

Henkel Denmark A/S

Industriparken 21A
2750 Ballerup
Denmark

CVR no. 37 94 02 24

Annual report 2021

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

25 May 2022

Tarakeshwar Raghavan

Chairman of the annual general meeting



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Henkel Denmark A/S
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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 2021.

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 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

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, 25 May 2022
Executive Board:



Micael Thomas Forsberg
CEO

Board of Directors:



Tarakeshwar Raghavan
Chairman



Carsten Bøye Nielsen



Micael Thomas Forsberg

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 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021 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 2021, which comprising 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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, 25 May 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31



Carsten Blicher
State Authorised
Public Accountant
mne16560

Henkel Denmark A/S
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Management's review

Company details

Henkel Denmark A/S
Industriparken 21A
2750 Ballerup
Denmark

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

Board of Directors

Tarakeshwar Raghavan, Chairman
Carsten Bøye Nielsen
Micael Thomas Forsberg

Executive Board

Micael Thomas Forsberg, CEO

Auditor

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Milnersvej 43
3400 Hillerød
Denmark
CVR no. 33 77 12 31

Management's review

Financial highlights

DKK'000	2021	2020	2019	2018	2017
Key figures					
Gross profit	32,536	37,887	36,324	26,571	31,828
Loss before financial income and expenses	-14,619	-10,594	-8,366	-18,557	-14,049
Profit/loss from financial income and expenses	187	66	-64	-100	-249
Loss for the year	-17,355	-13,979	-13,070	-22,905	-17,290
Balance sheet					
Total assets	275,622	294,119	297,601	318,665	328,873
Equity	238,096	255,199	269,116	236,886	259,791
Investment in property, plant and equipment	37	79	54	0	3,497
Ratios					
Current ratio	386.47%	345.71%	389.81%	122.00%	114.00%
Solvency ratio	86.38%	86.77%	90.43%	74.00%	79.00%
Employees					
Average number of full- time employees	25	26	27	29	31

The financial ratios have been calculated as follows:

Financial ratios are calculated in accordance with the guidelines "Recomendations 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

Henkel achieved an overall good performance in fiscal 2021 despite a challenging market environment. The total turnover for Henkel Denmark A/S decreased by 1% in 2021 compared to 2020.

We see a positive development for the Beauty Care Retail business but a decline in the other businesses.

In the consumer goods business, demand in many categories returned to more normal patterns compared to the previous year 2020, when demand was particularly strong for hygiene and cleaning products as well as hair colorants.

The impact of COVID-19 was less severe in 2021 (compared to 2020) due to the gradual opening up of markets. However, profitability was adversely impacted due to the sharp increases in raw material prices and strained supply chains.

Events after the balance sheet date

At the end of January 2022, Henkel announced plans to merge the Laundry & Home Care and Beauty Care businesses into one new business unit - Henkel Consumer Brands.

We expect marked uncertainty and volatility to continue in 2022 with continued, sharp increase in raw materials and logistics costs compounded by the Ukraine crisis.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2021	2020
Gross profit		32,536	37,887
Staff costs	2	-19,095	-20,650
Depreciation, amortisation and impairment losses		-27,745	-27,810
Other operating costs		<u>-315</u>	<u>-21</u>
Loss before financial income and expenses		-14,619	-10,594
Other financial income	3	249	341
Other financial expenses		<u>-62</u>	<u>-275</u>
Loss before tax		-14,432	-10,528
Tax on loss for the year	4	<u>-2,923</u>	<u>-3,451</u>
Loss for the year	5	<u><u>-17,355</u></u>	<u><u>-13,979</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2021	31/12 2020
ASSETS			
Fixed assets			
Intangible assets	6		
Goodwill		<u>138,306</u>	<u>165,967</u>
Property, plant and equipment	7		
Fixtures and fittings, tools and equipment		<u>190</u>	<u>237</u>
Investments	8		
Deposits		<u>339</u>	<u>416</u>
Total fixed assets		<u>138,835</u>	<u>166,620</u>
Current assets			
Receivables			
Trade receivables		54,018	41,583
Receivables from group entities		75,181	79,799
Other receivables		5,435	5,168
Deferred tax asset	9	559	825
Corporation tax		1,372	94
Prepayments	10	<u>222</u>	<u>30</u>
		<u>136,787</u>	<u>127,499</u>
Total current assets		<u>136,787</u>	<u>127,499</u>
TOTAL ASSETS		<u><u>275,622</u></u>	<u><u>294,119</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2021	31/12 2020
EQUITY AND LIABILITIES			
Equity			
Contributed capital	11	1,000	1,000
Share premium		276,411	276,411
Retained earnings		<u>-39,315</u>	<u>-22,212</u>
Total equity		<u>238,096</u>	<u>255,199</u>
Provisions			
Other provisions	12	<u>2,132</u>	<u>2,040</u>
Total provisions		<u>2,132</u>	<u>2,040</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Banks, current liabilities		3	12
Trade payables		2,545	2,326
Payables to group entities		12,905	12,117
Other payables		<u>19,941</u>	<u>22,425</u>
		<u>35,394</u>	<u>36,880</u>
Total liabilities other than provisions		<u>35,394</u>	<u>36,880</u>
TOTAL EQUITY AND LIABILITIES		<u>275,622</u>	<u>294,119</u>
Contractual obligations, contingencies, etc.	13		
Related party disclosures	14		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Share premium	Retained earnings	Total
Equity at 1 January 2021	1,000	276,411	-22,212	255,199
Other equity movements	0	0	252	252
Transferred over the distribution of loss	0	0	-17,355	-17,355
Equity at 31 December 2021	1,000	276,411	-39,315	238,096

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Henkel Denmark A/S for 2021 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 AG & Co. KGaA.

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

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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 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.

Other external costs

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

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 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

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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
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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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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.

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 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.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

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. Provisions are measured at value in use.

Liabilities other than provisions

Other liabilities are measured at amortised cost, which usually corresponds to nominal value.

Financial statements 1 January – 31 December

Notes

DKK'000	<u>2021</u>	<u>2020</u>
2 Staff costs		
Wages and salaries	17,414	18,709
Pensions	1,356	1,497
Other social security costs	107	106
Other staff costs	<u>218</u>	<u>338</u>
	<u>19,095</u>	<u>20,650</u>
Average number of full-time employees	<u>25</u>	<u>26</u>
<p>Persuant to section 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.</p>		
3 Other financial income		
Interest income from group entities	177	227
Other financial income	<u>72</u>	<u>114</u>
	<u>249</u>	<u>341</u>
4 Tax on loss for the year		
Current tax for the year	2,702	4,127
Deferred tax for the year	266	-328
Adjustment of tax concerning previous years	<u>-45</u>	<u>-348</u>
	<u>2,923</u>	<u>3,451</u>
5 Proposed distribution of loss		
Retained earnings	<u>-17,355</u>	<u>-13,979</u>
	<u>-17,355</u>	<u>-13,979</u>

Financial statements 1 January – 31 December

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6 Intangible assets

DKK'000	<u>Goodwill</u>
Cost at 1 January 2021	276,611
Cost at 31 December 2021	<u>276,611</u>
Amortisation and impairment losses at 1 January 2021	-110,644
Amortisation for the year	<u>-27,661</u>
Amortisation and impairment losses at 31 December 2021	<u>-138,305</u>
Carrying amount at 31 December 2021	<u><u>138,306</u></u>

7 Property, plant and equipment

DKK'000	<u>Fixtures and fittings, tools and equipment</u>
Cost at 1 January 2021	664
Additions for the year	37
Disposals for the year	<u>-12</u>
Cost at 31 December 2021	<u>689</u>
Depreciation and impairment losses at 1 January 2021	-427
Depreciation for the year	-84
Reversed depreciation on assets sold	<u>12</u>
Depreciation and impairment losses at 31 December 2021	<u>-499</u>
Carrying amount at 31 December 2021	<u><u>190</u></u>

8 Investments

DKK'000	<u>Deposits</u>
Cost at 1 January 2021	416
Disposals for the year	<u>-77</u>
Cost at 31 December 2021	<u>339</u>
Carrying amount at 31 December 2021	<u><u>339</u></u>

Financial statements 1 January – 31 December

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9 Deferred tax asset

DKK'000	31/12 2021	31/12 2020
Deferred tax asset at 1 January	825	497
Adjustment for the year	-266	328
	<u>559</u>	<u>825</u>

10 Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

11 Equity

The contributed capital at 31 December 2021 consists of 1,000,000 shares of a nominal value of DKK 1 each.

All shares rank equally.

12 Other provisions

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

13 Contractual obligations, contingencies, etc.

Operating lease obligations

Remaining operating lease obligations at the balance sheet date fall due at DKK 3,447 thousand within 5 years (2020: DKK 3,550 thousand).

Financial statements 1 January – 31 December

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14 Related party disclosures

Henkel Denmark A/S related parties comprise the following:

Control

Henkel AG & Co. KGaA, 40191 Düsseldorf, Germany.

Henkel AG & Co. KGaA holds the majority of the contributed capital in the Company.

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	2021	2020
Sale to group entities	6,442	6,126
Purchases from group entities	152,901	147,661

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