

Henkel Denmark A/S

Industriparken 21A
2750 Ballerup

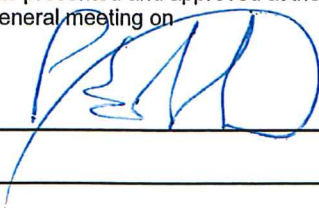
CVR no. 37 94 02 24

Annual report 2020

The annual report was presented and approved at the
Company's annual general meeting on

27 May 2021

Peter Budden
chairman



Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Company details	5
Financial highlights	6
Operating review	7
Financial statements 1 January – 31 December	8
Income statement	8
Balance sheet	9
Statement of changes in equity	11
Notes	12

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Henkel Denmark A/S for the financial year 1 January – 31 December 2020.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Ballerup 27 May 2021
Executive Board:



Robert Steen Larsen
CEO

Board of Directors:



Peter David Budden
Chairman



Robert Steen Larsen



Carsten Bøye Nielsen

Independent auditor's report

To the shareholder of Henkel Denmark A/S

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020, and of the results of the Company's operations for the financial year 1 January – 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Henkel Denmark A/S for the financial year 1 January – 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes ("financial statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

Hillerød, 27 May 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31



Carsten Blicher
State Authorised
Public Accountant
mne16560

Henkel Denmark A/S
Annual report 2020
CVR no. 37 94 02 24

Management's review

Company details

Henkel Denmark A/S
Industriparken 21A
2750 Ballerup

CVR no.:	37 94 02 24
Established:	8 August 2016
Registered office:	Ballerup
Financial year:	1 January – 31 December

Board of Directors

Peter David Budden, Chairman
Robert Steen Larsen
Carsten Bøye Nielsen

Executive Board

Robert Steen Larsen, CEO

Auditor

PricewaterhouseCoopers
Milnersvej 43
3400 Hillerød
Denmark

Management's review

Financial highlights

DKK'000	2020	2019	2018	2017	2016
Key figures					
Gross profit/loss	37,887	36,324	26,571	31,828	0
Ordinary operating profit/loss	-10,573	-8,366	-18,557	-14,049	0
Profit/loss from financial income and expenses	66	-64	-100	-249	-30
Profit/loss for the year	-13,979	-13,070	-22,905	-17,290	-30
Total assets					
Equity	294,119	297,782	318,533	328,873	470
Investment in property, plant and equipment	255,199	269,116	236,886	259,791	470
	79	54	0	3,497	0
Ratios					
Current ratio	345.71%	389.81%	122.00%	114.00%	0.00%
Solvency ratio	86.77%	90.37%	74.00%	79.00%	100.00%
Average number of full-time employees					
	26	27	29	31	0

Financial ratios are calculated in accordance with the guidelines "Recommendations and Ratios" issued by the Danish Society of Financial Analysts. The financial ratios have been calculated as follows:

Current ratio
$$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$$

Solvency ratio
$$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$$

Management's review

Operating review

Principal activities

Henkel Denmark A/S' main activity is sale and marketing of products and associated business. The company operates in three business areas: Beauty Care, Laundry & Home Care, and Adhesive Technologies. Beauty Care provides products in hair care, coloration and hair styling. Laundry & Home Care provides products in laundry and home care segments. Adhesive Technologies provides adhesives, sealants and surface treatments to consumers, craftsmen and industrial applications.

Development in activities and financial position

The total turnover for Henkel Denmark A/S decreased by 5,4% in 2020 compared to 2019.

The business impact of the Coronavirus pandemic on Henkel business was generally adverse in 2020, as industry took a down turn. However, due to Henkel's diverse portfolio of brands & categories in which it operates, the impact was somewhat contained. Conversely, sales of cleaning products, home hair colorations & DIY products increased due to higher demand, driven by a combination of the raised awareness of hand/surface cleaning & consumers spending more time at home.

Office attendance was reduced considerably in order to maintain social distancing & many other hygiene measures were implemented across all sites in the region. As a result, much of the business & support functions activities took place from home, collaborating on Microsoft Teams.

Customer visits were restricted to business critical trips only for much of the year, requiring customer meetings also to be predominantly held virtually on Microsoft Teams. For the Industrial Adhesives sectors, this led to new projects largely being put on hold & the business instead spent time on training for a stronger restart when restrictions will be lifted.

Finally, Henkel's e-commerce has benefited greatly from the pandemic with double digit growth in 2020 across most businesses in this channel. A trend that Henkel would like to build on in 2021.

Events after the balance sheet date

As we enter 2021, we still face a high level of uncertainty how the pandemic will continue to evolve, how quickly the vaccination efforts will progress and how this will impact the widespread restrictions in many countries. We expect that the industrial demand as well as consumer segments which are relevant for our company will recover. At the same time, we believe consumer demand will return to normal levels in those categories which saw higher demand due to the pandemic. In addition, we assume that current restrictions in many key markets will be lifted in the course of the first quarter and that there will be no widespread shutdowns of retail and industrial businesses as well as production facilities in the remainder of the year.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2020	2019
Gross profit		37,887	36,324
Staff costs	2	-20,650	-16,928
Depreciation, amortisation and impairment losses		-27,810	-27,762
Other operating costs		<u>-21</u>	<u>-208</u>
Loss before financial income and expenses		-10,594	-8,574
Other financial income	3	341	88
Other financial expenses		<u>-275</u>	<u>-152</u>
Loss before tax		-10,528	-8,638
Tax on profit/loss for the year	4	<u>-3,451</u>	<u>-4,432</u>
Loss for the year	5	<u><u>-13,979</u></u>	<u><u>-13,070</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2020	2019
ASSETS			
Fixed assets			
Intangible assets	6		
Goodwill		<u>165,967</u>	<u>193,628</u>
Property, plant and equipment	7		
Fixtures and fittings, tools and equipment		<u>237</u>	<u>307</u>
Investments	8		
Deposits		<u>416</u>	<u>416</u>
Total fixed assets		<u>166,620</u>	<u>194,351</u>
Current assets			
Receivables			
Trade receivables		41,583	40,391
Receivables from group entities		79,799	57,585
Other receivables		5,168	4,831
Deferred tax asset	9	825	497
Corporation tax		94	0
Prepayments		<u>30</u>	<u>0</u>
		<u>127,499</u>	<u>103,304</u>
Cash at bank and in hand		<u>0</u>	<u>127</u>
Total current assets		<u>127,499</u>	<u>103,431</u>
TOTAL ASSETS		<u>294,119</u>	<u>297,782</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2020	2019
EQUITY AND LIABILITIES			
Equity	10		
Contributed capital		1,000	1,000
Share premium		276,411	276,411
Retained earnings		<u>-22,212</u>	<u>-8,295</u>
Total equity		<u>255,199</u>	<u>269,116</u>
Provisions			
Other provisions	11	<u>2,040</u>	<u>2,132</u>
Total provisions		<u>2,040</u>	<u>2,132</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Banks, current liabilities		12	0
Trade payables		2,326	2,318
Payables to group entities		12,117	8,775
Corporation tax		0	2,962
Other payables		<u>22,425</u>	<u>12,479</u>
		<u>36,880</u>	<u>26,534</u>
Total liabilities other than provisions		<u>36,880</u>	<u>26,534</u>
TOTAL EQUITY AND LIABILITIES		<u>294,119</u>	<u>297,782</u>
Contractual obligations, contingencies, etc.	12		
Related party disclosures	13		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Share premium	Retained earnings	Total
Equity at 1 January 2020	1,000	276,411	-8,295	269,116
Other equity movements	0	0	62	62
Transferred over the distribution of loss	0	0	-13,979	-13,979
Equity at 31 December 2020	1,000	276,411	-22,212	255,199

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Henkel Denmark A/S for 2020 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Henkel Denmark A/S.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Share-based remuneration plans

The Global Long Term Incentive (LTI) Plan 2020+ was introduced effective January 1, 2017. The plan provides for share-based remuneration settled with preferred shares of Henkel AG & Co. KGaA. These treasury shares are granted on condition that members of the plan are employed for four years by Henkel AG & Co.

The investment amount specified in the first year of the cycle based on target achievement is recognized as a proportionate payroll cost spread over the four-year period. As the plan provides for settlement using treasury shares, the allocations are recognized in equity.

Income statement

Gross profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Income from the sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received.

Revenue from the sale of goods where delivery has been postponed at the buyer's request is recognised as revenue when ownership of the goods has been transferred to the buyer.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of intangible assets and property, plant and equipment.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Other operating costs

Other operating costs comprise items secondary to the activities of the entity, including losses on the disposal of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income and expense, payables and transactions denominated in foreign currencies, amortisation of financial assets as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The maximum amortisation period is 10 years.

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	5-10 years
--	------------

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Depreciation is recognised in the income statement.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Investments

Deposits are recognised at amortised cost.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The calculations are done based on an expected future credit loss model.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Cash at bank and in hand

Cash at bank and in hand comprise cash.

Provisions

Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation.

Liabilities other than provisions

Other liabilities are measured at net realisable value.

Financial statements 1 January – 31 December

Notes

DKK'000	2020	2019
2 Staff costs		
Wages and salaries	18,709	14,886
Pensions	1,497	1,331
Other social security costs	106	558
Other staff costs	<u>338</u>	<u>153</u>
	<u>20,650</u>	<u>16,928</u>
Average number of full-time employees	<u>26</u>	<u>27</u>
Persuant to scetion 98B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed. The Board of Directors has not received remuneration.		
3 Other financial income		
DKK'000	2020	2019
Interest income from group entities	227	40
Other financial income	<u>114</u>	<u>48</u>
	<u>341</u>	<u>88</u>
4 Tax on loss for the year		
Current tax for the year	4,127	4,133
Deferred tax for the year	-328	282
Adjustment of tax concerning previous years	<u>-348</u>	<u>17</u>
	<u>3,451</u>	<u>4,432</u>
5 Proposed distribution of loss		
Retained earnings	<u>-13,979</u>	<u>-13,070</u>
	<u>-13,979</u>	<u>-13,070</u>
6 Intangible assets		
DKK'000		Goodwill
Cost at 1 January 2020		<u>276,611</u>
Cost at 31 December 2020		<u>276,611</u>
Amortisation and impairment losses at 1 January 2020		-82,983
Amortisation for the year		<u>-27,661</u>
Amortisation and impairment losses at 31 December 2020		<u>-110,644</u>
Carrying amount at 31 December 2020		<u>165,967</u>

Financial statements 1 January – 31 December

Notes

7 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment
Cost at 1 January 2020	664
Additions for the year	79
Disposals for the year	<u>-79</u>
Cost at 31 December 2020	<u>664</u>
Depreciation and impairment losses at 1 January 2020	-357
Depreciation for the year	-149
Reversed depreciation and impairment losses on assets sold	<u>79</u>
Depreciation and impairment losses at 31 December 2020	<u>-427</u>
Carrying amount at 31 December 2020	<u><u>237</u></u>

8 Investments

DKK'000	Deposits
Cost at 1 January 2020	<u>416</u>
Cost at 31 December 2020	<u>416</u>
Carrying amount at 31 December 2020	<u><u>416</u></u>

9 Deferred tax asset

DKK'000	2020	2019
Deferred tax asset at 1 January 2020	<u>497</u>	<u>779</u>
Adjustmen for the year	<u>328</u>	<u>-282</u>
	<u><u>825</u></u>	<u><u>497</u></u>

10 Equity

The contributed capital at 31 December 2020 consists of 1,000,000 shares of a nominal value of DKK 1 each.

All shares rank equally.

11 Other provisions

Other provisions relate to claim from the Danish Tax Authorities regarding lubricant oil.

Financial statements 1 January – 31 December

Notes

12 Contractual obligations, contingencies, etc.

Operating lease obligations

Remaining operating lease obligations at the balance sheet date fall due at DKK 6,808 thousand within 5 years (2019: DKK 6,226 thousand).

13 Related party disclosures

Control

Henkel Denmark A/S is part of the consolidated financial statements of Henkel AG & Co. KGaA, 40191 Düsseldorf, Germany, which is the smallest and largest groups, in which the Company is included as a subsidiary.

The consolidated financial statements of Henkel AG & Co. KGaA can be obtained at www.henkel.com.

Related party transactions

DKK'000	<u>2020</u>	<u>2019</u>
Sale to group entities	6,126	4,154
Purchases from group entities	147,661	170,757

Remuneration to the Parent Company's Executive Board and Board of Directors is disclosed in note 2

Consolidated financial statements

The ultimate parent company of the Company is Henkel AG & Co. KGaA, 40191 Düsseldorf, Germany, and the consolidated financial statements for Henkel AG & Co. KGaA can be obtained at www.henkel.com.