit. In order to align our structures with our markets and customers, we spent 110 million euros on restructuring in the first half of 2024 (previous year: 155 million euros). This figure primarily comprises expenses arising from the termination of employment relationships, impairment losses on non-current assets and inventories, expenses from the termination of business relationships with business partners, and the reclassification of currency translation reserves in connection with the discontinuation of our business activities in Venezuela. The reconciliation statement and additional disclosures relating to the one-time expenses and income, and to the restructuring expenses, can be found on pages 44 and 45.

Compared to the first six months of 2023, cost of sales decreased by -11.7 percent to 5,337 million euros. This development is attributable to slightly declining prices for direct materials as well as to the divestment of our business activities in Russia in April 2023 and the portfolio measures implemented in the Consumer Brands business unit. Gross profit increased significantly by 12.2 percent to 5,476 million euros. Adjusted gross margin increased year on year by 5.9 percentage points to 50.6 percent. Positive selling price developments and the continued implementation of strategic measures such as the optimization and valorization of the portfolio in the Consumer Brands business unit also contributed to this increase.

Reconciliation from sales to adjusted operating profit

in million euros	1–6/2023	%	1–6/2024	%	+/-
Sales	**10,926**	**100.0%**	**10,813**	**100.0%**	**-1.0%**
Cost of sales	-6,045	-55.3%	**-5,337**	**-49.4%**	-11.7%
Gross profit	**4,881**	**44.7%**	**5,476**	**50.6%**	**12.2%**
Marketing, selling and distribution expenses	-2,810	-25.7%	**-2,981**	**-27.6%**	6.1%
Research and development expenses	-283	-2.6%	**-303**	**-2.8%**	7.1%
Administrative expenses	-529	-4.8%	**-574**	**-5.3%**	8.6%
Other operating income/expenses	-5	0.0%	**-7**	**-0.1%**	35.3%
Adjusted operating profit (adjusted EBIT)	**1,254**	**11.5%**	**1,610**	**14.9%**	**28.4%**

Marketing, selling and distribution expenses increased by 6.1 percent to 2,981 million euros. Their ratio to sales increased year on year by 1.9 percentage points to 27.6 percent. Expenses for research and development totaled 303 million euros (previous year: 283 million euros). The ratio to sales increased slightly year on year, to 2.8 percent. Administrative expenses amounted to 574 million euros (previous year: 529 million euros). At 5.3 percent, their ratio to sales was slightly above the level of the first six months of 2023.

The balance of other operating income and expenses totaled -7 million euros, 2 million euros below the level of the first half of 2023. **Adjusted operating profit** (adjusted EBIT) increased significantly from 1,254 million euros in the first half of 2023 to 1,610 million euros, in particular as a result of the strong increase in gross margin. **Adjusted return on sales** (adjusted EBIT margin) of the Henkel Group consequently registered a significant increase from 11.5 percent to 14.9 percent.

The financial result, adjusted for expenses from the application of IAS 29 (Financial Reporting in Hyperinflationary Economies) for Türkiye, improved year on year to -33 million euros (previous year: -41 million euros), mainly as a result of lower net debt levels. The adjusted tax rate amounted to 25.5 percent (reported tax rate: 26.4 percent).

Henkel generated net income of 1,042 million euros in the first half year (previous year: 574 million euros). After allowing for 12 million euros attributable to non-controlling interests, net income for the first six months was 1,029 million euros (previous year: 564 million euros). Adjusted net income for the first six months after accounting for non-controlling interests was 1,163 million euros compared to 894 million euros in the first half of 2023.

Earnings per preferred share increased significantly to 2.46 euros (previous year: 1.35 euros). Adjusted earnings per preferred share grew by 30.5 percent to 2.78 euros compared to 2.13 euros in the prior-year period. This substantial increase was predominantly driven by the rise in adjusted operating profit. At constant exchange rates, adjusted earnings per preferred share increased significantly by 32.9 percent.

Comparison between actual business performance and guidance

At 2.9 percent, organic sales growth of the Henkel Group in the first half of 2024 was in line with the updated full-year outlook of 2.5 to 4.5 percent as published on May 3. Both the Adhesive Technologies business unit, with organic sales growth of 2.0 percent, and the Consumer Brands business unit, with organic sales growth of 4.3 percent, were within the full-year outlook ranges of 2.0 to 4.0 percent and 3.0 to 5.0 percent respectively.

Adjusted return on sales (adjusted EBIT margin) of the Henkel Group came in at 14.9 percent in the first half of 2024, above the guidance range of 13.0 to 14.0 percent for fiscal 2024 as published on May 3. Posting an adjusted return on sales of 17.0 percent, the Adhesive Technologies business unit was at the upper end of the expected range of 16.0 to 17.0 percent for the full fiscal year. With an adjusted return on sales of 14.3 percent, the Consumer Brands business unit came in above the outlook range of 12.0 to 13.0 percent. Amongst others, this was supported by positive selling price developments and the implementation of strategic measures such as portfolio optimization.

Adjusted earnings per preferred share showed an increase of 32.9 percent at constant exchange rates and therefore likewise exceeded the outlook range for full fiscal 2024 of +15.0 to +25.0 percent as published on May 3.

Based on the strong business performance in the first half of the year and assumptions for future business development, Henkel raised its earnings outlook for the full year on July 17, 2024 (see also the “Outlook” section on page 30).

Guidance versus performance first half year 2024

	Original guidance for 2024	Guidance for 2024 as updated on May 3	Guidance for 2024 as updated on July 17	Results first half year 2024
Organic sales growth				
Henkel Group:	2.0 to 4.0 percent	2.5 to 4.5 percent	2.5 to 4.5 percent	2.9 percent
Adhesive Technologies:	2.0 to 4.0 percent	2.0 to 4.0 percent	2.0 to 4.0 percent	2.0 percent
Consumer Brands:	2.0 to 4.0 percent	3.0 to 5.0 percent	3.0 to 5.0 percent	4.3 percent
Adjusted[1] return on sales (adjusted EBIT margin)				
Henkel Group:	12.0 to 13.5 percent	13.0 to 14.0 percent	13.5 to 14.5 percent	14.9 percent
Adhesive Technologies:	15.0 to 16.5 percent	16.0 to 17.0 percent	16.0 to 17.0 percent	17.0 percent
Consumer Brands:	11.0 to 12.5 percent	12.0 to 13.0 percent	13.0 to 14.0 percent	14.3 percent
Development of adjusted[1] earnings per preferred share at constant exchange rates	Increase in the range of +5.0 to +20.0 percent	Increase in the range of +15.0 to +25.0 percent	Increase in the range of +20.0 to +30.0 percent	+32.9 percent

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

Adhesive Technologies

Key financials

in million euros	1–6/2023	1–6/2024	+/-
Sales	5,475	**5,475**	0.0%
Proportion of Group sales	50%	**51%**	–
Operating profit (EBIT)	642	**874**	36.2%
Adjusted[1] operating profit (adjusted EBIT)	766	**933**	21.8%
Return on sales (EBIT margin)	11.7%	**16.0%**	4.2pp
Adjusted[1] return on sales (adjusted EBIT margin)	14.0%	**17.0%**	3.1pp
Adjusted[1] return on capital employed (adjusted ROCE)	15.6%	**18.3%**	2.7pp

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

The Adhesive Technologies business unit generated **sales** of 5,475 million euros in the first half of 2024, which is nominally on par with the prior-year period. Acquisitions/divestments had a neutral impact on sales development overall. Foreign exchange effects had a negative impact of -2.0 percent on growth.

In organic terms (i.e. adjusted for foreign exchange and acquisitions/divestments), Adhesive Technologies achieved good sales growth of 2.0 percent. This increase was driven by good volume development, while the price level showed a flat development compared to the prior-year period.

Sales development

in million euros	Q2/2023	Q2/2024	1–6/2023	1–6/2024
Sales	**2,683**	**2,798**	**5,475**	**5,475**
Change versus previous year	**-5.4%**	**4.3%**	**0.1%**	**0.0%**
Foreign exchange	-4.9%	-0.1%	-2.0%	-2.0%
Adjusted for foreign exchange	**-0.5%**	**4.4%**	**2.1%**	**2.0%**
Acquisitions/divestments	-3.2%	1.7%	-2.5%	0.0%
Organic	**2.7%**	**2.6%**	**4.7%**	**2.0%**
Of which price	9.0%	-0.5%	10.2%	0.2%
Of which volume	-6.3%	3.1%	-5.5%	1.8%

The good organic sales growth of the Adhesive Technologies business unit in the first half of the year was driven by the Mobility & Electronics and the Craftsmen, Construction & Professional business areas. The **Mobility & Electronics** business area achieved a very strong organic sales increase of 5.3 percent. This growth was supported by all businesses and in particular by the Electronics business, which delivered a double-digit organic sales increase against a weak prior-year period. The **Packaging & Consumer Goods** business area recorded an organic sales development of -0.6 percent. In the Packaging business, an increase in volume offset the negative price development. Overall, the Consumer Goods business recorded a slight decline compared to a strong prior-year period. The **Craftsmen, Construction & Professional** business area generated organic sales growth of 1.0 percent, with the Construction and Consumers & Craftsmen businesses contributing. The General Manufacturing & Maintenance business, on the other hand, recorded a slight decline as a result of softer demand.

Sales development by business area

in million euros	Sales			
Second quarter	**Q2/2023**	**Q2/2024**	**+/-**	**Organic**
Adhesive Technologies	2,683	**2,798**	4.3%	**2.6%**
Mobility & Electronics	940	**991**	5.4%	**6.8%**
Packaging & Consumer Goods	848	**841**	-1.1%	**-1.0%**
Craftsmen, Construction & Professional	895	**967**	8.2%	**1.7%**
First half year	**1–6/2023**	**1–6/2024**		
Adhesive Technologies	5,475	**5,475**	0.0%	**2.0%**
Mobility & Electronics	1,899	**1,936**	2.0%	**5.3%**
Packaging & Consumer Goods	1,733	**1,679**	-3.1%	**-0.6%**
Craftsmen, Construction & Professional	1,843	**1,860**	0.9%	**1.0%**

From a regional perspective, **North America** and **Europe** reported a slightly negative organic sales performance overall, in particular due to the development in the Packaging & Consumer Goods business area. In the **IMEA** region, Adhesive Technologies achieved double-digit organic sales growth, driven by all business areas. In **Latin America**, sales were organically below the prior-year level, mainly due to the Packaging & Consumer Goods and the Craftsmen, Construction & Professional business areas. The **Asia-Pacific** region posted a significant organic sales increase year on year, driven by the Mobility & Electronics and the Packaging & Consumer Goods business areas.

Adjusted operating profit (adjusted EBIT) increased by 21.8 percent to 933 million euros. **Adjusted return on sales** (adjusted EBIT margin) rose to 17.0 percent compared to 14.0 percent in the prior-year period. Lower raw material costs, positive mix effects and supply chain efficiencies had a particularly positive impact on gross margin.

Adjusted return on capital employed (adjusted ROCE) for the first six months of 2024 was up versus the prior-year period at 18.3 percent. Net working capital as a percentage of sales in the second quarter stood at 13.8 percent and thus below the level of the previous year.

Consumer Brands

Key financials

in million euros	1–6/2023	1–6/2024	+/-
Sales	5,365	**5,266**	-1.8%
Proportion of Group sales	49%	**49%**	–
Operating profit (EBIT)	299	**674**	>100%
Adjusted[1] operating profit (adjusted EBIT)	559	**753**	34.8%
Return on sales (EBIT margin)	5.6%	**12.8%**	7.2pp
Adjusted[1] return on sales (adjusted EBIT margin)	10.4%	**14.3%**	3.9pp
Adjusted[1] return on capital employed (adjusted ROCE)	9.4%	**13.1%**	3.7pp

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

The Consumer Brands business unit posted **sales** of 5,266 million euros in the first half of 2024, a nominal decrease of -1.8 percent versus the prior-year period. Foreign exchange effects had a negative impact of -1.8 percent on sales. Acquisitions/divestments reduced sales by -4.2 percent.

Organically (i.e. adjusted for foreign exchange and acquisitions/divestments), sales increased by 4.3 percent. The business unit continued to record a very strong price development compared to the first half of 2023. By contrast, volumes decreased slightly, in particular due to the ongoing portfolio optimization measures.

Sales development

in million euros	Q2/2023	Q2/2024	1–6/2023	1–6/2024
Sales	**2,593**	**2,662**	**5,365**	**5,266**
Change versus previous year	**-5.7%**	**2.6%**	**0.6%**	**-1.8%**
Foreign exchange	-6.8%	0.5%	-3.1%	-1.8%
Adjusted for foreign exchange	**1.1%**	**2.1%**	**3.7%**	**0.0%**
Acquisitions/divestments	-3.4%	-1.1%	-2.0%	-4.2%
Organic	**4.5%**	**3.3%**	**5.7%**	**4.3%**
Of which price	15.4%	4.0%	14.1%	5.1%
Of which volume	-10.9%	-0.8%	-8.4%	-0.9%

In the first half of the year, the **Laundry & Home Care** business area generated strong organic sales growth of 3.1 percent. The Laundry Care business achieved a positive organic sales increase, predominantly driven by a double-digit increase in the Fabric Care category and good sales growth in the Fabric Cleaning category. Significant growth in the Home Care business was primarily driven by double-digit sales increases in the Dishwashing and Toilet Care categories.

The **Hair** business area achieved significant organic sales growth of 7.3 percent in the first six months of the year. The Consumer business posted double-digit growth, mainly driven by the Hair Styling category, which also recorded double-digit organic sales increases in the same period of the previous years. The Professional business achieved strong organic sales growth.

The **Other Consumer Businesses** business area recorded good organic sales growth of 2.3 percent in the first half of the year, supported by all active regions.

Sales development by business area

in million euros	Sales			
Second quarter	**Q2/2023**	**Q2/2024**	**+/-**	**Organic**
Consumer Brands	2,593	**2,662**	2.6%	**3.3%**
Laundry & Home Care	1,664	**1,664**	0.0%	**1.5%**
Hair	757	**828**	9.4%	**7.7%**
Other Consumer Businesses	173	**170**	-1.7%	**0.7%**
First half year	**1–6/2023**	**1–6/2024**		
Consumer Brands	5,365	**5,266**	-1.8%	**4.3%**
Laundry & Home Care	3,453	**3,324**	-3.7%	**3.1%**
Hair	1,568	**1,609**	2.6%	**7.3%**
Other Consumer Businesses	344	**333**	-3.2%	**2.3%**

The organic sales growth achieved in the Consumer Brands business unit in the first half of 2024 was supported by almost all regions. The **Europe** region achieved a very strong organic sales increase, driven by both the Laundry & Home Care and Hair business areas. In **North America**, the negative organic sales development was mainly due to the portfolio measures implemented in the Laundry & Home Care business area. The **Latin America** region posted a very strong organic sales growth, also driven by the Laundry & Home Care and Hair business areas. The **Asia-Pacific** region generated positive organic growth, supported by the Laundry & Home Care business area. The **IMEA** region posted a double-digit organic increase in sales, driven by the Laundry & Home Care and Hair business areas.

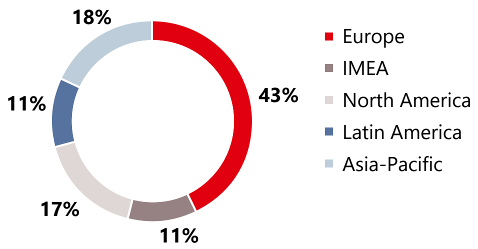
At 753 million euros, **adjusted operating profit** (adjusted EBIT) was 34.8 percent above the level of the prior-year period. This increase was driven by selling price developments and savings generated from the creation of the integrated Consumer Brands business unit as well as portfolio optimization and valorization measures. **Adjusted return on sales** (adjusted EBIT margin) increased to 14.3 percent.

In the first half of the year, adjusted return on capital employed (adjusted ROCE) increased versus the prior-year period to 13.1 percent. The ratio of net working capital to sales in the second quarter was at -3.8 percent, representing a strong improvement compared to the prior-year period.

Employees

As of June 30, 2024, we had around 47,800 employees (December 31, 2023: around 47,750).

Employees by region



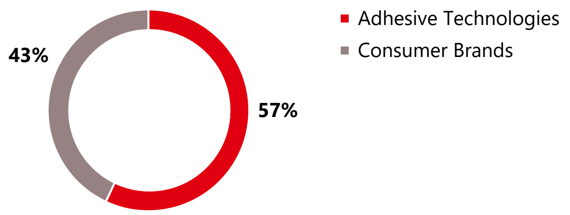
At June 30, 2024

Research and development

In the first six months of the fiscal year, research and development expenditures amounted to 305 million euros (adjusted: 303 million euros) compared to 285 million euros (adjusted: 283 million euros) in the prior-year period. At 2.8 percent, the ratio of R&D expenditures to sales was above the prior-year level (previous year: 2.6 percent). The ratio of adjusted R&D expenditures to sales was likewise 2.8 percent in the reporting period (previous year: 2.6 percent).

The development of innovative products is of key importance to our business model. The research and development strategy described in our Annual Report 2023 (starting on page 158) has remained unchanged.

R&D expenditures by business unit



At June 30, 2024

Net assets and financial position

Acquisitions and divestments

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

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

Active portfolio management continues to be an essential element in determining the future strategic direction of the Henkel Group. Both the acquisition and sale of trademark rights and businesses are integral to our strategy. As part of this strategy, we made a number of small divestments in both business units in the first half of 2024.

These transactions did not have any material effect on our net assets, financial position and results of operations.

Capital expenditures

Investments in property, plant and equipment for existing operations totaled 236 million euros, following 250 million euros in the first six months of 2023. We invested 20 million euros in intangible assets (previous year: 29 million euros). Most of the expenditure was channeled into expansion projects, innovations and streamlining measures, which included, for example, increasing our production capacity, introducing innovative product lines and optimizing our supply chain.

The major projects of 2024 to date are as follows:

- Relocation of a research and development and office site in Germany (Consumer Brands)
- Construction of an adhesives production plant in China (Adhesive Technologies)
- Construction of an Innovation Center in China (Adhesive Technologies)
- Construction of a thermal conductors manufacturing plant in the USA (Adhesive Technologies)
- Construction of a plant for compacting liquid detergents in the USA (Consumer Brands)

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

Capital expenditures first half year 2024

in million euros	Existing operations	Acquisitions	Total
Intangible assets	20	1,303	**1,323**
Property, plant and equipment	236	46	**282**
Total	**256**	**1,349**	**1,605**

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 2024, the Henkel Group recognized additions to right-of-use assets in property, plant and equipment of 141 million euros (previous year: 35 million euros).

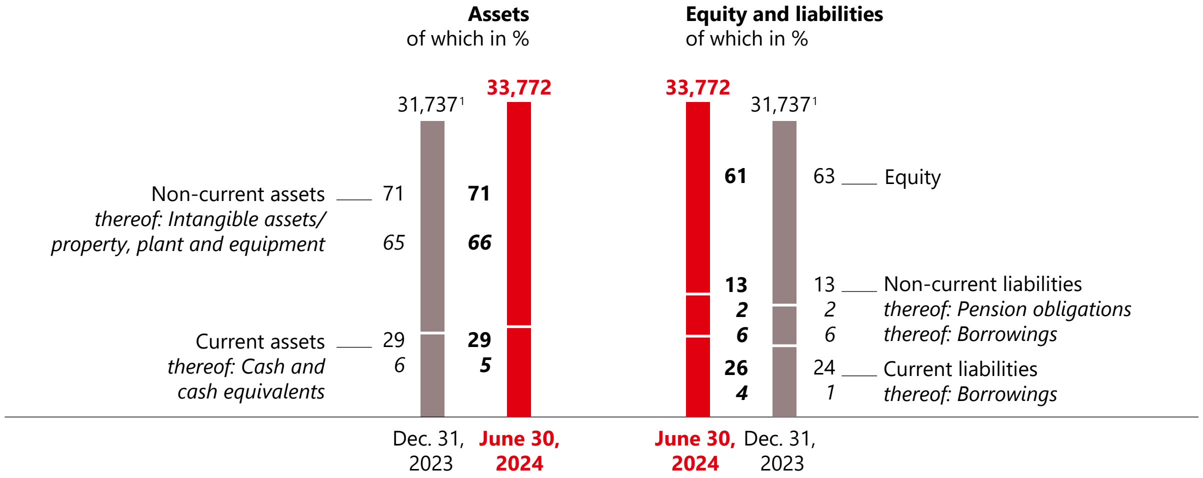
Net assets

Compared to year-end 2023, total assets increased by 2.0 billion euros to 33.8 billion euros.

In **non-current assets**, mainly goodwill and other intangible assets increased by a total of 1,541 million euros, due in particular to the acquisitions completed in the first six months of 2024 (1,303 million euros) and currency effects (301 million euros). Property, plant and equipment increased by 94 million euros in the first half of the year. Investments of 236 million euros in property, plant and equipment and additions of 141 million euros in right-of-use assets (excluding acquisitions) were offset primarily by scheduled depreciation of 291 million euros, of which 71 million euros was attributable to right-of-use assets, with impairment losses accounting for 27 million euros.

Current assets totaled 9.7 billion euros, an increase compared to December 31, 2023 (9.3 billion euros). Inventories increased by 97 million euros and trade accounts receivable by 448 million euros in the reporting period, mainly due to the positive business performance achieved in the first half of 2024. Cash and cash equivalents decreased by 96 million euros in the first six months of the year. The development of cash and cash equivalents is discussed in the section on our financial position on page 26.

Financial structure
in million euros



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

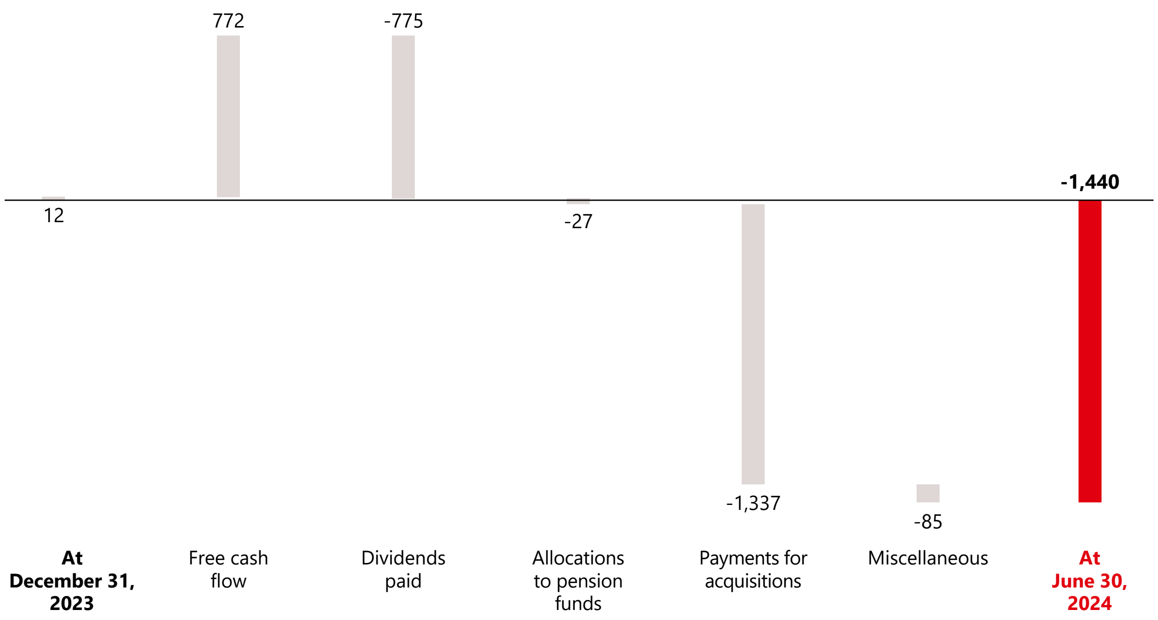
Compared to year-end 2023, **equity** including non-controlling interests increased by 0.6 billion euros to 20.6 billion euros. Net income for the first half of the year in the amount of 1,042 million euros and the currency translation of the financial statements of our subsidiaries in the amount of 303 million euros had a positive effect on equity. Dividend payments in particular had a countervailing effect, reducing equity by 775 million euros. The individual components influencing equity development are shown in the tables on pages 36 and 37.

Non-current liabilities, at 4.4 billion euros, were above the level of December 31, 2023 (4.0 billion euros). Here, non-current borrowings in particular increased in the first half of 2024 by 244 million euros as part of the financing of our acquisitions. Other financial liabilities also increased by 93 million euros.

Compared to year-end 2023, **current liabilities** increased by 1.0 billion euros to 8.8 billion euros in total. This increase was mainly due to current borrowings issued in the form of commercial paper in order to fund our acquisitions.

At June 30, 2024, our **net financial position**[1] amounted to -1,440 million euros (December 31, 2023: 12 million euros).

Net financial position
in million euros



[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.

Net financial position

in million euros	
June 30, 2023	-1,311
December 31, 2023	12
June 30, 2024	**-1,440**

Financial position

Cash flow from operating activities in the first six months of 2024, at 1,048 million euros, was higher than in the same period of the previous year (964 million euros). The higher cash flow was primarily the result of the higher operating profit compared to the first six months of the previous year, while the change in other liabilities, provisions and equity items had a countervailing effect. The ratio of net working capital[1] to sales in the second quarter decreased by 0.9 percentage points compared to the prior-year period, from 6.1 percent to 5.2 percent.

In the first six months of fiscal 2024, **cash flow from investing activities** showed a cash outflow of -1,568 million euros, while in the prior-year period the Henkel Group recorded a cash inflow of 91 million euros. With purchases of intangible assets and property, plant and equipment, including payments on account, at the previous year's level, the cash outflow in the reporting period resulted mainly from acquisitions of subsidiaries and other business units (net of cash and cash equivalents acquired). In the equivalent period in 2023, the cash inflow came primarily from proceeds on disposal of subsidiaries, other business units and investments. A discussion of the acquisitions and divestments implemented in the first six months of 2024 can be found in the "Acquisitions and divestments" section on page 21.

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

The cash inflow in **cash flow from financing activities** totaled 441 million euros in the first half of 2024. By contrast, Henkel recorded a cash outflow (-851 million euros) in the first half of the previous year. The inflow in the current year resulted principally from proceeds from the issue of commercial paper, although there were lower cash inflows from reimbursements from Henkel Trust e.V. and external pension funds in other changes in pension obligations compared to the previous year. The cash outflow in the prior-year period was also primarily due to the redemption of a bond and payments for the purchase of treasury shares.

Cash and cash equivalents decreased compared to December 31, 2023 by 96 million euros to 1,854 million euros.

Free cash flow in the amount of 772 million euros was higher than in the first half of 2023 (749 million euros). With lower cash inflows from other changes in pension obligations, this is mainly due 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 38 and 39.

Key financial ratios

	Dec. 31, 2023	June 30, 2024
Leverage		
Net financial position extended[1] * (-1)/EBITDA last 12 months	0.3	**0.7**
Interest coverage ratio		
EBITDA/(interest expenses and pension interest last 12 months)	26.2	**31.1**
Equity ratio		
Equity/total assets	63.0%	**60.9%**

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

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.

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 (around 3 percent) in 2024, in light of overall still elevated global inflation rates and persisting geopolitical uncertainties, not least against the background of the war in Ukraine and the conflict in the Middle East.

Gross domestic product is expected to increase by around 1 percent in Europe. Growth is forecasted to be around 2 percent in both North America and Latin America. Economic output in the IMEA and Asia-Pacific regions is expected to expand by approximately 4 percent.

Global unemployment is expected to be approximately 7 percent. Global inflation is expected to be approximately 4.5 percent in full fiscal 2024 – which would be lower year on year, although remaining at an elevated level on average.

We expect prices for direct materials (raw materials, packaging and purchased goods and services) to remain flat in 2024 compared to the previous year's average. Although we saw a slight decline in the first six months of 2024, we expect prices for direct materials to be higher in the second half of the year.

We expect the currency markets to remain volatile. On average for 2024, we anticipate mixed developments in the major emerging market currencies compared to 2023. We expect the US dollar to remain stable versus the euro.

Development by sector

S&P Global Market Intelligence forecasts that global private consumption will increase by approximately 2.5 percent in 2024. Consumer spending is expected to rise by approximately 1.5 percent in the mature markets. An increase of approximately 4 percent is anticipated for the emerging markets.

Year on year, the industrial production index (IPX) is expected to grow by around 2 percent worldwide. For the mature markets, S&P Global Market Intelligence predicts that industrial production will stagnate, whereas an increase of approximately 4 percent is expected in the emerging markets.

Risks and opportunities

The assessment of risks and opportunities described in our Annual Report 2023 remains virtually unchanged. The presentation of the major risk and opportunity categories and of our risk management system can be found on pages 177 to 203 of our Annual Report 2023.

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 2024

Based on the strong business performance achieved in the first half of 2024 and assumptions for the remainder of the year, Henkel once again raised its outlook for fiscal 2024 on July 17, 2024.

For the current fiscal year, Henkel continues to expect **organic sales growth** of 2.5 to 4.5 percent. For Adhesive Technologies, organic sales growth is still expected in the range of 2.0 to 4.0 percent. For Consumer Brands, the company continues to anticipate an organic sales increase of 3.0 to 5.0 percent.

Adjusted return on sales (adjusted EBIT margin) at Group level is now expected to be in the range of 13.5 to 14.5 percent (previously: 13.0 to 14.0 percent). Adhesive Technologies is still expected to achieve an adjusted return on sales in the range of 16.0 to 17.0 percent. For Consumer Brands, adjusted return on sales is now expected in the range of 13.0 to 14.0 percent (previously: 12.0 to 13.0 percent).

For **adjusted earnings per preferred share** (EPS), Henkel now expects an increase in the range of +20.0 to +30.0 percent at constant exchange rates (previously: +15.0 to +25.0 percent).

The outlook continues to take into account the expectation of higher prices for direct materials in the second half of the year, and now also reflects a stronger increase in marketing investments to support innovations in the Consumer Brands business unit in the second half-year.

The following expectations for the current fiscal year remain unchanged from the outlook as updated at the beginning of May 2024:

- Acquisitions/divestments: neutral impact on nominal sales growth
- Translation of sales in foreign currencies: negative impact in the low to mid-single-digit percentage range
- Prices for direct materials: flat development compared to the previous year's average
- Restructuring expenses of 250 to 300 million euros
- Cash outflows from investments in property, plant and equipment and intangible assets of between 650 and 750 million euros.

Mid-term financial ambitions

Moreover, Henkel is confident to reach its mid-to long-term financial ambitions, which were published at the beginning of 2022, now already in the mid-term.

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

Consolidated statement of financial position

Assets

in million euros	June 30, 2023	%	Dec. 31, 2023[1]	%	June 30, 2024	%
Goodwill	13,440	42.1	13,572	42.8	**14,686**	**43.5**
Other intangible assets	3,425	10.7	3,422	10.8	**3,848**	**11.4**
Property, plant and equipment	3,807	11.9	3,732	11.8	**3,826**	**11.3**
Other financial assets	273	0.9	275	0.9	**248**	**0.7**
Other assets	278	0.9	272	0.9	**285**	**0.8**
Deferred tax assets	1,202	3.8	1,179	3.7	**1,139**	**3.4**
Non-current assets	**22,425**	**70.3**	**22,452**	**70.7**	**24,032**	**71.2**
Inventories	2,807	8.8	2,445	7.7	**2,542**	**7.5**
Trade accounts receivable	3,818	12.0	3,470	10.9	**3,918**	**11.6**
Other financial assets	499	1.6	552	1.7	**532**	**1.6**
Income tax refund claims	374	1.2	266	0.8	**305**	**0.9**
Other assets	588	1.8	500	1.6	**501**	**1.5**
Cash and cash equivalents	1,372	4.3	1,951	6.1	**1,854**	**5.5**
Assets held for sale	14	0.0	100	0.3	**87**	**0.3**
Current assets	**9,472**	**29.7**	**9,285**	**29.3**	**9,740**	**28.8**
Total assets	**31,897**	**100.0**	**31,737**	**100.0**	**33,772**	**100.0**

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

Consolidated statement of financial position

Equity and liabilities

in million euros	June 30, 2023	%	Dec. 31, 2023[1]	%	June 30, 2024	%
Issued capital	438	1.4	438	1.4	**438**	**1.3**
Capital reserve	652	2.0	652	2.1	**652**	**1.9**
Treasury shares	-1,054	-3.3	-1,054	-3.3	**-1,052**	**-3.1**
Retained earnings	20,681	64.8	21,363	67.3	**21,651**	**64.1**
Other components of equity	-1,220	-3.8	-1,478	-4.7	**-1,203**	**-3.6**
Equity attributable to shareholders of Henkel AG & Co. KGaA	**19,497**	**61.1**	**19,922**	**62.8**	**20,487**	**60.7**
Non-controlling interests	75	0.2	77	0.2	**88**	**0.3**
Equity	**19,573**	**61.4**	**19,999**	**63.0**	**20,575**	**60.9**
Provisions for pensions and similar obligations	411	1.3	535	1.7	**525**	**1.6**
Other provisions	291	0.9	301	0.9	**327**	**1.0**
Borrowings	1,851	5.8	1,860	5.9	**2,104**	**6.2**
Other financial liabilities	554	1.7	530	1.7	**623**	**1.8**
Other liabilities	86	0.3	77	0.2	**68**	**0.2**
Deferred tax liabilities	660	2.1	678	2.1	**770**	**2.3**
Non-current liabilities	**3,852**	**12.1**	**3,980**	**12.5**	**4,417**	**13.1**
Other provisions	2,011	6.3	2,230	7.0	**2,049**	**6.1**
Borrowings	1,124	3.5	409	1.3	**1,494**	**4.4**
Trade accounts payable	4,147	13.0	4,075	12.8	**4,108**	**12.2**
Other financial liabilities	221	0.7	209	0.7	**211**	**0.6**
Other liabilities	447	1.4	406	1.3	**451**	**1.3**
Income tax liabilities	522	1.6	428	1.3	**466**	**1.4**
Current liabilities	**8,473**	**26.6**	**7,757**	**24.4**	**8,780**	**26.0**
Total equity and liabilities	**31,897**	**100.0**	**31,737**	**100.0**	**33,772**	**100.0**

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

Consolidated statement of income

First half year

in million euros		1–6/2023	%	1–6/2024	%	+/-
Sales		**10,926**	**100.0**	**10,813**	**100.0**	**-1.0%**
Cost of sales		-6,162	-56.4	**-5,381**	**-49.8**	-12.7%
Gross profit		**4,764**	**43.6**	**5,432**	**50.2**	**14.0%**
Marketing, selling and distribution expenses		-2,851	-26.1	**-3,007**	**-27.8**	5.5%
Research and development expenses		-285	-2.6	**-305**	**-2.8**	7.1%
Administrative expenses		-546	-5.0	**-605**	**-5.6**	10.8%
Other operating income		45	0.4	**55**	**0.5**	23.6%
Other operating expenses		-263	-2.4	**-101**	**-0.9**	-61.8%
Operating profit (EBIT)		**864**	**7.9**	**1,470**	**13.6**	**70.2%**
Interest income		24	0.2	**53**	**0.5**	>100%
Interest expense		-57	-0.5	**-55**	**-0.5**	-2.7%
Other financial result		-20	-0.2	**-53**	**-0.5**	>100%
Investment result		0	0.0	**0**	**0.0**	>100%
Financial result		**-53**	**-0.5**	**-55**	**-0.5**	**3.5%**
Income before tax		**811**	**7.4**	**1,415**	**13.1**	**74.6%**
Taxes on income		-237	-2.2	**-374**	**-3.5**	57.8%
Tax rate	in %	29.2		**26.4**		
Net income		**574**	**5.3**	**1,042**	**9.6**	**81.5%**
Attributable to non-controlling interests		10	0.1	**12**	**0.1**	25.6%
Attributable to shareholders of Henkel AG & Co. KGaA		564	5.2	**1,029**	**9.5**	82.4%
Earnings per ordinary share – basic and diluted	in euros	1.34		**2.45**		82.8%
Earnings per preferred share – basic and diluted	in euros	1.35		**2.46**		82.2%

Consolidated statement of comprehensive income

First half year

in million euros	1–6/2023	1–6/2024
Net income	**574**	**1,042**
Results subject to possible future reclassification:		
Exchange differences on translation of foreign operations and inflation adjustments according to IAS 29	-147	**305**
Gains/losses from hedging instruments (Hedge reserve)	-54	**-30**
Income taxes on these items	14	**8**
Results not subject to future reclassification:		
Remeasurement of net liability from defined benefit pension plans	-36	**21**
Gains/losses from equity instruments	2	**-6**
Income taxes on these items	12	**-1**
Other comprehensive income (net of taxes)	**-209**	**298**
Total comprehensive income for the period	**367**	**1,339**
Attributable to non-controlling interests	5	**14**
Attributable to shareholders of Henkel AG & Co. KGaA	361	**1,325**

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, 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	–	–	–	-771	-4	**-774**
Share-based payments	–	–	–	–	9	–	–	–	9	–	**9**
Purchase of treasury shares	–	–	–	-186	–	–	–	–	-186	–	**-186**
Use of treasury shares	–	–	–	3	1	–	–	–	4	–	**4**
Other changes in equity	–	–	–	–	-3	–	–	–	-3	–	**-3**
Equity transactions with shareholders	**–**	**–**	**–**	**-183**	**-763**	**–**	**–**	**–**	**-947**	**-4**	**-950**
At June 30, 2023	**260**	**178**	**652**	**-1,054**	**20,681**	**-1,067**	**-175**	**22**	**19,497**	**75**	**19,573**

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	Reserve for equity and debt capital instruments	Shareholders of Henkel AG & Co. KGaA	Non-controlling interests	Total
At January 1, 2024	**260**	**178**	**652**	**-1,054**	**21,363**	**-1,327**	**-171**	**20**	**19,922**	**77**	**19,999**
Net income	–	–	–	–	1,029	–	–	–	1,029	12	**1,042**
Other comprehensive income (net of taxes)	–	–	–	–	21	303	-21	-6	296	2	**298**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**1,050**	**303**	**-21**	**-6**	**1,325**	**14**	**1,339**
Dividends	–	–	–	–	-771	–	0	–	-771	-5	**-775**
Share-based payments	–	–	–	–	8	–	0	–	8	–	**8**
Purchase of treasury shares	–	–	–	–	–	–	0	–	–	–	**–**
Use of treasury shares	–	–	–	2	0	–	0	–	2	–	**2**
Other changes in equity	–	–	–	–	1	–	0	–	1	1	**2**
Equity transactions with shareholders	**–**	**–**	**–**	**2**	**-761**	**–**	**0**	**–**	**-760**	**-4**	**-763**
At June 30, 2024	**260**	**178**	**652**	**-1,052**	**21,651**	**-1,025**	**-192**	**14**	**20,487**	**88**	**20,575**

Consolidated statement of cash flows

First half year

in million euros	1–6/2023	1–6/2024
Operating profit (EBIT)	**864**	**1,470**
Income taxes paid	-294	**-308**
Amortization/depreciation/impairment/write-ups of intangible assets, property, plant and equipment, and assets held for sale[1]	421	**409**
Gains/losses on disposal of intangible assets and property, plant and equipment, and from divestments	217	**2**
Change in inventories	303	**-51**
Change in trade accounts receivable	-342	**-427**
Change in other assets	99	**51**
Change in trade accounts payable	-426	**38**
Change in other liabilities, provisions and equity items	122	**-135**
Cash flow from operating activities	**964**	**1,048**
Purchase of intangible assets and property, plant and equipment, including payments on account	-284	**-281**
Acquisition of subsidiaries and other business units (net of cash and cash equivalents acquired)	-39	**-1,336**
Acquisition of associates and other investments	-9	**-2**
Proceeds on disposal of subsidiaries, other business units and investments (net of cash and cash equivalents disposed)	349	**12**
Proceeds on disposal of intangible assets and property, plant and equipment	6	**5**
Interest received[2]	19	**45**
Change in other financial assets	50	**-11**
Cash flow from investing activities[2]	**91**	**-1,568**
Dividends paid to shareholders of Henkel AG & Co. KGaA	-771	**-771**
Dividends paid to non-controlling shareholders	-4	**-4**
Interest paid[2, 3]	-41	**-30**
Dividends and interest paid	*-815*	***-805***
Repayment of bonds	-312	**–**
Issuance of non-current bank liabilities	–	**244**
Other changes in borrowings	414	**1,040**
Redemption of lease liabilities	-74	**-70**
Allocations to pension funds	-27	**-27**

TABLE CONTINUED ON NEXT PAGE

in million euros	1–6/2023	1–6/2024
Other changes in pension obligations	160	**56**
Cash outflow for the purchase of treasury shares	-195	**–**
Other financing transactions	-2	**3**
Cash flow from financing activities[2]	**-851**	**441**
Net change in cash and cash equivalents	204	**-80**
Effect of exchange rates on cash and cash equivalents and inflation adjustment according to IAS 29	-54	**-17**
Change in cash and cash equivalents	**150**	**-96**
Cash and cash equivalents at January 1	1,088	**1,951**
Change in cash and cash equivalents classified as held for sale	135	**–**
Cash and cash equivalents at June 30	**1,372**	**1,854**

Additional voluntary information: Reconciliation to free cash flow

in million euros	1–6/2023	1–6/2024
Cash flow from operating activities	964	**1,048**
Purchase of intangible assets and property, plant and equipment, including payments on account	-284	**-281**
Redemption of lease liabilities	-74	**-70**
Proceeds on disposal of intangible assets and property, plant and equipment	6	**5**
Net interest paid	-22	**15**
Other changes in pension obligations	160	**56**
Free cash flow	**749**	**772**

[1] Impairments in fiscal 2024 amount to 56 million euros (previous year: 77 million euros). The figures also include depreciation, impairment and write-ups of right-of-use assets.

[2] Effective from the fourth quarter 2023, interest received is presented in the cash flow from investing activities. The interest result from currency forwards used to hedge intercompany financing transactions is shown under interest paid. Prior-year figures have been amended accordingly.

[3] 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 2024	**5,475**	**5,266**	**10,742**	**71**	**10,813**
Proportion of Group sales	51%	49%	**99%**	1%	**100%**
Sales January–June 2023	5,475	5,365	**10,840**	86	**10,926**
Change versus previous year	0.0%	-1.8%	**-0.9%**	-16.9%	**-1.0%**
Adjusted for foreign exchange	2.0%	0.0%	**1.0%**	–	**0.9%**
Organic	2.0%	4.3%	**3.1%**	–	**2.9%**
Operating profit (EBIT) January–June 2024	**874**	**674**	**1,549**	**-78**	**1,470**
Operating profit (EBIT) January–June 2023	642	299	**941**	-77	**864**
Change versus previous year	36.2%	> 100%	**64.6%**	–	**70.2%**
Return on sales (EBIT margin) January–June 2024	**16.0%**	**12.8%**	**14.4%**	**–**	**13.6%**
Return on sales (EBIT margin) January–June 2023	11.7%	5.6%	**8.7%**	–	**7.9%**
Adjusted operating profit (adjusted EBIT) January–June 2024	**933**	**753**	**1,686**	**-76**	**1,610**
Adjusted operating profit (adjusted EBIT) January–June 2023	766	559	**1,325**	-71	**1,254**
Change versus previous year	21.8%	34.8%	**27.3%**	–	**28.4%**
Adjusted return on sales (adjusted EBIT margin) January–June 2024	**17.0%**	**14.3%**	**15.7%**	**–**	**14.9%**
Adjusted return on sales (adjusted EBIT margin) January–June 2023	14.0%	10.4%	**12.2%**	–	**11.5%**
Capital employed January–June 2024[1]	**10,196**	**11,538**	**21,733**	**93**	**21,826**
Capital employed January–June 2023[1]	9,793	11,857	**21,650**	138	**21,788**
Change versus previous year	4.1%	-2.7%	**0.4%**	–	**0.2%**

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 2024	**17.1%**	**11.7%**	**14.3%**	**–**	**13.5%**
Return on capital employed (ROCE) January–June 2023	13.1%	5.0%	**8.7%**	–	**7.9%**
Adjusted return on capital employed (adjusted ROCE) January–June 2024	**18.3%**	**13.1%**	**15.5%**	**–**	**14.8%**
Adjusted return on capital employed (adjusted ROCE) January–June 2023	15.6%	9.4%	**12.2%**	–	**11.5%**
Amortization/depreciation/impairment/write-ups of intangible assets, property, plant and equipment and assets held for sale January–June 2024[2]	**181**	**218**	**399**	**10**	**409**
Of which impairment 2024	**11**	**45**	**56**	**–**	**56**
Of which write-ups 2024	**–**	**–**	**–**	**–**	**–**
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**
Additions to non-current assets January–June 2024	**1,268**	**464**	**1,732**	**13**	**1,745**
Additions to non-current assets January–June 2023	166	148	**314**	5	**320**
Operating assets January–June 2024[3]	**13,606**	**16,316**	**29,922**	**496**	**30,418**
Operating liabilities January–June 2024	**3,812**	**4,637**	**8,449**	**403**	**8,852**
Net operating assets January–June 2024[3]	**9,794**	**11,679**	**21,473**	**93**	**21,566**
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**

[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 2024	**2,798**	**2,662**	**5,460**	**36**	**5,496**
Proportion of Group sales	51%	48%	**99%**	1%	**100%**
Sales April–June 2023	2,683	2,593	**5,277**	40	**5,316**
Change versus previous year	4.3%	2.6%	**3.5%**	-9.5%	**3.4%**
Adjusted for foreign exchange	4.4%	2.1%	**3.3%**	–	**3.2%**
Organic	2.6%	3.3%	**2.9%**	–	**2.8%**

Regional performance

Key figures by region first half year (additional voluntary information)

in million euros	Europe	IMEA	North America	Latin America	Asia-Pacific	Corporate	Henkel Group
Sales January–June 2024[1]	**4,071**	**1,132**	**3,033**	**863**	**1,642**	**71**	**10,813**
Sales January–June 2023[1]	4,284	1,016	3,104	835	1,601	86	**10,926**
Change versus previous year	-5.0%	11.4%	-2.3%	3.5%	2.5%	–	**-1.0%**
Organic	1.8%	21.0%	-1.6%	0.0%	5.5%	–	**2.9%**
Proportion of Group sales January–June 2024	**38%**	**10%**	**28%**	**8%**	**15%**	**1%**	**100%**
Proportion of Group sales January–June 2023	39%	9%	28%	8%	15%	1%	**100%**
Adjusted operating profit (adjusted EBIT) January–June 2024[2]	**842**	**119**	**329**	**115**	**281**	**-76**	**1,610**
Adjusted operating profit (adjusted EBIT) January–June 2023[2]	687	90	239	90	220	-71	**1,254**
Change versus previous year	22.7%	32.6%	37.8%	27.6%	28.0%	–	**28.4%**
Adjusted return on sales (adjusted EBIT margin) January–June 2024[2]	**20.7%**	**10.5%**	**10.8%**	**13.3%**	**17.1%**	**–**	**14.9%**
Adjusted return on sales (adjusted EBIT margin) January–June 2023[2]	16.0%	8.8%	7.7%	10.8%	13.7%	–	**11.5%**

[1] By location of company.

[2] Effective from fiscal 2024, the regional development is presented based on adjusted operating profit (adjusted EBIT) and adjusted return on sales (adjusted EBIT margin). To improve the comparability of profitability in the regions, the presentation of intragroup charges has been amended.

Key figures by region second quarter (additional voluntary information)

in million euros	Europe	IMEA	North America	Latin America	Asia-Pacific	Corporate	Henkel Group
Sales April–June 2024[1]	**2,048**	**557**	**1,555**	**443**	**857**	**36**	**5,496**
Sales April–June 2023[1]	2,083	453	1,520	424	796	40	**5,316**
Change versus previous year	-1.7%	22.9%	2.3%	4.4%	7.7%	–	**3.4%**
Organic	1.2%	13.7%	-0.2%	2.7%	7.5%	–	**2.8%**
Proportion of Group sales April–June 2024	**37%**	**10%**	**28%**	**8%**	**16%**	**1%**	**100%**
Proportion of Group sales April–June 2023	39%	9%	29%	8%	15%	1%	**100%**

[1] By location of company.

Reconciliation of adjusted earnings

Reconciliation from operating profit to adjusted net income

in million euros		1–6/2023	1–6/2024	+/-
Operating profit (EBIT) (as reported)		**864**	**1,470**	**70.2%**
One-time income		-3	**–**	–
One-time expenses		238	**31**	–
Restructuring expenses		155	**110**	–
Adjusted operating profit (adjusted EBIT)		**1,254**	**1,610**	**28.4%**
Adjusted return on sales	in %	11.5	**14.9**	3.4pp
Financial result (adjusted)		-41	**-33**	-18.8%
Taxes on income (adjusted)		-309	**-402**	30.0%
Adjusted tax rate	in %	25.5	**25.5**	0.0pp
Adjusted net income		**904**	**1,175**	**30.0%**
Attributable to non-controlling interests		10	**12**	25.2%
Attributable to shareholders of Henkel AG & Co. KGaA		894	**1,163**	30.0%
Adjusted earnings per ordinary share	in euros	**2.12**	**2.77**	**30.7%**
Adjusted earnings per preferred share	in euros	**2.13**	**2.78**	**30.5%**
At constant exchange rates				32.9%

pp = percentage points

One-time expenses of 16 million euros in the first half of 2024 relate to incidental costs in connection with acquisitions and divestments. In addition, the figure for one-time expenses also includes 14 million euros relating to the merger of the former Beauty Care and Laundry & Home Care business units to create the Consumer Brands business unit. These result primarily from internal costs for the IT integration of the business units.

Restructuring expenses substantially comprise payments related to the termination of employment relationships, impairment losses on non-current assets and inventories, and expenses connected with the termination of business relationships with business partners. In the period under review, they also included expenses arising from the reclassification of currency translation reserves in connection with the discontinuation of our business activities in Venezuela. Of the restructuring expenses in the first half of 2024, 44 million euros is attributable to cost of sales (previous year: 117 million euros) and 13 million euros to marketing, selling and distribution expenses (previous year: 28 million euros). In addition, 2 million euros out of the total restructuring expenses is attributable to research and development expenses (previous year: 2 million euros), while 12 million euros is attributable to administrative expenses (previous year: 8 million euros) and 38 million euros to other operating expenses (previous year: no such expenses).

The financial result for the first six months of 2024 was adjusted by 22 million euros for the net loss incurred from the adjustment to current purchasing power of non-monetary assets and liabilities, and of equity from the application of financial reporting rules for hyperinflationary economies relating to Türkiye (previous year: 12 million euros).

Other disclosures

Earnings per share

In calculating earnings per share for the period January through June 2024, 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

		1–6/2023		1–6/2024	
		Reported	Adjusted	Reported	Adjusted
Net income attributable to shareholders of Henkel AG & Co. KGaA	in million euros	**564**	**894**	**1,029**	**1,163**
Number of outstanding ordinary shares[1]		256,589,811	256,589,811	**256,505,172**	**256,505,172**
Basic earnings per ordinary share	in euros	**1.34**	**2.12**	**2.45**	**2.77**
Number of outstanding preferred shares[1]		163,567,281	163,567,281	**162,842,587**	**162,842,587**
Basic earnings per preferred share	in euros	**1.35**	**2.13**	**2.46**	**2.78**
Diluted earnings per ordinary share	in euros	**1.34**	**2.12**	**2.45**	**2.77**
Diluted earnings per preferred share	in euros	**1.35**	**2.13**	**2.46**	**2.78**

[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 2023, with the exception of the changes to IFRSs listed on pages 238 and 239 of our Annual Report 2023, which became mandatory on January 1, 2024. The changes do not, however, have any material impact on the consolidated financial statements of Henkel.

In light of persisting geopolitical uncertainties – not least against the backdrop of the war in Ukraine and the Middle East conflict – the estimates required for the preparation of the 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 interim Group management report and released them for forwarding to the Supervisory Board and for publication on August 8, 2024.

Scope of consolidation

In addition to Henkel AG & Co. KGaA as the ultimate parent company, the scope of consolidation at June 30, 2024, includes 15 German and 202 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, 2023:

Scope of consolidation

	2023	2024
At January 1	**201**	**197**
Additions	1	**30**
Mergers	-8	**-6**
Disposals	-5	**-3**
At June 30	**189**	**218**

Detailed information on the acquisitions and divestments made in the period under review is provided in the following sections. The remaining changes to the scope of consolidation have no significant impact on the main items of the consolidated financial statements.

Acquisitions

Effective April 2, 2024, Henkel acquired all shares in Seal for Life Industries Intermediate Co., USA, Seal for Life Global Dutch Holding B.V., Netherlands, and SFL Canusa Canada Ltd., Canada, in the Adhesive Technologies business unit. These acquired companies, together with their subsidiaries, operate globally under the name Seal for Life and are specialized in protective coatings and sealing solutions in a broad variety of infrastructure markets such as renewable energies, oil, gas and water. The acquisition is intended to strengthen our global position and expand our range of solutions for maintenance, repair and overhaul. The purchase price, including external liabilities redeemed on the transaction date, was 1,102 million euros and was paid in cash. The provisional goodwill acquired represents the growth potential of the businesses purchased, as well as both offensive and defensive synergies resulting from acquisition. Most of the goodwill is not tax-deductible.

The provisional fair values of the acquired assets and liabilities were determined by the contracts and available opening balances on the relevant acquisition date.

Acquisition of Seal for Life 2024

in million euros	Fair value
Goodwill	747
Other intangible assets	281
Property, plant and equipment	46
Other non-current assets	2
Non-current assets	**1,075**
Inventories	55
Trade accounts receivable	37
Cash and cash equivalents	16
Other current assets	7
Current assets	**115**
Total assets	**1,191**
Net assets	**1,102**
Deferred tax liabilities	59
Other non-current liabilities	5
Non-current liabilities	**64**
Other current provisions/liabilities	9
Trade accounts payable	15
Current liabilities	**25**
Total equity and liabilities	**1,191**

Reconciliation of the purchase price to provisional goodwill

in million euros	2024
Acquisition of Seal for Life	
Purchase price	1,102
Fair value of the acquired assets and liabilities (provisional)	355
Provisional goodwill	**747**

If Henkel had completed the acquisition of Seal for Life effective January 1, 2024, and the business activities had thus been included in the consolidated financial statements since that date, these activities would have contributed 108 million euros to sales and, taking into account incidental acquisition costs, -6 million euros to net income for the reporting period of January 1 to June 30, 2024. The actual contributions of the business in 2024 were 59 million euros to sales and -10 million euros to net income after factoring in the incidental acquisition costs. Incidental acquisition costs amounted to 16 million euros.

Effective April 30, 2024, we also completed the acquisition of the Vidal Sassoon brand and related consumer hair care business in China in the Consumer Brands business unit. The purchase price paid in cash on completion of the transaction was 252 million euros. In addition, a liability for a contingent purchase price payment was recognized at its fair value of 29 million euros, with this payment essentially tied to the fulfillment of contractually defined services by the seller during a transitional services phase. Further information regarding the determination of the fair value of this liability and the scope of future payments is provided in the "Financial instruments" section on pages 51 to 58.

The determination of the purchase price and the allocation of the purchase price to the acquired assets and liabilities in accordance with IFRS 3 (Business Combinations) for the shares in Composite Technology Intermediate, Inc. acquired in the 2023 fiscal year and the shares in Seal for Life and the consumer hair care business in China acquired in the reporting period have not yet been finalized, as certain information relevant to the measurement is not yet available. Also and above all, determination of the fair value of the contingent purchase price liability for the acquisition of the consumer hair care business in China and the other intangible assets, provisions and deferred taxes acquired as part of the acquisitions, and the resulting goodwill, has not yet been finalized. The process of determining fair values requires discretionary judgments when making corresponding assumptions and estimates. These preliminary estimates are based on currently available information and will be updated during the measurement period, which may not exceed twelve months from the acquisition date, based on valuations performed by independent third parties, additionally available information and further analysis.

Divestments

Active portfolio management continues to be an essential element in determining the future strategic direction of the Henkel Group. Both the acquisition and sale of trademark rights and businesses are integral to our strategy. As part of this strategy, we made a number of small divestments in both business units in the first half of 2024. These transactions did not have a 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 restated for the change in purchasing power resulting from inflation prior to conversion into the Group currency and before consolidation. Non-monetary items on the statement of financial position that are measured at cost or amortized cost, equity, and the amounts stated on the consolidated statement of income must be indexed on the basis of a general price index and represented at current purchasing power from the time of initial recognition in the financial statements. Monetary items are not restated. Corresponding gains and losses from current inflation are recognized in financial result.

After restatement to current purchasing power, all items on the statement of financial position and all income and expenses on the consolidated statement of income are translated to the functional currency of the Group (euros) at the closing rate on the reporting date. When performing consolidation, Henkel recognizes changes resulting from the current inflation of the equity of its subsidiaries in the currency translation reserve.

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 25.2 percent in general purchasing power was assumed, based also on input from experts, as the actual inflation rate for the month of June 2024 was not yet available when the financial statements were being prepared. The price index assumed for June 30, 2024 was 2,319. The price index stood at 1,859 as of December 31, 2023, and at 1,352 as of June 30, 2023.

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.

Disclosures relating to treasury shares

Treasury shares held by the company – stated as 3,290,703 ordinary shares and 15,340,779 preferred shares as of December 31, 2023 – changed as follows in the first half of 2024:

During the reporting period, a total of 34,531 preferred shares (equivalent to a notional share of 0.01 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 2.3 million euros.

As of June 30, 2024, treasury shares amounted to

- 3,290,703 ordinary shares (equivalent to a notional share of 3.3 million euros or 0.75 percent of the capital stock) and
- 15,306,248 preferred shares (equivalent to a notional share of 15.3 million euros or 3.49 percent of the capital stock).

Financial instruments

All financial assets and liabilities with the exception of derivative financial instruments, other investments, certain financial investments reported under securities and time deposits or cash equivalents and the virtual power purchase agreements and liabilities from contingent purchase price agreements included under sundry financial assets or liabilities are measured at amortized cost using the effective interest method. In addition, a risk provision was accrued in the amount of expected credit losses for financial assets that are measured at amortized cost or at fair value through other comprehensive income.

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, 2023[1]	Dec. 31, 2023	June 30, 2024	June 30, 2024
Financial assets	**Financial instruments class (valuation hierarchy of fair values)**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Trade accounts receivable	Amortized cost	3,470		3,918	
Other financial assets		827		779	
Receivables from non-consolidated subsidiaries and associates	Amortized cost	0		0	
Financial receivables from third parties	Amortized cost	29		24	
Derivative financial instruments not included in a designated hedging relationship	Fair value through profit or loss (level 2)	33	33	41	41
Derivative financial instruments included in a designated hedging relationship	Derivatives included in a designated hedging relationship (level 2)	108	108	85	85
Derivative financial instruments included in a designated hedging relationship	Derivatives included in a designated hedging relationship (level 3)	0	0	0	0
Investments in non-consolidated subsidiaries and associates	Not assigned to any valuation category under IFRS 9	7		7	
Other investments	Fair value through other comprehensive income (level 3)	129	129	127	127
Receivables from Henkel Trust e.V. and external pension funds	Amortized cost	176		140	
Securities and time deposits	Amortized cost	8		12	
Securities and time deposits	Fair value through profit or loss (level 1)	208	208	210	210
Securities and time deposits	Fair value through profit or loss (level 2)	17	17	7	7
Securities and time deposits	Fair value through profit or loss (level 3)	7	7	12	12
Financial collateral provided	Amortized cost	5		2	
Sundry financial assets	Amortized cost	100		111	
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	1,951		1,854	
Cash and cash equivalents	Fair value through profit or loss (level 2)	0	0	0	0
Total		**6,248**		**6,552**	

TABLE CONTINUED ON NEXT PAGE

in million euros		Dec. 31, 2023[1]	Dec. 31, 2023	June 30, 2024	June 30, 2024
Financial liabilities	**Financial instruments class (valuation hierarchy of fair values)**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Borrowings		2,269		3,598	
Bonds (not included in a designated hedging relationship)	Amortized cost (level 1)	1,219	1,085	1,245	1,097
Bonds (included in a designated hedging relationship)	Amortized cost (level 1) accounted for as part of a fair value hedge	645	652	644	652
Other borrowings	Amortized cost	404		1,708	
Trade accounts payable	Amortized cost	4,075		4,108	
Other financial liabilities		738		834	
Lease liabilities	Not assigned to any valuation category under IFRS 9	624		708	
Liabilities to non-consolidated subsidiaries and associates	Amortized cost	3		3	
Liabilities to customers	Amortized cost	46		31	
Derivative financial instruments not included in a designated hedging relationship	Fair value through profit or loss (level 2)	21	21	20	20
Derivative financial instruments included in a designated hedging relationship	Derivatives included in a designated hedging relationship (level 2)	14	14	21	21
Derivative financial instruments included in a designated hedging relationship	Derivatives included in a designated hedging relationship (level 3)	1	1	0	0
Sundry financial liabilities	Amortized cost	28		21	
Sundry financial liabilities	Fair value through profit or loss (level 3)	-9	-9	20	20
Sundry financial liabilities	Not assigned to any valuation category under IFRS 9	11		10	
Total		**7,082**		**8,540**	

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

IFRS 13 Fair Value Measurement defines fair value as the price that would be payable in a principal market – or in the most favorable market, in the absence of the former – if an asset were to be sold or a liability transferred. Valuation parameters as close to market reality as possible must be used as input factors to determine fair value. The fair value hierarchy prioritizes the input factors used in the valuation methods in three descending levels, depending on market proximity:

- Level 1: Fair values which are determined on the basis of quoted, unadjusted prices in active markets.
- Level 2: Fair values which are determined on the basis of parameters for which either directly or indirectly derived market prices are available.
- Level 3: Fair values which are determined with the aid of parameters for which the input factors are not derived from observable market data.

The fair value of securities and time deposits, and bonds, classified as level 1, is based on the quoted market prices on the reporting date. Observable market data are used to measure the fair value of level 2 securities, time deposits and cash equivalents. If bid and ask prices are available, the mid price is used to determine the fair value. When measuring derivative financial instruments, the credit risk is determined by netting all financial assets, liabilities, collateral received and collateral provided for each counterparty to determine the net credit exposure. Credit risk is taken into account by adjusting the fair values concerned on the basis of credit risk premiums.

The fair value of forward exchange transactions and cross-currency interest rate swaps is determined 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	**2023**	**2024**	**2023**	**2024**
1 month	3.88	3.66	5.38	5.33
3 months	3.87	3.63	5.33	5.32
6 months	3.21	3.33	4.76	5.05
1 year	2.55	3.01	4.07	4.61
2 years	2.30	2.84	3.75	4.35
5 years	2.22	2.74	3.60	4.19
10 years	2.19	2.69	3.53	4.10

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 2023

in million euros	Derivative financial assets included in a designated hedging relationship	Derivative financial liabilities included in a designated hedging relationship	Other investments and securities	Sundry financial assets with embedded derivatives	Sundry financial liabilities with embedded derivatives	Sundry financial liabilities from contingent consideration
Carrying amount at January 1, 2023	**0**	**1**	**116**	**4**	**-11**	**–**
Purchases	–	–	13	–	–	–
Gains/losses (realized) recognized as other operating income or expenses	–	–	–	0	1	–
Of which: attributable to assets and liabilities held at the end of the reporting period	–	–	–	0	1	–
Gains/losses (realized) recognized in other financial result	–	–	–	–	–	–
Of which: attributable to assets and liabilities held at the end of the reporting period	–	–	–	–	–	–
Gains/losses recognized in other comprehensive income	-0	-1	2	–	–	–
Foreign exchange effects and other changes	–	–	-2	–	0	–
Carrying amount at June 30, 2023	**0**	**0**	**129**	**4**	**-10**	**–**

Development of level 3 assets and liabilities January–June 2024

in million euros	Derivative financial assets included in a designated hedging relationship	Derivative financial liabilities included in a designated hedging relationship	Other investments and securities	Sundry financial assets with embedded derivatives	Sundry financial liabilities with embedded derivatives	Sundry financial liabilities from contingent consideration
Carrying amount at January 1, 2024	**0**	**1**	**136**	**4**	**-9**	**–**
Purchases	–	–	9	–	–	29
Gains/losses (realized) recognized as other operating income or expenses	–	–	–	-0	1	–
Of which: attributable to assets and liabilities held at the end of the reporting period	–	–	–	-0	1	–
Gains/losses (realized) recognized in other financial result	–	–	–	–	–	–
Of which: attributable to assets and liabilities held at the end of the reporting period	–	–	–	–	–	–
Gains/losses recognized in other comprehensive income	0	-1	-6	–	–	–
Foreign exchange effects and other changes	–	–	1	–	-0	-0
Carrying amount at June 30, 2024	**0**	**0**	**139**	**4**	**-9**	**29**

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 to achieve our climate targets. 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 basis points in the discount rate would result in a change in the fair value of the virtual power purchase agreement concerned of 0 million euros.

At the time of initial recognition, the fair 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 sundry financial assets or sundry financial liabilities. Changes in the fair value and deferred amount are recognized in other operating income or other operating expenses in the statement of income.

On January 1, 2024, the deferred difference recognized for the virtual power purchase agreement in the USA was 11 million euros (previous year: 13 million euros). In the reporting period, 1 million euros was recognized as other operating income (previous year: 1 million euros). The difference remaining as of June 30, 2024, after allowing for currency effects, was 10 million euros (previous year: 12 million euros). On January 1, 2024, the deferred difference recognized for the virtual power purchase agreement in Europe was 4 million euros (previous year: 4 million euros). In the first six months of 2024 the amount of 0 million euros was recognized as other operating income for the first time following the commissioning of the solar park in May 2024. The difference remaining as of June 30, 2024, was 4 million euros (previous year: 4 million euros).

The fair value of the contingent consideration reported under sundry financial liabilities in connection with the acquisition of the Vidal Sassoon brand and the related consumer hair care business in China is essentially tied to the fulfillment of contractually defined services by the seller during a transitional services phase. The assessments as to whether the services have been provided as contractually agreed will be made in 2024 and 2025 at six-monthly intervals from the date of acquisition. If the seller fails to meet one of three agreed performance indicators in any of the assessment periods, or only meets them in part, the purchase price liability is reduced by a maximum of a low single-digit million euro amount for each unmet performance indicator. Any corresponding changes would be recognized in other operating income or expenses. The agreement stipulates that Henkel will pay a maximum amount of up to 29 million euros.

Voting rights/Related party disclosures

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

Notes to the consolidated statement of cash flows

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.

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 2024 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 1,073 million euros in the first six months of the fiscal year (previous year: 501 million euros).

Other changes in pension obligations include payment receipts of 100 million euros in fiscal 2024 constituting the refund of pension payments to retirees for which a right of reimbursement exists with respect to Henkel Trust e.V. and an external pension fund. The prior-year reimbursement recognized in cash flow from financing activities amounted to 200 million euros.

Notes to the Group segment report

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.

The Group measures the performance of its segments on the basis of a segment income variable referred to internally and in our reporting procedures as “adjusted EBIT,” which is calculated by adjusting operating profit (EBIT) for one-time expenses and income, and also for restructuring expenses.

One-time expenses in the reporting period include 30 million euros attributable to the reportable segments. In the previous year, one-time expenses totaling 235 million euros and one-time income of 3 million euros related to the reportable segments. Of the restructuring expenses, 107 million euros (previous year: 151 million euros) is attributable to the reportable segments. Of these restructuring expenses, 43 million euros (previous year: 59 million euros) is attributable to Adhesive Technologies and 64 million euros (previous year: 92 million euros) to the Consumer Brands business unit.

For reconciliation with the figures for the Henkel Group, Group management overheads are reported under Corporate together with income and expenses that cannot be allocated to the individual business units.

For reconciliation with the pre-tax earnings of the Henkel Group, please refer to the consolidated statement of income and the financial result reported therein. 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 2024 were attributable to various assets within other intangible assets and property, plant and equipment.

Other unrecognized financial commitments

At June 30, 2024, commitments arising from orders for property, plant and equipment amounted to 108 million euros (previous year: 139 million euros).

Payment commitments under the terms of agreements for capital increases and share purchases contracted prior to the reporting date amounted to 20 million euros (previous year: 28 million euros).

Subsequent events

After June 30, 2024, there were no reportable events of particular significance for the net assets, financial position and results of operations of the Henkel Group.

Düsseldorf, August 8, 2024

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, 2024, 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, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Peter Bartels	Antje Schlotter
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(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 Group management report 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, 2024

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, 2024, the half-year financial report for the first six months of fiscal 2024 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 auditor pertaining to the above. The Audit Committee has approved and endorses the half-year financial report.

Düsseldorf, August 8, 2024

Chair of the Audit Committee
Simone Menne

MULTI-YEAR SUMMARY

First half year 2020 to 2024

in million euros		2020	2021	2022	2023	2024
Sales Henkel Group		**9,485**	**9,926**	**10,913**	**10,926**	**10,813**
Adhesive Technologies		4,153	4,752	5,467	5,475	**5,475**
Consumer Brands		5,278	5,114	5,336	5,365	**5,266**
Adjusted[1] operating profit (EBIT)		1,191	1,430	1,166	1,254	**1,610**
Adjusted[1] earnings per preferred share	in euros	1.96	2.40	1.95	2.13	**2.78**

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

Second quarter 2020 to 2024

in million euros	2020	2021	2022	2023	2024
Sales Henkel Group	**5,121**	**4,558**	**5,642**	**5,316**	**5,496**
Adhesive Technologies	1,944	2,394	2,836	2,683	**2,798**
Consumer Brands	2,588	2,533	2,752	2,593	**2,662**

CREDITS

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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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FINANCIAL CALENDAR

Publication of
Statement for the Third Quarter 2024:
Wednesday, November 6, 2024

Publication of
Report for Fiscal 2024:
Tuesday, March 11, 2025

Annual General Meeting
Henkel AG & Co. KGaA 2025:
Monday, April 28, 2025