always
inspiring more ...

symrise

2021

Financial Report 2021

Five-year financial overview

€ million		2017	2018	2019	2020	2021
Group – Results of operations						
Sales		2,996	3,154	3,408	3,520	3,826
EBITDA[1,2]		630	631	701	742	814
EBITDA margin[1,2]	in %	21.0	20.0	20.6	21.1	21.3
Net income[1,2]		270	275	296	307	375
Earnings per share[1,2]	in €	2.08	2.12	2.20	2.27	2.74
Dividends paid		114	122	129	131	143[3]
Dividends per share	in €	0.88	0.90	0.95	0.97	1.02[3]
Group – Financial position/net assets						
Cash flow from operating activities		396	442	547	636	522
Investments (without M & A)		205	226	182	159	174
Balance sheet total[2] (as of December 31)		4,675	4,920	5,953	5,940	6,643
Capital ratio[2] (as of December 31)	in %	37.8	39.5	41.3	39.8	49.0
Net debt (incl. provisions for pensions and similar obligations) (as of December 31)		1,922	1,893	2,222	2,029	1,964
Employees (as of December 31)	FTE[4]	9,247	9,647	10,264	10,531	11,151
Taste, Nutrition & Health						
Sales		1,733	1,830	1,989	2,151	2,335
EBITDA[5]		382	376	423	471	531
EBITDA margin[5]	in %	22.1	20.6	21.3	21.9	22.7
Scent & Care						
Sales		1,263	1,324	1,419	1,369	1,491
EBITDA		248	254	278	272	283
EBITDA margin	in %	19.6	19.2	19.6	19.8	19.0

1 Figures for 2019 normalized for transaction and integration costs as well as one-off valuation effects related to business combinations
2 Figures for 2019 restated due to finalisation of purchase price allocation for ADF/IDF
3 Proposal
4 Not including apprentices and trainees; FTE = Full Time Equivalent
5 Figures for 2019 normalized for transaction and integration costs related to business combinations and restated due to finalisation of purchase price allocation for ADF/IDF

Table of Contents

ABOUT THIS REPORT

This 2021 financial report contains the complete consolidated financial statements, the Group management report and all other legally required elements. Supplementary to it, a separate corporate report provides a comprehensive depiction of Symrise's performance in 2021 – both from a business perspective as well as from a sustainability standpoint. The corporate report can be viewed electronically and ordered in print form at www.symrise.com/corporatereport/2021.

The Symrise 2021 financial report was published simultaneously with the 2021 corporate report on March 1, 2022, and is available in German and English. The publication date of the financial report for the 2022 fiscal year is March 2023. Additional information on our company's activities can be found at www.symrise.com.

Symrise at a glance
always inspiring more ...

SEGMENTS

Taste, Nutrition & Health				Scent & Care		
Food & Beverage	Pet Food	Aqua Feed	Probi	Fragrance	Cosmetic Ingredients	Aroma Molecules

DIVISIONS

Symrise provides exciting flavor and fragrance experiences, and offers sustainable solutions for food production based on natural starting materials. That is our mission. With commitment and innovative strength, we develop the best possible concepts for our customers' products. We do this so consumers around the world can take pleasure in the most common experiences of everyday life and additionally benefit from healthy or nurturing properties. With its creativity and entrepreneurial energy, Symrise opens up further potential with a third of its business being generated via cosmetic active ingredients and raw materials, functional ingredients, pet food, aquacultures and probiotics. Our wide range of activities offers new chances for growth, stabilizes performance and provides Symrise with an unmistakable profile.

Dynamic sales growth
2006 – 2021 CAGR 7.8 %

Highly profitable
EBITDA margin 2006 – 2021 between 19 % and 22 %

Over **11.000 employees**
in over 40 countries

Over **6,000 customers**
in over 150 countries

SYMRISE'S VALUE CHAIN

Raw materials
- Natural ingredients
- Petro-based raw materials

Product development
- Natural extracts
- Functional ingredients
- Compositions

Manufacturing process
- Extraction
- Distillation
- Chemical processes
- Encapsulation technologies
- Mixes

Customers

Manufacturers of:
- Foods
- Beverages
- Perfumes
- Cosmetics
- Oral care products
- Household products
- Pet food
- Technical applications

Market volume € 37.5 billion

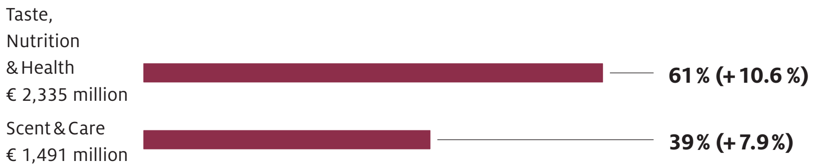
Consumers

2021 Highlights

Almost double-digit organic sales growth and high sales margin

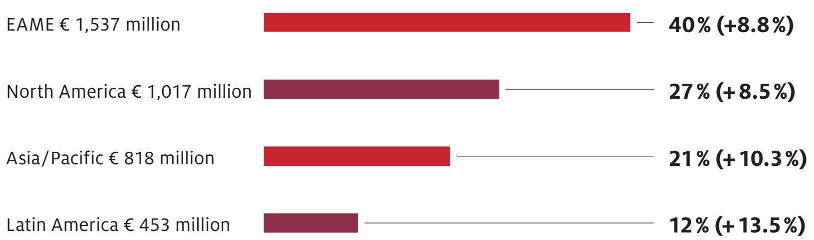
SALES BY SEGMENT

as % of Group sales and organic growth in %



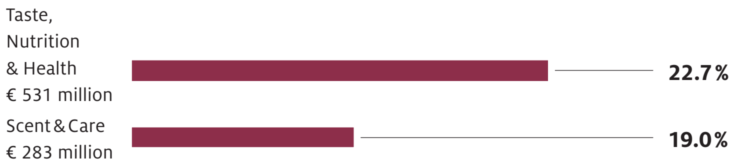
SALES BY REGION

as % of Group sales and organic growth in %



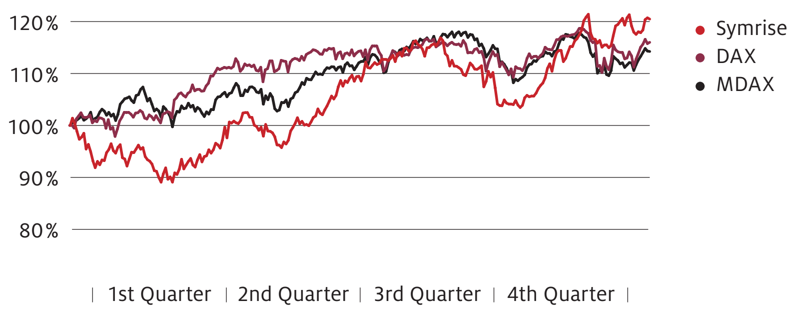
EBITDA (MARGIN) SEGMENTS

in € million and as % of Group sales



SHARE PRICE DEVELOPMENT

of the Symrise stock in 2021



Sales

€ 3,826 million

Organic growth 9.6 %

EBITDA

€ 814 million

EBITDA margin 21.3 %

EBIT

€ 559 million

EBIT margin 14.6 %

Net income

€ 375 million

Earnings per share

€ 2.74

Proposed dividend

€ 1.02

per share

Market capitalization

€ 18.2 billion

at December 31, 2021

Group Management Report

SYMRISE AG, HOLZMINDEN
JANUARY 1 TO DECEMBER 31, 2021

Basic information on the Symrise Group

STRATEGY

Vision

Growth
- Growth in emerging markets
- Maximization of customer spectrum
- Targeted innovation

Efficiency
- Specific efficiency programs
- Optimization of raw materials portfolio

Portfolio
- Expand competencies outside the traditional flavor and fragrance industry
- Acquisitions

Sustainability

Values

GOALS

Financial goals

Sales growth
at local currency
5 – 7 % p.a. (CAGR)

EBITDA margin
20 – 23 % (until 2025)

Business Free Cash Flow:
> 14 %

Customer portfolio mix:
global, regional, local
1/3 each

Cross-divisional
connection of products
and technologies

Complementary operative goals

Sustainability

OUR SUSTAINABILITY AGENDA

FOOTPRINT

Minimize our environmental footprint along the value chain

INNOVATION

Maximize positive social & environmental impacts of our products

SOURCING

Maximize the sustainability of our supply chain and raw materials

CARE

Improve well-being in our stakeholder communities

STRUCTURE AND BUSINESS ACTIVITIES

COMPANY PROFILE

Symrise is a global supplier of fragrances and flavorings, cosmetic active ingredients and raw materials, functional ingredients and product solutions for food production based on natural base materials. Its clients include manufacturers of perfumes, cosmetics, food and beverages, the pharmaceutical industry and producers of nutritional supplements and pet food.

With sales of € 3.8 billion in the 2021 fiscal year and a market share of around 10 %, Symrise is one of the leading global suppliers. Headquartered in Holzminden, Germany, the Group is represented by more than 100 locations in Europe, Africa, the Middle East, Asia, the United States and Latin America. The Symrise Group originally resulted from a merger between the German companies Haarmann & Reimer and Dragoco in 2003. The roots of Symrise date back to 1874 and 1919, when the two companies were founded. In 2006, Symrise AG entered the stock market with its initial public offering (IPO). Since then, Symrise shares have been listed in the Prime Standard segment of the German stock exchange in Frankfurt/Main. With a market capitalization of about € 18 billion at the end of 2021, Symrise shares have been listed on the DAX® index since September 2021. Currently, about 95 % of the shares are in free float.

Operational business is the responsibility of Taste, Nutrition & Health and Scent & Care segments. As of April 1, 2021, the previously separate segments of Flavor and Nutrition were transformed into one newly structured segment. This transformation is necessary above all due to the continued focus on the needs of Symrise customers and the resulting customer loyalty. It also reflects the overlap in raw materials, production processes and customers. Both segments have areas such as research and development, purchasing, production, quality control, marketing and sales. This allows processes to be accelerated. The goal is to simplify procedures while making them customer-oriented and pragmatic. The focus is on fast and flexible decision-making.

The Taste, Nutrition & Health segment includes the Food & Beverage and Pet Food divisions as well as the two smaller units Aqua Feed and Probi. The Scent & Care segment breaks down into the Fragrance, Cosmetic Ingredients and Aroma Molecules divisions.

The Group's business activities are also organized into four regions: EAME (Europe, Africa and Middle East), North America, Asia/Pacific and Latin America.

The Group has a Corporate Center where the following central functions are carried out: Accounting, Controlling, Taxes, Treasury, Corporate Communications/Sustainability, Investor Relations, Legal Affairs, Human Resources (HR), Group Compliance, Corporate Internal Audit and Information Technology (IT). Other supporting functions such as technology, energy, safety, environment and logistics are bundled in independent Group companies. They also maintain business relationships with customers outside the Group.

Symrise AG's headquarters are located in Holzminden, Germany. At this site, the Group's largest, Symrise employs 2,585 people in the areas of research, development, production, marketing and sales as well as in the Corporate Center. Symrise has regional headquarters in Germany (Holzminden), the United States (Teterboro, New Jersey), Brazil (São Paulo) and Singapore. Important production facilities and development centers are located in Germany, France, Madagascar, Brazil, Mexico, Singapore, China, India, Japan and the USA. Symrise has sales branches in more than 40 countries.

Symrise sites

● Global headquarters • Regional headquarters • Symrise sites

MANAGEMENT AND OVERSIGHT

Symrise is a German stock corporation with a dual management structure consisting of an Executive Board and a Supervisory Board.

Symrise AG's Executive Board has three members: Dr. Heinz-Jürgen Bertram (CEO; President Scent & Care), Olaf Klinger (CFO) and Dr. Jean-Yves Parisot (President Taste, Nutrition & Health).

The Executive Board is responsible for managing the company with the primary goal of increasing the company's value in a sustainable manner.

Symrise AG's Supervisory Board has twelve members. It oversees and advises the Executive Board in the management of the company and regularly discusses business development, planning, strategy and risks with the Executive Board. In compliance with the German Codetermination Act, Symrise AG's Supervisory Board has an equal number of shareholder and employee representatives. The Supervisory Board has formed four committees to increase the efficiency of its work.

Supervisory Board

Chairman: Michael König

CEO and President Scent & Care	Chief Financial Officer	President Taste, Nutrition & Health
Dr. Heinz-Jürgen Bertram	Olaf Klinger	Dr. Jean-Yves Parisot

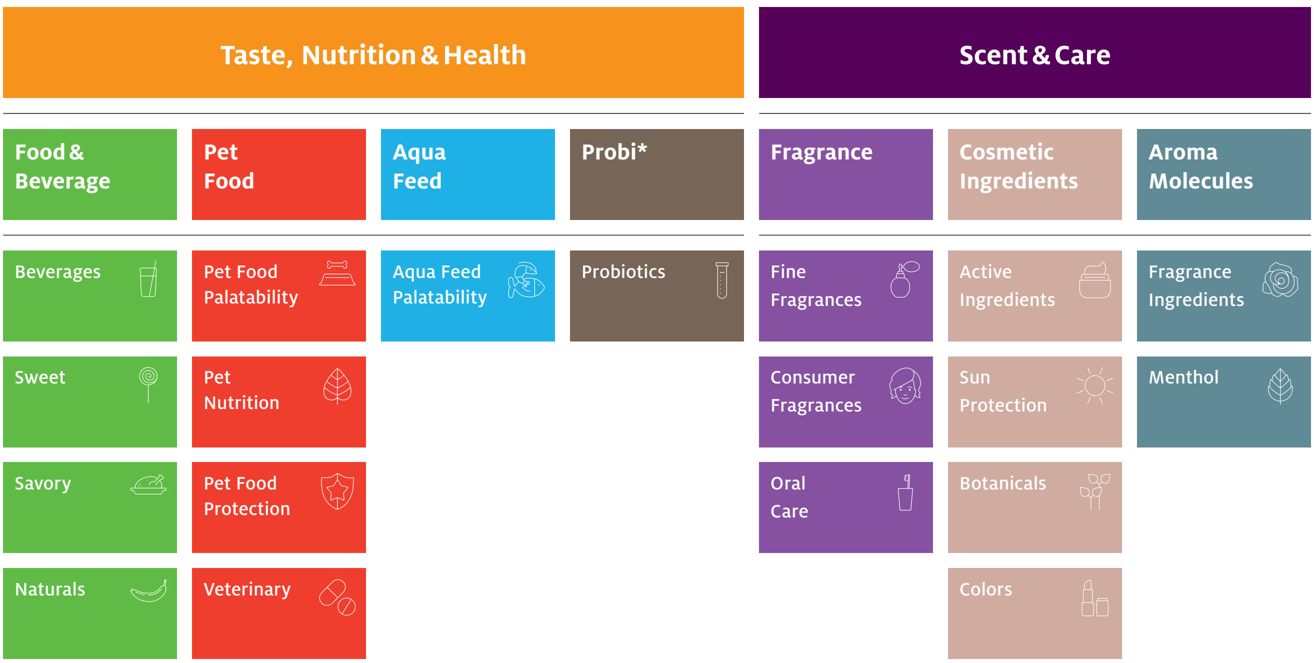
Details on cooperation between the Executive and Supervisory Boards as well as on corporate governance at Symrise can be found in the Supervisory Board and corporate governance statements.

BUSINESS ACTIVITIES AND PRODUCTS

The value chain of Symrise

Symrise manufactures about 34,000 products from around 10,000 – mostly natural – raw materials such as vanilla, citrus products or flower and plant materials. The value chain of the two segments extends across research and development, purchasing, production, and the sale of products and solutions. The natural food ingredients, flavors, perfume oils and active ingredients are generally central functional components in Symrise customers' end products and often play a decisive role in consumers' purchasing decisions. Along with the typical product characteristics such as fragrance and taste, value creation at Symrise lies in the development of products with additional benefits. Examples of how food ingredients and perfume oils are combined with other innovative components include flavors that enable the sugar or salt content of foods to be reduced or a moisturizing cosmetic ingredient that lowers the proportion of preservatives in care products.

On the basis of these products, Symrise customers can set themselves apart from competitors with their tailor-made end products in the rapidly changing consumer goods market. The extensive research and development (R & D) undertaken at the company, which is supplemented by a wide-reaching external network of partnerships with research institutes and scientific facilities, forms the basis of product development. Given the strong differences in sensory preferences from region to region, comprehensive consumer research is also an important part of the R & D activities at Symrise.



* Majority shareholder in the Swedish company Probi AB.

CORPORATE STRUCTURE

The customers of Symrise include large, multinational companies as well as important regional and local manufacturers of food, beverages, pet food, perfumes, cosmetics, personal care products and cleaning products as well as laundry detergents.

Symrise manufactures the various product solutions at its own production plants. In some cases, Symrise has longer-term delivery contracts for obtaining important raw materials. Symrise maintains close ties with its suppliers and establishes uniform standards to guarantee that the quality of its base materials remains the same.

Taste, Nutrition & Health

As part of a strategic realignment, the previously separately controlled Flavor and Nutrition segments were transformed into one newly structured Taste, Nutrition & Health segment. This transformation serves above all the continued focus on the needs of Symrise customers and the resulting customer loyalty. It also reflects the overlap in raw materials, production processes and customers. The Taste, Nutrition & Health segment uses its combined expertise as well as scientific research to offer customers and partners unique, natural ingredient-based and sustainable solutions in the areas of taste, nutrition and health. With more than 100 sites in over 40 countries, the segment serves the markets of the food and beverage industry as well as manufacturers of pet food and fish food. The segment is divided into the two core Food & Beverage and Pet Food divisions as well as the two smaller Aqua Feed and Probi units.

Food & Beverage: In close cooperation with food producers, the Food & Beverage division develops differentiated ingredients and flavor solutions that meet consumer needs for naturalness and distinctive taste experiences. The division supplies individual tonalities and complete solutions for use in the final product, which, apart from the actual taste, can contain additional functional ingredients to protect taste and promote health. The Food & Beverage division's range comprises more than 14,000 products marketed in four application areas.

Beverages: Symrise advises and supports the international beverage industry with global expertise in non-alcoholic and alcoholic beverages. The authentic and innovative taste solutions from Symrise are used in soft drinks, juice-based drinks, tea and coffee products, spirits and fermented beverages.

Sweet: In the Sweet business unit, Symrise creates innovative taste solutions for sweets, chocolates, chewing gum, baked goods, cereals, ice cream and milk products, as well as for the health care sector.

Savory: Savory flavors made by Symrise are used in two major categories: In the Culinary category for soups, sauces, ready meals, instant noodles and meat products and in the Snack Food category with seasonings for snacks. In both categories, Symrise can rely on its core flavor competency in meat and vegetables, which is characterized by cutting-edge food technology and research as well as sustainability.

Naturals: The business unit offers a wide range of innovative, natural and sustainable ingredients for food and beverage manufacturers, as well as products for baby food and dietary supplements. In-house agronomists carefully select raw materials and apply responsible sourcing practices to preserve the best natural qualities of conventional and organic fruit, vegetables, meat, seafood, vanilla and plants. Gentle, industrial processing methods, in combination with technological expertise, are used to provide standardized clean label ingredients for food products that ensure safety, the highest quality and traceability along the entire value chain. Consequently, Symrise customers achieve the best results in terms of taste performance, health benefits, sensory properties and the shelf life of their products.
The food-specific products from ADF/IDF were assigned to the Naturals business unit as part of the transformation of the Flavor and Nutrition segments into the Taste, Nutrition & Health segment.

Pet Food: The Pet Food division offers high-quality solutions for pet food manufacturers worldwide that improve the well-being of pets and the satisfaction of their owners. These include numerous product solutions and services for improving taste and pets' acceptance of foods, achieving pet food safety and for animal health. The division includes four business units: Pet Food Palatability, Pet Nutrition, Pet Food Protection and Veterinary. Following the idea of "the closer, the better," Pet Food serves its customers from more than 20 locations around the globe. In order to research feed acceptance, feeding behavior and the interactions between pet owners and pets, the division maintains four expert centers with around 1,000 of its own dogs and cats.
The pet food-specific products from ADF/IDF were assigned to the Pet Food division as part of the transformation of the Flavor and Nutrition segments into the Taste, Nutrition & Health segment.

Aqua Feed: The scope of the Aqua Feed business unit includes sustainable ingredients and services that enable fish feed manufacturers to develop high-performance and reliable solutions for fish and shrimp farms. In doing so, the business unit relies on a global network of science and technology experts.

Probi: The Swedish company Probi, in which Symrise holds a majority interest, develops, produces and markets effective probiotics for food supplements and functional foods. Probi specializes in handling live bacterial cultures, from research and development through to the production process. This makes the health-promoting effects of probiotics accessible to the general public.

The segment also operates a Business Incubation Group (BIG). This incubator aims to explore, promote and accelerate new and existing business ideas to support the growth of the segment and prepare it for the future. Currently, the incubator includes units researching sugar reduction, food protection and the consistent use of byproducts.

Scent & Care

The Scent & Care segment has sites in more than 30 countries and markets over 16,000 products in 135 countries. Scent & Care is divided into three global divisions: Fragrance, Cosmetic Ingredients and Aroma Molecules. Their products are used in various areas:

Fragrance: The objective of the Fragrance division is to convey "a better life through fragrance." The division employs highly talented and respected perfumers of different nationalities, who work at 13 creative centers around the world. They combine aromatic raw materials like aroma chemicals and essential oils to make complex fragrances (perfume oils). The creative and composition business at Symrise comprises the three global business units Fine Fragrances, Consumer Fragrances and Oral Care:

Fine Fragrances: Modern perfumery is designed in the creative centers of the Fine Fragrances business unit in Paris, New York, Mexico City, Shanghai, Dubai, São Paulo, Barcelona, Singapore and Mumbai. Symrise is creating new, exciting fragrance experiences with a rich pipeline of its own fragrances.

Consumer Fragrances: The business unit Consumer Fragrances includes products for personal care and the household. Symrise uses state-of-the-art technology to combine functionality and fragrance experience.

Oral Care: The business unit Oral Care covers a wide range of products from toothpaste and mouthwashes to chewing gum. For this, Symrise offers the entire range of mint flavors and their intermediate products.

Cosmetic Ingredients: The portfolio of the Cosmetic Ingredients division includes active ingredients, modern solutions for product preservation, pioneering protection against solar radiation and negative environmental influences, innovative ingredients for hair care, inspiring plant extracts, high-performance functionals and tailor-made cosmetic colors. The division's unique approach is based on more than 100 years of experience in the development and marketing of cosmetic raw materials. In addition, the division is able to combine the best of nature, science and chemistry as well as skin and hair biology. Based on intensive consumer research, the division understands the needs of modern consumers. The research centers in Holzminden and in São Paulo, Brazil, work closely with the respective regional sales and application technology teams to offer customers and consumers tailor-made solutions and products for different regional requirements. The Cosmetic Ingredients division is a recognized innovation leader that has received 35 innovation awards for new substances over the past ten years. During the same period, 119 patent applications were filed, 9 of them in 2021 alone.

Aroma Molecules: The division includes the business units Menthols and Fragrance Ingredients. In the Menthols business unit, Symrise manufactures nature-identical menthol, which is primarily used in manufacturing oral care products, chewing gum and shower gels. Fragrance Ingredients manufactures aroma chemicals (intermediate products for perfume oils) of especially high quality. These aroma chemicals are used both in Symrise's own production of perfume oils as well as marketed to companies in the consumer goods industry and other companies in the fragrance and flavor industry. This business unit additionally offers terpene-based products obtained from renewable and sustainable raw materials.

MARKET AND COMPETITION

MARKET STRUCTURE

The Symrise Group is active in many different markets around the world. These include the traditional market for flavors and fragrances (F & F market), whose volume should amount to € 29.9 billion in 2021, according to calculations made by the IAL Consultants market research institute (12th Edition, September 2020). In addition, with the Cosmetic Ingredients and Aroma Molecules divisions, the company is active in the market for aroma chemicals and cosmetic ingredients, which, according to reports of IAL (2nd Edition, December 2020), should achieve sales of approximately € 7.6 billion in the reporting year. The markets have many trends and characteristics in common. The market relevant for Symrise (the AFF[1] market) therefore has a total volume of € 37.5 billion. According to its own estimates, it will grow by an average of approximately 3 to 4 % per annum in the long-term. In 2021, growth reached around 4.8 % according to estimates by IAL Consultants.

More than 500 companies are active in the market worldwide. The four largest providers, which include Symrise, together have a market share of 54 %.

The F & F market is characterized worldwide by high barriers to entry. There is increasing customer demand for higher quality and more differentiated products with ever-shorter product life cycles. The majority of products and recipes are manufactured specially for individual customers. Furthermore, local taste preferences often dictate that there are many different recipes for a single end product that vary depending on the country in which it is marketed. Moreover, customer relations are often characterized by intensive cooperation in product development.

In addition to varying local taste preferences and consumer behaviors, there are other factors that also influence the demand for end products in which Symrise products are used: The population's increasing income in emerging markets is having a positive impact on the development of demand for products containing fragrances and flavorings or cosmetic ingredients. Market growth also depends on more basic products that meet everyday needs and already have an established presence in the markets of industrialized nations. In the developed Western European, Asian and North American markets, consumer trends such as beauty, health, well-being, convenience and naturalness determine the growing demand for products containing Symrise ingredients.

1 AFF market: F & F market (Flavors and Frangrances) plus the market for aroma chemicals and cosmetic ingredients.

THE MARKET POSITION OF SYMRISE

Symrise is one of the largest companies in the AFF industry. In relation to the relevant market of € 37.5 billion, the market share of Symrise is roughly 10 % in terms of 2021 sales. Symrise has expanded its traditional business segments to include additional applications: Scent & Care, for example, offers cosmetic active ingredients, and Taste, Nutrition & Health focuses on pet food. Greater value creation can be achieved on the basis of these more complex product solutions. In submarkets such as food supplements, sun protection filters or other cosmetic ingredients, Symrise also stands in competition with companies or product segments of these companies that do not belong to the traditional AFF industry.

Symrise has leading positions in certain market segments worldwide, for example, in mint and vanilla flavor compositions. Furthermore, Symrise is one of the leading companies in the manufacturing of nature-identical L-menthol and also holds a leading position in the segment of UV sun protection filters, fragrance ingredients, and in baby and pet food.

GOALS AND STRATEGY

GOALS

In the long term, Symrise wants to strengthen its market position and ensure the independence of Symrise. At the same time, Symrise recognizes its responsibility toward the environment, its employees and society at large. Symrise intends to increase its sustainability regarding its footprint, innovation, sourcing and care, thereby reducing risks for the company and promoting economic success.

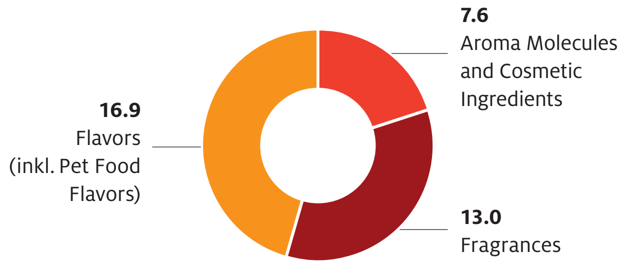
- **Market position:** With long-term organic growth of 5 to 7 % per year (CAGR),[1] sales growth at Symrise should exceed the growth of the market, which is expanding by about 3 to 4 % per year on average. This will enable Symrise to gradually increase the distance between it and smaller competitors and to gain market share.

- **Value orientation:** Symrise wants to consistently be counted among the most profitable companies in the industry. The Group aims to achieve an average EBITDA margin of 20 to 23 %.

Performance results are described in greater detail in the company development section. Symrise ensures that its shareholders have an appropriate share in the company's success. The dividend policy is oriented toward the company's profitability.

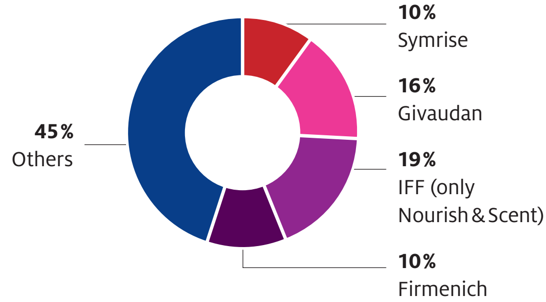
1 CAGR: Compound Annual Growth Rate

Relevant AFF Market Size 2021
in € billion (approx. € 37.5 billion overall)



Sources: IAL (12th Edition, FLA & FRA, September 2020), IAL (2nd Edition, AC/AM and CI, December 2020)

AFF market share 2021
in % (volume approx. € 37.5 billion)



Source: corporate data and internal estimates

STRATEGY

The corporate strategy of Symrise rests on three pillars: growth, efficiency and portfolio. It incorporates aspects of sustainability at all levels in order to enhance the Group's value over the long term and minimize risks. In this way, Symrise is making sustainability an integral part of its business model and turning it into a clear competitive advantage. The goal is a completely integrated corporate strategy.

- **Growth:** Symrise strengthens cooperation with its strategic customers around the world and expands its business in emerging markets. The Group makes sure that it remains an innovation leader in its core competencies. This ensures its continued growth.

- **Efficiency:** Symrise works continually to improve its processes and focuses on products with a high level of value creation. With backward integration for key raw materials, Symrise ensures a consistent, high-quality supply of these materials in sufficient quantities and at set delivery conditions. Symrise works cost-consciously in every division. This is how the Group ensures its profitability.

- **Portfolio:** Symrise enhances its product portfolio and taps into new markets and segments. The Group continues to expand its expertise outside the traditional flavor and fragrances industry. This ensures its prominent market position.

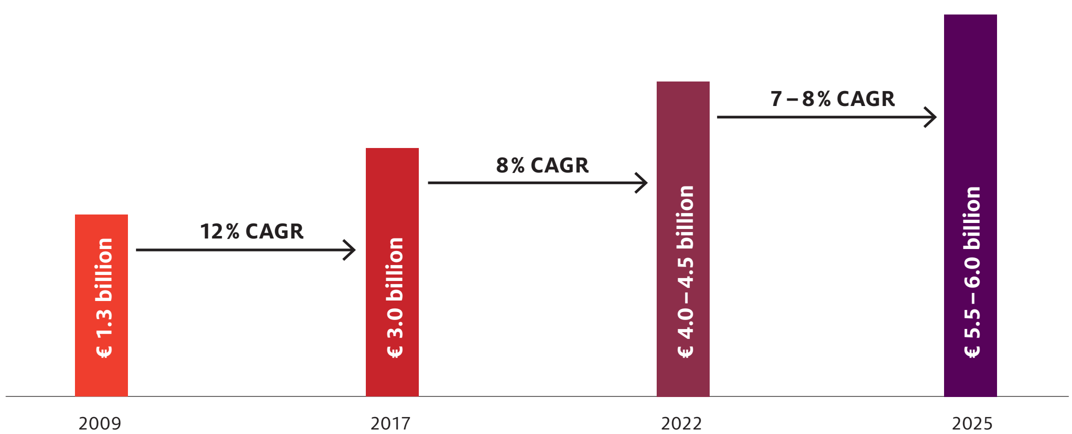
Symrise grows organically. When it makes sense, the Group engages in expansive acquisitions or enters into strategic partnerships for product development. At the same time, Symrise wants to ensure that the Group remains capable of taking advantage of any growth opportunities that arise without jeopardizing the company's financial stability.

VALUE-ORIENTED MANAGEMENT

Different variables are at play within the framework of value-oriented corporate governance. The company is aiming for average organic sales growth of between 5 and 7 % per year (CAGR)[1] in the long-term. The EBITDA margin, for which Symrise has defined a strategic target of 20 to 23 % (by 2025), serves as an indicator of the company's profitability. In addition, the company introduced business free cash flow in 2018 as the primary internal control variable to assess its performance in order to strengthen the Group's cash flow orientation. Symrise aims to continuously increase the business free cash flow, which consists of EBITDA, investments (including cash effects from leasing) and changes in working capital. Increasing the value of the company is accounted for in the remuneration system for the Executive Board and selected managerial staff. In addition, Symrise attaches great importance to the Group's financial stability. Management's focus, therefore, is guided by these financial control parameters. Non-financial performance indicators in the areas of environment, pro-

1 CAGR: Compound Annual Growth Rate

Goals by 2025
Sales in € billion



curement, employees and innovation are reported separately in the Corporate Report. Further information on the non-financial benchmarks can be found in the "Sustainability" chapter starting on page 24 and in the separate non-financial report pursuant to Section 289b of the German Commercial Code (HGB), which is published on the website of Symrise AG. It can be found at: **https://symrise.com/corporatereport/2021/en/sustainability-responsibility/sustainability-record.html**.

RESEARCH AND DEVELOPMENT

GUIDELINES

In research and development (R & D), Symrise aims to connect the individual components of product development, such as market and consumer research, R & D and creation, throughout the Group. Through the close linkup of R & D with marketing and business units, purchasing and manufacturing, product development, quality assurance and regulatory issues, Symrise checks early on to see whether new products and technologies can be implemented, digitized and if they are profitable, in addition to assessing their sustainability aspects. Strategic research fields are the area of sustainable processes and products, such as green chemistry, the increased demand for perfumery ingredients based on renewable raw materials, the area of taste optimization (taste balancing), sensory optimization of preparations based on plant protein and the development of sustainable, resource-saving manufacturing processes. Essential research results are secured by way of stringent IP management, such as protective rights. Furthermore, all R & D activities are geared to the guidelines of mega trends, consumer needs, customer requirements, naturalness and authenticity, sustainability, digitalization, innovation and cost efficiency.

ORGANIZATION

From idea to marketable product, the innovation process at Symrise is organized around a uniform, stage gate process with decision filters, which has been implemented across the company. Here, more and more elements of agile project management are being used. A business plan containing exact project descriptions, including the project's costs and resource usage, is developed for every project. The research and development projects are also regularly evaluated based on criteria from the four pillars of the sustainability strategy (FISC)[1] and prioritized accordingly. As part of this process in 2021, in particular, the area of fair use of biodiversity was further developed according to the provisions of the Nagoya Protocol. One future field is the utilization of legacy varieties of known agricultural raw materials in order to preserve and expand biodiversity. Symrise has joined the OP2B consortium of various industrial companies for this purpose. The two segments at Symrise each manage their own R & D activities due to the varying requirements of their respective markets and customers. At the same time, technologies, processes and findings are made available to all segments, in order to achieve synergies and improve resource efficiency. Multiple R & D centers around the world ensure that the regional activities of the segments are optimally supported. The research activities of the Scent & Care segment, especially the centers for development and application technologies, are located in Holzminden (Germany), Teterboro (USA), Singapore, Shanghai (China), Tokyo (Japan), Chennai (India), Paris (France), Antananarivo (Madagascar), São Paulo (Brazil) and Cuautitlan (Mexico). In addition, a hair research center was established at the São Paulo site. In addition, the Cosmetic Ingredients division has expanded its core competencies through the acquisition of Cutech in Padua, Italy, with highly innovative skin models for basic skin biology research and for the development of new cosmetic active ingredients. In the Taste, Nutrition & Health segment, R & D activities are organized according to the Food & Beverage and Pet Food divisions as well as the smaller Aqua Feed and Probi units. The majority of this segment's R & D activities are located in Holzminden (Germany), Teterboro (USA), Singapore, Shanghai (China), Tokyo (Japan), Paris (France), Rennes (France), Elven (France), São Paulo (Brazil), and Lund (Sweden).

EXTERNAL COOPERATIONS

External cooperations and networks (Open Innovation) bring a considerable amount of additional approaches and ideas into the development process. Along with ideas from Open Innovation, Symrise also maintains a global project network with industrial, institutional and academic partners that covers every step of the innovative process – from basic research to marketing concepts.

Symrise participates in numerous scientific research projects that are supported by the German Federal Ministry of Education and Research (BMBF), the German Federal Ministry of Economics (BMWi), via the Research Group of the Food Industry (FEI)/Working Group for Industrial Research (AiF), the European Union (EU, Horizon 2020), TKI (Top Consortium for Knowledge and Innovation, Netherlands) the German Federal Ministry of Food and Agriculture (BMEL), the German Society for International Cooperation (GIZ), the French research tax credit (CIR) and other public and private funding institutions.

1 Further information on the four pillars of the sustainability strategy can be found in the "Sustainability" chapter starting on page 24.

Topics in the following areas play a key role: Sustainability, the targeted development of information sources on the effects of plant raw materials, the establishment of cultures and the breeding of plants with special flavor properties, the development and sensory improvement of plant proteins, raw material sourcing and biotechnological processing and improvement, the added health value of food ingredients, technologies and sustainable ingredients for perfume oils and oral hygiene. Symrise has joined the Sustainable Food Initiative (SFI), founded by Wageningen University & Research, in which various universities and industrial companies conduct joint research in the field of future and sustainable food production.

Significant research cooperations

Partners	Goal of the cooperation
CDL for Taste Research/University of Vienna	Systematic investigation of physicochemical and physiological properties of substances capable of influencing sweet taste
SweeTea (University of Bonn, Osnabrück University of Applied Sciences, Erfurt University of Applied Sciences)	Cultivation and breeding of plant raw materials for the field of sweet modulating taste and flavor solutions, supported by the BMEL
SynBio4Flav (various partners, including the University of Greifswald)	Development of co-fermentation processes to obtain flavonoids (funded by the EU, Horizon 2020)
RapeQ (various partners, including the Technical University of Munich)	Improvement of the taste of rapeseed protein through breeding, processing and targeted masking (funded by the BMBF)
Potato protein	Identification and correction of off-flavors (AiF)
Protein soft drinks	Presentation of tasty protein soft drinks (AiF)
Taste optimization for meat substitutes (various partners, WUR)	Taste improvement of meat substitutes
In4Food (various partners, MRI, Fraunhofer)	Testing of indoor farming systems for the production of plant-based raw materials for functional applications
Pulses (various partners, including Wageningen University Research)	Improving the taste of legume proteins (funded by TKI [Top Consortium for Knowledge and Innovation, Netherlands]; sector: TKI Agri & Food)
Encap4HEalth (TU Berlin, various partners)	New materials and processes, as well as an innovation exchange in the field of the encapsulation of bioactive ingredients (funded by the EU, Horizon 2020 RISE program)
King's College, London, UK	Research into the regulation of glucose metabolism in humans by the apple extract polyphenol (Applin™) in collaboration with the Institute of Diabetes & Nutritional Sciences at King's College
Leibniz Institute for Catalysis (LIKAT), Rostock	Development of a bio-based variant of pentylene glycol (Hydrolite® 5) based on byproducts generated during sugar production from sugar cane
Charles Violette Institute, University of Lille, France	Investigation of the potential of fish hydrolysates for regulating the energetic balance of physiological body functions (homeostasis)
Booster working group (LEMAR, Institut Européen de la Mer, Nutrineuro, INRA, Abyss ingrédients and Chancerelle)	Development of bioactive substances from fish co-products for the healthy aging of humans and pets
ONIRIS Flaveur	Development of innovative analysis methods for volatile components to improve the acceptance of dog food
Institute for Food and Agricultural Research and Technology (IRTA), Barcelona, Spain	Research into the effect of dietary protein hydrolysates on the energy, fat and protein metabolism of European sea bass
Laval University/Institute of Nutrition & Functional Foods, Quebec, Canada	Study of the probiotic influence of polyphenols from fruits and vegetables, development of synergistic combinations of probiotic polyphenols and bacteria to modulate the biocenosis of the internal organs

FOCUS AREAS

In the Taste, Nutrition & Health segment, the research and technology strategy is implemented on the basis of different research platforms. A large number of key topics are being worked on with a special focus on sustainability aspects. In the Food & Beverage division, examples include: the development and adaptation of new, gentle and environmentally friendly separation technologies, as well as the expansion and elaboration of raw material sources for sustainable and natural product solutions for the Symrise Code of Nature® platform, which are primarily used for healthy food concepts; the continuous development of natural and sustainable raw materials for flavor solutions that lead to the sensory-preferred reformulation of low-sugar, low-salt and low-fat food concepts; and the development of energy-efficient and low-solvent methods for concentration, beginning with plant-based raw materials. In 2021, a special focus was placed on the challenge of improving the taste of plant proteins as meat substitutes or for use in dairy products. Another focus is on reducing sugar in beverages and dairy products as well as in savory applications. In this context, the selection of varieties and new cultivation methods for a sustainable supply chain were developed for specific plant-based raw materials for the Taste Balancing product platform. Another focus of research in the Taste, Nutrition & Health segment is the development and application of modern digital tools for the rapid and targeted development of flavor solutions for selected food applications. The ProtiScan™ process – developed by Symrise for recording the flavor release from innovative food preparations with vegetable protein – is noteworthy in this context. This process enables a significant reduction in project development times and forms a solid foundation for IT-based development concepts. In addition, product safety is being continuously improved and flavor solutions are being optimized for application in reduced sugar and plant protein-based foods. Furthermore, the focus was on developing usage of the bone waste stream as well as vegetable and chicken byproducts.

In the Pet Food division, the Elven site has been provided with state-of-the-art extrusion equipment to develop higher-performance and safer products. In addition, the VIDEKA® laboratory in Elven was designed for EAME customer support with shelf-life studies, research and development and analytical requirements. This laboratory is used to perform shelf-life studies of pet food and pet care preparations using state-of-the-art analytical tools.

In the Aqua business, an important focus of product development was on the utilization of shrimp shells as raw materials or functional ingredients. Projects on the development and application of flavor enhancers for carnivorous fish species were continued.

Probi and Naturals have jointly launched a project to develop new symbiotic products containing live microorganisms and polyphenols extracted from fruits.

The Scent & Care segment focuses its R & D strategy on raw materials for perfumery according to the aspects of green chemistry and based on natural and renewable raw materials through suitable processes to natural extracts. For example, with the Garden Lab, a disruptive approach was taken using the SymTrap® process to make vegetable scents accessible for perfumery as well. The SymTrap® platform was further expanded with new products. In the field of extraction from natural raw materials, new qualities were developed and included in the perfumery range. New and sustainable captives have also been developed. Among them is Pearadise®, which is produced on the basis of biotechnologically derived raw materials and using green chemistry. With Flowerpool®, a captive was developed that smells of white blossoms and purity. Diviniris is an iris-scented captive with velvety notes. Symrise has also added Natural Neofresh® to its Neofresh platform to meet the customers' desire for sustainable products made from renewable raw materials.

In Oral Care, a new product was developed that combines biotechnological processes with knowledge of probiotic active ingredients. In application technology, certain technologies were developed to improve the performance of perfume oils. By combining the expertise of Symrise in fragrance development with that of Pet Food, the product category was further developed specifically for dogs and cats.

A total of five research platforms exist in the areas of cosmetic ingredients, encapsulation and release systems for perfumery, green chemistry for sustainable products, bad odor management and oral care. Supporting platforms in the areas of sensory and analytical research, raw materials and byproducts from sustainable sources, performance, and receptor research form the basis for the capabilities at Symrise and for a constant innovation process. Newly developed technologies support the understanding of perfume oils in terms of long-lasting fragrance experiences and blooming effects. The growing population in large cities is causing the issue of anti-pollution to play an increasingly important role. Here Symrise also benefits from the close cooperation of various groups in Fragrance and Cosmetic Ingredients research. In the Cosmetic Ingredients division, an interdisciplinary research group of cell, molecular and microbiologists is looking at the human microbiome. The new research area is investigating the benefits and risks of interactions between humans and microorganisms, and is providing scientific and cross-divisional support in the development of new products for skin, scalp and oral care, or in the area of nutrition. The first products and product concepts have already been introduced to the market. Crinipan® PMC green, for example, was developed to positively influence the scalp's microbiome and reduce dandruff. The anti-dandruff ingredient, which is based on natural raw materials, changes the microbiome in favor of a healthy symbiosis of microorganisms with the skin cells.

PATENTS AND AWARDS

The number of patents filed (42 new applications in 2021) is used to measure innovation results and quality and to evaluate global coverage and competitive impact.

In 2021, as in previous years, Symrise research was recognized with awards for its high level of innovation. For example, Symrise received a European BSB Innovation Award for SymDStress™ 100 as an innovative cosmetic raw material in the category Raw Materials and Anti-Aging/Soothing. This is a combination of cannabidiol (CBD), produced from a byproduct of the orange juice industry, and the particularly highly purified bisabolol (Dragosantol® 100). This combination has been shown to synergistically reduce skin irritation. The nat-

Core functions of research and development at Symrise

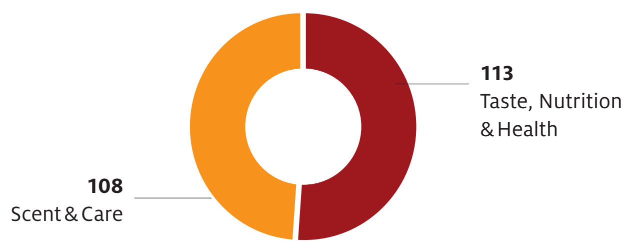
ural product Phytoconcentrole® Hemp CBD based on hemp oil in combination with CBD extracted from hemp was awarded a European BSB Innovation Award as a natural raw material. The product Hydrolite® 7 green, which was also launched in 2021, received two awards for its innovative and sustainable technological approach: the BSB Innovation Award in the "Environmental and Recipients" section and the Runner-up 2021 GSK Environmental Supplier Award. Hydrolite® 7 green is a multifunctional cosmetic raw material produced based on the principles of green chemistry. It is applicable in a wide range of products and characterized in particular by its properties of enhancing antioxidants and solubilizers and proving product protection.

RESEARCH AND DEVELOPMENT EXPENSES

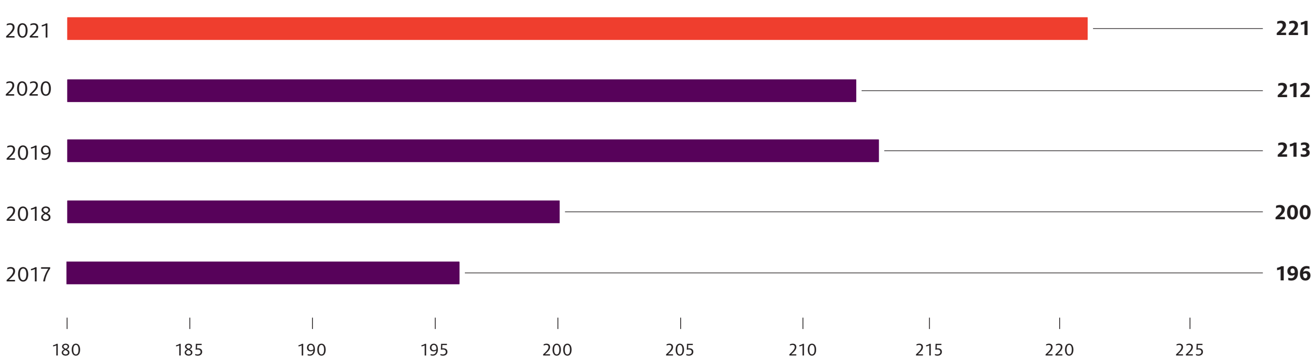
Total R & D expenditures amounted to € 221 million in the 2021 fiscal year (previous year: € 212 million), comprising 5.8 % of sales (previous year: 6.0 %). R & D expenditure in the reporting year was 4 % above the level of the previous year and developed in a manner that could be described as slightly underproportional to the originally planned sales. The positive sales trend has diluted the share of sales accordingly, however. Symrise aims to return the share of R & D expenditures of sales to the level of previous years in the future in order to further strengthen its innovative power.

The capitalization rate for research and development activities remained immaterial in 2021 as in the previous year as the conditions for capitalization are generally only met at the conclusion of a project. This meant that a majority of the development costs incurred were recognized with effect on profit or loss.

R & D Expenses 2021 according to segment, in € million



R & D expenses 2017–2021 in € million



EMPLOYEES

STRUCTURE OF THE WORKFORCE

As of December 31, 2021, the Symrise Group employed 11,151 people worldwide (not including trainees and apprentices). In comparison to December 31, 2020 (10,531 employees), this represents an additional 620 employees. The Taste, Nutrition & Health segment saw the largest increase in the number of its employees (+ 368 employees). At 125, the number of apprentices and trainees was below the previous year's figure of 134.

Symrise continually reviews the demographic development of the workforce. Development of demographics will be very steady over the next ten years. The annual reduction of the workforce due to retirement will be around 1 to 2 % per year until 2022. 37 % of the Symrise Group's employees have been with the company for at least ten years – at German sites, this group accounts for 58 % of the workforce. The employee turnover rate remained very low in Germany in 2021, totaling 2.3 % in 2021. Globally, the figure was 6.4 %.

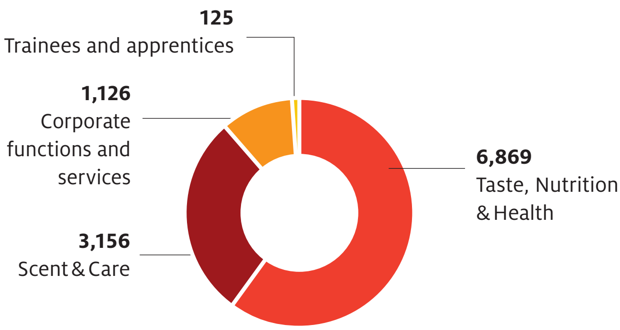
PERSONNEL STRATEGY

The personnel strategy supports Symrise's growth and ensures that the segments have the required skills available to them. A particular focus is on efficient digital mapping of core HR management processes throughout the world.

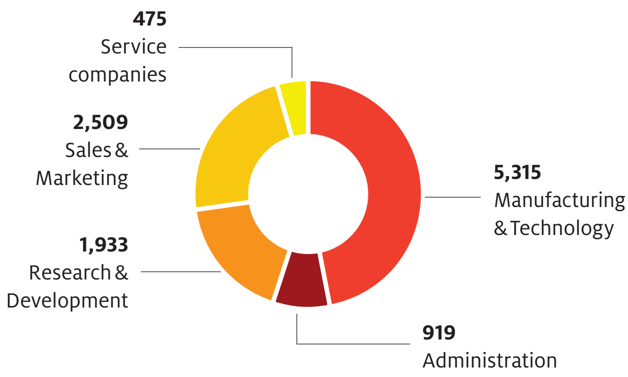
Group strategic development of senior executives and employees

Since mid-2020, Symrise has launched the new career development and succession planning process digitally for the first two management levels as well as a wide range of focus groups, for example Flavorists and Key Account Managers, on a global scale. The aim of this cross-segment program is to sharpen and develop the job-related skills of the employees, to identify talent and prepare them to take on responsibility in key positions at Symrise. At the same time, the company uses talent development to ensure effective succession planning for business-crucial positions. Specifically, the process focuses on deriving company-wide training and development priorities, identifying talent and developing such talent through talent conferences with executives, along with succession planning for key business-crucial positions.

Number of employees by segment



Number of employees by position



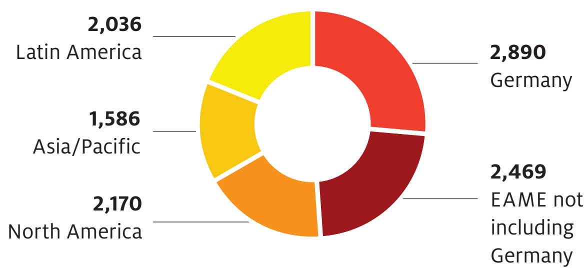
In 2020, approximately 1,700 employees from all regions and both segments were involved in this talent development process. Symrise sees career development as an offer for the employees involving structured feedback. 75 % of the employees involved had a direct interest in engaging in a dialogue with their manager and HR about their development, which can be considered a success given the challenges faced by communication as a result of the coronavirus. The process yielded valuable results:

- Assessment of Group-wide competency development needs to achieve the strategic goals
- Identification of the top talents and their individual development plans
- Nomination of top talent for strategic development programs, such as the Leadership Accelerator Program
- Robust succession planning in business-crucial positions

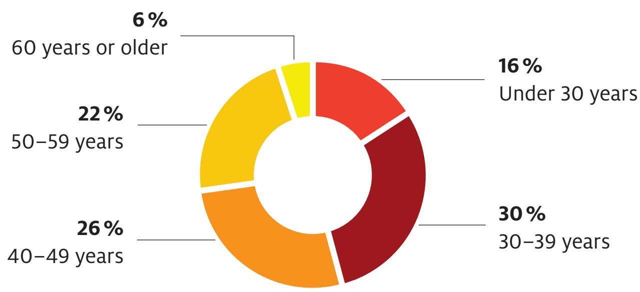
Symrise continued this process in 2021. The focus was on development discussions and implementation of development measures as well as succession planning. Symrise specified the definition for identification of new key positions and the validation of existing key positions. The plan for 2022 is to continue to optimize the process and to make it available to a larger group of employees. All employees have the opportunity to discuss and agree on a development plan with their supervisor since the program was introduced in 2020.

In December 2021, Symrise further expanded the topic area of "modern and digital learning." Employees were provided with a new, globally available "Learning Management System" (LMS) and a digital learning platform ("Skillsoft"). Both tools are intended to bridge the gap between Group-wide skill development needs, the individual development plans of employees and a modern range of training measures that support lifelong learning. The training content is categorized into various subjects such as leadership training, efficient and effective working, language training, project management or occupational safety and sustainability. The topic of "social learning" will also become more important in the coming years – the foundation for this was laid by the launch of Microsoft 365 and MS Teams.

Number of employees by region



Age structure of the workforce in %



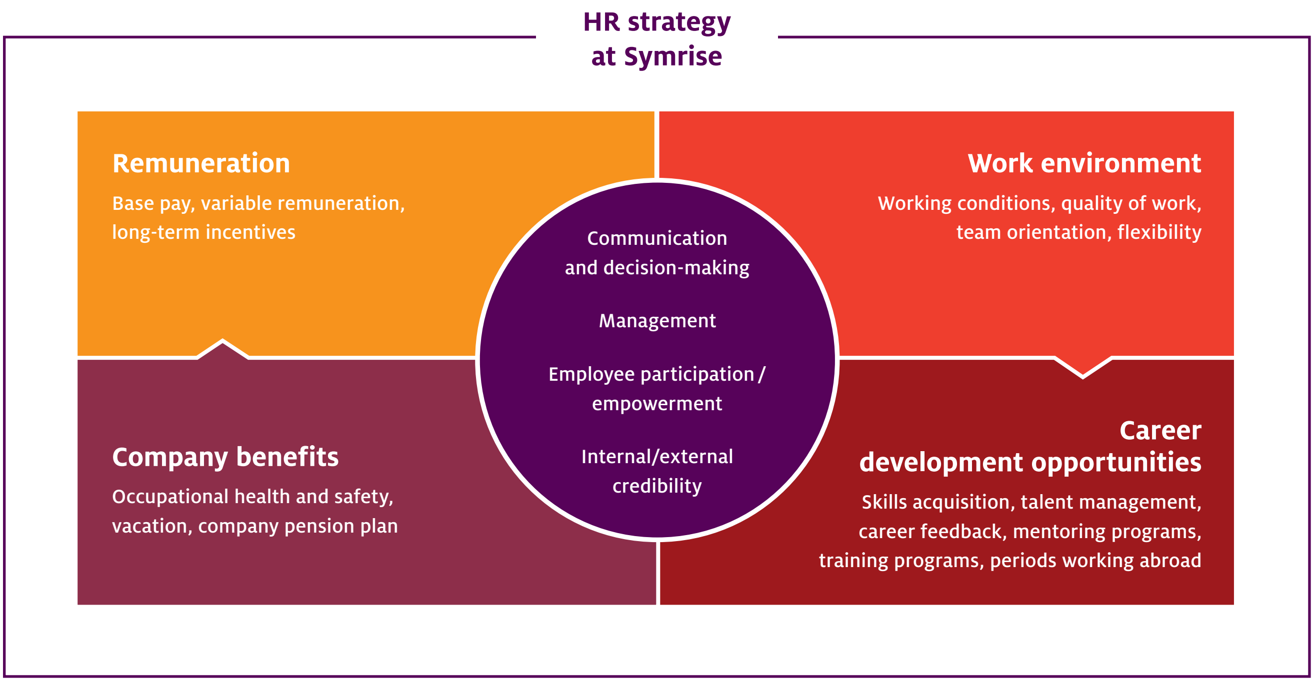
Group strategic development of female senior executives
To prevail in a competitive environment, you need to unlock the full potential of your employees. For this reason, it is in Symrise's own interest to employ the best women and men at all levels of management. Up to this point, however, there have been fewer women than men in management positions. Symrise has set ambitious goals for itself to change the situation in the long term. Symrise has therefore put a special focus on fostering the careers of women as part of its personnel strategy.

To better leverage the potential of women at Symrise, the company is planning to develop a strategy to ensure that Symrise will be able to advance the careers of its female employees. As a first step, the current situation was thoroughly assessed in 2021. At the same time, interviews were conducted with women in various levels of seniority and age groups who have shown a great deal of potential. In 2022, Symrise will compile and implement the findings from this process in an action plan for further development of promising female employees.

Equitable remuneration for women and men
In 2021, Symrise carried out a gender-specific analysis of the wages for most of the employees at its largest site in Germany. In the in-depth analysis on the subject of equal pay, comparable job groups were formed and pay differences were analyzed against the backdrop of whether there is possible discrimination in this area. For this purpose, aspects such as length of service, age, schooling and vocational training and instruction were considered, along with the requirements level and professional position.

It was found that the average remuneration for women is not significantly different from the average remuneration for men. The unadjusted equal pay gap is 1.2 %. The remaining insignificant differences result from production-specific components of remuneration such as hardship allowances or activity-related wages such as foremen's or master craftsmen's allowances, or are prescribed by the various remuneration levels specified by wage agreements for commercial or technical professions.

The non-profit FPI Fair Pay Innovation Lab recognized Symrise for its fair pay in the 2021 reporting year.



Training and education

Educating young people is of particular importance at Symrise. This is evidenced by multiple awards in company comparisons over the past four years. On the one hand, Symrise recruits qualified young individuals who it specifically trains with the company's needs in mind. And with this commitment, Symrise is fulfilling an obligation that society as a whole has toward the next generation. As of December 31, 2021, a total of 125 apprentices and trainees were employed at the sites in Germany.

Depending on the occupation, training lasts two to three years. All trainees are taken on at least temporarily after completing their training if they meet the minimum requirements regarding the success of their training. With its investment in training, Symrise is meeting the demand for future specialists in chemical production and in the laboratories as well as in commercial, marketing and sales positions.

Symrise has structured its training capacity in a way that allows around 40 young people to begin their training at Symrise every year. Of these, 24 are trained in the chemical-technical professions, about ten for technical and logistics occupations and ten young people in commercial careers. Beyond initial training, Symrise opens up prospects through cooperative studies in business administration (five employees per year/ a total of 15 on the path to a Bachelor of Business Administration). Due to what has now become a noticeable shortage of skilled workers, Symrise has added further occupational fields to its spectrum of vocational training. In 2021, the second year of training as a Production Specialist for Food Technology began in Braunschweig. Distillers are regularly trained in Nördlingen and training as a Technical Product Designer is offered in Holzminden since 2021. In cooperation with the Holzminden District Adult Education Center (Kreisvolkshochschule Holzminden), 14 young people also successfully completed the training program for chemical production specialists in June 2021. Most of them were hired after their training, bolstering the personnel at the mixing plants. Symrise is thus working consistently to mitigate the demographic shift in the company. Furthermore, Symrise is currently preparing training in IT professions in the company for 2022.

Symrise generally offers highly sophisticated training programs in all its regions. The pandemic has made it impossible to meaningfully compare the 2021 training measures with the previous year. On the one hand, classroom training was canceled or postponed to protect the health of our employees. On the other hand, Symrise provided employees with e-learning courses outside of its Learning Management System at short notice in order to make sensible use of times of reduced work volumes due to the coronavirus.

In addition to general training programs, Symrise usually also trains its employees via international assignments. However, pandemic-related travel restrictions caused these to be postponed in 2021.

At its own flavorist and perfumer school, Symrise is constantly training experts on raw materials and their applications in the products over a period of around three years and then successfully integrating them into the product development teams. In addition, our employees have diverse opportunities for completing a bachelor's, master's or doctoral degree alongside their work through cooperation agreements with universities, academies and institutes.

Remuneration and wage agreements

Symrise generally remunerates its employees on the basis of collective wage agreements concluded with the respective labor unions. For non-tariff employees, there is a job grade concept that classifies non-tariff roles and positions in accordance with clear principles and objective criteria. Each initial classification or later reclassification is subject to review by the works council. Through this double-checking, the Group ensures that gender plays no role in determining remuneration.

In Germany, Symrise takes guidance from the pay increases in the chemical industry. Employees received a 2.0 % increase in pay in July 2021, which was higher than the pay increases negotiated in the collective bargaining process.

Symrise will also give its employees in Germany's collective bargaining sector a share of the company's profits in 2021. If 100 % of EBITDA is achieved, the profit-sharing bonus is € 600 for full-time employees (with a pro rata share of this awarded to part-time employees). Employee performance should pay off at Symrise. With this profit-sharing scheme, outstanding performance at the German site is being acknowledged. Furthermore, employees covered by collective agreements were granted a special bonus of € 500 as a result of coronavirus.

A separate Global Performance Bonus Plan that supports reaching company goals by means of variable remuneration geared toward results and performance applies to about 300 managers with global or regional responsibilities. Employees in creative departments are also included in this management and incentive system.

SUSTAINABILITY

For Symrise, business success and responsibility for the environment, its employees and society are inextricably linked. The corporate strategy of Symrise therefore incorporates aspects of sustainability at all levels in order to enhance the Group's value over the long term and minimize risks. The business activity of Symrise involves the interests of many different stakeholder groups. Through active dialogue with these stakeholders, the company continuously discusses its expectations and requirements and incorporates the stakeholders at every stage of value creation in order to develop successful solutions. This allows Symrise to create value for all its stakeholders.

The Symrise set of values forms the foundation of how the company thinks and acts and also determines the corporate culture. The goal is a completely integrated corporate strategy. To further emphasize this goal, the new area of responsibility and position of Chief Sustainability Officer (CSO) was created for Symrise AG in 2016. The Executive Board is thereby accounting for the increasing strategic importance of sustainability issues. This strategic importance comprises both the internal coordination and strategic orientation of Symrise's sustainability objectives as well as increased communication of these beyond the company with customers and institutions focused on sustainability matters. Furthermore, the CSO is also tasked with implementing the strategy across all divisions and business units as well as monitoring the activities to ensure consistent positioning of sustainability issues – both internally and externally. The CSO reports directly to the CEO of Symrise AG.

The successive, strategic integration of sustainability into the core and supporting processes is managed by a global, cross-segment team – the Symrise Sustainability Board. It defines common goals and ensures both the development and implementation of issues and objectives relevant for sustainability across the entire extended value chain, as well as the consideration of the interests of key stakeholders. Symrise manages sustainability in corporate processes using an Integrated Management System. It is based on the international standards on quality (ISO 9001), environmental protection (ISO 14001), work safety (OHSAS 18001), sustainability (ISO 26000), energy (ISO 50001), social responsibility (SA 8000), the generally accepted audit standards of the Global Food Safety Initiative (GFSI) and other recognized local standards. In 2021, Symrise was again widely recognized by external entities for its commitment to sustainability and is considered one of the leading companies worldwide. This is shown in the current ranking of the renowned non-profit organization CDP (previously known as the Carbon Disclosure Project). CDP makes a yearly assessment of what participating companies do to fight climate change, protect water supplies and conserve forests. In 2021, Symrise achieved the best possible result in all three categories: a spot on the A list. Only 14 companies out of approx. 12,000 that took part achieved the highest grade of A in all three categories. In its sustainability reporting, Symrise complies with the guidelines of the Global Reporting Initiative (GRI) as amended by the GRI Standards. The company immediately adopted the newly added Water and Effluents (GRI 303) and Occupational Health and Safety (GRI 403) indicators to improve its performance in the area of Environment, Health and Safety. In doing so, Symrise conforms to the highest application level “In accordance – Comprehensive,” which means that Symrise fully accounts for all material topics. All information has been externally audited in accordance with the AA1000 Assurance Standard. Further information can be found in the Corporate Report. The separate non-financial statement in accordance with Section 289b of the German Commercial Code (HGB) is published on the Symrise AG website. It can be found at: **https://symrise.com/corporatereport/2021/en/sustainability-responsibility/sustainability-record.html**.

Our Sustainability Agenda

FOOTPRINT

Minimize our environmental footprint along the value chain

INNOVATION

Maximize positive social & environmental impacts of our products

SOURCING

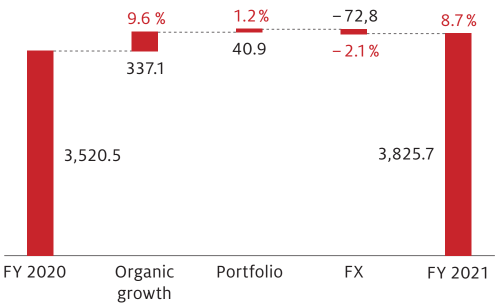
Maximize the sustainability of our supply chain and raw materials

CARE

Improve well-being in our stakeholder communities

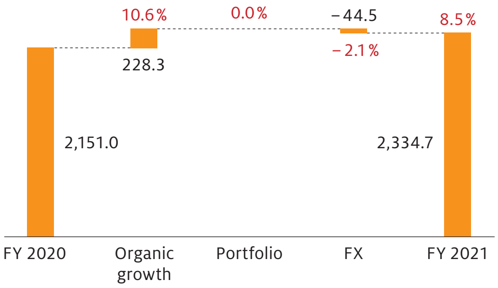
Economic report

GROUP sales in € million



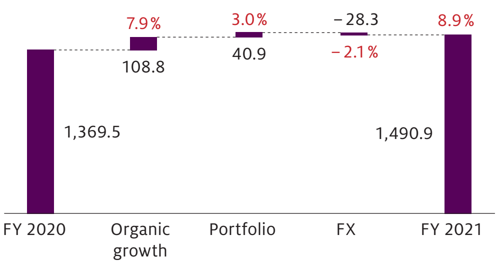
€ million		FY 2020	FY 2021	Change in %
Gross profit		1,390.5	1,478.8	6.4
EBITDA		742.1	813.6	9.6
EBITDA margin	in %	21.1	21.3	
EBIT		487.5	559.0	14.7
EBIT margin	in %	13.8	14.6	
Depreciation		136.7	140.5	2.8
Amortization		117.9	114.1	−3.2
Financial result		−64.0	−42.8	−33.1
Earnings before income taxes		423.6	516.2	21.9
Net income [1]		306.9	374.9	22.2
Earnings per share [2]	in €	2.27	2.74	21.1
R&D expenses		212.3	220.7	4.0
Investments		158.5	173.7	9.6
Business Free Cash Flow in % of sales		16.0	12.7	

TASTE, NUTRITION & HEALTH sales in € million



€ million		FY 2020	FY 2021	Change in %
EBITDA		470.6	531.1	12.9
EBITDA margin	in %	21.9	22.7	
EBIT		294.7	357.9	21.4
EBIT margin	in %	13.7	15.3	

SCENT & CARE sales in € million



€ million		FY 2020	FY 2021	Change in %
EBITDA		271.5	282.6	4.1
EBITDA margin	in %	19.8	19.0	
EBIT		192.8	201.1	4.3
EBIT margin	in %	14.1	13.5	

Number of shares from 21 September onwards 139,772,054; weighted average full year 2021 at 136,663,677

1 Attributable to shareholders of Symrise AG
2 Undiluted

GLOBAL ECONOMIC AND INDUSTRY-RELATED CONDITIONS

GLOBAL ECONOMIC CONDITIONS

After a sharp recession in the global economy in 2020 due to the pandemic, with economic output falling by 3.4 %, there was strong recovery in 2021. In January 2022, the World Bank estimated global economic growth in the reporting year at 5.5 %. A slowdown in the incidence of infection in many countries, particularly in the spring and summer of 2021, made it possible to ease restrictions on economic and social life, leading to a strong uptick in demand. The volume of world trade, which had experienced a decline of 8.2 % in 2020, saw a significant increase of 9.5 % in 2021. However, the economic boom was accompanied by persistent bottlenecks in supply chains, rising inflationary pressures and growing financial vulnerabilities in large parts of the world. Crude oil prices rose by an average of 67.2 % in 2021, while the prices of other key commodities increased by an average of 31.9 %.

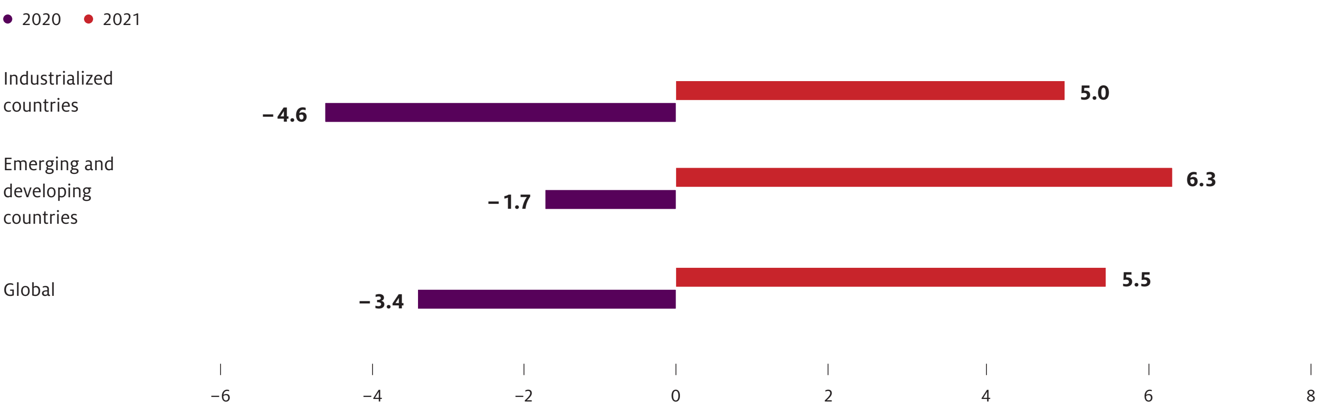
Economic growth in industrialized countries reached an estimated 5.0 % in 2021. However, recovery slowed in the second half of the year and supply bottlenecks became increasingly noticeable as the effects of the pandemic intensified again with the emergence of virus variants. Economic output in the United States rose by 5.6 %, though this rate of growth was slower than previously expected. In 2021, real GDP grew by an average of 5.2 % in the eurozone, but the fourth quarter was noticeably hindered by an accelerated resurgence of the pandemic. Japan's economic growth in 2021 was quite subdued, coming in at 1.7 %.

Economic performance is estimated to have increased by an average of 6.3 % in the emerging and developing countries in the reporting year. Some countries in this group benefited from a significant increase in commodity prices while others suffered from the absence of tourism revenue. The impact of the coronavirus pandemic also varied widely from country to country. Asia remains the growth center of the global economy. With support from monetary policy measures and government spending programs, GDP growth reached 8.0 % in China. In India, economic output increased by as much as 8.3 %. Economic development was much more subdued in Africa, the Middle East and some Asian countries such as Indonesia, Thailand and Pakistan, as well as Brazil.

DEVELOPMENT OF ESSENTIAL SALES MARKETS

The market relevant for the Symrise Group had a global market volume of € 37.5 billion and is achieving average long-term growth of between 3 and 4 % per year according to its own estimates. In 2021, consumer behavior gradually returned to normal as the pandemic subsided. The resurgence in international travel was accompanied by the reopening of duty-free shops, which led to strong recovery in demand for fine fragrance products. Due to the reopening of restaurants in many places as well as increased travel, there was also a strong upswing in demand for beverages, which applied to alcoholic beverages such as liquor as well non-alcoholic beverages. By contrast, sales of hygiene products and ready meals experienced a decline as households used up inventories they had built up during the pandemic. Driven by the increase in the pet population, the pet food market continued to grow quite dynamically, particularly in the regions of Latin America and Southeast Asia.

GDP development 2020 / 2021 in %



PRICE DEVELOPMENT AND AVAILABILITY OF RAW MATERIALS

Symrise sources some 10,000 different raw materials on six continents. Important examples are natural vanilla and citrus (juices, essential oils, etc.), terpene and citral derivatives as well as crude oil derivatives that are used as menthol intermediate products, solvents and raw materials for sun protection filters and special fragrance ingredients. Symrise has considerable requirements for natural raw materials. Meeting these requirements involves the extraction of a large number of fragrances and flavors from renewable sources based on crude sulfate turpentines (CST) and gum turpentines (GT) at the two locations in the United States in Jacksonville, Florida, and Colonels Island, Georgia.

In the reporting year, sourcing costs for a number of raw materials remained over the level of the previous year. In 2021, the ongoing coronavirus pandemic and lockdowns associated with it interrupted many supply and production chains in nearly all regions of the world in the medium term and therefore had a massive impact on the global availability of raw materials, both direct and processed. For natural raw materials, the shifting market environment, regulatory requirements (such as the EU directive on natural materials) and negative weather effects on harvests resulted in substantial fluctuations of harvest yields and quality, and therefore also to price distortions with continued high levels of volatility.

New environmental regulations imposed by the government and power rationing have caused several Chinese producers to withdraw – in part following fires, accidents or forced production closures – from the raw materials market for perfume ingredients and their intermediate chemical products. Rising prices for gum turpentine – mainly as a result of lockdowns caused by the coronavirus – also affected prices for terpenes and subsequently also for citral-based fragrances. Logistics costs have risen significantly, and supply chains have become noticeably less reliable. Symrise was, however, able to cushion supply bottlenecks to some extent through backward integration as well as by having production sites in different regions of the world.

The REACH regulation for the EU continues to cause both lower availability and rising prices in part for a large number of chemical raw materials in the Fragrance division in Holzminden due to the scarcity and costs of tests and registrations to be carried out by producers.

Symrise is dedicated to a strategy of establishing and maintaining long-term collaborations to enhance supply security for important products. Examples of this are the collaboration with LANXESS in manufacturing synthetic menthols and the backward integration of vanilla with the inclusion of local farmers in Madagascar, the most important source country for bourbon vanilla. As part of its strategy of backward integration, Symrise has worked together with growers for many years now to optimize the regional production of onions in the Weser Uplands. In this context, the company requires and supports sustainable and eco-friendly cultivation methods, respect for and fair treatment of growers as well as economic stability in the supply chain. Close collaboration with farmers increases supply security and raw material quality at competitive prices.

GENERAL POLITICAL AND REGULATORY CONDITIONS

The environment of the global registration and regulation of chemicals is also constantly changing. Emerging markets are enacting their own laws that are oriented to the European REACH regulation. This makes things more complex for global customers, who are interested in formulas that can be applied internationally. The direct and indirect influence of local chambers of commerce on the implementation of such programs in these regions remains important. Regulatory implementations in places like Brazil, India and South Africa are so different that they cannot be handled with a standardized approach but instead require individual management and close cooperation with the supervisory agencies in the respective countries.

In the Global Regulatory unit of Symrise, the culture of constant improvement has continued to offer its global customers optimal service. The European Commission's proposals for the Chemical Strategy for Sustainability (CSS) as part of the Green Deal are likely to have a major influence on the Scent & Care segment. In this context, detailed impact assessments coordinated by the Fragrance Industry Federation (IFRA) are currently underway. These assessments are implemented in close coordination with the Chemical Industry Federation (CEFIC).

The customers of Symrise are faced with the challenge of stricter requirements and regulations in regard to consumer protection as well as food and product safety. Symrise supports them to the full extent by providing data and concepts that increase product safety. The creation of a Quality Assurance/Product and Food Safety focus group will allow Symrise to meet the growing legal requirements and customer expectations even better. A team of experts consisting of experienced scientific employees develops global concepts, prepares reports on managing the risk of potential contaminants and microbiological contamination and carries out internal training. The focus in 2021 was on bringing allergen management into line globally through standardized best practices and global specifications, such as in the validated cleaning of production plants. The wide variety of legislation on the local and regional level need to be monitored consistently, along with the latest food safety warnings from the authorities. This organization, which was been active since the beginning of 2021, gives the best possible support to customers so that they can protect consumers.

In the EAME region, the Regulatory Team of the Taste, Nutrition & Health segment closely followed developments regarding the safety assessment of flavoring substances by the European Food Safety Authority EFSA. As part of this process, internal and external stakeholders were regularly informed about current developments. A particular focus in 2021 was the revision of dossiers for the use of primary products for smoke flavorings (EU Regulation 2065/2003).

In the wake of Brexit, food regulatory information for the United Kingdom has been filed separately in the IT systems from that of the European Union. Furthermore, the company very closely monitors all legal developments in this area in order to be able to implement changes quickly.

In the APAC region, South Korea has added more flavoring substances to the positive list. The information on admissibility has been implemented accordingly.

The Global Substance Registration Team focuses on the continuous changes in local and regional requirements in specific countries. For example, the entry into force of the Korean REACH regulation (K-REACH) required a large number of preregistrations to ensure that Symrise and its customers meet the requirements. Close cooperation between the divisions and regions ensured "built-in" compliance and the unrestricted supply of raw materials and oils. In 2020/2021, Symrise focused on Russia, South Korea and Turkey. Wherever possible, substances were added to the national substance inventory or measures were taken to ensure the future supply to customers with Symrise products. In preparation for the withdrawal of the United Kingdom from the EU at the beginning of 2021, Symrise has developed different models for various exit scenarios that ensure continuous supply to the customers. The most important factor was keeping the registration strategies in line with the needs of the customers. The appropriate downstream user import notifications were submitted before the deadline in October 2021, supporting customers in their own efforts. The goal now is to join the substance groups in order to obtain the required registrations.

The Global Substance Registration Team of Symrise will continue to ensure in the coming years that Symrise will fulfill the requirements of the global registration systems since more and more countries and regions are introducing control systems for the safe handling of chemicals in line with the REACH regulation. A high degree of transparency is very important for the customers.

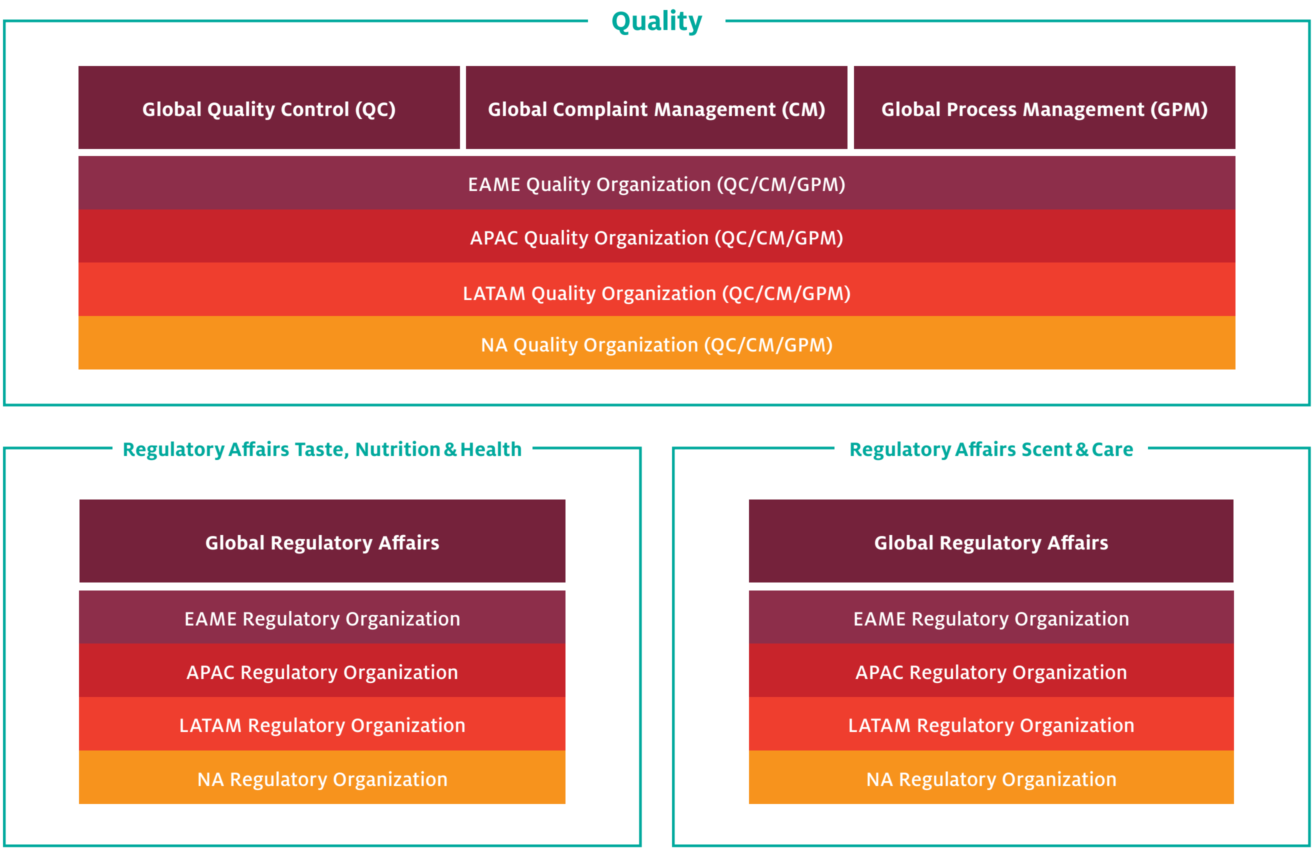
A key event in 2021 was the revision of China's cosmetics regulation. The Global Substance Registration Team assisted in the preparation and submission of the relevant dossiers.

In the context of the substance approval of several cosmetic ingredients, Symrise filed a lawsuit at the European Court of Justice (ECJ) against the European Chemicals Agency (ECHA) to challenge what Symrise considers to be unjustified claims of animal testing of cosmetic product ingredients.

In addition, consumers who are increasingly more conscious in their purchasing decisions demand products whose ingredients they can understand and that meet their ethical requirements. For this reason, characteristics such as vegan and "not tested on animals" are becoming increasingly important alongside the criteria of sustainability and naturalness. In 2011, Symrise entered into the first formal partnership in this environment with EPAA (European Partnership for Alternative Approaches to Animal Testing), which receives support from several major end-product manufacturers and various sectors. For several years, Symrise has also been involved in the AFSA (Animal Free Safety Assessments) initiative with Humane Society International. In addition, Symrise currently supports the Long Range Science Strategy (LRSS) sponsored by Cosmetics Europe, and has also recently become a corporate sponsor of ESTIV (European Society of Toxicology in Vitro). All of these initiatives ultimately have two goals: First, to expand a new generation of risk assessment to ensure the safety of ingredients and products without animal testing. Second, to reform regulations to reduce the number of tests performed on animals caused by regulatory agencies such as the European Chemicals Agency.

All segments of the Symrise Group are carefully following the further development of the Nagoya Protocol that was implemented in European law in 2015. The agreement governs access to genetic resources and the balanced and fair division of their benefits resulting from their use. Symrise is permanently monitoring this development and working with nongovernmental organizations that have practical expertise in this area in order to ensure continued compliance with the requirements.

Symrise Global Operations Quality & Regulatory



DIFFERENTIATED CONSIDERATION OF THE EFFECTS ON SYMRISE

Business development at Symrise is influenced by various factors in the Group's environment. Regarding sales, general economic development plays a big role. The submarkets in which Symrise is active show different degrees of fluctuation depending on economic developments. The large number of countries where Symrise is active on the market and the company's many various product markets, however, have a risk-mitigating effect on the Group.

In its manufacturing, Symrise makes use of about 10,000 natural and synthetic raw materials. On account of various factors, including the development of the economy, oil prices and harvests, these raw materials can be subject to larger price fluctuations. Furthermore, production can be affected by shortfalls in raw material supply due to political unrest in supplier countries, among other things.

The products of Symrise are used in a number of applications worldwide, such as the manufacture of food including baby food and pet food, in cosmetic and pharmaceutical end products and in household products. Worldwide use of the products requires that Symrise observes national and internationally valid consumer protection guidelines and legal regulations. These regulations are in constant flux due to new findings in research, development and production technology, a growing need for safety and steadily increasing health and environmental awareness across the globe. Symrise observes the regional and global development of the regulatory environment, ensuring that it can react quickly to changes in or tightening of regulations.

COMPANY DEVELOPMENT AT A GLANCE

IMPORTANT EVENTS

As part of a strategic realignment, the two segments of Flavor and Nutrition were transformed into one newly structured segment in April 2021 and renamed Taste, Nutrition & Health. This transformation of the previously separate Flavor and Nutrition segments was necessary above all due to the continued focus on the needs of Symrise customers and the resulting customer loyalty. It also reflects the overlap in raw materials, production processes and customers. Technologies as well as product knowledge and expertise are to be combined going forward to ensure optimum service and thus increase customer satisfaction. This is done with the intention of increasing the company's competitiveness and securing and expanding employment in the long term. In this context, the previous year's figures have been summarized in the following paragraphs.

Effective September 20, 2021, Symrise AG was included in the leading German index DAX® as part of the expansion of the DAX® from 30 to 40 companies. After 14 years of continuous listing in the MDAX®, Symrise was promoted to the leading index with a market capitalization of over € 16 billion.

In the 2021 fiscal year, the Symrise Group also continued its growth strategy through targeted portfolio management. Detailed information on the individual acquisitions and disposals can be found in the "Investments and acquisitions" section of the "Financial position" section on pages 38/39.

The coronavirus pandemic has led to changing consumer behavior and shifts in the portfolio in 2021 as well, with significant increases in Fine Fragrances, Beverages and Pet Food.

GENERAL STATEMENT ON THE COURSE OF BUSINESS AND ON THE GROUP'S NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

The Symrise Group generated sales of € 3,826 million in the 2021 fiscal year. Sales increased 8.7 % in the reporting currency over the previous year. Excluding portfolio effects, organic sales growth amounted to 9.6 %. At a total of € 814 million, earnings before interest, taxes, depreciation and amortization (EBITDA) were significantly higher than the previous year of € 742 million (EBITDA). This corresponds to a sales margin of 21.3 % (previous year: 21.1 %).

Net profit amounted to € 375 million and therefore was € 68 million higher than the figure from the previous year. Earnings per share rose to € 2.74 (2020: € 2.27).

Given this positive development, Symrise AG's Executive Board will, in consultation with the Supervisory Board, propose raising the dividend from € 0.97 in the previous year to € 1.02 per share for the 2021 fiscal year at the Annual General Meeting on May 3, 2022.

A COMPARISON BETWEEN THE ACTUAL AND FORECAST COURSE OF BUSINESS

At the beginning of the 2021 fiscal year, Symrise had set the goal of achieving organic sales growth of 5 to 7 % and thus noticeably above market growth (approx. 3 to 4 %). In light of the good business performance, the sales expectations for the full year were initially raised to over 7 % and then to around 9 %. According to estimates by IAL Consulting, the growth of the market amounted to approximately 4.8 % in 2021 due to the pandemic.

For 2021, Symrise had expected an EBITDA margin of around 21 % despite slightly rising raw material prices. In the course of the fiscal year, the expectation for the EBITDA margin was increased to over 21 %. Debt, as measured in terms of the key figure of net debt (including provisions for pensions and similar obligations and lease liabilities) to EBITDA, was expected to reach the range of 2.3 to 2.5. The business free cash flow in 2021 was projected to achieve a value of over 14 % in relation to sales.

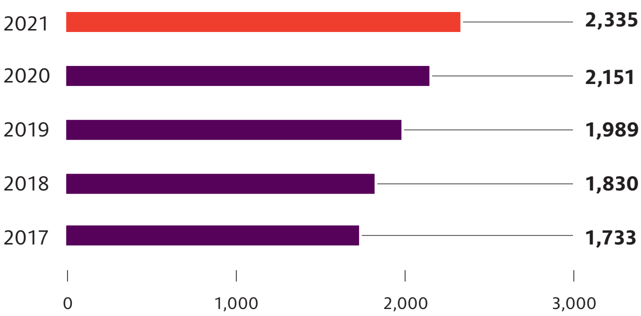
With sales growth of 9.6 % (excluding portfolio effects and currency translation effects), Symrise significantly surpassed its sales goal in 2021. The EBITDA margin of 21.3 % is within the expected range for 2021, as is net debt at 2.4 times EBITDA. The business free cash flow as of the reporting date was 12.7 %. Symrise was unable to reach its target due to the cybersecurity attack at the end of 2020, the strong sales growth in the reporting period as well as the expansion of safety stocks at the end of 2021.

Achievement of targets in 2021

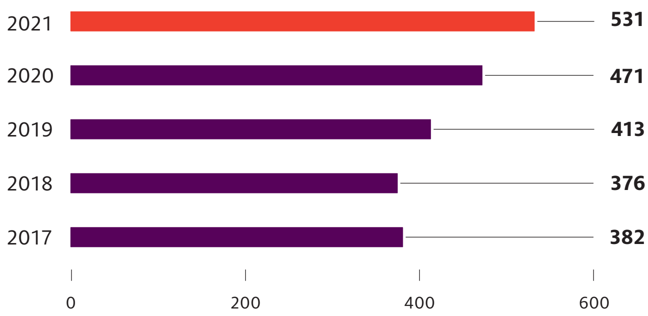
	Target at the beginning of the fiscal year	Figure achieved
Sales growth (at local currency)	5 – 7 %	9.6 %*
EBITDA margin	About 21 %	21.3 %
Net debt (including provisions for pensions and similar obligations as well as lease liabilities) / EBITDA (excluding acquisitions)	Between 2.3 and 2.5	2.4
Business free cash flow	> 14 %	12.7 %

* Organic growth without Sensient

Taste, Nutrition & Health segment sales in € million



Taste, Nutrition & Health segment EBITDA in € million



DEVELOPMENT IN THE SEGMENTS AND REGIONS

TASTE, NUTRITION & HEALTH SEGMENT

The **Taste, Nutrition & Health segment** saw a normalization of consumer behavior in 2021 due to progress in the fight against the coronavirus pandemic. Taking into account exchange rate effects, sales in the reporting currency were € 2,335 million. This corresponds to an increase of 8.5 % and organic growth of 10.6 % compared to the previous year.

The Food & Beverage division achieved high single to low double-digit percentage sales growth in all regions. An exceptionally strong result was achieved by the Beverages business unit, which benefited from an increase in out-of-home consumption and a resulting rise in demand for beverages. Increased demand for savory products since the start of the pandemic helped this business unit to gain particularly positive momentum. The Sweet business recorded slight sales growth, and the Naturals business unit also contributed to the increase in sales with high single-digit growth.

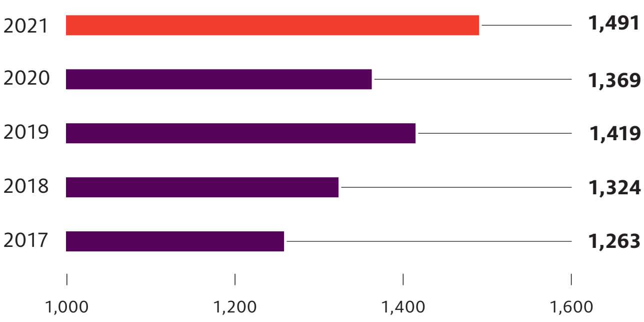
The Pet Food business continued its strong growth compared to the already excellent previous year. The development of the Pet Food division benefited from an increasing pet population and consequently a high demand for pet food. The division achieved strong double-digit percentage organic sales growth in all regions.

Sales development in the Aqua Feed business unit was influenced by the continued low demand for aquafarming feed solutions. Sales remained slightly below the previous year.

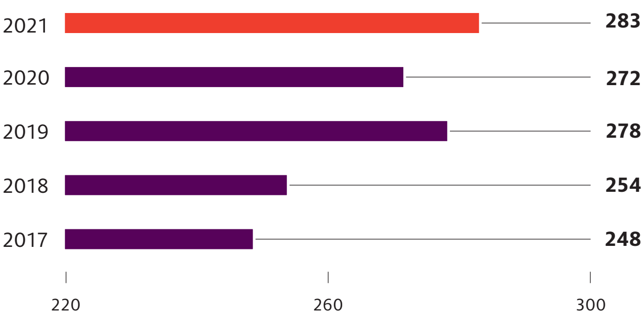
The probiotics business, which includes the majority interest in the Swedish company Probi AB, was unable to maintain the level of the strong previous year and recorded a slight decline in sales.

EBITDA Taste, Nutrition & Health: EBITDA of the Taste, Nutrition & Health segment amounted to € 531 million in the reporting year, significantly higher than in the previous year (2020: € 471 million). The EBITDA margin of 22.7 % also exceeded the level of the previous year (2020 EBITDA margin: 21.9 %).

Scent & Care segment sales in € million



Scent & Care segment EBITDA in € million



SCENT & CARE SEGMENT

In the 2021 fiscal year, the **Scent & Care segment** generated sales of € 1,491 million. Compared to the previous year, this represents an increase of 8.9 %. Excluding portfolio and currency translation effects, organic sales growth amounted to 7.9 %. The portfolio effect from the acquisition of Sensient in the last nine months of the 2021 fiscal year amounted to € 40.9 million.

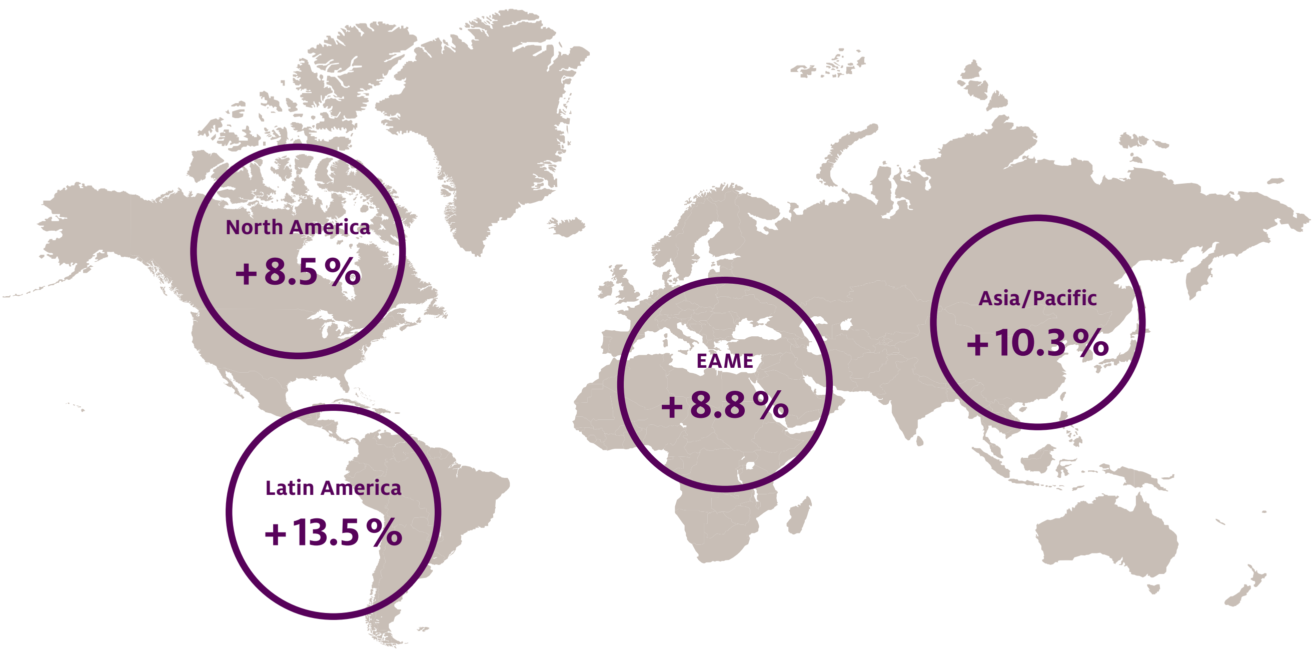
The Fragrance activities recorded solid single-digit percentage organic growth with sales increases in all regions and business units. The Fragrance division benefited in particular from strong demand in the Fine Fragrances business unit. Driven by the resumption of international travel on the one hand and the normalization of consumer demand following the end of exit restrictions on the other, demand in this area recovered. The Consumer Fragrance and Oral Care business units also performed well and increased sales again compared to the exceptionally high levels of the previous year. Both areas showed organic growth in the single-digit percentage range.

Strong demand for fragrances and menthols led to a good sales performance in the Aroma Molecules division with growth in the high single digits. The highest growth rates were achieved in the North America and Asia/Pacific regions with organic growth in the double-digit percentage. The Menthols business unit achieved double-digit percentage growth due to continued robust demand and successful capacity expansions.

The Cosmetic Ingredients division also benefited from increased travel activity and demand for high-quality cosmetic products. The strong demand for sun protection products and products with active cosmetic ingredients led to high organic growth in the double-digit percentage range. All regions developed dynamically with double-digit percentage sales growth.

EBITDA Scent & Care: Scent & Care generated an EBITDA that was 4.1 % higher than in the previous year with € 283 million in 2021 (2020: € 272 million). The EBITDA margin therefore amounted to 19.0 %, compared to 19.8 % in 2021.

Development in the regions
(organic sales growth)



DEVELOPMENT IN THE REGIONS

Business in the EAME region developed positively, organically increasing by 8.8 % compared to the previous year. In North America, organic sales growth was 8.5 %. The Asia/Pacific region achieved high organic sales growth of 10.3 % compared to the previous year. Sales development in Latin America was dynamic and recorded an increase of 13.5 % compared to the previous year.

RESULTS OF OPERATIONS

DEVELOPMENT OF MATERIAL LINE ITEMS IN THE INCOME STATEMENT

On the whole, earnings performance in the 2021 fiscal year was good in the second year of the pandemic. The cost of goods sold increased slightly more than proportionately to sales since both raw material and manufacturing costs rose. The gross margin in the reporting year was 38.7 %, which puts it 0.8 percentage points below the previous year's level (39.5 %). The share of selling and marketing expenses in Group sales amounted to 14.7 % after 15.2 % in the previous year. The R & D rate amounted to 5.8 % (previous year: 6.0 %) of sales. The development of the sales and R & D costs compared to the previous year's level is mostly due to reduced activities such as travel, trade shows, conferences, etc. as a result of the coronavirus pandemic. Administration expenses as a share of Group sales remained stable at 5.8 %.

The increase in other operating income is mainly attributable to the positive one-time effect of € 12.5 million from the sale of the Color business and the recognition of negative goodwill of € 20.8 million from the purchase price allocation of the Sensient business combination.

Furthermore, one-time costs in connection with the acquisition and disposal of companies or parts of companies in the amount of € 8.7 million were incurred in the 2021 fiscal year.

At 21.3 %, the EBITDA margin was slightly higher than the previous year's value of 21.1 %.

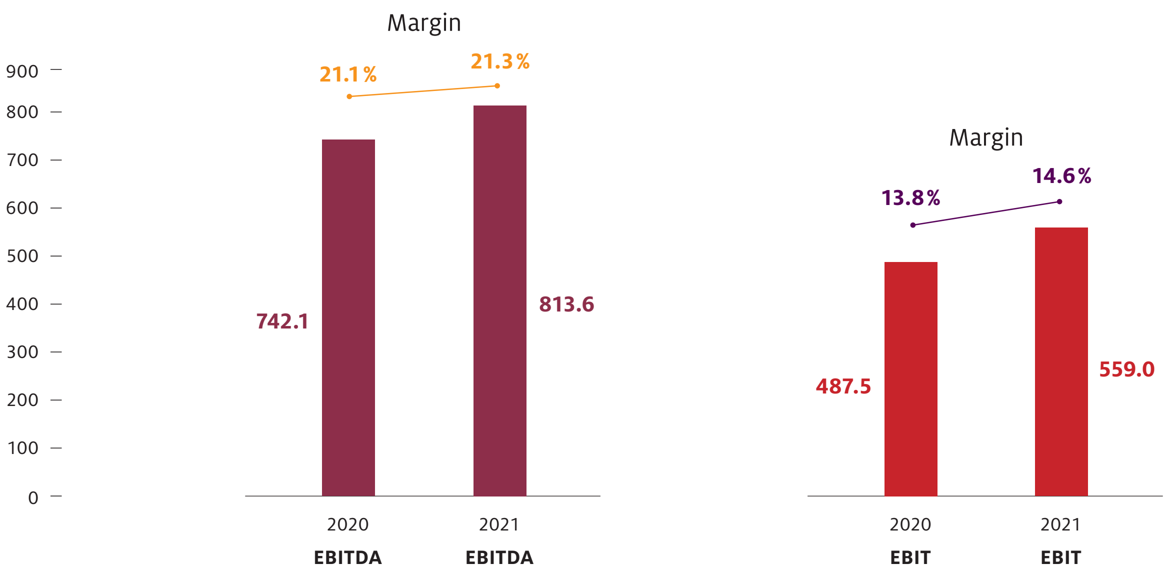
Income statement in summary

€ million		2020	2021	Change in %
Sales		3,520	3,826	8.7
Cost of goods sold		– 2,130	– 2,347	10.2
Gross profit		**1,390**	**1,479**	**6.4**
Gross margin	in %	39.5	38.7	
Selling and marketing expenses		– 534	– 564	5.7
Research and development expenses		– 212	– 221	4.0
Administration expenses		– 203	– 221	8.8
Other operating income		51	86	68.7
Other operating expenses		– 8	– 5	– 40.1
Result of companies accounted for using the equity method		4	5	33.8
Income from operations/EBIT		**488**	**559**	**14.7**
Amortization of intangible assets		118	114	– 3.2
Depreciation of property, plant and equipment		137	141	2.8
EBITDA		**742**	**814**	**9.6**

Financial result: The financial result of € – 42 million improved by € 22 million compared to the result of € – 64 million from the previous year. This was due to one-time interest payments to tax authorities in the previous year (€ – 10.5 million) and interest in connection with financing (€ – 8.1 million). In addition, income from currency translation improved by € 5 million.

Taxes: In the 2021 fiscal year, tax expenses amounted to € 131 million (2020: € 109 million). The resulting tax rate of

Overview of Earnings in € million / in %



25.4 % is slightly below the level of the previous year (2020: 25.6 %). An adequate provision for tax risk was made at the Group, as in previous years.

Net profit and earnings per share: Symrise AG net profit attributable to shareholders amounted to € 375 million and therefore was € 68 million higher than the amount of the previous year. Earnings per share rose to € 2.74 (2020: € 2.27).

Dividend proposal for 2021: The Executive Board and Supervisory Board of Symrise AG will propose the distribution of a dividend of € 1.02 per share for the 2021 fiscal year at the Annual General Meeting on May 3, 2022.

FINANCIAL POSITION

FINANCIAL MANAGEMENT

Main features and objectives: The Symrise Group's financial management pursues the aim of guaranteeing that the company's financial needs are covered at all times, of optimizing the financial structure and of limiting financial risks insofar as possible. Consistent, central management and the continuous monitoring of financial needs support these objectives.

In accordance with the Symrise Treasury department's guidelines, the financing of the Group is managed centrally. The financial needs of subsidiaries are ensured by means of internal Group financing within the framework of a cash pool, among other things. The surplus liquidity of individual European Group units is put into a central account, so that liquidity deficits of other Group units can be offset without external financing, and that internal financial capital can be used efficiently. If external credit lines are needed, they are safeguarded by guarantees from Symrise AG where necessary. The Group's financial liabilities are unsecured. The Group maintains good business relationships with a larger number of banks and avoids becoming too dependent on individual institutes.

The Symrise Group safeguards against risks resulting from variable interest rates on financial liabilities by means of interest rate hedges, if need be. Here, the principle applies that interest derivatives can only be concluded on the basis of underlying transactions.

Symrise does business in different currencies and is thus exposed to currency risks. Exchange rate risks occur when products are sold in different currency zones than the ones in which the raw materials and production costs accrue. Within the framework of its global strategy, Symrise manufactures a large proportion of its products in the currency zones in which they are sold in order to achieve a natural hedge against exchange rate fluctuations. In addition, Symrise has implemented a risk management system, which, based on detailed cash flow planning, identifies open currency positions. These are regularly hedged against fluctuations.

With a Group equity ratio (including non-controlling interests) of 49.0 % as of December 31, 2021, Symrise has a solid foundation for driving future business development forward in a sustained manner.

Financing structure:
The existing revolving line of credit was successfully refinanced at the beginning of May 2021. The new credit line has a volume of € 500 million and a term of three years. It replaces the existing € 300 million revolving credit facility from 2015 and serves to finance further strategic growth initiatives. The amount of the interest rate, which is calculated from the prime rate and credit margin, is linked to three sustainability indicators relating to the areas of reducing greenhouse gas emissions, sustainable sourcing processes for strategically important plant-based raw materials and efficient water consumption in arid regions, among other things. Depending on whether these agreed sustainability objectives have been achieved, the credit margin changes by up to 2.5 basis points. All adjustments to the sustainability-related interest margin are donated to aid organizations before the end of the respective adjustment period.

Net debt increased by € 0.7 million to € 1,347 million compared to the reporting date of December 31, 2020. The ratio of net debt including lease liabilities to EBITDA thus amounts to 1.7. Including pension obligations and lease liabilities, net debt stood at € 1,964 million, which corresponds to a ratio of net debt (including lease liabilities and provisions for pensions and similar obligations) to EBITDA of 2.4.

Symrise fulfilled all of the contractual obligations resulting from loans in the 2021 fiscal year.

CASH FLOW AND LIQUIDITY ANALYSIS

Overview of cash flow

€ million	2020	2021
Cash flow from operating activities	636	522
Cash flow from investing activities	– 150	– 714
Cash flow from financing activities	– 189	– 92
Cash and cash equivalents (Dec. 31)	725	454
Business free cash flow	**564**	**486**

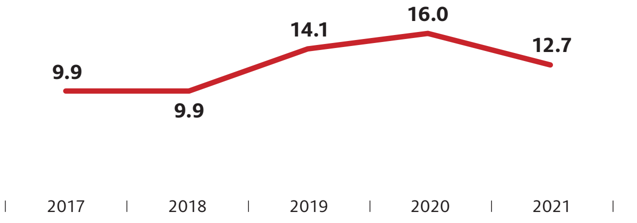
All payment obligations were fulfilled in the fiscal year. There were no shortfalls in liquidity during the year nor are any expected in the foreseeable future. The Group has sufficient credit lines available, e.g., in the form of a revolving credit facility totaling € 500 million that was not utilized as of December 31, 2021.

The cash flow from operating activities was below the level of the previous year. An increase in working capital was offset by higher net income and lower tax payments. The operating cash flow rate relative to sales was therefore 13.63 %.

Cash outflow from investing activities amounted to € – 714 million, mainly due to cash outflows primarily in connection with the acquisitions of Sensient, Giraffe Food Inc. and Swedencare. In the reporting year, the cash outflow from financing activities of € 92 million resulted mainly from dividend payments to shareholders, interest payments and payments under lease obligations. This is contrasted with taking out a short-term money market loan.

In addition, the company introduced business free cash flow as the primary internal control variable to assess its performance in order to strengthen its cash flow orientation. Business free cash flow, which comprises EBITDA, investments (including cash effects from leasing) and changes in working capital, amounted to € 486 million in the 2021 fiscal year. Business free cash flow in relation to sales was 3.3 percentage points below the figure of the previous year. The reduction was mainly due to an increase in working capital as a result of the cybersecurity attack at the end of 2020 and increased safety stocks as a result of the global supply chain issue.

Business Free Cash Flow in % of sales



EBITDA(N)
– Investments (including cash effects from leasing)
–/+ Changes in working capital

= Business free cash flow

INVESTMENTS AND ACQUISITIONS

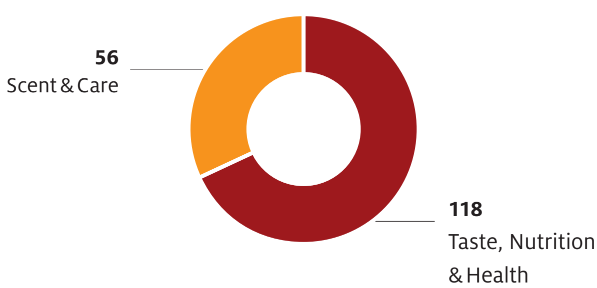
The Symrise Group invested € 174 million in property, plant and equipment and intangible assets in the 2021 fiscal year, after spending € 159 million in the previous year.

Investments in property, plant and equipment amounted to approximately € 157 million (2020: € 145 million). The largest investment projects included the construction of new sites for Pet Food in Brazil and China, the expansion of production for pet food in the USA, and also in the USA, expansions of production capacities for fragrances in Colonels Island and for Cosmetic Ingredients and Aroma Molecules in Charleston. € 17 million was spent on intangible assets (2020: € 14 million). The main focus here was on investments in software, in particular preparations to introduce an ERP software in the former Nutrition segment.

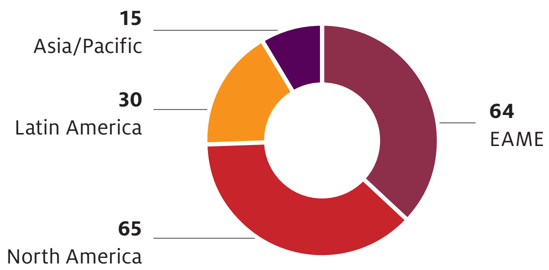
All of the projects were funded through operating cash flow. As of December 31, 2021, the Group had obligations to purchase property, plant and equipment amounting to € 52 million (December 31, 2020: € 50 million). This mainly relates to production facilities and laboratory and office equipment. These obligations will mostly come due during the course of 2022.

In the 2021 fiscal year, the Symrise Group also continued its growth strategy through targeted portfolio management.

Investments by Segment in € million



Investments by Region in € million



Symrise acquired the fragrance business unit (Fragrance and Aroma Chemicals) from Sensient Technologies C.V. (Elburg, the Netherlands) effective April 1, 2021. The acquired activities include various aroma molecules solutions and fragrances from natural and renewable sources. With this acquisition, Symrise is strengthening its backward integration in the Scent & Care segment and expanding its position as a provider of fragrances for applications in personal care and household products. Furthermore, Symrise is receiving access to additional customers and strengthening its presence in the EAME (Europe, Africa, and the Middle East) and Latin America regions, in particular.

The Scent & Care segment was also strengthened by the acquisition of a non-controlling interest of 25 % in the US company Kobo Products, Inc. (South Plainfield, New Jersey) effective August 31, 2021. This investment is a strategic step for Symrise to expand its activities in the field of inorganic UV filters and decorative cosmetics.

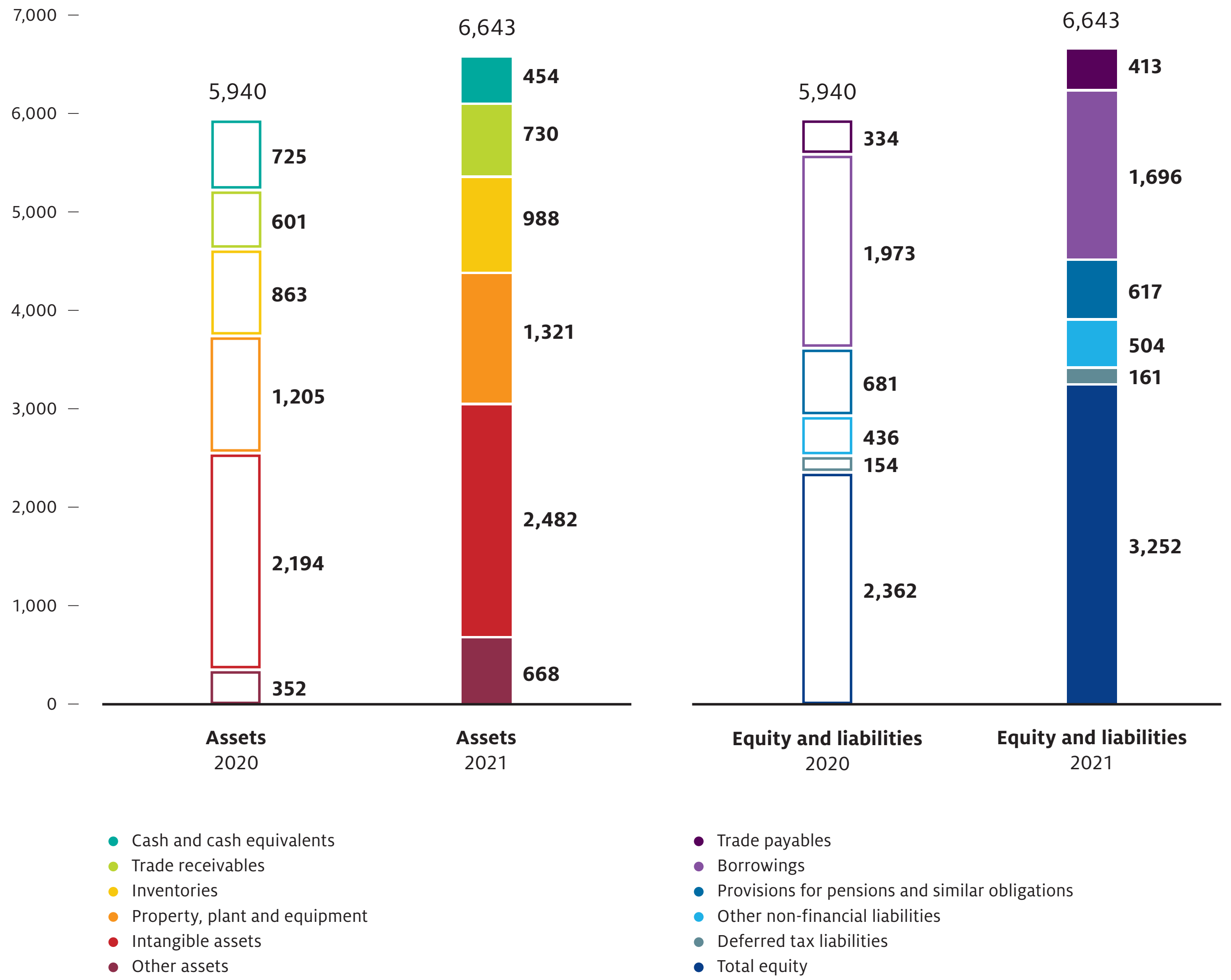
Furthermore, Symrise entered into an agreement to sell the natural food color business to the company Chr. Hansen Natural Colors A/S (Oterra™) based in Hoersholm, Denmark. The transaction, which was concluded on December 29, 2021, includes two manufacturing sites in the United Kingdom and France with a total of around 80 employees and sales of € 22.9 million. Symrise thereby strengthens the focus of the Taste, Nutrition & Health segment on its core business in the areas of taste, nutrition and health for the application areas of food, pet food and aquaculture.

In addition, Symrise strengthened its leading position in the pet food market by acquiring a strategic interest of 5.06 % in the Swedish company Swedencare AB (Malmö), which was increased to 12.87 % during the year. Swedencare's focus is on nutritional supplements for animal health. The initial transaction was completed on July 1, 2021. Swedencare currently employs 270 people worldwide and generated sales of SEK 515 million (approx. € 51 million) between January and September 2021 with an adjusted EBITDA margin of 27.4 %. The Subsequent Report contains further information on the development of the investment in Swedencare.

Symrise signed a purchase agreement (asset deal) with Michael Foods, Inc., (Minnetonka, USA) for an egg processing plant effective November 1, 2021. The acquisition of the plant consolidates Symrise's position in the Northeast of the United States and helps ensure the continuous delivery of quality pet food ingredients and innovative solutions to the pet food industry in the United States.

Effective December 22, 2021, Symrise also acquired Giraffe Foods Inc., (Mississauga, ON), a Canadian manufacturer of customized recipes in the B2B area for the home meal replacement, food service and retail market segments. Giraffe Foods recently achieved sales of around CAD 80 million (€ 54 million) and employed 250 people. The acquisition serves to further expand the market position of Symrise in North America and provides access to new skill sets in the field of innovative formulations.

Overview of the Statement of Financial Position as of December 31, 2021 in € million



NET ASSETS

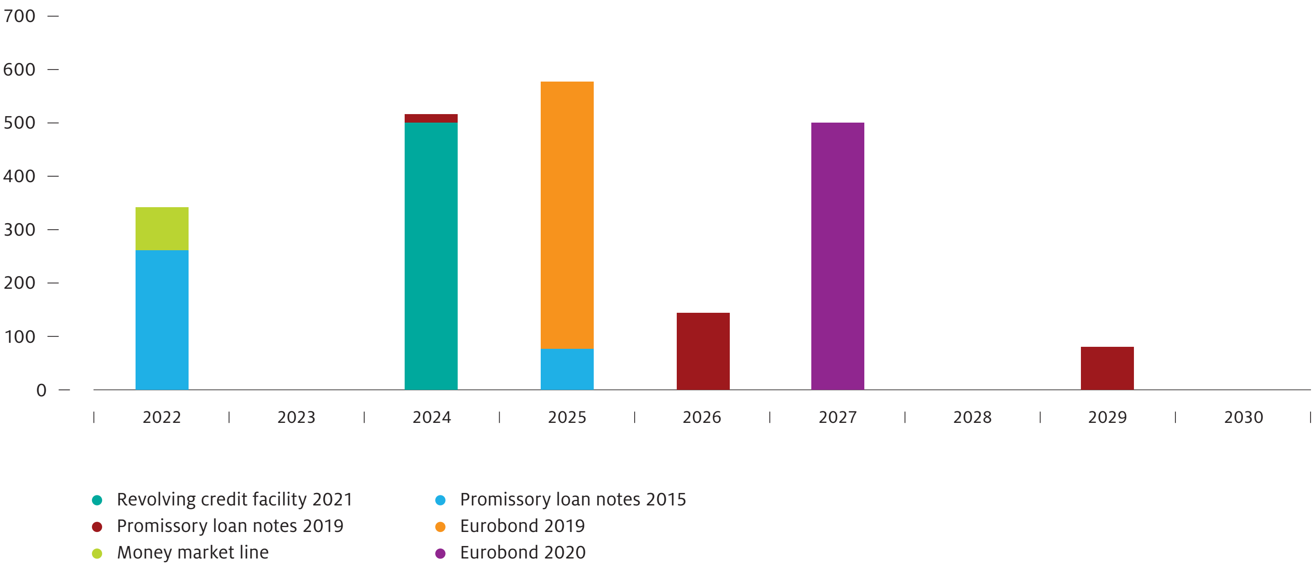
SELECT LINE ITEMS IN THE STATEMENT OF FINANCIAL POSITION

Development of the financial position

At € 6,643 million, total assets on December 31, 2021 were € 703 million higher than a year earlier (December 31, 2021: € 5,940 million).

On the assets side, the increase in total assets resulted primarily from higher investment-related property, plant and equipment, acquisition-related intangible assets as well as higher non-current financial assets. The increase in financial assets is mainly attributable to the successive acquisition of a strategic share in the Swedish company Swedencare AB, of which Symrise holds 12.87 % as of the balance sheet date. The decrease in cash and cash equivalents (€ – 271 million) is offset by a higher level of trade receivables (€ + 129 million) and inventories (€ + 125 million).

Maturities as of December 31, 2021 in € million



Changes to equity and liabilities mainly resulted from trade payables, financial liabilities and equity. The near-complete conversion of the convertible bond into ordinary shares resulted in a shift between financial liabilities and equity, which led to an increase in equity of € 387 million. Due to this, as well as the net profit and positive currency translation effects, equity (including non-controlling interests) increased to € 3,252 million as of December 31, 2021, and is € 890 million higher than the level of the previous year. The equity ratio is 49.0 %, compared to 39.8 % in the previous year. A dividend of € 131 million was paid out in 2021 for the 2020 fiscal year.

Net debt

€ million	2020	2021
Borrowings	1,973	1,696
Lease liabilities (according to IFRS 16)	99	105
Cash and cash equivalents	– 725	– 454
Net debt	**1,348**	**1,347**
Provisions for pensions and similar obligations	681	617
Net debt including provisions for pensions and similar obligations	**2,029**	**1,964**

Net debt including lease liabilities, which fell sharply in the previous year (2020: € 1,348 million), was further reduced in the 2021 fiscal year to slightly below the level of the 2020 fiscal year at € 1,347 million.

CAPITAL STRUCTURE

€ million	2020	in % of total equity and liabilities	2021	in % of total equity and liabilities	Change in %
Equity	2,362	40	3,252	49	+ 37.7
Current liabilities	657	11	1,145	17	+ 74.3
Non-current liabilities	2,921	49	2,246	34	– 23.1
Liabilities	3,578	60	3,390	51	– 5.2
Balance sheet total	**5,940**	**100**	**6,643**	**100**	+ 11.8

Net debt is calculated by deducting cash and cash equivalents from financial liabilities including lease liabilities. As a portfolio-oriented key figure based on figures from the statement of financial position, it provides information on the company's actual debt. To calculate the key figure net debt/EBITDA, the net debt is applied to the EBITDA of the past twelve months both with and without retirement benefit obligations. This results in a key figure for the net debt/EBITDA ratio of 1.7 in the reporting year (2020: 1.8). The ratio of net debt including retirement benefit obligations and similar obligations/EBITDA decreased to 2.4 in the reporting year from 2.7 in 2020.

Symrise targets a capital structure that allows the company to cover its future potential financing needs at reasonable conditions by way of the capital markets. This provides Symrise with a guaranteed high level of independence, security and financial flexibility. The company will continue its earnings-oriented dividend policy in order to continue to give shareholders an appropriate share in the success. Furthermore, it should be ensured that acquisition plans can be accompanied by solid financing options.

Significant obligations not reflected on the balance sheet exist in the form of obligations for the purchase of goods amounting to € 238 million (2020: € 153 million) and obligations to purchase property, plant and equipment amounting to € 52 million (2020: € 50 million).

Symrise AG has service contracts with various providers regarding the outsourcing of its internal IT. Some service contracts already existed in previous years. The remaining total obligations toward these service providers amount to € 0.9 million accounting for extraordinary termination rights (December 31, 2020: € 4.2 million). Miscellaneous other financial obligations amounted to € 9 million as of December 31, 2021 (December 31, 2020: € 9 million) and are mostly obligations from consulting, service and cooperation contracts (€ 6 million; December 31, 2020: € 5 million).

Subsequent report

On October 1, 2021, Symrise signed a sales agreement for the Velcorin® business of its subsidiary DrinkStar GmbH, Rosenheim, Germany, with LANXESS Deutschland GmbH, Cologne, Germany. Velcorin® is a technical product for the beverage industry and was assigned to the Taste, Nutrition & Health segment. The sale closed on January 1, 2022.

Symrise AG acquired Schaffelaarbos B.V. effective January 11, 2022. Schaffelaarbos is based in the Netherlands (Barneveld) and is a leading supplier of sustainably sourced proteins from eggs for the feed industry in the EU. The annual sales of Schaffelaarbos amount to approximately € 25 million. The company has 39 employees and a fully automated, state-of-the-art production facility in Barneveld, Netherlands.

The transaction is an important strategic step for Symrise to accelerate its international expansion in the area of Pet Nutrition. Symrise will combine its current ADF/IsoNova operations in the USA with the state-of-the-art Schaffelaarbos facility in Barneveld, Netherlands, thereby realizing synergies.

Since July 2021, Symrise has successively acquired shares in the listed company Swedencare AB, Malmö, Sweden. As of December 31, 2021, the participation rate was 12.87 %. Since the reporting date, Symrise has acquired further shares at a purchase price of € 169.8 million. Currently, Symrise holds a total of 20.76 % of the shares of Swedencare. The investment was made mainly in the context of two capital increases by Swedencare and was made in full agreement with the company and its management. Swedencare is a supplier of premium pet products and specializes in pet health. With this step, Symrise is strengthening its leading position as a provider of innovative solutions and applications for pet food.

General statement on the company's economic situation

The Executive Board regards the Symrise Group's economic situation as positive. In 2021, the Group was once again able to substantially increase its sales with sustained high profitability despite the challenging framework conditions. The company's financing is ensured for the medium term. Pending the passing of the resolution at the Annual General Meeting, Symrise AG shareholders will participate in the company's success by receiving a higher dividend than in the previous year.

Outlook

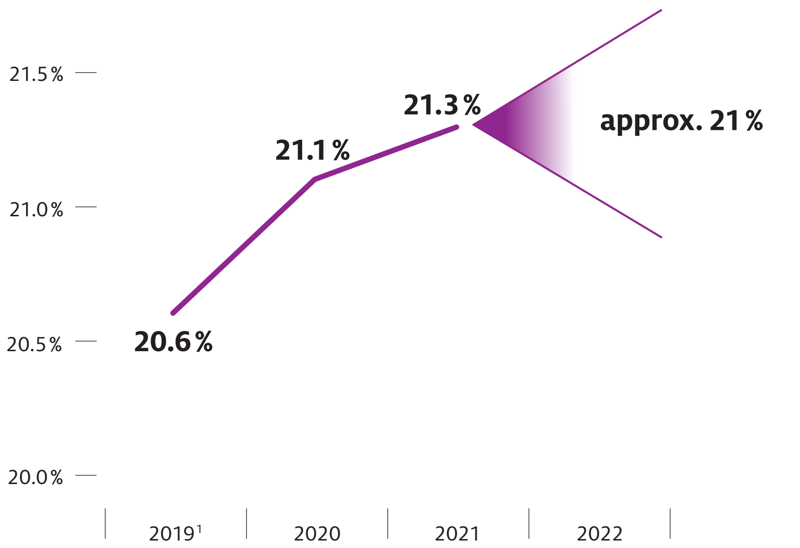
FRAMEWORK

Global economic growth
4.1 %

Market growth
3 – 4 %

Commodity prices increasing noticeably

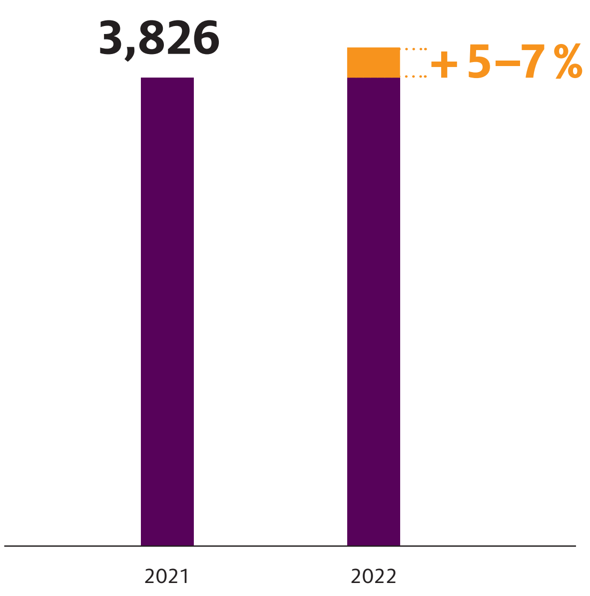
EBITDA MARGIN



1 Normalized for transaction and integration costs related to business combinations and restated due to finalization of purchase price allocation for ADF/IDF

ORGANIC SALES GROWTH

in € million



EXPECTATIONS

Business free cash flow in relation to sales
~ 14 %

Net debt/
(including pensions and similar obligations as well as lease liabilities)
EBITDA
2.5 – 2.7

Investments in relation to sales
~ 5 %

FUTURE GENERAL CONDITIONS

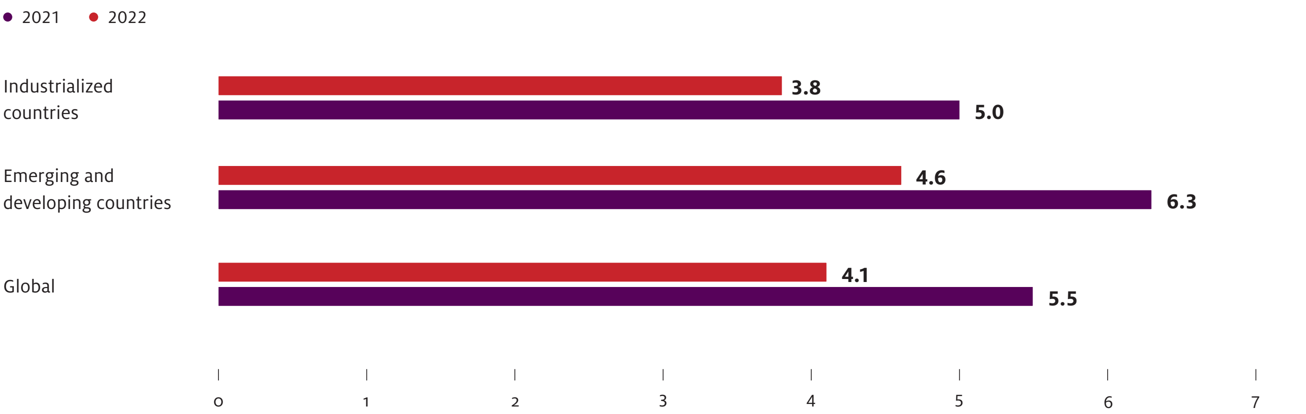
After strong recovery in 2021, the global economy is entering a period of significant slowdown this year and next, according to the World Bank's January 2022 forecast, triggered by new threats from virus variants and a rise in inflation, debt and income inequality. This is compounded by international political uncertainties. Global economic growth is expected to slow from 5.5 % in 2021 to 4.1 % in 2022. The rate of growth in industrialized countries is likely to slow from 5.0 % to 3.8 %. The deferred demand from the crisis year of 2020 is losing its momentum, and the support for the economy provided by monetary and fiscal policy is coming to an end. In the USA, the growth rate for gross domestic product is expected to fall from 5.6 % in 2021 to 3.7 % in the current year, and in the eurozone from 5.2 % to 4.2 %. Economic growth in China, which is one of the key drivers of the global economy, is also expected to decline from 8.0 % in the previous year to 5.1 % in 2022. A material risk factor here is possible adjustments in the country's overheated real estate sector. By contrast, India, another important economy in Asia, is expected to continue its course of economic expansion with growth of 8.7 % compared to 8.3 % in the previous year. Overall, however, the World Bank expects a noticeable reduction in economic growth in the emerging and developing markets from 6.3 % in 2021 to 4.6 % in the current year.

The AFF market relevant for Symrise reached a volume of € 37.5 billion in 2021. Of this amount – according to estimates by the market research institute IAL Consultants – the submarket for flavorings and fragrances accounts for about € 29.9 billion, while the submarket for aroma chemicals and cosmetic ingredients accounts for about € 7.6 billion.

The long-term estimate of Symrise is for an annual, average growth rate of around 3 to 4 % for the relevant AFF market. In view of the strong economic output of some countries in the Asia/Pacific region, demand for flavors and fragrances as well as for aroma chemicals and cosmetic ingredients should rise here most sharply, according to IAL estimates. This region will be followed by North America, the EAME region and Latin America.

For the 2022 fiscal year, Symrise expects a noticeable increase in raw material costs. Generally, the company classifies raw materials as natural, agricultural, or petroleum-based. The company's strategic focus is on natural raw materials that come from renewable sources. For important natural raw materials, the Group continues to pursue its backward integration approach. This means that Symrise cooperates closely with the growers of key agricultural products like vanilla, onions, beets and fruits. The goal is to achieve a consistently high quality and planning security via long-term agreements. For menthols, Symrise relies on its leading market position and long-term supplier loyalty with multinational brand manufacturers.

GDP development 2021/ 2022 in %



Energy costs are expected to continue their moderate upward trend in the 2022 fiscal year.

The reasons for this are low gas purchasing costs in previous years and the fact that the electricity supplied by the combined heat and power plant at the Holzminden site covers a large part of the electricity needs. These measures reduces oil consumption substantially; the same is true for CO_2 emissions. Additionally, producing our own energy also reduces network charges. However, fossil fuels have been subject to CO_2 taxation (Fuel Emissions Trading Act – SESTA) since 2021, meaning that procurement costs are expected to rise.

Electricity prices are also expected to increase for the remaining procurement volume due to slightly upward trending procurement prices on the EEX electricity exchange on the one hand and somewhat higher network costs from the upstream network on the other.

Symrise strives to positively influence the company's energy costs through various energy procurement measures and an established energy management system.

EFFECTS FROM HYPERINFLATIONARY COUNTRIES

The current hyperinflation in Venezuela and Argentina is of minor significance for the Group's consolidated earnings.

FUTURE CORPORATE DEVELOPMENT

For 2022, Symrise is reaffirming its long-term growth and profitability goals. The Group remains confident that it will continue to grow at a faster pace than the relevant market. The forecast long-term growth according to IAL Consultants is around 3 to 4 % worldwide. For the Group, expected long-term growth of 5 to 7 % (CAGR) remains unchanged and is also anticipated to be achieved in 2022.

The disciplined cost management and focus on high-margin business will be continued to further increase earnings. This includes initiatives to reduce the complexity of processes and workflows and the development of innovative, sustainable products and technologies. Assuming a noticeable increase in raw material costs, the Group expects an EBITDA margin of approximately 21 % in 2022. The ratio of net debt (including provisions for pensions and similar obligations as well as lease liabilities) to EBITDA(N) should be between 2.5 and 2.7 at the end of 2022. For the business free cash flow, the Group is aiming for a rate relative to sales of approximately 14 % in 2022.

The company will continue its earnings-oriented dividend policy and give its shareholders an appropriate share in the company's success.

GENERAL STATEMENT ON THE COMPANY'S EXPECTED DEVELOPMENT

The Executive Board at Symrise AG sees the company as being optimally positioned to continue developing in every division and growth region. A proven strategy will be used to achieve the goals set. The three pillars of the strategy remain unchanged. They stand for the continued improvement of the competitive position and the sustainable expansion of the business:

- **Growth:** Close cooperation with select customers, particularly as a way to further expand the share of sales in emerging markets.

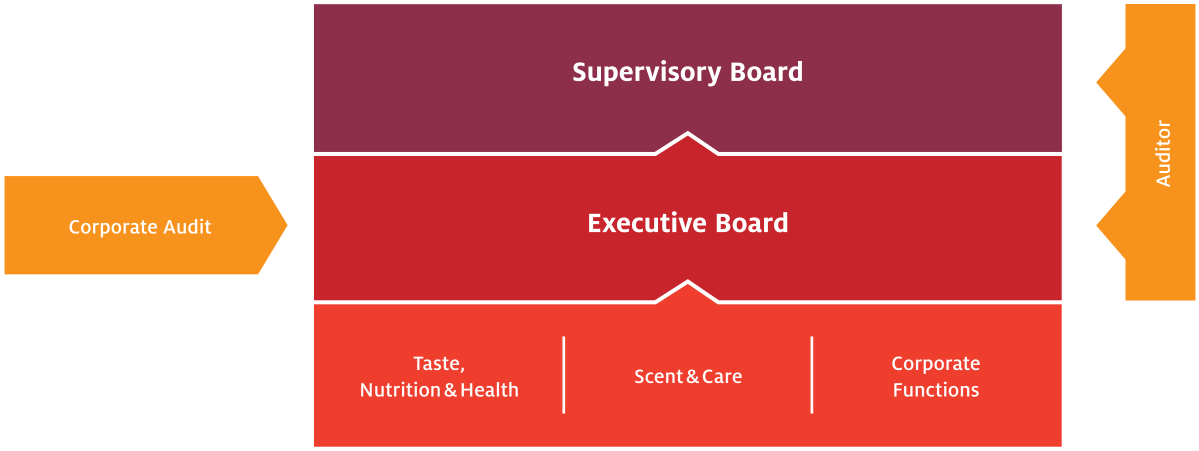
- **Efficiency:** The continuous improvement of processes and the expansion of backward integration with renewable raw materials.

- **Portfolio:** Tapping into new markets and market segments beyond the traditional business with flavors and fragrances.

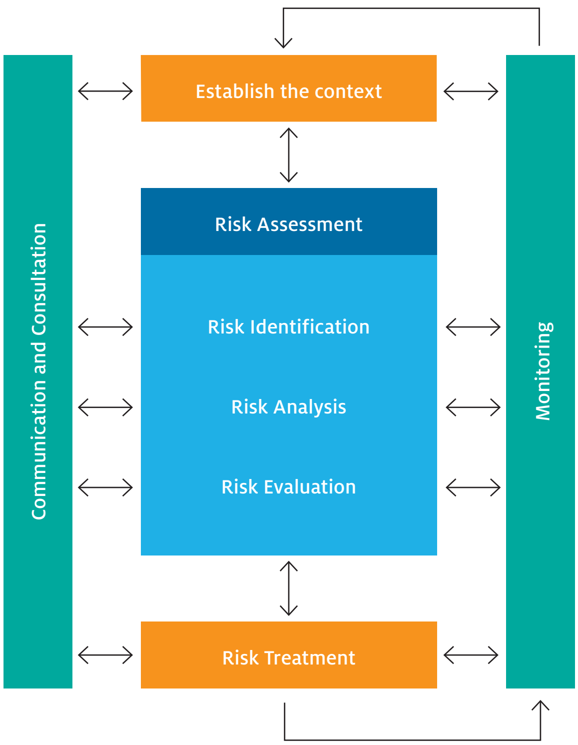
Symrise aims to grow primarily organically. Where it is sensible and creates added value, the Group will make acquisitions or forge strategic alliances to ensure access to new technologies, new markets and customers or ensure that it can obtain sustainable, renewable raw materials.

Opportunities and risk report

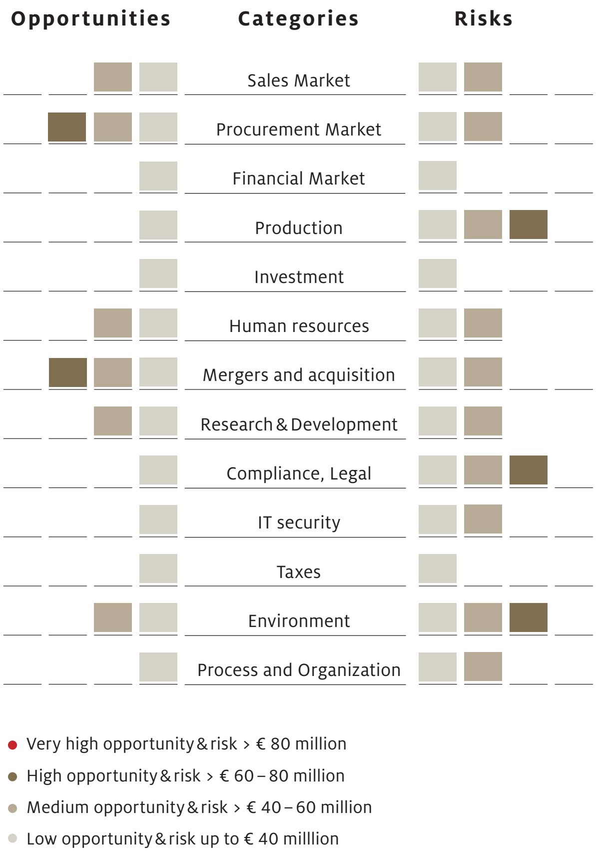
RISK MANAGEMENT



RISK MANAGEMENT STEPS



OVERVIEW OPPORTUNITIES AND RISKS



MANAGEMENT OF OPPORTUNITIES AND RISKS

The Symrise Group's business activities offer a range of opportunities and, at the same time, are continually exposed to a number of risks.

Opportunities relate to future developments or events that could lead to business performance exceeding the company's set forecasts or goals. Accordingly, risks relate to future developments or events that could lead to business performance that does not meet the company's forecasts or goals. Seizing opportunities, as well as recognizing and avoiding risks at an early stage, continues to be of key importance for the further development of Symrise in view of the increased size and complexity of the Group stemming from the acquisitions of the past years. In taking advantage of opportunities, it is important that an acceptable risk profile is maintained. By means of appropriate guidelines, Symrise ensures that risk assessments are taken into account in the Executive Board's decision-making processes from the very beginning. Symrise uses its own guidelines and models to regulate the processes of risk management and provide employees with a firm foundation for dealing with risks.

As part of risk management, the heads of the business units periodically assess their risks. The risk report documents these risks and includes their evaluation, the probability of occurrence and the measures to reduce or eliminate the risk. To minimize the financial effects of remaining risks, Symrise acquires insurance if this is deemed economically sensible.

The Symrise corporate culture attaches importance to entrepreneurial thinking and acting. Symrise values a high degree of responsibility in its employees. Therefore, Symrise encourages all its employees, also beyond the Executive Board, regardless of their area and scope of responsibility, to continuously seek and take advantage of opportunities. The heads of the business units of the Group are urged to identify opportunities on an operative level which, for example, arise within the framework of operational activities or due to improved market conditions, and to realize these opportunities with the aim of achieving results that go beyond the scope of planning. Strategic opportunities are recorded in all segments and in the Corporate Center. They are evaluated and plans are made to take advantage of them. The Executive Board of Symrise is also responsible for discussing strategic opportunities on a regular basis. With the established risk and rewards management system, the rewards observed in the various segments of the Group and integrated into strategic actions are systematically analyzed alongside the company risks.

APPROACH TO EVALUATING RISKS

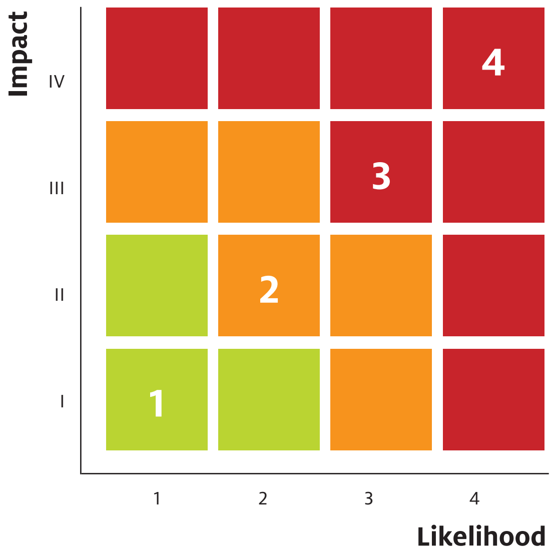
The risk management system at Symrise is based on the framework of generally recognized standards (ISO 31000) and extends across all Group companies and business units.

The Group-wide coordination of risk assessment occurs in the Corporate Center within the Risk Management department. Risk reports are prepared at segment and overarching function level. These are then combined at the Group level to provide an up-to-date overview of the risk situation. This Group risk report is submitted and presented to the Executive Board and Supervisory Board of Symrise AG twice a year, most recently in October 2021. There, potential risks are identified and classified according to their effect on profit (net method) as well as the probability of their occurrence.

The result of the impact on earnings and the probability of occurrence or likelihood assigned to the risk determines the level of the respective risk. The chart shows how risks are ultimately classified depending on the combination of their impact and likelihood. For example, combinations with relatively low EBIT impact and low likelihood tend to be lower left; combinations of a relatively high product of both variables are found upper right in the chart and thus describe a greater risk.

Furthermore, the risk profile includes adequate measures to avoid or minimize risks. As a result, it also forms the basis for managing risks, which is also something examined by the Group's Corporate Internal Audit. The Executive Board informs the Supervisory Board or the auditing committee of the Supervisory Board and decides on additional measures for handling risks.

The reporting thresholds for risks are oriented toward the financial effects on the Group as well as the probability of the risk occurring. If a risk exceeds a certain reporting threshold, the Executive Board is informed immediately. The following describes the opportunities and risks that could have a material impact on the Symrise Group's net assets, financial position and results of operations in greater detail. If no segment of the Group is addressed individually, the opportunities and risks presented affect all corporate segments equally. The order in which the individual opportunities and risks are explained does not represent an assessment of their significance for the Symrise Group.



Impact (on Group EBIT)

I	– low	up to € 40 million
II	– medium	> € 40–60 million
III	– high	> € 60–80 million
IV	– very high	> € 80 million

Likelihood (probability of occurence)

1	– low	0–24 %
2	– medium	25–49 %
3	– high	50–74 %
4	– very high	75–100 %

OPPORTUNITIES AND RISKS IN DETAIL

SALES MARKETS

There is fierce competition in the industries served by Symrise. It is possible that the trend toward consolidation in the customers for Symrise products will continue. Therefore, there is the risk that Symrise could lose customers and thus market shares. Symrise reacts to this, in particular, with increased marketing of the innovations and products from its divisions that offer added benefits compared to competitors' products.

Symrise is countering the increased volatility of the global economic environment and in particular the development of a number of larger economies (such as Brazil, China, Turkey, Argentina, Indonesia, Colombia) with a timely analysis of the effects on its operational business and with possible rapid corrections to the respective business model or local market presence.

Due to the global positioning of Symrise, with production facilities on all continents, possible trade restrictions not only entail risks but often also opportunities. This is particularly true with regard to the trade triangle of the US, China and EU or in connection with Brexit. However, negative effects cannot be ruled out in the short term. In certain countries, the possible risk of politically related default is continually observed. A dialogue with banks and customers serves to limit this risk. Political risks that arise in export countries, which mainly relate to losses of receivables, are countered through corresponding financial controls.

Political unrest in countries and regions in which Symrise operates is observed very closely, particularly to protect the safety of the staff employed there. Nevertheless, a temporary loss of production and thus sales can occur in unfavorable cases.

SOURCING MARKETS

Symrise sources its raw materials on a global scale and must therefore also manage the opportunities and risks of sometimes complex value chains.

The sourcing of natural raw materials from various regions of the world includes the harvest risk, political and currency risks in the growing country as well as the global market risk for the respective raw material (for example, vanilla). Various intermediate products must also be sourced globally for chemical production.

A timely analysis as well as flexible and rapid action enable, for example, the exploitation of short-term opportunities or the avoidance of medium-term risks.

Dynamic demand and sourcing planning, taking into account the respective opportunity and risk profile, is one of the most important instruments of the Symrise supply chain.

Risks resulting from consolidations at the supplier level exist inasmuch as the loss of a supplier's business could threaten the availability of intermediate products or affect the profitability of end products.

The backward integration of some raw materials and the possibility of producing precursors of chemical products significantly reduce market risks for Symrise for raw materials in terms of availability and operating costs.

Additionally, a strategy for the partial or complete replacement of crucial raw materials is being applied within the framework of regulatory and olfactory possibilities, in close consultation with customers. In this specific case, too, opportunity and risk are closely related for Symrise. On the one hand, for example, there is the risk of a shortfall in supply on the part of Symrise to its customers; on the other hand, if backward integration is successful, Symrise can utilize earnings potential in a tight market.

Similarly to the sales markets, sourcing markets are also subject to the fact that possible trade restrictions may not only result in risks but often also opportunities (triad of the USA, China and the EU; or in connection with Brexit) due to the global positioning of Symrise with production sites on all continents. However, negative effects cannot be ruled out in the short term.

FINANCIAL MARKETS

Symrise uses the international financial markets to finance its ongoing business operations and is therefore exposed to various risks. Liquidity risk describes the danger of Symrise not being in a position to fulfill financial obligations to third parties. In the case of a deterioration in business development, there is the additional risk of not being able to meet the obligations for existing credit commitments.

Symrise carries out continuous liquidity planning in order to recognize liquidity shortfalls early on. Parallel to this, the company possesses sufficient credit lines to cover payment claims. By continuously monitoring short and medium-term liquidity, liquidity problems can be avoided while at the same time minimizing refinancing costs through proactive management of financing instruments. Symrise does not currently see a refinancing risk.

Currency risks are an inherent challenge of a globalized value chain. The risks are significantly reduced as a result of the many opposing payment flows in different currencies. Symrise also uses common currency hedging instruments to reduce the impact on its operating business as much as possible. Stringent and dynamic management of currency changes in operating business serves to reduce currency risks. This applies to purchasing markets as well as sales markets. As of the end of the reporting period, there were foreign currency forward contracts worth around € 434 million to hedge operating currency risks. In order to avoid fluctuations in the operating currency result due to changes in valuation, these currency transactions were classified as cash flow hedges and fair value hedges for hedge accounting purposes.

Interest risks arise because rising interest rates can increase interest expenditure in variable financial instruments contrary to planning and thus have an adverse effect on the Group's result of operations. Overall, the ratio of fixed-rate debt amounted to 97 % of overall debt as of December 31, 2021. Symrise counters the remaining risk stemming from interest rates by means of contracted interest hedges. Financial opportunities and risks associated with company pension commitments are limited at Symrise due to the long-term fixed parameters.

PRODUCTION

Technical disturbances can interrupt the Group's continuous operations and lead to a loss of income and corresponding return. The causes thereof can lie in the insufficient security of the energy supply, of the equipment and processes, of the IT systems, in fire safety, in the quality and safety of materials and in their correct classification as well as the qualifications of the operational personnel. In addition, increasing demands and new country-specific labor regulations and environmental regulations as well as natural disasters can lead to interruptions in operations. Symrise reduces such risks through maintenance, investments, occupational health and safety measures, insurance and corresponding guidelines, instructions and training courses. Changes in country-specific environmental regulations can result in fines or the temporary closure of production sites. For this reason, Symrise continuously observes regulatory developments in the countries in which it operates. Interruptions in operations can also arise due to errors in the course of operations, for example, due to foreign bodies that are contained in raw materials or that are introduced into intermediate or end products during processing as well as due to incidents resulting from the usage of work equipment. Symrise minimizes these kinds of risks through appropriate guidelines (for example, foreign body policy), robust procedures (Total Productive Maintenance), training courses, emergency plans, alternative production sites, exchange on best practices and continuous improvements to operational processes. Errors in the course of operations can also have a negative influence on follow-up stages and products. In the worst possible case, such errors could lead to Symrise products or those of its customers being recalled. The company is insured against these damages in an economically adequate manner so that the economic repercussions of possibly occurring production risks can largely be contained.

Hurricanes, which have occurred at regular intervals on the east coast of the USA in the past, are considered risks in risk reporting and increase operating risk. This type of storm has led to temporary work stoppages lasting several days over the past three years but did not endanger the existence of the affected Symrise Group companies in terms of their impact on the operating result. There are contingency plans within the Symrise Group for extreme cases which call for other Symrise companies to step in to ensure supplies.

INVESTMENTS

The implementation of growth projects with the help of investments in new production capacities involves the risk that the implementation within the set cost and time frame does not succeed as well as the risk that the specified technology cannot be implemented according to plan.

The technical and financial planning process for larger projects is comprehensive and goes through several evaluation phases in a disciplined manner. Not only new risks are identified; possible opportunities can also be identified. These reviews also build on a systematic follow-up of previous projects.

HUMAN RESOURCES

Personnel risks are generally summed up in employees' potential to leave the company and the corresponding loss of competence as well as possible noncompliance with company guidelines, legal requirements or agreements made with employee representatives. Compliance with local laws and company guidelines is monitored via internal audits. Further, compliance with these requirements, which are based on international standards, is checked at regular intervals by external auditors. The initial training of new employees, together with subsequent training sessions, ensures that every employee observes corporate guidelines such as the Code of Conduct. The constant dialogue with employee representatives serves the exchange of interests between employers and employees as well as a cooperative corporate culture. Ultimately, this also helps to avoid strikes and related interruptions to operations.

MERGERS & ACQUISITIONS

Active portfolio management has a high priority at Symrise and is an important instrument for implementing its strategy. Symrise has a systematic process in place to identify possible acquisition targets, assess possible transactions and implement the goals set after an acquisition has been made. The most important criteria are that the transaction fits the strategy, improves results and has future potential, on the one hand, and compliance with legal, environmental and financial requirements on the other.

Despite thorough and intensive due diligence, unforeseen and unexpected obligations may arise in the event of subsequent acquisitions. Even in the case of value-creating acquisitions and consistent estimates of future business development, integration processes may take longer and require more resources than originally planned.

In principle, all acquisitions involve the risk that the goals set cannot be achieved and that significant impairments will be necessary. The continuous monitoring of the implementation of the acquisition targets serves to identify potential problems in good time and enable necessary corrections to be made.

RESEARCH & DEVELOPMENT

Opportunities for Symrise often arise from market-oriented research and development, which the company sees as one of the most important drivers of profitable growth. Symrise has a well-filled innovation pipeline with a balanced mix of short, medium and long-term projects. On the one hand, Symrise is continuously seeking process improvements to increase efficiency, and on the other hand, Symrise is looking for new markets and technologies. The project portfolio is constantly reviewed with regard to the extent to which it conforms to the strategy. Likewise, aspects of digitization are becoming ever more important (IBM project for the development of fragrances with the help of artificial intelligence).

Symrise closely observes what are known as “megatrends” such as the naturalness of food and body care products or sustainability along the entire value chain, for example. In cooperation with its colleagues and suppliers, Symrise works permanently toward fulfilling the requirements as well as implementing the goals set by the company for itself. Opportunities and risks can arise from this, such as for example higher costs through the use of new raw materials or the exploitation of a competitive advantage through a unique positioning in the market for a time with a natural preservative for personal care products.

Opportunities and risks in research & development are associated with the feasibility of planned product and process developments and their timely implementation. Symrise sees numerous further opportunities both in its existing product portfolio and in related areas.

COMPLIANCE, LAW AND REGULATORY FRAMEWORK

In its compliance management system, Symrise differentiates between technical compliance and legal compliance. Technical compliance activities focus on quality, environmental protection, health, work safety, energy, product safety and food safety.

In nearly all of these areas, the products of Symrise are subject to strict government supervision worldwide. It is a matter of course for Symrise that its products and processes comply with local regulations around the world.

Comprehensive expertise in the product-related regulatory area also makes it possible for Symrise to support customers in their regulatory issues and sell additional services. Furthermore, this expertise – also in combination with artificial intelligence applications – opens up further opportunities in the area of recipe optimization and complexity reduction.

Symrise is committed to meeting internationally recognized standards for product safety, health, occupational safety and the environment at all its sites. Compliance is regularly checked by internal and external experts. This also applies to suppliers as part of regular audits.

The fragrances, flavorings and additives from Symrise are generally processed in products that end consumers consume as food or apply to their skin or hair. Therefore, there is a fundamental risk that Symrise products could have a negative effect on consumers' health. To minimize this risk, the products are continually tested as part of our quality management on the basis of scientific research as well as on international standards and internal safety regulations.

Legal compliance activities concentrate on competition and antitrust law, anti-corruption and money laundering prevention efforts, and export controls. Here, the focus of activity is on education and prevention. The implementation and further development of Group guidelines on these topics also fall into the category of Legal Compliance.

As early as 2008, the Group Compliance office of Symrise installed an Integrity Hotline to ensure that Symrise employees can anonymously report violations of both legal regulations and internal company guidelines from anywhere in the world. Where necessary, investigations were carried out and corrective measures were applied on a case-by-case basis pursuant to the applicable legal system and internal Group regulations. These can include disciplinary measures under labor law.

Currently, the Group considers its legal risks to be relatively minor. These risks typically result from the areas of product liability, warranty claims and environmental law. To counter these risks in an appropriate way and early on, Symrise analyzes potential risks comprehensively by involving its legal department and, if necessary, by engaging external specialists. Despite these measures, the outcome of current or future legal proceedings cannot be predicted with certainty. At present, only a few Group companies are affected by ongoing legal proceedings.

There are actuarial risks from non-consolidated subsidiaries.

IT SECURITY

IT risks arise from damage to the Group stemming from data misuse and potential interruptions in the exchange and processing of data, which can lead to a disruption of operational processes. Symrise maintains a number of integrated IT and telecommunications systems whose programs and data are saved on different storage media and constantly further developed. Existing, established protection measures are also continuously updated and expanded to ensure the integrity and security of IT processes and the protection of data.

Nevertheless, Symrise – like other companies – fell victim to a serious cyberattack in December 2020. This was a criminal act by unknown perpetrators that temporarily caused considerable disruption to business operations. Immediately after the attack was discovered, Symrise shut down essential systems and completely shielded its IT infrastructure. This led to a short-term, temporary shutdown in production, logistics and sales. However, thanks to the highly integrated and comprehensively secured global IT infrastructure and an extraordinary effort by internal and external IT experts, almost all crucial systems were able to resume regular operations within a short period of time.

In parallel to the internal defense and analysis measures, Symrise called in the relevant authorities immediately after the attack was discovered. Further measures were implemented with the help of external experts in cyber forensics to further increase the confidentiality, availability and reliability of IT systems against internal and external attacks. These measures include preventive and further corrective activities, such as additional increased protection against unauthorized access, the quick isolation of potential malware, or the rapid recovery of data and systems that are no longer accessible.

In addition, the risk awareness of employees in dealing with sensitive data will be bolstered through heightened training.

TAXES

Symrise gives the highest priority to the observance of local and global regulations as well as legal requirements in the area of taxes. The optimization of the tax burden is a constant focus, without creating excessive complexity for operating business.

Given the complex business models and global reach of Symrise, there are ongoing income tax-related matters that have not yet been reviewed and conclusively assessed by the relevant local tax authorities. In some cases, provisions for these risks were made in preparation for possible additional tax obligations. On the whole, Symrise feels that the necessary precautions have been taken for all known tax risks.

ENVIRONMENT (SAFETY, HEALTH, ECOLOGY AND QUALITY)

Environmental opportunities and risks in the areas of climate, water and forests are analyzed and measured annually as part of reporting to the British non-governmental organization CDP and reported publicly to customers and investors. Global challenges in the area of the environment such as climate change, water shortages, soil erosion or the loss of biodiversity can have a negative impact on the productivity and functionality of the ecosystems managed by Symrise or by its suppliers and sub-suppliers. This in turn can lead to decreasing raw material availability or increasing raw material prices within the portfolio. Systematically analyzing and measuring relevant environmental risks and consistently taking these into consideration in research, product development, purchasing and supply chain management allows Symrise to initiate measures to minimize risks early on. This ranges from developing substitute solutions for crucial raw materials through to the reformulation of recipes in cooperation with customers and the identification of alternative suppliers and sourcing countries.

Symrise considers itself well prepared with regard to the regulations on the new EU taxonomy and does not expect any additional risks or opportunities. Examination of the provisions in the EU Taxonomy Regulation has shown that Symrise does not carry out any economic activities eligible for taxonomy. This does not mean that the businesses of Symrise are less sustainable than the activities defined in the EU taxonomy. Rather, the EU taxonomy currently includes only those economic activities that are most relevant to reducing greenhouse gas emissions and improving climate resilience. This includes sectors with the highest contribution to CO_2 emissions (energy, manufacturing, transport, buildings) and activities that enable their transformation. Accordingly, the EU Commission estimates that the taxonomy covers the economic activities of about 40 % of listed companies operating in sectors responsible for nearly 80 % of direct greenhouse gas emissions in Europe. Symrise is not one of these companies.

The coronavirus pandemic has posed a major challenge to humanity and the global economy since the beginning of 2020. Almost all governments took drastic measures to contain the pandemic. These include restricting free movement and prohibiting personal contact, restricting travel and temporarily closing businesses, hotels, restaurants and retail outlets.

The consequences of the coronavirus pandemic have so far had little impact on the business development of Symrise. Due to the classification of the industry as systemically important, Symrise was able to continue production at all sites without significant interruptions and remained able to deliver to customers. Nevertheless, the coronavirus pandemic has also posed challenges for Symrise. In addition to some interruptions in global supply chains, established work procedures had to be adapted to the situation at short notice. For example, Symrise introduced comprehensive measures at all locations to provide the best possible protection for employees and business partners. These include remote working solutions to create physical distance, the temporal separation of shifts and laboratory activities and additional hygiene measures. At the same time, Symrise is largely suspending travel and relying instead on online meetings and video conferences. With a wide range of product solutions for food as well as for personal care and hygiene, Symrise is meeting the needs of daily life, especially during these times. In addition, Symrise has a strong international orientation with its own production sites in the most important sales markets. Due to this diversified and balanced business model, Symrise believes it is in a position to limit the risks in individual markets and to consistently take advantage of business opportunities which are available in many places even in this difficult situation.

PROCESS- AND ORGANIZATION-RELATED RISKS

Symrise sells a wide variety of products with different business models in numerous geographical markets. The dynamics of the sales and procurement markets may also require adjustments to internal processes or the organizational structure. The possible adjustments to internal structures can entail various opportunities and risks. In addition to efficiency gains through leaner structures or faster decision-making, there is also the risk that the intended improvement cannot be implemented technically or that the structural change may have a negative effect on the motivation of the workforce. Symrise is constantly striving to improve the efficiency of its organization and processes.

OVERALL ASSESSMENT OF OPPORTUNITY AND RISK SITUATION

The business model of Symrise is characterized by above-average potential for opportunity compared with other sectors of industry and companies. Demand for Symrise products is driven in particular by rising global private consumption and growing prosperity. Many products serve to fulfill various basic human needs and desires, such as health and youthful appearance, which exist in every part of the world. The dynamic growth and high profitability of Symrise show that these opportunities have been successfully taken advantage of. The acquisitions of recent years have broadened the category and technology base of Symrise and increased backward integration. Above-average growth, increasing margins and additional innovations are the result of the Group's expanded footprint. Symrise will continue to follow this strategy in the future. Symrise is convinced that proactive and systematic monitoring of potential risks and opportunities is an important component of successful corporate governance.

Essential features of the accounting-related internal control and risk management system

MAIN FEATURES AND OBJECTIVES

In accordance with the German Accounting Law Modernization Act (BilMoG), capital market-oriented corporations are obliged to describe the essential features of their internal accounting-related control and risk management system in the management report section of the annual report.

The accounting-related internal control system (ICS) guarantees proper and reliable financial reporting. By means of the accounting-related risk management system, measures are taken to identify and evaluate risks in order to ensure the preparation of consolidated financial statements in accordance with the regulations. The system consists of documenting possible risks, the accompanying processes and their monitoring and of examining these processes and controls. Opportunities are also documented within the framework of corporate planning. To guarantee that the ICS is effective, the Group-wide control mechanisms are analyzed at the level of the individual companies and the Group for suitability and functionality. Here, the Corporate Internal Audit department examines how effectively those responsible adhered to the planned control mechanisms at both the decentralized and centralized level. The efficiency of the ICS can be limited by unforeseen changes in the control environment, criminal activities or human error.

To define existing control processes in the company and to expand them where necessary, Symrise has established a process to support documentation and analysis in the Group's business units and companies. The principles for the accounting-related internal control system and the risk management system define requirements, document the process landscape and business processes, and regulate controls to be carried out. Additionally, employee training courses and collegial exchange help ensure that measures can be constantly adjusted to the changing risk environment.

ORGANIZATION AND PROCESS

The ICS in the Symrise Group comprises both centralized and decentralized areas of the company. It is geared to ISO 31000 and based on the COSO II Framework. Based on reports issued by the Group's units and companies, an aggregate Group risk report is presented to the Executive Board regularly. The Executive Board discusses the efficacy of the ICS with the Supervisory Board or with the Auditing Committee of the Supervisory Board, as appropriate.

The ICS is monitored regularly with respect to the up-to-dateness of documentation and the suitability and functionality of controls. Further, any weaknesses in the control system are identified and evaluated. The Auditing Committee discusses the ICS, the compliance as well as the risk management system in detail at the annual system meeting.

- Accounting-related risk management: Using a risk-oriented approach, the companies and processes that are essential for accounting are first of all identified. On the basis of the results, specific minimum requirements and objectives are defined to counteract the risks of financial reporting. The result is a centralized risk catalog that relates to financial reporting and that is simultaneously the basis of work for employees involved in financial reporting.

- Accounting-related internal control system:First, existing control activities in the essential companies are documented and updated. The controls defined by the accounting-related ICS should guarantee adherence to Group accounting guidelines, the accounting guidelines of the individual companies as well as the procedures and schedules of the individual accounting processes. The control mechanisms are regularly analyzed for their effectiveness in preventing risks through the use of random sampling by Corporate Internal Audit, among other things. Whenever weaknesses have been documented, the potential risks for the consolidated financial statements stemming from the reports from the Group's units and companies are evaluated. In another step, the individual risks are consolidated at the company level. The risks and their corresponding effects on financial reporting are reported to the Executive Board. These reports form the basis for reporting vis-à-vis the Supervisory Board's Auditing Committee. If control weaknesses are determined, measures for improvement are developed. The efficacy of the new control methods is then analyzed in the next examination cycle.

Disclosures pursuant to section 315a of the German Commercial Code (HGB)

- The share capital of Symrise AG amounts to € 139,772,054. It is divided into no-par-value shares with a nominal value of € 1. The associated rights and duties are set forth in the relevant provisions of the German Stock Corporation Act (AktG). There are no different types of shares with different rights and obligations. Nor do any special rights or rights of control exist for any shareholders.

- The appointment and removal of members of the Executive Board is based on Sections 84 and 85 of the German Stock Corporation Act (AktG). Amendments to the articles of incorporation are based on Sections 133 and 179 of the German Stock Corporation Act (AktG).

- The Executive Board is authorized, subject to the consent of the Supervisory Board, to increase the share capital of the company until May 21, 2024, by up to € 25,000,000.00 million through one or more issuances of new, no-par-value shares against contribution in cash and/or in kind. The new shares may be underwritten by one or more financial institutions determined by the Executive Board in order for such shares to be offered to the shareholders (indirect subscription right). The Executive Board is authorized, subject to the consent of the Supervisory Board, to exclude the statutory subscription right of shareholders for an amount of up to 10 % of the company's current share capital in the following cases:

  a) In the case of capital increases in return for noncash contributions in kind for the granting of shares for the purpose of acquiring companies or share interests in companies or participating companies

  b) For the purpose of issuing a maximum number of 1,000,000 new shares to employees of the company and affiliated companies, within the constraints imposed by law.

  c) Insofar as this is necessary in order to grant holders of warrants and convertible bonds issued by the company or its subsidiaries a right to subscribe for new shares to the extent that they would be entitled to such a right when exercising the options option or when meeting obligations arising from the warrants or options.

d) To exclude fractional amounts from subscription rights.

e) In the event of a capital increase against cash contribution, if, at the time of the final determination of the issue price by the Executive Board, the issue price of the new shares is not significantly lower – within the meaning of Section 203 (1) and (2) and Section 186 (3) sentence 4 AktG – than the market price of shares already traded on the stock exchange and the aggregate amount of the new shares for which subscription rights are excluded does not exceed 10 % of the share capital neither at the time this authorization comes into force nor at the time this authorization is exercised. This restriction is to include shares that were or will be sold or issued without subscription rights during the period of validity of this authorization, up to the time of its exercise, by reason of other authorizations in direct or corresponding application of Section 186, (3) Sentence 4 of the German Stock Corporation Act (AktG).

The Executive Board is authorized, subject to the consent of the Supervisory Board, to determine the further particulars of the capital increase and its implementation including the scope of shareholder rights and the conditions for the issuing of shares.

- The company's share capital has been conditionally increased by up to € 15,650,000.00 through the issue of up to 15,650,000 new no-par value bearer shares (conditional capital 2019). The conditional capital increase shall only be implemented to the extent that the holders of convertible bonds issued for cash or of warrants from option bonds issued for cash by the company or a Group company up until May 21, 2024, on the basis of the authorization granted to the Executive Board by the Annual General Meeting of May 22, 2019, exercise their option/conversion rights, or fulfill their obligations for exercising the option/conversion rights, or the company exercises its right to grant bondholders shares in the company in full or partial settlement of the cash amount that has become due, and as long as no other forms of settlement are used. The new shares shall participate in the profits from the start of the fiscal year in which they are issued.

The Executive Board is authorized, with the consent of the Supervisory Board, to determine the further details regarding the implementation of the conditional capital increase. The Supervisory Board is authorized to amend Section 4 (6) of the articles of incorporation in accordance with the utilization of the conditional capital. The same applies if the authorization to issue convertible and/or option bonds is not exercised after the end of the authorization period and if the conditional capital is not utilized after the expiry of all conversion and option periods.

- The company is authorized in accordance with Section 71 (1) number 8 of the AktG to purchase treasury shares up to a level of 10 % of the current share capital. The purchased shares together with other treasury shares that are held by the company or are attributed to it according to Section 71a et seqq. of the AktG may not at any time exceed 10 % of the share capital existing at a given time. The authorization must not be used for the trade of treasury shares.

a) For one or more purposes, the authorization may be invoked by the company, or by third parties for the account of the company, in one total amount or in a number of partial amounts either singly or on several separate occasions. The authorization applies until June 16, 2025.

b) The Executive Board has the choice of making the acquisition either through the stock exchange or in the form of a published purchase offer, or respectively, in the form of a published request for tender of such an offer.

aa) If the acquisition of shares is made through the stock exchange, the consideration per share paid by the company (excluding ancillary acquisition costs) may not exceed or undercut the opening auction price quoted on the XETRA trading system (or a comparable replacement system) on the day of the stock exchange trading by more than 5 %.

bb) If the acquisition is made in the form of a published purchase offer, or in the form of a published request for tender of a purchase offer, the purchase price offered per share, or the limits of the purchase price spread per share (excluding ancillary acquisition costs), may not exceed or undercut the average closing price quoted on the XETRA trading system (or a comparable replacement system) on the last three stock exchange trading days before the date of publication of the offer, or respectively, the date of publication of a request for tender of a purchase offer, by more than 10 %. If, following publication of the purchase offer, or respectively, following publication for tender of a purchase offer, significant fluctuations occur in the applicable reference price, then an adjustment may be made to the offer, or respectively, to the request for tender of such an offer. In such circumstances, reference will be made to the closing prices quoted on the XETRA trading system (or a comparable replacement system) on the three stock exchange trading days before the publication of a possible adjustment; the 10 % threshold for exceeding or undercutting the price applies to this amount. The purchase offer or request for tender of such an offer may include further conditions. Inasmuch as the offer is oversubscribed, or respectively, in the case of a request for tender of an offer of multiple offers of the same value due to a restriction in volume, inasmuch as not all equivalent offers can be accepted, then acceptance occurs according to the ratio of the offered shares. Preferential acceptance of small quantities of up to 100 shares on offer is permissible. A commercial rounding to avoid fractions of shares can also be arranged. To this extent, any right to tender by shareholders is excluded.

c) The Executive Board is authorized to use company shares that are acquired on the basis of this authorization for all permitted legal purposes but especially for the following purposes:

aa) The shares may be redeemed without the necessity for the redemption or its execution to be authorized by a further resolution of a general meeting of shareholders. In a simplified procedure, they may be redeemed without a formal reduction in capital by adjustment of the proportional amount applicable to the remaining no-par-value shares making up the company's share capital. The redemption may be limited to only a portion of the shares acquired. The authorization for redemption of shares may be invoked repeatedly. If the redemption is performed using the simplified procedure, then the Executive Board is authorized to adjust the number of no-par-value shares contained in the company's articles of incorporation.

bb) The shares may also be sold by means other than through the stock exchange or an offer to the shareholders if the shares are disposed of against payment in cash at a price that is not significantly less than the quoted stock exchange price at the time of disposal for shares of the same type. In the process, the subscription rights of shareholders are excluded. This authorization is restricted to the sale of shares representing a total proportional amount of at most 10 % of the share capital at the time this authorization takes effect or – if this value is lower – at the time this authorization is exercised. This upper limit of 10 % of share capital takes into account the proportional amount of the share capital that accrues to shares of the company issued or sold during the term of this authorization without subscription rights in direct or corresponding application of Section 186 (3) sentence 4 of the AktG, and that accrues to shares of the company issued or to be issued during the term of this authorization to service option/convertible bonds, which in turn were issued during the term of this authorization without subscription rights in corresponding application of Section 186 (3) sentence 4 of the AktG.

cc) The shares may be sold in consideration for contributions in kind, particularly in connection with the acquisition of other entities, parts of entities or investments in entities as well as in connection with business mergers.

dd) The shares can be used in connection with share-based payment or employee stock option plans of the company or affiliated companies and issued to individuals who have or had an employment relationship with the company or affiliated companies as well as to board members of affiliated companies. They can be offered, pledged and transferred to the aforementioned individuals and board members particularly in return for payment or free of charge, whereby a working, employment or board relationship must exist at the time of the offer, pledge or transfer.

d) The Supervisory Board is authorized to use shares of the company acquired on the basis of this authorization as follows:

The shares can be used to service obligations or rights to acquire Symrise shares that have been or will be agreed upon with members of the Executive Board of the Symrise AG within the framework of rules for Executive Board remuneration. In particular, they can be offered, pledged and transferred to members of the Executive Board of Symrise AG, whereby an Executive Board employment or board relationship must exist at the time of the offer, pledge or transfer.

e) The authorizations under Sections (c) and (d) also include the use of shares of the company that were repurchased on the basis of earlier stock buyback authorizations and those that were acquired on the basis of Section 71 d sentence 5 of the German Stock Corporation Act or by an entity that is dependent on the company or by third parties for the account of the company or by third parties for the account of an entity that is dependent on the company or majority-owned by the company.

f) The authorizations listed under (c) and (d) above may be made use of singly or repeatedly, wholly or partly, individually or jointly; the authorizations under c) subparagraphs bb), cc) and dd) may also be made use of by entities dependent on the company or by entities that are owned in the majority by the company, or for their account, or for the account of third parties acting on behalf of the company.

g) Shareholder subscription rights in respect of this treasury stock are excluded to the extent that these shares are disposed of in accordance with the aforementioned authorization contained in paragraph (c) subparagraphs bb), cc) and (dd) and (d).

h) The Supervisory Board may prescribe that measures taken by the Executive Board based on this resolution by the Annual General Meeting of the shareholders may only be executed with its permission.

- The employment contracts for the members of the Executive Board at Symrise AG contain a change of control clause. The clause provides that Executive Board members, who are recalled without serious cause or mutually agree to resign from their Executive Board positions after a change of control, but before the end of their contract term, are entitled to a settlement for the time remaining on their employment contracts or at least termination benefits amounting to three years' worth of remuneration. Severance and settlement must not exceed the overall limit of 150 % of the severance payment cap.

- A change of control resulting from a takeover bid could possibly have an impact on some of the long-term financing contracts of Symrise AG, which contain agreements on a change of control. These are standard change of control clauses, which may grant creditors the right to terminate their contracts prematurely in the event of a change of control.

No further disclosure requirements exist pursuant to Section 315a of the German Commercial Code (HGB).

Corporate Governance Statement

The Corporate Governance Statement has been made available on the Symrise AG website at: **https://www.symrise.com/corporate-governance-statement**.

Consolidated Financial Statements

SYMRISE AG, HOLZMINDEN
JANUARY 1 TO DECEMBER 31, 2021

Consolidated Income Statement

In € thousand	Notes	2020	2021
Sales	4	3,520,451	3,825,691
Cost of goods sold	5	– 2,129,973	– 2,346,860
Gross profit		**1,390,478**	**1,478,831**
Selling and marketing expenses	7	– 533,527	– 563,715
Research and development expenses	8	– 212,297	– 220,742
Administration expenses	9	– 203,194	– 220,995
Other operating income	10	50,767	85,796
Other operating expenses		– 8,239	– 4,936
Result of companies accounted for using the equity method	21	3,525	4,716
Income from operations/EBIT		**487,513**	**558,955**
Financial income		3,471	3,681
Financial expenses		– 67,422	– 46,444
Financial result	**11**	**– 63,951**	**– 42,763**
Earnings before income taxes		**423,562**	**516,192**
Income taxes	12	– 108,611	– 131,160
Consolidated net income		**314,951**	**385,032**
of which attributable to shareholders of Symrise AG		306,873	374,924
of which attributable to non-controlling interests		8,078	10,108
Earnings per share (€)	**14**		
basic		2.27	2.74
diluted		2.22	2.70

Consolidated Statement of Comprehensive Income

In € thousand	Notes	2020	2021
Consolidated net income		**314,951**	**385,032**
of which attributable to shareholders of Symrise AG		306,873	374,924
of which attributable to non-controlling interests		8,078	10,108
Items that may be reclassified subsequently to the consolidated income statement			
Exchange rate differences resulting from the translation of foreign operations			
Exchange rate differences that occurred during the fiscal year	29	– 214,203	169,155
Gains/losses from net investments		– 14,301	484
Reclassification to the consolidated income statement		–	1,064
Cash flow hedge (currency hedges)	29		
Gains/losses recorded during the fiscal year		1,605	– 1,183
Reclassification to the consolidated income statement		– 1,469	730
Income taxes payable on these components	12	2,473	577
Items that will not be reclassified to the consolidated income statement			
Remeasurement of defined benefit pension plans and similar obligations	28	– 66,422	73,460
Change in the fair value of financial instruments measured through other comprehensive income	32	–	39,290
Income taxes payable on these components	12	18,981	– 21,464
Other comprehensive income		**– 273,336**	**262,113**
Total comprehensive income		**41,615**	**647,145**
of which attributable to shareholders of Symrise AG		35,170	636,130
of which attributable to non-controlling interests		6,445	11,015

Consolidated Statement of Financial Position

In € thousand	Notes	December 31, 2020	December 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents	15	725,136	453,808
Trade receivables	16	600,795	729,941
Inventories	17	862,887	987,961
Other non-financial assets and receivables		79,824	96,076
Other financial assets	32	15,175	11,335
Income tax assets	12	15,922	46,357
Assets held for sale	18	0	4,434
		2,299,739	**2,329,912**
Non-current assets			
Intangible assets	19	2,194,060	2,481,917
Property, plant and equipment	20	1,205,214	1,320,935
Other non-financial assets and receivables		19,531	16,959
Other financial assets	32	16,823	275,661
Investments in companies accounted for using the equity method	21	80,354	114,629
Deferred tax assets	22	124,048	102,725
		3,640,030	**4,312,826**
TOTAL ASSETS		**5,939,769**	**6,642,738**

Consolidated Statement of Financial Position

In € thousand	Notes	December 31, 2020	December 31, 2021
LIABILITIES			
Current liabilities			
Trade payables	23	334,178	412,786
Borrowings	24	9,666	353,743
Lease liabilities	25	22,234	21,800
Other non-financial liabilities	26	205,739	250,417
Other provisions	27	15,309	12,082
Other financial liabilities		2,459	10,357
Income tax liabilities	12	67,253	81,162
Liabilities directly associated with assets held for sale	18	0	2,218
		656,838	**1,144,565**
Non-current liabilities			
Borrowings	24	1,963,682	1,342,124
Lease liabilities	25	77,173	83,060
Other non-financial liabilities		5,428	5,962
Other provisions	27	34,680	35,162
Provisions for pensions and similar obligations	28	681,175	617,183
Other financial liabilities		1,428	925
Deferred tax liabilities	22	154,441	161,498
Income tax liabilities		3,263	0
		2,921,270	**2,245,914**
TOTAL LIABILITIES		**3,578,108**	**3,390,479**
EQUITY	29		
Share capital		135,427	139,772
Capital reserve		1,798,030	2,180,722
Reserve for remeasurements (pensions)		– 264,628	– 212,006
Cumulative translation differences		– 418,515	– 248,814
Retained earnings		1,048,250	1,286,247
Other reserves		3,291	41,982
Symrise AG shareholders’ equity		**2,301,855**	**3,187,903**
Non-controlling interests		59,806	64,356
TOTAL EQUITY		**2,361,661**	**3,252,259**
LIABILITIES AND EQUITY		**5,939,769**	**6,642,738**

Consolidated Statement of Cash Flows

In € thousand	Notes	2020	2021
Consolidated net income		**314,951**	**385,032**
Result of companies accounted for using the equity method	21	– 3,525	– 4,716
Income taxes	12	108,611	131,160
Interest result	11	54,835	35,272
Depreciation, amortization and impairment of non-current assets	19, 20	254,564	254,669
Increase (+)/decrease (–) in non-current liabilities		16,032	8,068
Increase (–)/decrease (+) in non-current assets		– 940	1,229
Gains (–)/losses (+) from the disposal of property, plant and equipment and intangible assets		– 673	156
Dividends from companies accounted for using the equity method		5,680	3,245
Other non-cash expenses and income		10,287	– 15,729
Cash flow before working capital changes		**759,822**	**798,386**
Increase (–)/decrease (+) in trade receivables and other current assets		– 7,159	– 98,501
Increase (–)/decrease (+) of inventories		– 21,745	– 86,604
Increase (+)/decrease (–) in trade payables and other current liabilities		43,165	75,368
Income taxes paid		– 138,402	– 167,093
Cash flow from operating activities		**635,681**	**521,556**
Payments for business combinations, minus acquired cash equivalents, for subsequent contingent purchase price components as well as for investments in companies accounted for using the equity method		– 3,222	– 384,958
Payments for investing in intangible assets		– 13,377	– 19,842
Payments for investing in property, plant and equipment		– 130,664	– 154,314
Payments for investing in non-current financial assets		– 5,082	– 217,953
Proceeds from the disposal of non-current assets		2,637	63,467
Cash flow from investing activities		**– 149,708**	**– 713,600**
Proceeds from bank and other borrowings	24	515,273	116,171
Redemption of bank and other borrowings	24	– 510,007	– 13,522
Repayments in relation to the convertible bond		0	– 1,300
Interest paid		– 39,420	– 29,099
Interest received		1,881	1,633
Dividends paid by Symrise AG		– 128,655	– 131,364
Dividends paid to non-controlling interests		– 3,977	– 6,629
Acquisition of non-controlling interests		– 3,982	– 7,457
Principal portion of lease payments		– 19,862	– 20,581
Cash flow from financing activities		**– 188,749**	**– 92,148**
Net change in cash and cash equivalents		297,224	– 284,192
Effects of changes in exchange rates		– 15,122	18,308
Loss on the net monetary position		– 2,866	– 5,444
Total changes		**279,236**	**– 271,328**
Cash and cash equivalents as of January 1		445,900	725,136
Cash and cash equivalents as of December 31	15	**725,136**	**453,808**

The consolidated statement of cash flows is explained in note 31.

Consolidated Statement of Changes in Equity

In € thousand	Share capital	Capital reserve	Reserve for remeasurements (pensions)	Cumulative translation differences	Retained earnings	Other reserves	Symrise AG shareholders' equity	Non-controlling interests	Total equity
January 1, 2020	**135,427**	**1,798,030**	**– 217,187**	**– 194,047**	**874,443**	**3,197**	**2,399,863**	**57,261**	**2,457,124**
Consolidated net income	–	–	–	–	306,873	–	**306,873**	8,078	**314,951**
Other comprehensive income	–	–	– 47,441	– 224,356	–	94	**– 271,703**	– 1,633	**– 273,336**
Total comprehensive income	**–**	**–**	**– 47,441**	**– 224,356**	**306,873**	**94**	**35,170**	**6,445**	**41,615**
Dividends paid	–	–	–	–	– 128,655	–	**– 128,655**	– 3,977	**– 132,632**
Other changes	–	–	–	– 112	– 4,411	–	**– 4,523**	77	**– 4,446**
December 31, 2020	**135,427**	**1,798,030**	**– 264,628**	**– 418,515**	**1,048,250**	**3,291**	**2,301,855**	**59,806**	**2,361,661**

In € thousand	Share capital	Capital reserve	Reserve for remeasurements (pensions)	Cumulative translation differences	Retained earnings	Other reserves	Symrise AG shareholders' equity	Non-controlling interests	Total equity
January 1, 2021	**135,427**	**1,798,030**	**– 264,628**	**– 418,515**	**1,048,250**	**3,291**	**2,301,855**	**59,806**	**2,361,661**
Consolidated net income	–	–	–	–	374,924	–	**374,924**	10,108	**385,032**
Other comprehensive income	–	–	52,577	169,938	–	38,691	**261,206**	907	**262,113**
Total comprehensive income	**–**	**–**	**52,577**	**169,938**	**374,924**	**38,691**	**636,130**	**11,015**	**647,145**
Dividends paid	–	–	–	–	– 131,364	–	**– 131,364**	– 6,629	**– 137,993**
Exercise of the convertible bond less transaction costs and deferred taxes	4,345	382,692	–	–	–	–	**387,037**	–	**387,037**
Other changes	–	–	45	– 237	– 5,563	–	**– 5,755**	164	**– 5,591**
December 31, 2021	**139,772**	**2,180,722**	**– 212,006**	**– 248,814**	**1,286,247**	**41,982**	**3,187,903**	**64,356**	**3,252,259**

Equity developments are explained in note 29.

Notes

1. GENERAL INFORMATION

Symrise Aktiengesellschaft (Symrise AG, hereafter also referred to as “Symrise”) is a stock corporation under German law and the parent of the Symrise Group with its registered office at Muehlenfeldstrasse 1, 37603 Holzminden, Germany, and is registered in the commercial register of the District Court of Hildesheim under the registration number HRB 200436. Symrise is a global supplier of fragrances, flavorings, cosmetic active ingredients and raw materials, as well as functional ingredients. The shares of Symrise AG are authorized for trading on the stock exchange in the regulated market of the Frankfurt Securities Exchange in the Prime Standard segment. They have been listed in the DAX® since September 20, 2021 (in the MDAX® until September 19, 2021).

The consolidated financial statements and the Group management report of Symrise AG for the fiscal year ending December 31, 2021, were prepared by the Executive Board on February 14, 2022, and subsequently submitted to the Supervisory Board’s Auditing Committee for review and approval.

The consolidated financial statements and the Group management report of Symrise AG have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union and the supplementary commercial law provisions of Section 315e (1) of the German Commercial Code (HGB or “Handelsgesetzbuch”) that were valid at the end of the reporting period. The following explanations include those disclosures and comments that are to be provided as notes to the consolidated financial statements in accordance with IFRS in addition to the information contained in the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows and the consolidated statement of changes in equity. They thus represent an essential component of these consolidated financial statements.

For the purposes of a clearer presentation, some reporting line items included in the consolidated income statement and the consolidated statement of financial position group together individual items. Supplementary information relating to such items is presented separately in the notes. The consolidated income statement has been prepared using the cost of sales method.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of the financial statements

The consolidated financial statements are prepared on the basis of historical cost with the exception of derivative financial instruments, cash equivalents, securities and selected equity instruments, which are measured at fair value through profit or loss.

The consolidated financial statements are presented in Euros and amounts are rounded to the nearest thousand Euros (€ thousand or T€); in this process, rounding differences may arise. Deviations from this method are explicitly indicated. The separate financial statements of the companies consolidated and of those accounted for using the equity method were prepared as of the reporting date of the consolidated financial statements.

2.2 Changes to accounting policies

The accounting policies adopted are generally consistent with those applied in the previous year.

The amendment to IFRS 16 "Leases," which has to be applied from the 2021 fiscal year onward and relates to the recognition of Covid-19-related rent concessions, and the changes to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 had no material impact on the consolidated financial statements.

The IBOR reform, meaning the replacement of the reference interest rates by the end of 2021, also concerns the refinancing of the revolving credit facility due in May 2021. The documentation of the new revolving credit facility took this into account by including detailed provisions on the transition to the new base rates. The EURIBOR remains essentially unchanged as a baseline for withdrawals in EUR. This will continue to be determined and published. Changes occur for USD and GBP. The LIBOR will be used for withdrawals in USD for as long as it is available. This will be replaced by the compounded reference rate by June 30, 2023, at the latest (or earlier if the parties come to an agreement or the USD LIBOR is no longer available for other reasons). The compounded interest rate is defined every RFR banking day as the sum of (i) daily non-cumulative compounded RFR rate and (ii) the applicable credit adjustment spread. For withdrawals in GBP, this regulation will be applied immediately because the LIBOR is no longer available for GBP.

The following amendments have to be applied from the 2022 fiscal year onward:

- Amendments to IFRS 3 "Business Combinations": Reference to the Conceptual Framework
- Amendments to IAS 16 "Property, Plant and Equipment": Proceeds before Intended Use
- Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets": Onerous Contracts – Cost of Fulfilling a Contract
- Annual improvements to IFRS (2018–2020 cycle)

The following amendments have to be applied after endorsement from the 2023 fiscal year onward:

- Amendments to IAS 12 "Income Taxes": Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors": Definition of Accounting Estimates
- Amendments to IAS 1 "Presentation of Financial Statements": Disclosure of Accounting Policies
- Amendments to IAS 1 "Presentation of Financial Statements": Clarification of the Classification of Liabilities as Current or Non-current.

These standards and interpretations are not being adopted early by Symrise. No material impacts are expected.

2.3 Estimates and assumptions

Preparation of the consolidated financial statements in accordance with IFRS makes it necessary for the Executive Board to make estimates and assumptions that influence the application of accounting policies, the amounts at which assets and liabilities are recognized, and the manner in which contingent assets and liabilities are disclosed at the end of the reporting period, as well as income and expenses. Estimates and assumptions are based on historical information and planning data, as well as information on economic conditions in the industries and regions where Symrise or its customers actively operate. Changes to these factors could adversely impact estimates and assumptions, which is why they are regularly reviewed. Although Symrise believes estimates of future developments to be reasonable in consideration of the underlying uncertainties, actual results can vary from the estimates and assumptions provided. Any changes in value that result from such a review are recognized in the reporting period in which the corresponding change is made and in any other future reporting periods that are impacted.

Significant estimates and assumptions were made in particular in the following accounting policies as presented in note 2.5: assessing impairment of goodwill; determining the useful life of intangible assets and property, plant and equipment; determining the lease terms in the event of extension, termination and purchase options; recognition of internally generated intangible assets from development activities; measurement of inventories and trade receivables; accounting for current income taxes and deferred taxes; pensions; other long-term payments from employment relationships or the termination thereof; recognition of provisions for litigation and long-term remuneration programs. Assumptions and estimates are also necessary for the measurement of other contingent liabilities, other provisions and derivatives, as well as for determining fair value for purchase price allocation from business combinations.

In individual cases, the actual values can vary from the assumptions and estimates made, meaning that material adjustments to the carrying amounts of the affected assets or liabilities may need to be made as a result.

2.4 Consolidation principles and scope of consolidation

PRINCIPLES DETERMINING THE INCLUSION OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES

Full consolidation

All subsidiaries are generally included in the consolidated financial statements and fully consolidated. Subsidiaries are those companies in which Symrise holds an actual or de facto majority of voting rights and over which it exercises power over business and financial policies in order to benefit from their activities and therefore possesses the opportunity for control. Symrise is also exposed to variable returns from its involvement with the investee or has rights to these companies and has the potential to affect the returns.

The financial statements of the parent company Symrise AG and those of its subsidiaries are prepared as of the end of the reporting period using uniform accounting policies in the course of full consolidation. Adjustments are made to compensate for any differences in recognition and measurement deriving from local accounting policies. All internal balances, transactions and unrealized gains deriving from internal transactions are eliminated. Unrealized losses deriving from internal transactions are also eliminated unless Group cost cannot be recovered in the future. Subsidiaries are fully consolidated from the date of acquisition, i.e., from the date on which Symrise gains a controlling interest. Inclusion in the consolidated financial statements ceases on the date when the controlling influence ends. Assets, liabilities and contingent liabilities deriving from business combinations are generally recognized at fair value at the time of acquisition (purchase method). In circumstances where the acquisition cost relating to the business combination exceeds the proportionate share of the newly measured net asset value of the acquired object, the amount of such difference is recognized as goodwill. If, after detailed examination, the purchase price of an investment is less than the net amount of the identified assets and liabilities, the difference is recognized in income in the year of acquisition. Non-controlling interests can be measured on admission at fair value or at the proportionate share of the identifiable net assets of the business acquired. Symrise uses the latter method. The expenses and income of any subsidiary companies that are acquired are included in the consolidated income statement from the point in time at which the subsidiary is acquired. Costs incurred in connection with the business combination are recognized as expenses.

A company, Symrise Re Inc., Burlington, USA, is not included since it is of minor importance for the presentation of the Group's net assets, financial position and results of operations in the current fiscal year. It is recognized at cost, taking into account any pending impairment losses and reversals of impairment losses, if necessary. The investment is recognized as an equity instrument in non-current financial assets.

Applying the equity method

Joint ventures and investments in associated companies are accounted for using the equity method. A joint venture is an agreement through which Symrise exercises joint control, whereby Symrise has rights to the net assets of the agreement instead of rights to its assets and obligations for its debts. Associated companies are companies over which Symrise exercises significant influence but not control or joint control over financial and operating policies.

Investments are initially recognized at cost, including transaction costs. After initial recognition, the carrying amount is increased or decreased by the proportion of total comprehensive income, dividends paid and other changes in equity until the date that joint control or significant influence ceases.

Upon losing joint control of the joint venture or if significant influence over an associated company is lost, the Group measures and recognizes any retained investment in the former joint venture or associated company at its fair value. Any differences between the carrying amount of the investment in the joint venture or associated company upon loss of joint control or significant influence and fair value of the retained investment and proceeds from disposal are recognized in the consolidated income statement.

Scope of consolidation

In the 2021 fiscal year, the scope of consolidation developed as follows:

	December 31, 2020	Additions	Disposals	December 31, 2021
Fully consolidated subsidiaries				
Domestic	10	–	1	**9**
Foreign	90	9	9	**90**
Joint ventures accounted for using the equity method				
Foreign	1	–	–	**1**
Associated companies accounted for using the equity method				
Foreign	3	3	–	**6**
Total	**104**	**12**	**10**	**106**

Business combinations

ACQUISITION OF THE FRAGRANCE BUSINESS UNIT FROM SENSIENT TECHNOLOGIES C.V.

Symrise acquired the fragrance business unit (Fragrance and Aroma Chemicals) from Sensient Technologies C.V., Elburg, Netherlands, effective April 1, 2021. The transaction comprises the acquisition of all shares (share deal) in the Spanish company Sensient Fragrances, S.A.U., Granada, Spain (now renamed Symrise Granada S.A.U., Granada, Spain) and the acquisition of further assets (asset deal), mainly from Sensient Fragrances Mexico S.A. de C.V., Celaya, Mexico. Based on the now final figures, the purchase price was € 29.3 million, payable solely in cash.

The acquired activities include various Aroma Molecules solutions and fragrances from natural and renewable sources. With this acquisition, Symrise is strengthening its backward integration in the Scent & Care segment and expanding its position as a provider of fragrances for applications in personal care and household products. Furthermore, Symrise is receiving access to additional customers and strengthening its presence in the EAME (Europe, Africa, and the Middle East) and Latin America regions in particular.

The purchase price allocation was concluded in the second half of 2021. The acquired assets and liabilities, including contingent liabilities, are recognized at the following fair values:

	Fair value in € thousand as of the acquisition date
Cash and cash equivalents	230
Trade receivables	16,957
Inventories	19,740
Intangible assets	11,515
Property, plant and equipment	16,619
Other assets	3,346
Trade payables	– 11,056
Other liabilities	– 7,293
Acquired net assets	**50,058**
Consideration transferred for acquiring the shares and assets	**29,300**
Gain on a bargain purchase	**20,758**

Efficiency gains can be generated due to greater flexibility in the supply chain by combining the acquired activities with the existing Symrise Scent & Care business. The company plans to strengthen the acquired production site in Granada with targeted investments to achieve the goal of leveraging synergies in the future.

Symrise determined a purchase price advantageous in terms of the balance sheet. The determined gain is recognized in other operating income. It is not required to be included for tax purposes under local regulations. General bad debt allowances of € 0.8 million are included in trade receivables. Acquisition costs of € 3.4 million were incurred for this transaction, which are recognized in administration expenses. From the acquisition date, the acquired businesses contributed € 40.9 million to sales and € 15.8 million to consolidated net income (including the one-time gain from the acquisiton).

Under the assumption that the business combination had taken place by January 1, 2021, Group sales would have amounted to € 3,839.3 million and consolidated net income to € 383.4 million (including the one-time gain from the acquisiton). The pro forma numbers were determined using estimates. Simplifying assumptions were used as the basis for these.

ACQUISITION OF THE GIRAFFE FOODS GROUP

Symrise acquired all shares in the Giraffe Foods Group headquartered in Mississauga/ON, Canada, effective December 22, 2021. Giraffe Foods is a Canada-based producer of customized sauces, dips, dressings, syrups and beverages for B2B customers in the home meal replacement, food service and retail markets. With this transaction, Symrise will take a major step forward in the value chain, providing a wider variety of advanced taste solutions to a larger customer base in North America. Symrise considers this acquisition a strategic opportunity to expand the portfolio into the attractive market for customized flavor and taste enhancement solutions. By combining the Taste, Nutrition & Health expertise of Symrise with Giraffe Foods' custom formulation capabilities, Symrise aims to become a leader in integrated taste solutions in North America. The acquisition of Giraffe Foods supports the well-established businesses of Symrise in the region and will enlarge the value proposition of the Taste, Nutrition & Health segment.

The consideration of CAD 473.5 million (€ 325.2 million) paid for the shares as of the acquisition date consists of an underlying component that will be adjusted as of the acquisition date by contractually fixed short-term items in the statement of financial position. At the time of payment, preliminary figures were used as a basis for the amount and led to an increase in the purchase price by CAD 3.4 million (€ 2.3 million). The consideration consists solely of cash. A partial payment of CAD 4.0 million (€ 2.7 million) has been paid into a fiduciary account.

The fair value of the assets and liabilities acquired was not available for these consolidated financial statements due to the temporal proximity of the transaction with the end of the reporting period. Following the premise that these will be assumed at their carrying amount, this results in the following difference:

	Preliminarily recognized fair value in TCAD as of the acquisition date	Preliminarily recognized fair value in € thousand as of the acquisition date
Cash and cash equivalents	1,305	896
Trade receivables	10,822	7,434
Inventories	12,743	8,754
Intangible assets	100,767	69,222
Property, plant and equipment	32,349	22,222
Other assets	2,721	2,223
Trade payables	– 8,423	– 5,786
Deferred tax liabilities	– 13,380	– 9,191
Other liabilities	– 9,221	– 6,687
Acquired net assets	**129,683**	**89,087**
Consideration transferred for acquiring the interests	**473,451**	**325,239**
Preliminary goodwill	**343,768**	**236,152**

General bad debt allowances of € 0.1 million are included in trade receivables. The (preliminary) goodwill of CAD 343.8 million (€ 236.2 million) stems from synergy and earning potentials expected from the integration of the operating business into the Symrise Group. The first-time consolidation of the Giraffe Foods Group should be viewed as preliminary and is based on estimates that are subject to adjustment in order to take into consideration facts and conditions that already existed as of the acquisition date. Goodwill is not deductible for tax purposes.

Ancillary costs of € 1.8 million were recognized as administration expenses in the Taste, Nutrition & Health segment in 2021. Due to the temporal proximity of the closing to the reporting date, the acquiree's contribution to Group sales and consolidated net income is negligible.

Under the assumption that the business combination had taken place by January 1, 2021, Group sales would have amounted to € 3,879.6 million and consolidated net income to € 387.7 million. The pro forma numbers were determined using estimates. Simplifying assumptions were used as the basis for these.

PURCHASE AGREEMENT FOR AN EGG PROCESSING PLANT

Symrise signed a purchase agreement (asset deal) with Michael Foods, Inc., Minnetonka, USA, for an egg processing plant effective November 1, 2021. The acquisition of the plant consolidates Symrise's position in the Northeast of the United States and helps ensure the continuous delivery of quality pet food ingredients and innovative solutions to the pet food industry in the United States. The purchase price of USD 10.3 million (€ 8.7 million) was payable solely in cash and was due immediately. The acquired assets are recognized at fair value and relate to intangible assets of USD 5.8 million (€ 4.9 million), property, plant and equipment of USD 5.0 million (€ 4.2 million), inventories of USD 0.1 million (€ 0.1 million) and lease liabilities of USD 0.6 million (€ 0.5 million). The contributions to Group sales and consolidated net income were negligible.

Disinvestments

SALE OF NATURAL FOOD COLOR ACTIVITIES

On September 8, 2021, Symrise and Chr. Hansen Natural Colors A/S (Oterra™), headquartered in Hoersholm, Denmark, entered into a purchase contract for the natural food color activities of the Taste, Nutrition & Health segment with effect from December 29, 2021. Around 80 employees at two production sites in France and the United Kingdom were affected. Symrise thereby strengthens the focus of the Taste, Nutrition & Health segment on its core business in the areas of taste, nutrition and health for the application areas of food, pet food and aquaculture. The preliminary sales price of € 42.7 million due in cash at the transaction's closing will be adjusted for contractually defined line items on the statement of financial position at the time of sale. The preliminary income from the disposal amounts to € 12.5 million and was recognized under other operating income. Pursuant to the provisions of IFRS 5, the assets and liabilities being transferred were to be classified as a disposal group held for sale from the date when the sale was highly probable (June 11, 2021) until its actual sale. The measurement provisions of IFRS 5 did not require any impairment. The main assets sold were inventories (€ 16.3 million), property, plant and equipment (€ 11.8 million) and intangible assets (€ 0.8 million). The goodwill derecognized in this context is € 2.0 million and was determined on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.5 Summary of significant accounting policies

FOREIGN CURRENCY TRANSLATION

The subsidiaries of Symrise AG maintain their accounting records in the respective functional currency. The functional currency is the currency that is predominantly used or generated as cash. As Group companies conduct their business independently for financial, commercial and organizational purposes, the functional currency is generally the local currency or, in two exceptional cases, the US Dollar. Assets and liabilities of foreign subsidiaries whose functional currency is not the Euro are translated into Euros at the applicable closing rates. Expenses and income are translated at the average rate for the fiscal year. Any translation differences deriving from this process are recognized directly in equity as "cumulative translation differences."

Insofar as the settlement of a monetary item representing an outstanding account receivable from or account payable to a foreign business operation is neither planned nor probable in the foreseeable future, such an item represents part of a net investment in this foreign business operation. Any translation differences resulting from such items are recognized directly in equity as "cumulative translation differences" and reclassified from other comprehensive income to the consolidated income statement at the time of the disposal or redemption of the net investment.

Equity components are translated at the historical exchange rates effective at the time they were treated as an addition from a Group perspective. Any translation differences resulting from this process are recognized directly in equity as "cumulative translation differences." When Group companies are removed from the scope of consolidation, the "cumulative translation differences," which had been recognized directly in other comprehensive income, will be reclassified to the consolidated income statement in the same period.

Transactions designated in foreign currencies are translated into the respective functional currency of subsidiaries at the exchange rate valid on the day of the transaction. Monetary assets and liabilities designated in foreign currencies are measured using the closing rate. Non-monetary line items that were measured on the basis of historical cost in a foreign currency are translated at the exchange rate from the day on which the business transaction took place. Any currency translation effects resulting from operational activities are recorded within cost of goods sold, whereas any impacts resulting from financing activities are recorded within the financial result.

The following table shows the changes in exchange rates against the Euro for the most important currencies relevant to the Symrise Group:

Currency		Closing rate = € 1		Average rate = € 1	
		December 31, 2020	December 31, 2021	2020	2021
Brazilian Real	BRL	6.355	6.334	5.883	6.379
Canadian Dollar	CAD	1.559	1.437	1.529	1.482
Chinese Renminbi	CNY	8.002	7.248	7.870	7.628
British Pound	GBP	0.895	0.840	0.889	0.860
Japanese Yen	JPY	126.325	130.954	121.670	129.872
Mexican Peso	MXN	24.380	23.273	24.528	23.988
US Dollar	USD	1.224	1.137	1.139	1.183

ACCOUNTING PRACTICES IN COUNTRIES WITH HYPERINFLATION

The financial statements of foreign subsidiaries whose functional currency is one of a country with hyperinflation are adjusted for the change in purchasing power arising from the inflation before conversion to Euros and before consolidation. Non-monetary line items on the statement of financial position, measured using acquisition cost or amortized cost, as well as those amounts recognized in the consolidated income statement, are accounted for according to a general price index from the time of their initial recognition in the financial statements. Monetary items are not adjusted. All components of equity are corrected from the time of their allocation according to a general price index. An adjustment of the previous year’s figures in the consolidated financial statements is not required pursuant to IAS 21.42 (b). All line items on the statement of financial position and the amounts recognized in the consolidated income statement are translated based on the closing rate.

RECOGNITION OF SALES REVENUE

Revenue from the sale of merchandise and products to customers is recognized at the fair value of the amount received or expected to be received less any returns, trade discounts and rebates as well as accruals for core list payments. Sales revenue is recognized when the customer obtains control over the goods and products and is, therefore, able to determine their use and to derive benefit from them (transfer of control), and the amount of the realizable sales revenue can be measured reliably. The date of transfer of control remains unchanged in accordance with the applicable Incoterms. The transaction prices and thus the amount of sales revenue are determined on the basis of the individual sale prices, taking into account the aforementioned variable considerations. No sales revenue is recognized if significant risks exist relating to the receipt of a consideration or relating to possible/probable return of the goods. Discounts and bonuses are estimated according to the most likely amount and monitored monthly. They are only recognized if it is highly unlikely that these components will be reversed in a later reporting period. Core list payments are recognized with effect on profit or loss over the term of the core list agreement. With regard to a remaining contractual obligation, Symrise makes use of the exemption in accordance with IFRS 15.121 (a) as permissible for practical reasons, with an expected contract term of a maximum of twelve months. Furthermore, Symrise applies the practical expedient according to IFRS 15.63 and refrains from considering a significant financing component.

GOVERNMENT GRANTS

Government grants are only recorded when reasonable certainty exists that the conditions attached to them will be complied with and that the grants will be received. Grants are recognized as other operating income in the period in which the expenses occur for which the grant is meant to compensate.

INCOME TAXES

Income taxes comprise both current and deferred taxes. Income taxes are recognized in the consolidated income statement unless the expense relates to items that are recognized in other comprehensive income in equity or directly in equity.

Current taxes are taxes expected to be payable on taxable profits of the current fiscal year, measured using the tax rate applicable as of the end of the reporting period. Additionally, any adjustments to tax expense for previous years that may arise, for example, as a result of audits, are also included here.

Due to the international nature of Symrise's business activities, sales are generated in numerous countries outside of Germany and, therefore, are subject to the changing tax laws of the respective legal systems. The ordinary business also consists of transactions where the final tax effects are uncertain, for example, regarding transfer prices and cost allocation contracts between Group companies. Furthermore, the income taxes paid by Symrise are inherently the object of ongoing audits by domestic and foreign tax authorities. For this reason, discretionary judgment is needed to determine its global income tax provisions. Symrise has reasonably estimated the development of uncertain taxation assessments based on interpretations of current tax laws. These discretionary judgments can substantially impact income tax expense, income tax provisions and profit after tax.

Deferred taxes result from temporally divergent valuation methods between the carrying amounts of assets, liabilities and tax losses carried forward in the IFRS consolidated financial statements and their tax base. They are calculated using the comprehensive balance sheet method and are based on the application of the tax rates expected in the individual countries at the time of realization. These are generally based on the legal regulations applicable at the end of the reporting period. No deferred taxes are recognized for differences arising from the initial recognition of goodwill, nor are they recognized for assets and liabilities that do not result from business combinations and do not affect consolidated income or taxable result. Deferred taxes are recognized for all taxable temporary differences involving holdings in subsidiaries (known as "outside basis differences") except for the amount for which Symrise is able to manage the chronological course of the reversal of the temporary differences and in the case that it is likely that the temporary differences will not reverse in the foreseeable future. The effects of changes in tax rates on deferred taxes are recognized in the reporting period in which the legislative procedures for the tax changes are largely completed.

Current or deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current taxes receivable and payable and they relate to income taxes levied by the same tax authority on a company. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available in the future against which deductible temporary differences, unutilized tax loss carry forwards or unutilized tax credits can be offset. If an assessment of probability is not possible, deferred tax assets are diminished. This requires Symrise to make estimates, judgments and assumptions about the tax gains of every Group company. In determining the ability to use deferred tax assets, Symrise considers all available information including taxable income generated in the past and forecast taxable income in the periods in which the deferred tax assets will likely be realized. In determining future taxable income, the expected market conditions, as well as other facts and circumstances are considered. Every change to these underlying facts or to estimates and assumptions can result in an adjustment to the balance of deferred tax assets.

EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net income attributable to the holders of the parent's ordinary shares by the weighted average number of ordinary shares outstanding during the fiscal year.

For the calculation of diluted earnings per share, the weighted average number of shares issued is adjusted by the weighted average number of all dilutive potential shares. Dilutive potential shares are ordinary shares with a maximum issuance upon exercise of conversion rights from issued convertible bonds. If an issued convertible bond exists as of the end of the reporting date, the consolidated net income attributable to the shareholders of Symrise AG is adjusted for the impact on earnings arising in connection with this convertible bond.

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the purchase method. This comprises the recognition of identifiable assets (including intangible assets that were not previously accounted for) and liabilities (including contingent liabilities but not giving consideration to any future restructuring measures) of the acquired business operations at fair value.

Goodwill deriving from a business combination represents the excess fair value of the consideration transferred at the acquisition date of the business combination over the Group's share in the fair value of the identifiable assets and liabilities acquired. If the purchase price of an investment is less than the net amount of the identified assets and liabilities, the difference is recognized in income in the year of acquisition. Goodwill is not subject to amortization. An impairment test is performed at least once per year to determine whether impairment is needed. Any acquired goodwill is allocated at the acquisition date to the cash-generating units that are expected to benefit from the synergies deriving from the business combination. Acquisition-related costs incurred are recognized with effect on profit or loss.

OTHER INTANGIBLE ASSETS

Intangible assets are measured at cost at initial recognition. The cost of an intangible asset from a business combination corresponds to its fair value at the acquisition date. Internally generated intangible assets are recognized as assets at cost. Generation costs of an internally generated intangible asset comprise all directly attributable costs that are needed to design, manufacture and process the asset so that it is ready for use according to the purposes management intended.

For intangible assets, it must be determined whether they have a definite or indefinite useful life. This assessment is discretionary since the period of time in which the asset will likely provide economic value is estimated. The amortization period affects the expenses for amortization recognized in the individual periods. Intangible assets with indefinite useful lives are not subject to amortization but rather are subject to an annual impairment test. As of the end of the reporting period, the Symrise Group holds no intangible assets with an indefinite useful life apart from goodwill. For intangible assets with a definite useful life, the cost is amortized in the consolidated income statement on a straight-line basis over the term of useful life:

Intangible assets	Useful life
Trademarks	6–40 years
Customer relationships	6–20 years
Recipes and technologies	5–25 years
Software	2–10 years
Other rights	1–40 years

The useful lives and amortization methods for intangible assets are reviewed annually for suitability and prospectively adjusted if necessary. In addition, the carrying amount of capitalized development costs is tested for impairment once per year if the asset is not yet in use or more frequently if indications for impairment arise during the course of the year. Intangible assets with a definite useful life are recognized at cost less accumulated amortization and impairment losses. Profits and losses deriving from the disposal of an intangible asset are recognized at the time of disposal as the difference between the proceeds from disposal and the carrying amount of the intangible asset in the consolidated income statement.

RESEARCH AND DEVELOPMENT EXPENSES

Research entails an independent and systematic search with the intention of gaining new scientific or technical knowledge. Expenses for research activities are recognized as expenses at their full amount. Development is the application of research results or other knowledge to a plan or design for the production of new and significantly improved materials, devices, products, processes, systems or services. Expenses for development activities are capitalized when certain precise requirements are fulfilled: Capitalization is always necessary if the development costs can be reliably determined and the product is both technically and financially feasible and if financial benefits that would cover the corresponding development costs are probable. In addition, Symrise must have the intention as well as sufficient resources to complete the development process and to use or sell the asset generated. Since internal development projects are often subject to government approval procedures and other unforeseeable circumstances, the conditions for capitalization are generally only met at the conclusion of a project. This means that a majority of the development costs incurred are recognized with effect on profit or loss, and the amount of capitalized costs is relatively small. Subsequent reclassification of expenses already recognized through profit or loss is not permitted.

The decision as to whether activities are to be considered research or development activities and whether the conditions for classification as an intangible asset have been met is associated with significant discretion. This requires assumptions regarding market conditions, customer demand and other future developments. The assessment of whether the intangible asset can be used or sold falls to management, who must make the decision based on assumptions of the amounts of future cash flows from assets, the applicable interest rates and the period of inflow from expected future cash flows.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognized at cost less accumulated depreciation and impairment losses. If the cost of components for property, plant and equipment are material (in comparison to the total cost), then these components are recognized by Symrise as separate items, and are separately depreciated. Depreciation occurs on a straight-line basis in the consolidated income statement based on the following useful lives:

Property, plant and equipment	Useful life
Buildings	3–50 years
Plants and machinery	3–25 years
Equipment	2–30 years

The determination of useful life is discretionary since the period of time in which the asset will likely provide economic value is estimated. The depreciation period affects the expenses for depreciation recognized in the individual periods.

Land is not depreciated on a scheduled basis. Depreciation of leasehold improvements is determined based on their useful lives or the term of the lease, whichever is shorter. In determining the depreciation period applied, any lease extension options are considered if it is probable that they will be exercised. Gains and losses deriving from the disposal of property, plant and equipment are recognized in the consolidated income statement at the time of disposal as the difference between the proceeds from disposal and the carrying amount of the asset.

LEASES

According to IFRS 16, a lease exists when a contract entitles the right to control the use of an identified asset for a specific period in exchange for a consideration. With IFRS 16, accounting for lessees is based on a right-of-use model. In the statement of financial position, the lessee is to recognize right-of-use assets for the leased asset and liabilities for the payment obligations incurred. These payment obligations include fixed payments less any lease incentives, in-substance fixed payments, variable payments depending on an index or interest rate, payments based on residual value guarantees, the price of purchase options deemed reasonably certain to be exercised and any premature termination penalties. Lease payments are generally discounted at the incremental borrowing rate of the respective Group company. Its determination is based on a maturity-equivalent base rate. At Symrise, this is determined based on yield curves of government bonds (or comparable bonds from public institutions) of the respective country. If such information is not available, the corresponding base rate is derived individually using recognized financial models. In addition, the incremental borrowing rate includes a credit risk premium. Asset-specific adjustments, however, are not included at Symrise as they are generally uncommon in the current financing structure. Right-of-use assets are valued at amortized cost. The initial recognition includes the amount resulting from the initial measurement of the lease obligation. In addition, lease payments made on or before preparation less lease incentives, initial direct costs and dismantling obligations are taken into account. The right-of-use asset is depreciated on a straight-line basis, whereby the depreciation period is the shorter period from the lease term and the economic life of the underlying leased asset. The right-of-use assets are recognized under property, plant and equipment. The exemption from accounting for leases that expire within twelve months from the date of first use and those from low-value assets is being exercised so that payments are instead recognized as straight-line expenses in the consolidated income statement. Separate lease components must be recognized and measured separately, and the option to apply the portfolio approach is not being exercised. The option to separate lease components from non-lease components is being exercised only for real estate and vehicle lease contracts. A number of leases include extension and termination options to provide the Group with maximum operational flexibility. In order to determine the lease term, consideration is given to all facts and circumstances that determine the economic incentive to exercise or not exercise options. Term changes are only considered if they are reasonably certain. The option to also apply IFRS 16 to intangible assets or rights to use such assets is not being exercised.

FINANCIAL INSTRUMENTS

General information

A financial instrument is a contract that simultaneously gives rise to a financial asset for one contractual partner and a financial liability or an equity instrument for the other contractual partner. Financial instruments are accounted for as of the settlement date for normal market purchases and sales.

Financial assets particularly include cash and cash equivalents, trade receivables, loans receivable and equity instruments in another company, as well as derivative financial instruments with a positive market value. Financial assets are recognized in the consolidated statement of financial position if the reporting company has a contractual right to receive cash or other financial assets from another party. Financial assets are initially recognized at fair value plus transaction costs. Transaction costs arising in connection with the acquisition of financial assets at fair value through profit or loss are immediately recognized in the income statement. Non-interest-bearing receivables or receivables subject to lower interest rates are initially recognized at the present value of expected future cash flows. Income and expenses, as well as gains and losses from financial assets, contain impairments and reversals, interest income and expenses and dividends, as well as gains and losses from the disposal of such assets. Dividend income is recognized when earned. Interest income is recognized using the effective interest method. With the disposal of an asset, neither dividends nor interest income are included in the calculation of the net gain or loss.

Financial liabilities generally give rise to a claim for a return of cash or another form of financial asset and comprise non-derivative liabilities and the negative fair values of derivative financial instruments. Non-derivative liabilities particularly comprise bank borrowings, liabilities toward institutional and private investors and trade payables. Non-derivative liabilities are recognized in the consolidated statement of financial position if the reporting company has a contractual obligation to transfer cash or other financial assets to another party. Non-derivative financial liabilities are initially recognized at the fair value of the consideration received or at the value of the cash received minus transaction costs incurred, if applicable.

Under IFRS 9, financial instruments are classified into the categories "measured at amortized cost (FAAC/FLAC)," "measured at fair value through other comprehensive income (FVOCI)" or "measured at fair value through profit or loss (FVTPL)." For a financial asset to meet the criteria for measurement at amortized cost or FVOCI, it must generate cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is made at the level of the financial instrument. The classification depends on the business model under which the financial asset is held. The business model reflects how the reporting company manages its financial assets to generate cash flows. Depending on the business model, cash flows arise from the collection of contractual cash flows, the sale of financial assets or both. The business model is reviewed using scenarios that Symrise can reasonably expect to occur.

Symrise generally does not make use of the option to classify financial assets and liabilities that are principally to be measured at amortized cost as at fair value through profit or loss on initial recognition (conditional fair value option).

The subsequent measurement of financial assets and liabilities is made in accordance with the category to which they have been assigned: at amortized cost, at fair value through profit or loss or through other comprehensive income. Financial assets are derecognized if the contractual rights regarding payments from financial assets no longer exist or the financial assets are transferred with all of their fundamental rewards and risks. Financial liabilities are derecognized if the contractual obligations are settled, eliminated or expired.

Derivative financial instruments
Symrise holds derivative financial instruments to hedge against currency risks. This also includes currency risks from business combinations. Derivative financial instruments are neither held nor issued for speculative purposes. Derivative financial instruments are recognized at fair value and are initially recorded at the time when the contract for the derivative financial instrument is entered into. As part of the subsequent measurement, derivatives are measured at fair value. The resulting changes are generally recognized in the consolidated income statement.

Cash flow hedge
Symrise designates specific derivatives as hedging instruments to counter fluctuations in cash flows that are associated with the transactions most likely expected to result from changes, in particular from foreign currency rates. The hedging of currency risk occurs on a rolling basis over a period of up to 18 months up to a maximum hedging ratio of 75 % of the open currency items of a company.

Insofar as the requirements of IFRS 9 for the application of cash flow hedge accounting are fulfilled, the cumulative measurement gains/losses will be initially recognized in the cash flow hedge reserve under other reserves and then reclassified to the consolidated income statement in the period in which the hedged underlying transaction affects the net profit or loss for the period. Measurement gains/losses from the derivative financial instrument will be reclassified to cost of goods sold depending on the underlying transaction (trade payables or receivables in foreign currency). There they will be balanced out with the actual currency gains and losses from operating business. Measurement gains/losses are recognized in the financial result insofar as currency risk hedges are used to hedge financing activities. If Symrise initiates the hedging measure with the economic goal of acquiring a business, then this counts as non-financial circumstances. Upon conclusion of the acquisition, the valuation effects that have been accruing in other comprehensive income up to this point are offset against goodwill.

Cash flow hedges are applied to mitigate the impact of exchange rate effects. The requirements resulting from IFRS 9 for the application of hedge accounting are met by Symrise as follows: When hedging measures are begun, both the relationship between the hedging instrument employed and the hedged item as well as the objective and strategy surrounding the hedge are documented. This includes both the concrete allocation of the hedging instrument to the expected foreign currency receivable/liability as well as the estimation of the degree of hedge effectiveness of the instrument implemented. The effectiveness of existing hedging measures is continuously monitored using the cumulative dollar offset method. When hedge relationships become ineffective, they are immediately reversed through profit or loss.

Even though some forward contracts are not presented as cash flow hedge accounting, these also represent a currency fluctuation hedge from a financial point of view. In such cases, the measurement effects of the derivative financial instrument balance out with the effects from the measurement of the foreign currency receivable or liability within the cost of goods sold.

Trade receivables and other receivables

Trade and other receivables are measured, where applicable, by applying the effective interest method, with their fair value at the date they arose less any impairment amount. Other non-current receivables are measured by applying the effective interest method at amortized cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, balances on hand with banks and short-term liquid investments with residual terms of less than three months and only insignificant fluctuations in value. Cash is principally measured at amortized cost and cash equivalents, depending on their classification, at amortized cost or at fair value through profit or loss. The main contractual partners for cash and capital investments are mostly national and international banks that have a credit rating from one of the globally active rating agencies in the investment grade range. Therefore, the default risk here can be assessed as very low. Symrise also considers its cash and short-term deposits from other contractual partners to be low-risk on the basis of external credit ratings of the respective counterparties.

Other financial assets

Debt instruments are measured at amortized cost if they are held as part of a business model whose objective is to hold assets in order to collect contractual cash flows, provided that the debt instrument also meets the cash flow condition. The cash flow condition is fulfilled if the cash flows represent solely payments of principal and interest on the principal amount outstanding. Debt instruments are measured at fair value through other comprehensive income (FVOCI) if they are held as part of a business model whose objective is to collect contractual cash flows and sell financial assets. The cash flow requirement must also be fulfilled. IFRS 9 requires debt instruments to be measured at fair value through profit or loss (FVTPL) if they are neither held as part of a business model whose objective is to hold assets in order to collect contractual cash flows nor as part of a business model whose objective is achieved when contractual cash flows are collected and financial assets are sold.

Equity instruments do not meet the cash flow conditions, as the cash flows resulting from such instruments do not exclusively represent solely payments of principal and interest on the principal amount outstanding. They are therefore principally measured at fair value through profit or loss, and changes in measurement are thus recognized in net income (FVTPL). In the case of selected strategic investments, equity instruments are categorized as “measured at fair value through other comprehensive income” at initial recognition. The changes in valuation are then recognized in other comprehensive income (FVOCI option).

Other financial assets are recognized as either current or non-current assets according to their expected realization or settlement date.

Compound financial instruments

The components of a compound instrument issued by the company (convertible bond) are recognized separately as borrowings and equity instruments, in accordance with the economic content of the agreement and the definitions. At the time of issue, the fair value of the liability component is determined using the market interest rates applicable for comparable, non-convertible instruments. This amount is accounted as a financial liability based on amortized cost using the effective interest method until the conversion or maturity of the instrument. The conversion option classified as equity is determined by subtracting the fair value of the liability component from the total value of the convertible bond. The resulting value, less income tax effects, is recognized as part of equity and is not subsequently subject to any valuation. No gains or losses are incurred as a result of the exercise or expiration of the conversion option. Transaction costs related to the instrument are allocated to the liability and equity component in relation to the distribution of the net revenue. The transaction costs attributable to the equity component are recognized directly in equity, taking into account any taxes incurred. The transaction costs attributable to the liability component are included in the carrying amount of the liability and are amortized over the term of the convertible bond using the effective interest method.

ASSETS HELD FOR SALE

“Assets held for sale” consist of non-current assets and disposal groups of a company that are classified as “held for sale” in accordance with IFRS 5. These are measured at the lower of carrying amount and fair value less costs to sell. Insofar as liabilities are identified as directly associated with corresponding disposal groups, then these are also classified as “held for sale.”

INVENTORIES

Inventories are measured at the lower of cost or net realizable value. Net realizable value is determined as the estimated selling price less any estimated cost of completion and any necessary selling and marketing expenses. Cost includes the cost of procuring the inventories, the manufacturing cost or the conversion cost and any other costs incurred to bring the inventories to their existing location and condition. Raw materials are measured at cost using the weighted average procurement cost. Finished goods, work in progress and services are measured using the cost of direct materials, direct labor and other direct costs and a reasonable proportion of manufacturing and material overheads, based on the normal capacity utilization of production facilities, excluding borrowing costs.

PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

The companies within the Group have various pension schemes set up in accordance with the regulations and practices of the countries in which they operate. Additionally, agreements exist to provide additional post-employment health care benefits.

For pension plans, a distinction is made between defined contribution and defined benefit plans. A defined contribution plan is a plan under whose terms a company pays fixed contributions to other entities until the termination of the employment relationship and has no further legal or constructive obligation to pay additional amounts. Obligations for contributions to defined contribution plans are recognized under the affected functional area in the consolidated income statement as they become due. Defined benefit plans comprise all pension plans other than defined contribution plans. Claims relating to defined benefit plans are calculated separately for each plan with the actuarially calculated present value of the earned benefit entitlement. This is done by estimating the future pension benefit amount that employees have become entitled to in return for their service in the current and prior periods; the amount of this pension benefit is discounted to determine its present value. The computation is performed annually by an actuary using the projected unit credit method.

The actuarial valuation is made on the basis of assumptions pertaining to discount rates, future wage and salary increases, mortality rates, future pension increases and the medical cost trend rate and is therefore associated with significant discretion. The discounting factors are to be based on the yields that could be obtained at the end of the reporting period for high-quality corporate bonds with a corresponding term and in the corresponding currency. If such yield information is not available, the discounting factors are based on market yields for government bonds. As a result of the fluctuating market and economic situation, the actual developments may differ from the underlying assumptions, which may have a significant impact on pension and other post-employment benefit obligations. Due to the long-term nature of such plans, these estimates are subject to great uncertainty.

If claim entitlements are covered by plan assets, the fair value of these assets is offset with the present value. The net amount is recognized as either a pension liability or asset. If the plan assets exceed the corresponding obligation from pensions, the excess amount would be recognized in other receivables pursuant to the asset ceiling provision. Changes in the present value of a defined benefit obligation resulting from work performed (service cost) are recognized immediately through profit or loss in the operating result. Expenses from interest accrued on pension liabilities as well as the income from plan assets based on the discount rate are recognized in the financial result. Remeasurements of obligations include actuarial gains and losses resulting from changes in actuarial assumptions or differences between previous actuarial assumptions and actual developments, changes in the return on plan assets and changes in the asset ceiling. They are recognized in other comprehensive income and disclosed in equity in the reserve for remeasurements (pensions).

OTHER PROVISIONS

A provision is recognized when it is more likely than not that a present legal or constructive obligation due to a past event exists that makes it probable that an outflow of resources embodying economic benefits will be required, and when a reliable estimate of the amount of the obligation is possible. The amount of the provision is regularly adjusted if new knowledge becomes available or new conditions arise. The determination of provisions is associated with estimates to a substantial degree.

Symrise is confronted with legal action and regulatory suits in various jurisdictions. These suits can lead to criminal or civil sanctions, fines or disgorgements for Symrise. Symrise monitors the status of every case at least once every quarter and determines the potential financial and business risk. It requires significant judgment to determine whether a provision for legal proceedings is necessary and, if so, how large it should be or whether it is necessary to declare a contingent liability. Due to the uncertainty relating to these cases, provisions are based on the best possible information available at the time.

Symrise guarantees long-term remuneration programs with cash compensation. In estimating the fair value of these share-based programs, assumptions are made that are in part related to the expected volatility of a future stock index composed of comparable companies in the fragrance and flavor industry as well as suppliers and companies in the food and cosmetics industry. Furthermore, the amount of the final payout for these remuneration programs depends on the price of the Symrise share in comparison to this stock index as of the set target date. The assumptions of the option price model impact the determination of the fair value and therefore the amount and distribution of the expenses for long-term remuneration programs. Changes to these factors can significantly influence fair value estimates and future payments. Further information is available in the 2021 remuneration statements.

If the interest rate effect has a material impact, non-current provisions are recognized at the present value of the expected obligation amounts as of the end of the reporting period. Additions to provisions are generally recognized through profit or loss in the respective expense category of the affected functions. A positive or negative difference that resulted from the fulfillment of the obligation is recognized at its carrying amount under the corresponding functional expense. Where positive differences not relating to the period under review are concerned, these are recognized under other operating income.

IMPAIRMENTS

Trade receivables

Symrise chose the simplified accounting for trade receivables, in which impairment is calculated based on the lifetime expected credit loss. The financial situation of individual customers is first considered when analyzing the impairment of trade receivables. Impairment losses for individual customer balances are recognized if it is probable that the contractually agreed receivable will not be paid. Following this, impairment losses for trade receivables based on homogeneous receivable classes are recognized that correspond to the associated risk of default, past receivable defaults as well as general market conditions such as trade embargoes and natural disasters. General bad debt allowances (portfolio-related impairments) are created if payment is overdue by more than 90 days under the assumption that the age of the receivables represents an indicator for a possible loss.

Information used to determine an objectively verifiable impairment includes information on a debtor's considerable financial difficulties, breaches of contract, concessions to customers due to economic or legal reasons in connection with the debtor's financial difficulties, a (probable) insolvency or the need for a major restructuring of the debtor. Indications through observable data show that there is a measurable decrease in expected future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with an individual financial asset in the group (general bad debt allowance). If, in subsequent periods, the reasons for impairment no longer exist, a reversal will be recognized with effect on profit or loss. If a receivable becomes classified as unrecoverable, it will be derecognized accordingly as a result. Determining the likelihood of collecting receivables involves making estimates and judgments regarding whether a default will occur and what the default amount might be. Past receivable defaults are not necessarily representative. Changes to our estimates in relation to the valuation allowances on doubtful receivables can have a considerable impact on the assets and expenses recognized in our consolidated financial statements. Impairments are recognized under selling and marketing expenses.

Other financial assets

Financial assets measured at amortized cost or at fair value in other comprehensive income are measured at each reporting date to determine whether there is an objective basis for increasing the default risk. This also applies to short-term deposits with a maturity of up to three months.

According to the general approach, an allowance for expected credit losses must be recorded based on two steps: For financial instruments whose credit risk has not increased significantly since their initial recognition, an allowance for credit losses expected to occur within the next twelve months must be recognized. For financial instruments for which the credit risk has increased significantly since initial recognition, an allowance for credit losses in the amount of the lifetime expected credit losses must be recognized. This is independent of when the default event occurs. An increase in the credit risk exists when there are objective indications that one or more events could have a negative influence on future cash flows deriving from the asset.

An impairment loss for financial assets recognized at amortized cost or at fair value in other comprehensive income is determined as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. An impairment loss for financial assets measured at fair value through profit or loss is determined by fair value.

Individually significant financial assets are tested for possible impairment on an individual basis. All other financial assets are collected in groups that share similar default risk profiles and then measured.

Non-financial assets

At the end of each reporting period, Symrise assesses whether indications exist that a non-financial asset is impaired. The carrying amount of the asset is reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the asset is no longer covered by its recoverable amount. If such indications exist, or if a test for impairment of an asset needs to be made, the recoverable amount is estimated. The recoverable amount of an asset is the higher of the fair value of the asset less any costs to sell it (Level 3) and its value in use. The recoverable amount must be determined for each individual asset unless the asset itself does not generate any cash inflows that are largely independent of those generated by other assets or asset groups. If the carrying amount of the asset exceeds its recoverable amount, the asset is considered to be impaired, and an impairment loss is recorded, which means the asset is reduced to its recoverable amount. In order to determine the value in use, estimated future cash flows expected to be derived from the asset are discounted to their present value using a pre-tax discounting factor. Impairment losses are recorded in the expense categories that reflect the function of the impaired asset.

At the end of each reporting period, a review is made to check whether any indications exist that any impairment loss recognized in an earlier reporting period is no longer required or could be reduced. If such an indication exists, the recoverable amount of the asset is estimated. Any previously recognized impairment loss is reversed if the asset's recoverable amount now exceeds its carrying amount as a result of a change in its estimated value since the time when the impairment loss was originally recognized. The reversal of the impairment loss must not result in a carrying amount that exceeds the amortized cost of the asset that would have resulted if no impairment loss had been recognized in previous years. Such reversals are to be recognized directly in the net income for the period. Following the reversal of an impairment loss, the amortization or depreciation for future periods is adjusted as necessary in order to systematically spread the adjusted carrying amount of the asset less any expected future residual value over its remaining useful life.

Goodwill

In accordance with IAS 36, goodwill is tested for impairment at least once per year. Symrise normally carries out its annual impairment test for goodwill on September 30. If events or changes in circumstances indicate that an impairment loss may need to be recognized, then tests are carried out more frequently. For impairment tests, goodwill is to be allocated to the cash-generating unit within the Group that is intended to benefit from the synergies of the business combination. Every unit with goodwill allocated to it represents the lowest level within the Group at which goodwill is monitored for internal management purposes and is not larger than an operating segment as defined by IFRS 8. Two reportable segments and cash-generating units were identified within the Symrise Group for allocation of goodwill: Scent & Care and Taste, Nutrition & Health. The strategic realignment of the segments in the 2021 fiscal year allows for the identification of only two cash-generating units instead of the previous three. Due to a large number of overlapping products and customers, a clear separation of cash inflows within the Taste, Nutrition & Health segment is no longer possible.

Any impairment loss is ascertained by determining the recoverable amount attributable to the cash-generating unit to which the goodwill relates. The recoverable amount of a cash-generating unit is the higher of the fair value less any costs to sell (Level 3) and its value in use. Both values are based on discounted cash flow methods. If one of the two values exceeds the carrying amount, it is not necessary to determine both values. For Symrise, the determined fair value less costs to sell was higher than the carrying amount, so the value in use was not determined. The cash flows are derived from corporate planning and are mainly based on assumptions relating to future selling prices and/or sales volumes and costs while taking into account any changed economic circumstances. Net cash inflows outside of the planning period are determined on the basis of long-term business expectations using individual growth rates derived from the respective market information. The planning information is based on a detailed planning horizon for the fiscal years 2022 to 2026. Symrise continues to expect it will grow faster than the relevant market again and will achieve the long-term growth and profitability goals described in the Group management report. A growth rate of 1.0 % was once again assumed for the measurement of the perpetual annuity. The cash flows determined in this manner were discounted with a weighted average cost of capital factor (WACC) after taxes of 6.28 % for Scent & Care and 6.39 % for Taste, Nutrition & Health (2020: 6.15 % for Scent & Care, 5.15 % for Flavor and 6.84 % for Nutrition). WACC before taxes was 8.31 % for Scent & Care and 8.35 % for Taste, Nutrition & Health. Cost of equity and borrowing costs were weighted with a capital structure based on a group of comparable companies. Capital market data and data from comparable companies were used in determining the cost of equity and borrowing costs. For this reason, different assumptions and estimates of future cash flows are used, which are of a complex nature and are associated with considerable discretionary judgments and assumptions regarding future developments. Actual cash flows and values can, therefore, widely vary from the forecast future cash flows and values that were determined by means of the discounted cash flows. Although Symrise believes that assumptions and estimates made in the past were reasonable, differing assumptions and estimates could substantially impact its net assets, financial position and results of operations. Additionally, the results of the impairment tests for goodwill are influenced by the allocation of this goodwill to cash-generating units.

If the recoverable amount attributable to the cash-generating unit is less than its carrying amount, an impairment loss is recognized. Impairment losses on goodwill must not be reversed in future periods.

There were no indications of impairment for the fiscal year. In performing the impairment test, Symrise carried out various sensitivity analyses for possible changes to the WACC or projected sales. These variations in the measurement parameters also did not result in any required impairment of goodwill as it is currently recognized.

DETERMINING FAIR VALUE

Many accounting policies require that fair value is measured for financial and non-financial assets and liabilities. The fair values have been measured using the methods described below. Further information regarding the assumptions used to determine fair value is contained in the notes to the consolidated financial statements that are specific to the particular asset or liability.

Financial instruments – General principles

The input factors for determining the fair value are classified in three levels pursuant to IFRS 13 "Fair Value Measurement":

- Input factors of Level 1 are (unadjusted) quoted prices for identical assets or liabilities in active markets that the company can access at the measurement date.
- Input factors of Level 2 are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Input factors of Level 3 are unobservable inputs for the asset or liability.

Property, plant and equipment

The fair value for property, plant and equipment recognized as a result of a business combination is based on market values. The market value for real estate is based on the estimated value at which the real estate could be sold on the day of measurement under the presumption that this would represent a transaction between a willing buyer and a willing seller under the terms of which both parties operate knowledgeably, prudently and without compulsion and the transaction is preceded by adequate marketing activities. The market values of items of plant, equipment, fixtures and fittings are based on quoted prices for similar items.

Intangible assets

The fair value of intangible assets, such as recipes and technologies, customer relationships or trademarks, acquired as a result of a business combination is based on the discounted estimated royalty payments that were avoided as a result of the recipes and technologies or trademarks becoming owned or is based on the discounted cash flows that are expected to derive from the use of these assets.

Inventories

The fair value for inventories resulting from a business combination is determined on the basis of the estimated sale price over the normal course of business minus estimated manufacturing costs and costs to sell as well as appropriate profit margins based on the required efforts for manufacturing and selling the inventories.

3. SEGMENT INFORMATION

REORGANIZATION OF OPERATING SEGMENTS

Changes were made to the Executive Board effective April 1, 2021. Achim Daub, Executive Board member responsible for the Scent & Care segment since 2006, left the company on March 31, 2021. Heinrich Schaper, the Executive Board member responsible for the former Flavor segment, retired and left the company on March 31, 2021. In the course of succession planning, the Supervisory Board decided that Dr. Jean-Yves Parisot would take over global management of the newly structured Taste, Nutrition & Health segment in addition to his responsibility for the former Nutrition segment. In the context of a strategic realignment, the previously separately controlled Flavor and Nutrition segments were transformed to a single Taste, Nutrition & Health segment. The now unified controlling is necessary above all due to the continued focus on the needs of Symrise's customers and the resulting customer loyalty. It also reflects the overlap in raw materials, production processes and customers. Technologies, as well as product knowledge and expertise, are combined to ensure optimum service and thus increase customer satisfaction. This is done with the intention of increasing the company's competitiveness and securing and expanding employment in the long term. The information previously presented separately for Flavor and for Nutrition was disclosed together for the 2020 reporting year pursuant to IAS 8.29.

DESCRIPTION OF OPERATING SEGMENTS

For internal reporting purposes, Symrise presents business activities mainly based on segments and geographical regions. Based on this reporting information, the Executive Board, which carries responsibility as chief operating decision-maker for the success of the various segments and the allocation of resources, assesses the business activities from a number of angles. The two operating segments are divided into divisions. The organization of these two reportable segments, Scent & Care and Taste, Nutrition & Health, is then product-based. The Taste, Nutrition & Health segment uses its combined expertise and scientific research to offer customers and partners solutions in the areas of taste, nutrition and health that are unique, sustainable and based on natural ingredients. The Scent & Care segment develops, produces and sells fragrance ingredients and compositions, cosmetic ingredients and mint flavors, as well as specific application processes for such substances. The products and application processes developed by Symrise in the Scent & Care segment are used by customers in manufacturing perfumes, personal care and cosmetic products, cleaning products, detergents, air fresheners and oral care products. The segment reporting by region is aligned to the location of assets. Sales to customers are reported in the geographical region in which the customer is located. Countries are grouped together for internal accounting and reporting purposes into the regions EAME (Europe, Africa, Middle East), North America, Asia/Pacific and Latin America.

MEASUREMENT CRITERIA FOR THE SEGMENTS

Internal reporting in the Symrise Group is based on the IFRS accounting principles detailed in note 2.5. Transactions are only conducted between the segments to an immaterial extent. These are settled at market prices and have not been separately disclosed for materiality reasons. External sales represent the sales of the two segments to third parties, and thus, their sum equals consolidated sales of the Symrise Group. The revenue and expenditure of the Symrise Group's central units and functions are completely included in the two segments, Scent & Care and Taste, Nutrition & Health, based on performance-related, or utilization-related, criteria. The result-related determining factor for the management of the segments is the earnings before interest, taxes, depreciation and amortization (EBITDA). The depreciation and amortization charges that can be directly attributed to each segment are included in determining the segment contribution. The financial result is not included as the segments are mainly centrally financed. This is the reason why financial income and expenses are disclosed below at Group level and combined together in the form of the financial result. Taxes are treated in a similar manner so that net income after taxes is reported combined as consolidated net income. Investments made by a segment comprise all expenditure incurred during the reporting period for the purpose of acquiring intangible assets and property, plant and equipment. The Executive Board, which is the chief operating decision-maker, receives all information with respect to segment assets and liabilities in an aggregated form. The allocation of goodwill to segments is disclosed in note 19.

SEGMENT RESULTS

2020 In € thousand	Taste, Nutrition & Health	Scent & Care	Segment total = Group total
External sales	2,150,960	1,369,491	3,520,451
Cost of goods sold	– 1,313,958	– 816,015	– 2,129,973
Gross profit	**837,002**	**553,476**	**1,390,478**
Selling and marketing expenses	– 331,858	– 201,669	– 533,527
Research and development expenses	– 108,892	– 103,405	– 212,297
Administration expenses	– 138,972	– 64,222	– 203,194
Other operating income	39,087	11,680	50,767
Other operating expenses	– 5,230	– 3,009	– 8,239
Result of companies accounted for using the equity method	3,553	– 28	3,525
Income from operations/EBIT	**294,690**	**192,823**	**487,513**
Amortization and impairment of intangible assets	88,533	29,332	117,865
Depreciation and impairment of property, plant and equipment	87,351	49,348	136,699
EBITDA	**470,574**	**271,503**	**742,077**
Financial result			– 63,951
Earnings before income taxes			423,562
Income taxes			– 108,611
Consolidated net income			314,951
Other segment information			
Investments[1)]			
Intangible assets	9,581	5,152	14,733
Property, plant and equipment	122,210	54,780	176,990
of which from leases	22,412	9,907	32,319

[1)] Without additions from business combinations.

2021 In € thousand	Taste, Nutrition & Health	Scent & Care	Segment total = Group total
External sales	2,334,742	1,490,949	3,825,691
Cost of goods sold	– 1,425,692	– 921,168	– 2,346,860
Gross profit	**909,050**	**569,781**	**1,478,831**
Selling and marketing expenses	– 346,191	– 217,524	– 563,715
Research and development expenses	– 112,613	– 108,129	– 220,742
Administration expenses	– 145,088	– 75,907	– 220,995
Other operating income	50,780	35,016	85,796
Other operating expenses	– 2,847	– 2,089	– 4,936
Result of companies accounted for using the equity method	4,767	– 51	4,716
Income from operations/EBIT	**357,858**	**201,097**	**558,955**
Amortization and impairment of intangible assets	85,012	29,137	114,149
Depreciation and impairment of property, plant and equipment	88,217	52,303	140,520
EBITDA	**531,087**	**282,537**	**813,624**
Financial result			– 42,763
Earnings before income taxes			516,192
Income taxes			– 131,160
Consolidated net income			385,032
Other segment information			
Investments[1]			
Intangible assets	10,322	6,181	16,503
Property, plant and equipment	119,316	55,609	174,925
of which from leases	11,259	6,438	17,697

[1] Without additions from business combinations; for further information please see note 2.4.

No single customer accounted for more than 10 % of Group sales either in the reporting year or previous year.

RESULT BY REGION

	Sales by region (point of delivery)		Investments[1]	
In € thousand	2020	2021	2020	2021
EAME	1,391,699	1,537,438	74,409	72,254
North America	972,664	1,017,341	71,229	70,648
Asia/Pacific	750,201	818,222	27,151	18,338
Latin America	405,887	452,690	18,934	30,188
Total	**3,520,451**	**3,825,691**	**191,723**	**191,428**

[1] Without additions from business combinations; for further information please see note 2.4.

Sales are generated in various countries; Germany accounts for € 319.6 million (2020: € 309.3 million). Sales in North America were mainly generated in the USA (€ 947.1 million, 2020: € 907.6 million).

Investments in property, plant and equipment include effects from leases amounting to € 17.7 million. These account for € 7.6 million in EAME (2020: € 12.6 million), € 5.8 million in North America (2020: € 12.2 million), € 3.7 million in Asia/Pacific (2020: € 6.7 million) and € 0.6 million in Latin America (2020: € 0.8 million). Of the non-current assets – excluding deferred tax assets, financial instruments and investments in companies accounted for using the equity method – amounting to € 3,819.8 million (December 31, 2020: € 3,418.8 million), € 597.1 million is located in Germany (December 31, 2020: € 621.4 million).

ADDITIONAL DISCLOSURES ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

4. SALES

The customers of Symrise include large, multinational companies, important regional and local manufacturers of food, beverages, pet food, perfumes, cosmetics, personal care products and cleaning products, as well as laundry detergents and from the pharmaceutical industry.

Symrise breaks down and reports sales growth by segment – based on the previous year's sales – as the components "organic growth," "portfolio effects" and "exchange rate differences." Comparable exchange rates are used as the basis to determine organic growth for the sales of the reporting year and the previous year. Portfolio effects include the impact of additions to and disposals from the scope of consolidation for a period of twelve months after acquisition or disposal. The remaining change is due to exchange rate movements.

The following tables show these components for the two segments:

In € thousand	Taste, Nutrition & Health	Scent & Care
Sales 2019	**1,988,790**	**1,419,064**
Organic growth	69,337	21,521
Portfolio effects	173,623	–
Exchange rate differences	– 80,790	– 71,094
Sales 2020	**2,150,960**	**1,369,491**

In € thousand	Taste, Nutrition & Health	Scent & Care
Sales 2020	**2,150,960**	**1,369,491**
Organic growth	228,279	108,833
Portfolio effects	–	40,908
Exchange rate differences	– 44,497	– 28,283
Sales 2021	**2,334,742**	**1,490,949**

Sales are recognized at a specific point in time and the resulting receivables are due within one year. As of the reporting date, there were contract liabilities amounting to € 3.4 million (December 31, 2020: € 0.6 million). Portfolio effects resulted from the acquisition of the fragrance business unit of Sensient Technologies C.V. in April and comprised the sales of this unit in the period from April to December 2021.

For a breakdown of sales by segments and regions, please see the segment reporting under note 3 of the notes to the consolidated financial statements, as well as the explanations in the Group management report.

5. COST OF GOODS SOLD

The cost of goods sold consist of expenses for raw materials (€ 1,660.2 million, 2020: € 1,509.8 million), production costs including amortization for recipes, technologies and other product-related intellectual property (€ 685.2 million, 2020: € 622.2 million) as well as currency translation effects from operating activities (€ 1.5 million, 2020: € – 2.0 million). Please refer to the segment reporting information for a presentation of the cost of goods sold by segment (see note 3).

6. PERSONNEL EXPENSES

In € thousand	2020	2021
Wages and salaries	– 597,885	– 617,025
Social security expenses	– 126,815	– 136,197
Pension expenses (excluding interest expenses)	– 20,314	– 20,154
Other personnel expenses	– 10,467	– 8,237
Total	**– 755,481**	**– 781,613**

The increase in wages and salaries as well as social security expenses compared to the previous year is primarily due to a higher number of employees as well as regular salary adjustments. Social security expenses include social security contributions that the organization is required to make by law. These include defined contribution plan benefits of € 27.6 million (2020: € 25.0 million). Pension expenses (excluding interest expenses) include the service cost of defined benefit plans (see note 28). Other personnel expenses include expenses for termination benefits and expenses for the multi-year performance-based remuneration of the Executive Board and selected employees. The annual bonuses and bonuses for other employees are recognized in wages and salaries.

The average number of employees employed within the Symrise Group amounts to the following:

Full-time equivalents (FTE)	2020	2021
Manufacturing & Technology	4,912	5,282
Sales & Marketing	2,402	2,485
Research & Development	1,797	1,894
Administration	871	918
Service companies	450	467
Number of employees	**10,432**	**11,046**
Apprentices and trainees	132	114
Total	**10,564**	**11,160**

7. SELLING AND MARKETING EXPENSES

Selling and marketing expenses from the period mainly include expenses for advertising and customer service as well as distribution and storage for finished products. They also contain transportation costs, expenses for commissions and licenses, as well as amortization of customer relationships and trademarks recognized as assets. Selling and marketing expenses increased mainly due to higher freight-out costs, marketing expenses and storage costs for finished goods and the initial consolidation of acquired Group companies. Please refer to the segment reporting information for a presentation of selling and marketing expenses by segment (see note 3).

8. RESEARCH AND DEVELOPMENT EXPENSES

Besides basic research, research and development expenses include the development of products to generate sales revenue as well as new or improved processes to reduce the cost of goods sold. Such costs cannot be capitalized. Please refer to the segment reporting information for a presentation of research and development expenses by segment (see note 3).

9. ADMINISTRATION EXPENSES

Administration expenses mainly contain expenses for information technology, finance, human resources and legal as well as for factory security, work safety and administration buildings. These increased mainly due to higher IT costs, including additional services in connection with the cyberattack on Symrise in December 2020. They also contain transaction-related one-time effects related to the acquisition of the fragrance business unit of Sensient Technologies C.V. and the acquisition of the Giraffe Foods Group.

10. OTHER OPERATING INCOME

Other operating income includes items not related to the sale of products. This includes, for example, income from service companies (logistics, technology, safety and environment) as well as income from research, development and other services rendered to third parties (€ 19.2 million, 2020: € 18.1 million). This item also includes income from government grants which are mainly awarded to support research projects (€ 9.4 million, 2020: € 13.1 million) and income from the reversal of provisions and liabilities for which utilization is no longer expected or is certain (€ 6.7 million, 2020: € 4.3 million). The reporting year also includes positive one-time effects of € 12.5 million from the sale of the natural food color activities (see note 2.4) and the recognition of negative difference amount of € 20.8 million from the acquisition of the fragrance business unit of Sensient (see note 2.4). Other income includes gains from the disposal of non-current assets, insurance and other reimbursements as well as other non-periodic income.

11. FINANCIAL RESULT

In € thousand	2020	2021
Interest income from bank deposits	2,141	2,181
Other interest income	856	1,419
Interest income	**2,997**	**3,600**
Other financial income	474	81
Financial income	**3,471**	**3,681**
Interest expenses from bank borrowings	– 1,852	– 294
Interest expenses from other borrowings	– 32,109	– 26,883
Other interest expenses	– 23,871	– 11,695
Interest expenses	**– 57,832**	**– 38,872**
Other financial expenses	– 9,590	– 7,572
Financial expenses	**– 67,422**	**– 46,444**
Financial result	**– 63,951**	**– 42,763**
of which interest result	– 54,835	– 35,272
of which other financial result	– 9,116	– 7,491

Other interest expenses mainly comprise the compounding of provisions for pensions and interest expenses for lease liabilities. Other financial expenses comprise mainly currency translation effects. Due to the very volatile nature of some currencies, there are regularly substantial changes in this position.

12. INCOME TAXES

Current taxes paid or owed in individual countries and deferred taxes are recognized as income taxes.

In € thousand	2020	2021
Current income taxes	**– 122,811**	**– 141,625**
Deferred tax expense/income from losses carried forward	– 24,630	– 2,148
Deferred tax expense/income from temporary differences	38,830	12,613
Deferred tax expense/income	**14,200**	**10,465**
Income taxes	**– 108,611**	**– 131,160**

Income taxes in the reporting year increased by € 22.6 million to € 131.2 million. The tax rate decreased compared to the previous year, amounting to 25.4 % (2020: 25.6 %).

The increase in current income taxes of € 18.8 million to € 141.6 million compared to the previous year is mainly due to the higher operating result. The change to the deferred tax result is mainly due to the scheduled amortization and depreciation of assets and the utilization of losses carried forward.

RECONCILIATION OF EXPECTED TO ACTUAL TAX EXPENSE

Income taxes disclosed in the reporting year, amounting to € 131.2 million (2020: € 108.6 million), can be derived from an expected income tax expense, which would have arisen if the statutory tax rates, giving consideration to different local tax rates, had been applied to consolidated net income before income taxes in accordance with IFRS:

In € thousand	2020	2021
Earnings before income taxes	**423,562**	**516,192**
Expected tax expense at local tax rates	– 89,171	– 107,538
Tax effect from previous periods	– 10,328	– 18,353
Tax effect from tax-free income	23,285	15,778
Tax effect from non-deductible expenses	– 16,398	– 13,365
Non-recoverable withholding tax	– 5,016	– 6,061
Tax effect from value adjustments to deferred tax assets	– 594	2,833
Tax effect from change in tax rate	– 461	20
Other tax effects	– 9,928	– 4,474
Income tax expense	**– 108,611**	**– 131,160**

The resulting theoretical expected tax expense increased in absolute terms compared with the previous year, while the tax rate decreased. This mainly resulted from the relatively high profit shares in countries with lower nominal tax rates. The tax effect from previous years is largely a result of tax arrears and tax risk provision. The tax effect from nondeductible expenses mainly arose from commercial tax additions in Germany and the inclusion of effects from dividends received. The main factors influencing other tax effects are local taxes not related to income and hyperinflation adjustments. The proposed dividend for the 2021 fiscal year (see note 29) will not have any income tax consequences for Symrise. Future income and withholding taxes resulting from planned distributions of Group companies are recognized under deferred tax liabilities.

The amount of income taxes directly charged or credited to other comprehensive income breaks down as follows:

	2020			2021		
In € thousand	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Exchange rate differences resulting from the translation of foreign operations	– 228,504	2,523	– 225,981	170,703	445	171,148
Change in the fair value of financial instruments measured through other comprehensive income	0	0	0	39,290	– 581	38,709
Cash flow hedge (currency hedges)	136	– 50	86	– 453	132	– 321
Remeasurement of defined benefit pension plans	– 66,422	18,981	– 47,441	73,460	– 20,883	52,577
Other comprehensive income	**– 294,790**	**21,454**	**– 273,336**	**283,000**	**– 20,887**	**262,113**
of which current taxes		3,734			– 386	
of which deferred taxes		17,720			– 20,501	

13. AMORTIZATION AND DEPRECIATION

Amortization of intangible assets and depreciation of property, plant and equipment are shown in the statement of changes in fixed assets in notes 19 and 20.

14. EARNINGS PER SHARE

	Unit	2020	2021
Consolidated net income attributable to shareholders of Symrise AG	**T€**	**306,873**	**374,924**
Weighted average number of ordinary shares	shares	135,426,610	136,633,677
Basic earnings per share	**€**	**2.27**	**2.74**

	Unit	2020	2021
Consolidated net income attributable to shareholders of Symrise AG	**T€**	**306,873**	**374,924**
Impact on net income from the convertible bond, after taxes	T€	3,984	2,731
Adjusted consolidated net income attributable to shareholders of Symrise AG	**T€**	**310,857**	**377,655**
Weighted average number of ordinary shares	shares	135,426,610	136,633,677
Weighted average number of dilutive potential shares	shares	4,355,697	3,147,624
Weighted average number of shares for diluted earnings	shares	139,782,307	139,781,301
Diluted earnings per share	**€**	**2.22**	**2.70**

The convertible bond issued in the 2017 fiscal year was called early by Symrise in September 2021 in accordance with the terms of the bond (i.e. an issuer call). The bondholders had an extraordinary conversion right. A total of 4,345,444 new shares that were entitled to dividends from January 1, 2021 onward have been issued and are included pro rata temporis in the calculation of the weighted average number of ordinary shares.

ADDITIONAL DISCLOSURES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

15. CASH AND CASH EQUIVALENTS

In € thousand	December 31, 2020	December 31, 2021
Cash	499,180	410,690
Cash equivalents	225,956	43,118
Total	**725,136**	**453,808**

In 2021, Symrise utilized the strategic liquidity built up in the previous year. It was used to pay for the dividend in May 2021 and the acquisitions of the fiscal year, among other things.

16. TRADE RECEIVABLES

In € thousand	December 31, 2020	December 31, 2021
Trade receivables	611,760	739,603
Allowance	– 10,965	– 9,662
Total	**600,795**	**729,941**

Trade receivables are mainly not insured. The Group, therefore, bears the risk of receivable defaults. So far, the Group has experienced only insignificant cases of default.

The gross carrying amount of trade receivables includes € 654.1 million of trade receivables that are not overdue and with no allowance set up (December 31, 2020: € 521.1 million), € 78.3 million of trade receivables that are overdue and do not have an allowance set up or have partial or full allowances set up (December 31, 2020: € 67.0 million) and € 7.3 million of trade receivables that are not overdue but with a partial allowance set up (December 31, 2020: € 23.7 million). The impairment losses of € 9.7 million (December 31, 2020: € 11.0 million) recognized in the reporting year can be divided into a specific bad debt allowance of € 2.4 million (December 31, 2020: € 4.4 million) as well as a general bad debt allowance of € 7.3 million (December 31, 2020: € 6.6 million).

The companies grant credit terms that are customary within the industry and the countries in which they operate.

Allowances for trade receivables during the reporting year developed as follows:

In € thousand	2020	2021
January 1	**9,985**	**10,965**
Additions from business combinations	0	134
Allowances set up	6,201	5,758
Utilized in the reporting year	– 1,566	– 2,380
Reversals	– 2,337	– 4,635
Exchange rate differences	– 1,318	– 180
December 31	**10,965**	**9,662**

The risk of default for trade receivables is limited due to the large number of customers and their widely diversified activities in different markets.

17. INVENTORIES

In € thousand	December 31, 2020	December 31, 2021
Raw materials	268,383	372,749
Unfinished products	281,095	283,234
Finished products	313,409	331,978
Total	**862,887**	**987,961**

Overall, valuation allowances amounting to € 30.5 million (December 31, 3030: € 27.6 million) were recognized in inventories. The increase in inventories in the 2021 fiscal year resulted from the initial consolidation of acquired Group companies, higher procurement prices and an increase in stock.

18. ASSETS HELD FOR SALE

On October 1, 2021, the subsidiary DrinkStar GmbH, Rosenheim, Germany, signed a sales agreement for the Velcorin® business with LANXESS Deutschland GmbH, Cologne, Germany. Velcorin® is a technical product for the beverage industry. The operation is assigned to the Taste, Nutrition & Health segment. The sale closed on January 1, 2022. The assets and liabilities associated with this business are, therefore, to be classified as a disposal group in accordance with IFRS 5 and presented separately from the other assets and liabilities in the statement of financial position. The disposal group mainly comprises inventories (€ 1.8 million) and provisions for pensions and similar obligations (€ 2.2 million). The goodwill reclassified in this context amounts to € 2.1 million and was determined as of the reporting date based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. The cumulative expenses and income associated with the disposal group and recognized in other comprehensive income are negligible. There was no impairment to be recognized on the fair value less costs to sell.

19. INTANGIBLE ASSETS

In € thousand	Goodwill	Customer relationships and trademarks	Other intangible assets[1)]	Capitalized development costs	Advance payments and intangible assets in development	Total
Costs						
January 1, 2020	**1,479,801**	**1,027,190**	**985,464**	**16,422**	**24,923**	**3,533,800**
Additions from business combinations	424	0	0	0	0	**424**
Additions from acquisitions	0	51	3,485	0	10,238	**13,774**
Additions from internal development	0	0	0	583	376	**959**
Disposals	0	0	– 3,789	0	– 3	**– 3,792**
Transfers	0	1,531	2,836	143	– 4,510	**0**
Exchange rate differences	– 55,847	– 35,536	– 36,591	359	– 40	**– 127,655**
December 31, 2020	**1,424,378**	**993,236**	**951,405**	**17,507**	**30,984**	**3,417,510**
Accumulated amortization and impairment losses						
January 1, 2020	**– 44,668**	**– 355,312**	**– 734,332**	**– 11,767**	**0**	**– 1,146,079**
Amortization for the fiscal year	0	– 72,267	– 44,511	– 1,087	0	**– 117,865**
Disposals	0	0	3,476	0	0	**3,476**
Exchange rate differences	2,036	10,335	24,840	– 193	0	**37,018**
December 31, 2020	**– 42,632**	**– 417,244**	**– 750,527**	**– 13,047**	**0**	**– 1,223,450**
Carrying amounts						
January 1, 2020	1,435,133	671,878	251,132	4,655	24,923	**2,387,721**
December 31, 2020	**1,381,746**	**575,992**	**200,878**	**4,460**	**30,984**	**2,194,060**

[1)] Other intangible assets mainly include recipes and technologies, software and proprietary IT developments and patents and other rights.

In € thousand	Goodwill	Customer relationships and trademarks	Other intangible assets[1]	Capitalized development costs	Advance payments and intangible assets in development	Total
Costs						
January 1, 2021	**1,424,378**	**993,236**	**951,405**	**17,507**	**30,984**	**3,417,510**
Additions from business combinations	271,341	35,638	13,676	0	857	**321,512**
Additions from acquisitions	0	28	3,351	0	12,587	**15,966**
Additions from internal development	0	0	0	275	262	**537**
Assets classified as held for sale and other disposals	– 4,040	0	– 28,657	0	0	**– 32,697**
Transfers	0	613	2,863	86	– 3,562	**0**
Exchange rate differences	42,882	28,452	25,873	– 193	– 133	**96,881**
December 31, 2021	**1,734,561**	**1,057,967**	**968,511**	**17,675**	**40,995**	**3,819,709**
Accumulated amortization and impairment losses						
January 1, 2021	**– 42,632**	**– 417,244**	**– 750,527**	**– 13,047**	**0**	**– 1,223,450**
Amortization for the fiscal year	0	– 72,500	– 40,452	– 1,197	0	**– 114,149**
Assets classified as held for sale and other disposals	0	0	27,363	0	0	**27,363**
Exchange rate differences	– 1,840	– 8,939	– 16,891	114	0	**– 27,556**
December 31, 2021	**– 44,472**	**– 498,683**	**– 780,507**	**– 14,130**	**0**	**– 1,337,792**
Carrying amounts						
January 1, 2021	1,381,746	575,992	200,878	4,460	30,984	**2,194,060**
December 31, 2021	**1,690,089**	**559,284**	**188,004**	**3,545**	**40,995**	**2,481,917**

[1] Other intangible assets mainly include recipes and technologies, software and proprietary IT developments and patents and other rights.

As of the end of the reporting period, the Symrise Group holds no intangible assets with an indefinite useful life apart from goodwill.

Please refer to note 2.4 for the additions from business combinations. Additions from acquisitions mainly relate to advance payments for software, primarily SAP applications.

Assets classified as held for sale and other disposals include € 2.8 million in disposals from the sale of the natural food color activities of the Taste, Nutrition & Health segment to Oterra™ (see note 2.4) and € 2.1 million in assets classified as held for sale from the Velcorin® business (see note 18).

Capitalized development costs, including those currently in progress, amounted to € 4.4 million as of the end of the reporting period (December 31, 2020: € 5.2 million).

The amortization of recipes and technologies is allocated to production and is therefore included in the cost of goods sold. Amortization on customer relationships and trademarks is recognized in selling and marketing expenses; amortization on other intangible assets is allocated to the corresponding functional areas in the consolidated income statement.

GOODWILL ACCORDING TO SEGMENT

In € thousand	December 31, 2020	December 31, 2021
Scent & Care	220,649	228,034
Taste, Nutrition & Health	1,161,097	1,462,055
Total	**1,381,746**	**1,690,089**

20. PROPERTY, PLANT AND EQUIPMENT

In € thousand	Land and buildings	Plants and machinery	Equipment	Assets under construction	Total
Costs					
January 1, 2020	**759,845**	**1,054,327**	**288,203**	**170,733**	**2,273,108**
Additions	26,800	10,735	19,197	120,258	**176,990**
Disposals	– 3,082	– 9,668	– 8,305	– 969	**– 22,024**
Transfers	41,568	69,083	10,371	– 121,022	**0**
Exchange rate differences	– 39,013	– 54,090	– 17,796	– 12,585	**– 123,484**
December 31, 2020	**786,118**	**1,070,387**	**291,670**	**156,415**	**2,304,590**
Accumulated depreciation and impairment losses					
January 1, 2020	**– 283,240**	**– 555,817**	**– 189,304**	**0**	**– 1,028,361**
Depreciation for the fiscal year	– 40,617	– 68,819	– 27,263	0	**– 136,699**
Disposals	2,405	9,097	7,213	0	**18,715**
Exchange rate differences	11,031	25,396	10,542	0	**46,969**
December 31, 2020	**– 310,421**	**– 590,143**	**– 198,812**	**0**	**– 1,099,376**
Carrying amounts					
January 1, 2020	476,605	498,510	98,899	170,733	**1,244,747**
December 31, 2020	**475,697**	**480,244**	**92,858**	**156,415**	**1,205,214**

In € thousand	Land and buildings	Plants and machinery	Equipment	Assets under construction	Total
Costs					
January 1, 2021	**786,118**	**1,070,387**	**291,670**	**156,415**	**2,304,590**
Additions from business combinations	11,934	25,219	4,961	964	**43,078**
Other additions	16,976	11,925	18,198	127,826	**174,925**
Assets classified as held for sale and other disposals	– 19,005	– 34,294	– 9,583	0	**– 62,882**
Transfers	45,931	88,414	11,195	– 145,540	**0**
Exchange rate differences	28,557	43,948	7,360	6,511	**86,376**
December 31, 2021	**870,511**	**1,205,599**	**323,801**	**146,176**	**2,546,087**
Accumulated depreciation and impairment losses					
January 1, 2021	**– 310,421**	**– 590,143**	**– 198,812**	**0**	**– 1,099,376**
Depreciation for the fiscal year	– 41,593	– 69,968	– 27,970	0	**– 139,531**
Impairment	0	0	0	– 989	**– 989**
Assets classified as held for sale and other disposals	13,164	26,574	8,626	0	**48,364**
Exchange rate differences	– 12,534	– 19,147	– 1,899	– 40	**– 33,620**
December 31, 2021	**– 351,384**	**– 652,684**	**– 220,055**	**– 1,029**	**– 1,225,152**
Carrying amounts					
January 1, 2021	475,697	480,244	92,858	156,415	1,205,214
December 31, 2021	**519,127**	**552,915**	**103,746**	**145,147**	**1,320,935**

Assets classified as held for sale and other disposals include € 11.8 million in disposals from the sale of the natural food color activities of the Taste, Nutrition & Health segment to Oterra™ (see note 2.4) and € 0.6 million in assets classified as held for sale from the Velcorin® business (see note 18). Other disposals amount to € 2.2 million.

Additions include investments in capacity expansions such as the construction of the new Pet Food sites in Araucária (Brazil) and Chuzhou (China), the expansion of production capacities for fragrance ingredients in the United States and pet food in the Pet Food division and of Cosmetic Ingredients and Aroma Molecules in Charleston (USA).

Additions contain capitalized borrowing costs amounting to € 1.2 million (December 31, 2020: € 0.7 million). The underlying capitalization rate amounts to 5.83 % (December 31, 2020: 1.40 %). The increase in capitalization rate in the 2021 fiscal year is the result of the mainly external financing of a project in Brazil.

The following tables show the leases recognized as right-of-use assets in property, plant and equipment:

In € thousand	Land and buildings	Plants and machinery	Equipment	Total
Carrying amounts January 1, 2020	92,501	1,571	6,269	100,341
Additions	23,451	395	8,473	32,319
Depreciation for the fiscal year	– 16,169	– 373	– 5,490	– 22,032
Carrying amounts December 31, 2020	**87,989**	**1,243**	**11,075**	**100,307**

In € thousand	Land and buildings	Plants and machinery	Equipment	Total
Carrying amounts January 1, 2021	87,989	1,243	11,075	100,307
Additions from business combinations	4,850	11	335	5,196
Other additions	13,028	65	4,604	17,697
Depreciation for the fiscal year	– 16,004	– 408	– 5,412	– 21,824
Carrying amounts December 31, 2021	**93,568**	**915**	**10,638**	**105,121**

Within real estate, Symrise mainly leases warehouses and office buildings as well as land with hereditary building rights. Equipment includes the leased vehicle fleet. Leases can include extension and termination options, in rare cases also purchase options. Since contract terms are negotiated individually, there are a large number of variations.

Disclosures on the corresponding lease liabilities can be found in note 25.

21. INVESTMENTS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

The carrying amount of the companies accounted for using the equity method relates mainly to the joint venture Food Ingredients Technology Company, L.L.C, Springfield, USA, (€ 87.0 million, December 31, 2020: € 78.5 million). Symrise holds shares in a range of associated companies that are not material on an individual basis. The following table breaks down the carrying amount and the profit share of the joint ventures and associated companies in an aggregated form.

In € thousand	December 31, 2020	December 31, 2021
Carrying amount of investments in joint ventures and associated companies	**80,354**	**114,629**
Share in total comprehensive income	**3,525**	**4,716**
of which in consolidated net income	3,525	4,716
of which in other comprehensive income	–	–

Except for a negligible amount, the share of consolidated net income is entirely the result of the joint venture Food Ingredients Technology Company, L.L.C.

Symrise acquired 25 % of the shares in Kobo Products Inc., South Plainfield (New Jersey), USA in the fiscal year. This investment is a strategic step for Symrise to expand its activities in the field of inorganic UV filters and decorative cosmetics. In addition, the successive acquisition of further shares in the companies 7905122 Canada inc., and Laboratoires Blücare inc., both headquartered in Boucherville (Quebec), Canada, resulted in the voting shares exceeding 20 % so that these companies are recognized under the companies accounted for using the equity method.

No material losses were recognized in the fiscal year in connection with the investments in associated companies.

22. DEFERRED TAX ASSETS/LIABILITIES

	December 31, 2020			December 31, 2021		
In € thousand	Tax assets	Tax liabilities	Income (+)/ Expenses (–)	Tax assets	Tax liabilities	Income (+)/ Expenses (–)
Intangible assets	11,798	131,755	19,190	15,917	138,278	9,590
Property, plant and equipment	8,522	94,169	16,509	8,492	116,773	– 22,634
Financial assets	378	19	2,889	378	592	– 573
Inventories	19,317	359	4,065	22,317	12	3,347
Trade receivables, prepayments and other assets	1,501	5,308	6,089	1,995	4,527	5,652
Provisions for pensions	116,433	0	891	97,039	0	3,080
Other provisions and other liabilities	38,235	9,164	– 10,503	46,352	2,930	14,351
Interests in subsidiaries	0	3,300	– 300	0	3,500	– 200
Losses carried forward	17,497	0	– 24,630	15,349	0	– 2,148
Subtotal	**213,681**	**244,074**	**14,200**	**207,839**	**266,612**	**10,465**
Offsetting	– 89,633	– 89,633	0	– 105,114	– 105,114	0
Total	**124,048**	**154,441**	**14,200**	**102,725**	**161,498**	**10,465**

Deferred tax income amounted to € 10.5 million in the reporting year compared to a deferred tax income of € 14.2 million in 2020. The change to the deferred tax result is mainly due to the scheduled amortization and depreciation of assets and the utilization of losses carried forward. Deferred tax income related to trade receivables, prepayments and other assets is influenced by the valuation of receivables and foreign currencies. With regard to the change in provisions for pensions and the related change in deferred taxes, please see note 12. Overall, corporate tax losses carried forward amounting to € 82.6 million (December 31, 2020: € 95.2 million) existed as of the reporting date; deferred tax assets on corporate tax losses carried forward amounting to € 15.3 million were recognized. The reduction of tax losses carried forward compared with the previous year led to an increase in deferred tax expense. The use of tax losses carried forward and, therefore, the measurement of the corresponding deferred tax assets are substantiated through tax planning. As of December 31, 2021, the change in the nonrecognition of deferred tax assets amounts to € 1.6 million (December 31, 2020: € – 0.1 million). These losses carried forward can generally be used for an unlimited period.

The calculation of foreign income taxes is based on the particular country's legal regulations. As in the previous year, the tax rates of the individual companies range between 0 % and 34 %.

Pursuant to IAS 12 "Income Taxes," deferred tax liabilities are to be recognized on the difference between a subsidiary's proportional equity as recognized in the consolidated statement of financial position and the carrying amount of the investment in the subsidiary as recognized in the parent's tax accounts if realization is to be expected. (This amount is known as an outside-basis difference.) The cause of these differences is mainly retained earnings from domestic and foreign subsidiaries. In general, no deferred tax liabilities were recognized on these temporary differences of € 836.9 million in 2021 and € 656.2 million in the previous year since they will be reinvested for indefinite periods or are not subject to taxation. In the case of distributions from subsidiaries, these were subject to a dividend tax of 5 %. Distributions from foreign countries could trigger withholding taxes. Therefore, as of December 31, 2021, deferred tax liabilities from shares in subsidiaries were recognized for planned dividend distributions of € 3.5 million (December 31, 2020: € 3.3 million).

23. TRADE PAYABLES

Trade payables are due within one year, as in the previous year.

24. CURRENT AND NON-CURRENT BORROWINGS

In € thousand	December 31, 2020 Current	December 31, 2020 Non-current	December 31, 2020 Total	December 31, 2021 Current	December 31, 2021 Non-current	December 31, 2021 Total
Bank borrowings	2,010	416	**2,426**	85,335	11,404	**96,739**
Other borrowings	553	1,963,264	**1,963,817**	261,920	1,330,719	**1,592,639**
Accrued interest	7,103	2	**7,105**	6,488	1	**6,489**
Total	**9,666**	**1,963,682**	**1,973,348**	**353,743**	**1,342,124**	**1,695,867**

The increase in bank borrowings is mainly explained by the short-term money market loan taken out (€ 79.9 million).

Other borrowings mainly include liabilities from the Eurobonds issued in the 2019 and 2020 fiscal years and the promissory note loans from 2015 and 2019. The decrease mainly resulted from the early conversion of the convertible bond (December 31, 2020: € 381.1 million).

Bilateral credit lines exist with various banks to cover short-term payment requirements. As of December 31, 2021, Symrise had unutilized credit lines available in nominal amounts of € 512.9 million (December 31, 2020: € 562.8 million), USD 29.0 million (December 31, 2020: USD 29.0 million), BRL 1.0 million (December 31, 2020: BRL 101.0 million), MGA 27.1 billion (December 31, 2020: MGA 56.2 billion), INR 200.0 million (December 31, 2020: INR 200.0 million), COP 1.0 billion (December 31, 2020: COP 1.0 billion), ARS 25.0 million (December 31, 2020: ARS 22.5 million). The volume of the revolving credit facility amounts to € 500.0 million. To date, no use has been made of the option to increase the volume to € 700.0 million.

Financial liabilities contain carrying amounts in foreign currencies totaling € 33.6 million (December 31, 2020: € 3.2 million).

On August 26, 2021, Symrise decided to prematurely repay the convertible bond that it had issued with a par value of € 400,000,000 (maturing in 2024) at a total price of par value plus accrued interest on September 27, 2021, in accordance with the terms of the bond. Creditors were entitled until and including September 17, 2021, to convert the convertible bonds that they held into ordinary shares in Symrise AG in accordance with the terms of the bond. The conversion price amounted to € 91.7506.

After the conversion deadline expired, creditors representing € 398,700,000 of the par value of convertible bond opted for a conversion into ordinary shares, while creditors representing € 1,300,000 of the par value of the convertible bond opted for a repayment with compounding interest.

The conversions were settled by issuing 4,345,444 new shares from conditional capital.

The liability component of the convertible bond issued via a private placement with institutional investors developed as follows in the fiscal year:

In € thousand	2020	2021
Liability component as of January 1	375,978	381,221
Compounding interest and amortized transaction costs	5,243	4,891
Repayment	–	–1,300
Conversion	–	– 384,812
Liability component as of December 31	**381,221**	**0**

The equity component arising on issuance of the convertible bond and the amount exceeding the share capital from the conversion were recognized as part of the capital reserve. Deferred tax liabilities were reversed at the time of conversion and increased the capital reserve by € 3.3 million.

December 31, 2020	Maturity date	Nominal interest rate		Nominal volume in issue currency (T)
Symrise AG, Holzminden				
Eurobond 2020	July 2027	1.38 %	fixed	500,000 EUR
Eurobond 2019	November 2025	1.25 %	fixed	500,000 EUR
Convertible bond 2017	June 2024	0.24 %	fixed	400,000 EUR
Promissory note loan 2015 (7 years)	December 2022	1.34 %	fixed	224,000 EUR
Promissory note loan 2015 (7 years)	December 2022	0.85 %	Euribor + 0.85 %	37,500 EUR
Promissory note loan 2015 (10 years)	December 2025	1.96 %	fixed	67,500 EUR
Promissory note loan 2015 (10 years)	December 2025	1.10 %	Euribor + 1.10 %	10,000 EUR
Promissory note loan 2019 (5 years)	March 2024	0.68 %	fixed	16,000 EUR
Promissory note loan 2019 (7 years)	March 2026	0.75 %	Euribor + 0.75 %	10,000 EUR
Promissory note loan 2019 (7 years)	March 2026	1.02 %	fixed	144,000 EUR
Promissory note loan 2019 (10 years)	March 2029	1.45 %	fixed	80,000 EUR
Proteinas Del Ecuador Ecuaprotein SA, Ecuador				
Shareholder loan	indefinite	5.00 %	fixed	2,651 USD
Diana Food Canada Inc., Canada				
Promotional loan	April 2026	0.00 %	fixed	1,683 CAD
Spécialités Pet Food SAS, France				
Promotional loan	June 2025	0.00 %	fixed	503 EUR
Scelta Umami B.V., Netherlands				
Term loan	September 2029	1.30 %	Euribor + 1.85 %	593 EUR
Octopepper SAS, France				
Promotional loan	July 2022	4.90 %	fixed	101 EUR
Term loan	April 2022	2.40 %	fixed	133 EUR
Other borrowings				1,919 EUR

December 31, 2021	Maturity date	Nominal interest rate		Nominal volume in issue currency (T)
Symrise AG, Holzminden				
Eurobond 2020	July 2027	1.38 %	fixed	500,000 EUR
Eurobond 2019	November 2025	1.25 %	fixed	500,000 EUR
Promissory note loan 2015 (7 years)	December 2022	1.34 %	fixed	224,000 EUR
Promissory note loan 2015 (7 years)	December 2022	0.85 %	Euribor + 0.85 %	37,500 EUR
Promissory note loan 2015 (10 years)	December 2025	1.96 %	fixed	67,500 EUR
Promissory note loan 2015 (10 years)	December 2025	1.10 %	Euribor + 1.10 %	10,000 EUR
Promissory note loan 2019 (5 years)	March 2024	0.68 %	fixed	16,000 EUR
Promissory note loan 2019 (7 years)	March 2026	0.75 %	fixed	144,000 EUR
Promissory note loan 2019 (10 years)	March 2029	1.45 %	fixed	80,000 EUR
Term loan	March 2022	0.13 %	fixed	80,000 EUR
Proteinas Del Ecuador Ecuaprotein SA, Ecuador				
Shareholder loan	indefinite	5.00 %	fixed	1,554 USD
Diana Food Canada Inc., Canada				
Promotional loan	July 2023	0.00 %	fixed	517 CAD
Promotional loan	May 2023	0.00 %	fixed	56 CAD
Promotional loan	September 2024	0.00 %	fixed	63 CAD
Promotional loan	April 2026	0.00 %	fixed	566 CAD
Symrise Holding Inc., USA				
Term loan	June 2025	1.71 %	fixed	22,524 EUR
Scelta Umami B.V., Netherlands				
Term loan	September 2027	1.30 %	Euribor + 1.85 %	502 EUR
SPF Do Brasil Indústria e Comércio Ltda, Brazil				
Term loan	January 2025	7.10 %	fixed	20,000 BRL
Term loan	June 2025	8.10 %	fixed	50,000 BRL
Other borrowings				11,866 EUR

25. LEASES

With a few exceptions, Symrise acts as lessee in the lease contracts concluded. In accordance with the regulations of IFRS 16, a right-of-use asset must be capitalized and a lease liability recognized for each identified lease.

The cash outflow for lease liabilities recognized as of the end of the reporting period amounts to € 24.0 million (2020: € 22.7 million). Details of future cash outflows in connection with leases are shown in note 33.

In the 2021 reporting year, the following expenses are recognized directly in income from operations of the consolidated income statement:

In € thousand	2020	2021
Expenses for short-term leases	3,013	3,076
Expenses for leases on low-value assets	1,384	1,683
Expenses for variable lease payments	2,071	1,746

As of the end of the reporting period, there are obligations for future payments amounting to € 2.5 million from the leases concluded and classified as short-term (December 31, 2020: € 5.6 million).

For information on the effects of leases on property, plant and equipment and the right-of-use assets recognized therein please see note 20, and on liabilities from leases, note 31.

26. OTHER CURRENT NON-FINANCIAL LIABILITIES

In € thousand	December 31, 2020	December 31, 2021
Employee-related liabilities	97,436	111,380
Liabilities to customers	30,602	39,982
Value added tax and other taxes	25,612	33,785
Taxes on wages/salaries, social security contributions and other social benefits	16,573	16,838
Miscellaneous other liabilities	35,516	48,432
Total	**205,739**	**250,417**

Employee-related liabilities mainly contain annual bonuses and other bonuses as well as accruals for unused vacation time. Liabilities to customers contain prepayments from customers. Miscellaneous other current liabilities mainly derive from diverse administration, selling and marketing expenses that arise during the normal course of operations.

27. OTHER CURRENT AND NON-CURRENT PROVISIONS

In € thousand	Personnel provisions	Provisions for restoration obligations	Provisions for litigation	Miscellaneous other provisions	Total
January 1, 2020	**28,183**	**6,518**	**2,653**	**2,715**	**40,069**
of which non-current	19,952	6,487	2,255	518	**29,212**
Increases	9,542	0	7,310	216	**17,068**
Utilization	– 5,662	0	– 51	– 63	**– 5,776**
Reversals	– 623	– 29	– 14	– 37	**– 703**
Interest expenses	310	13	1,545	4	**1,872**
Exchange rate differences	– 879	– 425	– 1,023	– 214	**– 2,541**
December 31, 2020	**30,871**	**6,077**	**10,420**	**2,621**	**49,989**
of which non-current	20,243	5,342	8,614	481	**34,680**

In € thousand	Personnel provisions	Provisions for restoration obligations	Provisions for litigation	Miscellaneous other provisions	Total
January 1, 2021	**30,871**	**6,077**	**10,420**	**2,621**	**49,989**
of which non-current	20,243	5,342	8,614	481	**34,680**
Increases	5,156	0	2,009	1,165	**8,330**
Utilization	– 7,566	0	– 1,196	– 130	**– 8,892**
Disposal directly associated with assets held for sale	– 151	0	0	– 58	**– 209**
Reversals	– 33	0	– 2,826	– 215	**– 3,074**
Interest expenses	179	13	32	14	**238**
Exchange rate differences	253	364	51	194	**862**
December 31, 2021	**28,709**	**6,454**	**8,490**	**3,591**	**47,244**
of which non-current	19,864	6,454	7,646	1,198	**35,162**

The personnel provisions mainly comprise those for jubilees (€ 14.3 million; December 31, 2020: € 14.0 million), for multi-year performance-based remuneration (€ 5.4 million; December 31, 2020: € 10.0 million) and for termination benefits (€ 4.4 million; December 31, 2020: € 3.7 million). The jubilee obligations were discounted using an interest rate of 1.26 % p.a. in the reporting year compared to 0.67 % p.a. in the previous year.

Provisions for restoration obligations comprise liabilities to lessors to restore leased objects to their condition before commencement of the lease. The present value of restoration obligations is recognized in the period in which the obligations were incurred. Symrise generally assumes that the corresponding cash outflow is due at the time of the termination of the respective lease contract, though the end of the lease and the amount due are estimates.

The provisions for litigation exist for pending proceedings, mainly in Brazil. The increase compared to the previous year is mainly due to ongoing legal disputes there regarding the deductibility of input tax amounts. Every single legal dispute has no significant influence on the Group's economic situation.

Miscellaneous other provisions do not contain any material items, which is why a separate disclosure was not provided. Symrise expects that the cash outflow for all current provisions will take place within the next few months and by the end of the year 2022 at the very latest.

28. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Individual companies have established pension plans that are either financed through provisions or by making contributions to external investment fund companies outside the Group. The manner in which these benefits are provided to employees varies depending on the legal regulations and the fiscal and economic environments in the respective countries involved. In addition, in some cases, the Group has agreed to provide additional post-employment health care benefits to its employees. Retirement benefits and healthcare benefits are generally measured based on the wages or salaries of the employees and their respective years of service. The obligations relate to both existing retirees and also to the entitlements of future retirees.

With the pension plans, Symrise is not subject to any of the risks beyond standard actuarial risks such as longevity risks, interest rate risks and currency risks, or capital market risks usually associated with assets.

The characteristics of the core plans offered by Symrise are described below:

GERMANY

In Germany, Symrise grants pension benefits via benefit plans with employer-financed prior commitments (defined benefit plans) and various plans with deferred compensation (defined contribution and defined benefit plans).

The active participation of employees of the former Haarmann & Reimer GmbH, Germany, in the Bayer mutual pension fund VVaG was terminated with effect from March 31, 2003. The employees of Haarmann & Reimer GmbH who had already acquired pension rights as of this date automatically became passive members of the pension fund from April 1, 2003, onward. Active members, who had unvested rights as of March 31, 2003, had the option to have their pension entitlement (excluding employer contributions) paid out at this date in the form of a capital sum and from that point in time ceased to be members of the Bayer pension fund. For all individuals in the Bayer pension fund who were active members as of March 31, 2003, a benefit scheme was introduced in Germany with effect from April 1, 2003, in the form of a direct benefit promise, which is financed through a deferred gross compensation arrangement (3 % up to the respective maximum income threshold for assessment of contributions as defined by the German State Pension Authority West). For those people with components of remuneration that exceed the respective income threshold for assessment of contributions, employer-financed retirement benefits up to a maximum amount are provided based on a benefit scheme. At the time that the new benefit scheme was introduced, the former Haarmann & Reimer GmbH employees were guaranteed that their benefits under the company retirement benefit scheme would not worsen as a result of the business combination. The benefits have to be maintained at the same level that existed before the business combination took place. This is assured under the new benefit scheme. As a consequence of this guarantee, the company has also offered those former Haarmann & Reimer GmbH employees – whose earnings are regulated by tariff agreement – a further voluntary deferred compensation scheme in the form of a direct benefit promise. The employee contribution and the employer top-up contribution taken together are limited to a maximum of 4 % of the respective income threshold for the assessment of contributions as defined by the German State Pension Authority West.

Former Dragoco employees who joined the organization before December 31, 1981, are the subject of an employer-financed retirement benefit scheme. The pension payments under this scheme are dependent upon the employee's length of service and their final monthly gross remuneration level.

All employees who did not belong to a retirement benefit scheme as of April 1, 2003, had the opportunity from this date onward to participate in a retirement benefit scheme that was provided in the form of a direct benefit promise through deferral of compensation. This benefit scheme was closed effective as of December 31, 2010. The employee contribution and the employer top-up contribution taken together were limited to a maximum of 4 % of the respective income threshold for the assessment of contributions as defined by the German State Pension Authority West.

From January 1, 2010, onward, all new Symrise employees with unlimited employment contracts at German locations are obliged to join the RPK ("Rheinische Pensionskasse" – an external German pension fund) from the seventh month of their employment onward. Under the terms of this arrangement, the employee pays 2 % of their remuneration in the form of deferred gross compensation to the RPK (mandatory contribution), limited to 2 % of the income threshold for assessment of contributions as defined by the German State Pension Authority West. The organization makes a top-up contribution of the same amount, also limited to a maximum of 2 % of the respective income threshold for the assessment of contributions as defined by the German State Pension Authority West. Higher voluntary employee contributions are possible up to a maximum of 6 % of the income threshold for the assessment of contributions as defined by the German State Pension Authority West. The employer top-up contribution is, however, limited to 2 %, so that the employee contribution and the employer top-up contribution are limited to a maximum of 8 % of the respective income threshold for the assessment of contributions as defined by the German State Pension Authority West. Effective as of January 1, 2011, individuals who were already employed in the organization but who – unlike the former Haarmann & Reimer employees or employees of Dragoco who joined before December 31, 1981 – did not belong to a benefit scheme were able to request membership to the RPK scheme on a voluntary basis up to September 30, 2010.

Furthermore, all non-tariff employees and managers have the possibility to build up additional retirement benefit components on a voluntary basis in the form of a direct benefit promise involving deferral of remuneration. There is no additional employer top-up contribution involved in connection with this “deferred compensation” arrangement.

The pension plan through RPK as an external benefit provider is classified as a defined contribution plan, and therefore no provisions for pensions have been established. All other obligations from benefit commitments are recognized as defined benefit plans and therefore accounted for in provisions for pensions. No plan assets exist for these provisions.

USA

In the USA, Symrise grants pension benefits through a defined benefit plan, known as a Mass Mutual Plan, as well as medical benefits. Both plans have been frozen, meaning that the plans have been closed for new entries as well as for further entitlements since 2012 and 2003, respectively. The amount of the benefits from the Mass Mutual Plan is determined by the average final salary as well as years of service to the company. The plan assets held for this benefit plan are retained in pooled separate accounts at the Massachusetts Mutual Life Insurance Company, Springfield, MA, USA, which invests the assets in a diversified manner so as to minimize concentrations of risk. The investment decisions are made by an investment committee, the Benefit Oversight Committee, which is also responsible for the legal management and has fiduciary responsibility. It is composed of five Symrise employees. The legal and regulatory framework of both plans is based on the US Employee Retirement Income Security Act (ERISA). It stipulates the minimum financing level, which is based on an annual measurement. Plan participants do not make payments into the plan assets.

The net defined benefit liability recognized as provisions for pensions and similar obligations can be derived as follows:

In € thousand	2020	2021
Present value of defined benefit obligations		
January 1	**651,523**	**729,908**
Recognized in income statement		
Current service cost	20,314	20,154
Interest expenses (+)	9,313	6,682
Recognized in other comprehensive income		
Actuarial gains (–)/losses (+)		
arising from changes in demographic assumptions	– 354	449
arising from changes in financial assumptions	72,417	– 73,981
arising from experience-based adjustments	– 200	3,515
Exchange rate differences	– 7,746	5,702
Other		
Benefits paid	– 15,359	– 17,008
Classified as held for sale and other disposals	0	– 2,618
December 31	**729,908**	**672,803**
of which pension plans	718,861	661,998
of which post-employment healthcare benefits	11,047	10,805
Fair value of plan assets		
January 1	**– 48,027**	**– 50,194**
Recognized in income statement		
Interest income (–)	– 1,158	– 1,251
Recognized in other comprehensive income		
Gains (–)/losses (+) on plan assets excluding amounts already recognized as interest income	– 5,595	– 2,895
Exchange rate differences	4,137	– 3,315
Other		
Employer contributions	– 2,083	– 808
Benefits paid	2,532	1,973
December 31	**– 50,194**	**– 56,490**
of which pension plans	– 50,194	– 56,490
Consideration of the effect of asset ceiling for plan assets		
January 1	**1,355**	**1,461**
Recognized in income statement		
Interest expense (+)/interest income (–)	4	5
Recognized in other comprehensive income		
Additions	154	– 548
Exchange rate differences	– 52	– 48
December 31	**1,461**	**870**
of which pension plans	1,461	870
Net defined benefit liability		
January 1	604,851	681,175
December 31	**681,175**	**617,183**
of which pension plans	670,128	606,378
of which post-employment healthcare benefits	11,047	10,805

As of the end of the reporting year, the entire present value of the defined benefit obligation contains € 372,702 thousand for active employees (December 31, 2020: € 417,901 thousand), € 62,469 thousand for former employees with vested claim entitlements (December 31, 2020: € 68,302 thousand) and € 237,632 thousand for retirees and their surviving dependents (December 31, 2020: € 243,705 thousand). From this entire present value of the defined benefit obligation, € 660,275 thousand (December 31, 2020: € 717,084 thousand) is allocated to vested claims, while the remaining € 12,528 thousand (December 31, 2020: € 12,824 thousand) relates to unvested claims.

The average weighted term for the present value of the defined benefit obligation from defined benefit plans amounts to a total of 18.4 years (December 31, 2020: 22.5 years). It breaks down with 22.6 years (December 31, 2020: 24.6 years) for active employees, with 21.7 years (December 31, 2020: 23.7 years) for former employees with vested claim investments and with 10.9 years (December 31, 2020: 11.7 years) for retirees and their surviving dependents.

The defined benefit plans are not covered by plan assets except for the pension schemes in the USA (Mass Mutual Plan), Japan and India. Plan assets secure a present value of the defined benefit obligation of € 68,804 thousand (December 31, 2020: € 66,779 thousand) as of the end of the year. Financing for the obligations not covered by plan assets is made through the cash flow from operating activities of Symrise AG and its subsidiaries.

Plan assets of € 56,490 thousand (December 31, 2020: € 50,194 thousand) are mainly used for provisions for pensions in the USA (€ 50,812 thousand; December 31, 2020: € 44,321 thousand) and are invested in what are known as pooled separate accounts at the Massachusetts Mutual Life Insurance Company, Springfield, MA, USA. Shares in fund assets are held in these accounts, which are invested in money market instruments and bonds as well as special growth and value-oriented securities. Price quotes for these shares are derived from active markets (Level 2). Plan assets also exist in Japan (€ 5,230 thousand; December 31, 2020: € 5,512 thousand) and India (€ 448 thousand; December 31, 2020: € 361 thousand). The assets in Japan are deposited at the Japan Master Trust Bank, Tokyo, Japan, which continued to invest the assets in Japanese and foreign bonds and shares as of the end of 2021 – the prices of which were also derivable from active markets. It exceeds the net defined benefit liability and was limited to the asset ceiling. The plan assets in India are deposited in a life insurance policy for which there is no active market for estimating the price.

The net defined benefit liability breaks down according to region as follows:

In € thousand	December 31, 2020	December 31, 2021
EAME	645,092	585,776
North America	28,481	23,669
Latin America	5,693	6,496
Asia/Pacific	1,909	1,242
Total	**681,175**	**617,183**

The actuarial measurements are based on the following assumptions:

%	2020	2021
Discount rate		
Germany	0.67	1.26
USA	2.28	2.62
Other countries	2.22	3.09
Salary trends		
Germany	2.25	2.25
Other countries	3.36	3.49
Pension trends		
Germany	1.50	1.50
Other countries	2.27	2.70
Medical cost trend rate		
USA	5.81	5.81
Other countries	7.69	10.30

The assumptions relating to mortality rates are based on published mortality tables. For the provisions for pensions established in Germany, the mortality rate is based on the reference tables 2018G by Prof. Dr. Klaus Heubeck. The Mass Mutual Plan in the USA is based on the reference table 2020 IRS 417(e) Mortality Table. All other actuarial measurements outside of Germany are based on country-specific mortality tables.

The present value of the defined benefit obligation depends on the previously mentioned actuarial assumptions. The following table shows what the present value as of the end of the corresponding reporting period would have been if the actuarial assumptions had changed by one percentage point each:

	Change in present value of the defined benefit obligation			
	Increase		Decrease	
In € thousand	2020	2021	2020	2021
Discount rate	– 126,240	– 107,095	168,190	140,597
Salary trends	12,490	6,839	– 10,799	– 8,388
Pension trends	88,581	27,917	– 72,914	– 22,886
Medical cost trend rate	1,468	1,284	– 1,209	– 1,071

In order to determine the sensitivity regarding life expectancy, the mortality rate for the beneficiaries covered by the plans was increased or reduced by 10.0 %. The reduction of the mortality rate results in an increase in life expectancy and depends on the ages of the individual beneficiaries. A 10.0 % increase to the mortality rate results in a reduction of the present value of the defined benefit obligation by € 30,195 thousand (December 31, 2020: € 25,236 thousand). In comparison, a 10.0 % reduction results in an increase of the present value of the defined benefit obligation by € 30,202 thousand (December 31, 2020: € 28,234 thousand).

A change of 1.0 percentage point in the assumption made for medical cost trend rates would have the following effect on current service costs:

	Change in current service costs			
	Increase		Decrease	
In € thousand	2020	2021	2020	2021
Medical cost trend rate	51	49	– 41	– 39

The calculation of the sensitivity of the present value of the defined benefit obligation was performed using the same method used to determine the present value of the obligations from the provision for pensions (projected unit credit method). Increases or decreases to the discount rate, salary and pension trends, as well as mortality rates, lead to other absolute figures, particularly due to the effect of compound interest on the determination of the present value of the defined benefit obligation. If multiple assumptions are changed simultaneously, the result would not necessarily be the sum of the previous individual effects shown. The sensitivities only apply for the respective specific magnitude of the change to the assumption (for example, 1.0 percentage point for the discount rate). If the assumptions change in a manner other than those listed, the effect on the present value of the defined benefit obligation cannot be directly adopted.

For the 2022 fiscal year, Symrise expects current service costs of € 14,275 thousand (December 31, 2020: € 20,737 thousand) and benefits to be paid totaling € 16,690 thousand (December 31, 2020: € 15,649 thousand).

29. EQUITY

SHARE CAPITAL

The share capital of Symrise AG amounts to € 139,772,054 (December 31, 2020: € 135,426,610) and is fully paid in. It is divided into 139,772,054 no-par-value bearer shares, each with a calculated nominal share value of € 1.00 per share. Due to the early termination of the convertible bond by Symrise and the associated extraordinary conversion right of the bondholders, 4,345,444 new shares were issued in the 2021 fiscal year using the conditional capital.

AUTHORIZED CAPITAL

The Annual General Meeting on May 22, 2019, authorized the Executive Board, subject to the consent of the Supervisory Board, to increase the share capital of the company up until May 21, 2024, by up to € 25,000,000 through one or more issuances of new, no-par-value bearer shares against contribution in cash and/or in kind.

ACQUISITION OF TREASURY STOCK

The Executive Board is authorized until June 16, 2025, under certain conditions to purchase treasury shares amounting up to 10 % of the share capital. The purchased shares together with other treasury shares that are held by the company or are attributed to it according to Section 71a et seqq. of the German Stock Corporation Act (AktG) may not at any time exceed 10 % of the share capital existing at a given time. The authorization must not be used for the trade of treasury shares.

CONDITIONAL CAPITAL

At the Annual General Meeting on May 22, 2019, conditional capital for issuing option/convertible bonds amounting to € 15,650,000 was authorized. The authorization to issue bonds with warrants and/or convertible bonds with or without term restrictions is limited to a nominal amount of € 1,500.0 million and expires on May 21, 2024 (“Conditional Capital 2019”).

Due to the early termination of the convertible bond and the associated exercise of conversion rights, 4,345,444 no-par-value bearer shares with a pro rata amount of the share capital of € 1.00 per share were issued in September 2021 using the conditional capital.

CAPITAL RESERVE AND OTHER RESERVES

The capital reserve mainly comprises the share premium that arose as part of the initial public offering as well as several capital increases, two of which were performed in the 2014 fiscal year and one in the 2019 fiscal year. In addition, the equity component from the issue of the convertible bond in the 2017 fiscal year is taken into account. Compared to December 31, 2020, the early exercise of conversion rights increased the capital reserve by € 382,692 thousand, which corresponds to the difference between the conversion price (€ 91.7506) and the par value of € 1.00 per share, as well as transaction costs and deferred tax effects.

Included in the reserve for remeasurements (pensions) are actuarial gains and losses from the change in the present value of the net defined benefit liability, the return on plan assets excluding amounts included in net interest and effects from the asset ceiling.

Cumulative translation differences include exchange rate gains and losses from the currency translation of foreign subsidiaries at the beginning and end of the respective reporting period. In the 2021 fiscal year, there were significant effects from the translation of US Dollars into Euros. The adjustment to the financial statements required by IAS 29 “Financial Reporting in Hyperinflationary Economies” for companies whose functional currency is one from a country with hyperinflation is also included in cumulative translation differences. Specifically, the subsidiaries in Venezuela and Argentina were affected by the adjustments pursuant to IAS 29. The financial statements for these companies are mainly based on the concept of historical cost. Due to changes in the general purchasing power of the functional currency, these financial statements had to be adjusted and are reported in the measuring unit applicable as of the end of the reporting period. In 2021, official inflation rates in Venezuela were announced by the government. For the preparation of the consolidated financial statements, Symrise assumed a change in general purchasing power of 686.4 %, which does not differ significantly from the rate of 692.5 % as of December 31, 2021 published at a later date (2020: 1,875.0 %). In Argentina, the government announced official inflation rates as of December 31, 2021, which assume a change in general purchasing power of 50.9 % for 2021 (2020: 36.1 %). Since the development of the hyperinflation rate for the month of December was not yet known when the consolidated financial statements were being prepared, a rate of 50.1 % or 51.1 % was assumed. For reasons of materiality, the financial statements of the Iranian subsidiary do not include an adjustment for hyperinflation.

Other reserves include the revaluation reserve, the cash flow hedge reserve and the FVOCI reserve. The revaluation reserve results from acquisitions in stages made in the past. The cash flow hedge reserve contains the effective part of the fair value changes from derivative financial instruments held for hedging currency risks. Reclassifications of ineffective parts from cash flow hedges into the net income for the period did not occur in the 2021 fiscal year. Symrise recognizes changes in the fair value of certain investments in equity instruments in other comprehensive income in the FVOCI reserve. The amounts are transferred from other reserves to retained earnings when the relevant equity instruments are derecognized.

RECONCILIATION OF EQUITY COMPONENTS AFFECTED BY OTHER COMPREHENSIVE INCOME

2020 In € thousand	Reserve for remeasurements (pensions)	Cumulative translation differences	Other reserves	Total other comprehensive income of Symrise AG shareholders	Non-controlling interests	Total other comprehensive income
Exchange rate differences resulting from the translation of foreign operations						
Exchange rate differences that occurred during the fiscal year	–	– 213,595	–	**– 213,595**	– 1,625	**– 215,220**
Gains/losses from net investments	–	– 10,761	–	**– 10,761**	–	**– 10,761**
Cash flow hedge (currency hedges)						
Gains/losses recorded during the fiscal year	–	–	1,047	**1,047**	– 15	**1,032**
Reclassification to the consolidated income statement	–	–	– 953	**– 953**	7	**– 946**
Remeasurement of defined benefit pension plans	– 47,441	–	–	**– 47,441**	–	**– 47,441**
Other comprehensive income	**– 47,441**	**– 224,356**	**94**	**– 271,703**	**– 1,633**	**– 273,336**

2021 In € thousand	Reserve for remeasurements (pensions)	Cumulative translation differences	Other reserves	Total other comprehensive income of Symrise AG shareholders	Non-controlling interests	Total other comprehensive income
Exchange rate differences resulting from the translation of foreign operations						
Exchange rate differences that occurred during the fiscal year	–	168,824	–	**168,824**	1,210	**170,034**
Gains/losses from net investments	–	50	–	**50**	–	**50**
Reclassification to the consolidated income statement	–	1,064	–	**1,064**	–	**1,064**
Change in the fair value of financial instruments measured through other comprehensive income	–	–	39,012	**39,012**	– 303	**38,709**
Cash flow hedge (currency hedges)						
Gains/losses recorded during the fiscal year	–	–	– 839	**– 839**	–	**– 839**
Reclassification to the consolidated income statement	–	–	518	**518**	–	**518**
Remeasurement of defined benefit pension plans	52,577	–	–	**52,577**	–	**52,577**
Other comprehensive income	**52,577**	**169,938**	**38,691**	**261,206**	**907**	**262,113**

DIVIDENDS

In accordance with the German Stock Corporation Act (AktG), the distributable dividend for shareholders of Symrise AG is to be determined with reference to the accumulated profit as it is calculated in accordance with the rules of the German Commercial Code (HGB) and presented in the annual financial statements of Symrise AG. At the Annual General Meeting held on May 5, 2021, a resolution was passed to distribute a dividend for the 2020 fiscal year of € 0.97 for each ordinary share with dividend entitlement (2019: € 0.95).

The Executive Board and the Supervisory Board will recommend a dividend of € 1.02 per share at the Annual General Meeting based on Symrise AG's accumulated profit under commercial law as of December 31, 2021.

NON-CONTROLLING INTERESTS

The non-controlling interests mainly relate to the Probi group. According to the consolidated financial statements as of December 31, 2021, Probi has assets of € 139.1 million (December 31, 2020: € 123.4 million), of which mostly property, plant and equipment (€ 67.1 million, December 31, 2020: € 67.1 million) and cash and cash equivalents (€ 24.4 million, December 31, 2020: € 21.5 million). The equity amounts to € 122.9 million (December 31, 2020: € 111.0 million). Sales amount to € 64.9 million (2020: € 68.3 million), and net income to € 8.2 million (2020: € 8.8 million). The shares of Probi AB, Lund, Sweden, are authorized for trading on the Swedish Nasdaq Stockholm. Transactions with minority shareholders are recognized in other changes within the consolidated statement of changes in equity.

30. DISCLOSURES ON CAPITAL MANAGEMENT

The capital situation is monitored through the use of a number of key indicators. The relationship between net debt (including provisions for pensions and similar obligations) to EBITDA and the equity ratio are important key indicators for this purpose. The objectives, methods and processes in this regard have not changed from the previous year as of the end of the reporting period on December 31, 2021.

With an equity ratio (equity attributable to shareholders of Symrise AG in relation to total equity and liabilities) of 48.0 % (December 31, 2020: 38.8 %), Symrise has a solid capital structure. The increase is due to the termination of the convertible bond (see note 29). One of the fundamental principles of Symrise is to maintain a strong capital basis in order to retain the confidence of investors, creditors and the market and to be able to drive future business development forward in a sustainable manner.

Net debt is determined as follows:

In € thousand	December 31, 2020	December 31, 2021
Borrowings	1,973,348	1,695,867
Lease liabilities	99,407	104,860
Cash and cash equivalents	– 725,136	– 453,808
Net debt	**1,347,619**	**1,346,919**
Provisions for pensions and similar obligations	681,175	617,183
Net debt including provisions for pensions and similar obligations	**2,028,794**	**1,964,102**

In order to calculate the net debt/EBITDA ratio, the net debt – with or without provisions for pensions – is applied to the EBITDA of the past twelve months. Based on EBITDA, net debt as of December 31, 2021, is 1.7 or 2.4 including provisions for pensions.

Symrise focuses on a capital structure that allows it to cover its future potential financing needs at reasonable conditions by way of the capital markets. This provides Symrise with a guaranteed high level of independence, security and financial flexibility. The attractive dividend policy will be continued and shareholders will continue to receive an appropriate share in the company's success. Furthermore, it should be ensured that acquisition opportunities are carried out through a solid financing structure.

The average interest rate for liabilities (including provisions for pensions and similar obligations) was 1.2 % p.a. (2020: 1.2 % p.a.).

31. ADDITIONAL DISCLOSURES ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

In accordance with IAS 7 "Statement of Cash Flows," the consolidated statement of cash flows for the reporting year and the previous year show the development of cash flows separated into cash inflows and outflows deriving from operating, investing and financing activities. Cash flows from operating activities are calculated using the indirect method.

As in the previous year, the balance of cash and cash equivalents comprises cash balances, balances on hand with banks and short-term liquid assets with terms no longer than three months that can be converted into a fixed amount at any time and are only subject to insignificant fluctuations in value. It is equivalent to the line item "cash and cash equivalents."

In the cash flow from operating activities, the other non-cash expenses and income mainly include the gain on the sale of the natural food color business as well as the gain from a bargain purchase from the acquisition of Sensient Technologies C.V.'s fragrance business unit (Fragrance and Aroma Chemicals). For further information please see note 2.4. Please refer to notes 16, 17 and 23 concerning the change in working capital.

Payments for business combinations within cash flow from investing activities mainly comprise the payments for the acquisition of Giraffe Foods Inc. (preliminary purchase price of € 325.2 million less cash and cash equivalents acquired amounting to € 1.3 million), the acquired fragrance business unit from Sensient Technologies C.V. (€ 29.3 million less cash and cash equivalents acquired amounting to € 0.2 million), the acquisition of 25 % of the shares in Kobo Products Inc. (€ 19.1 million), and payments for an egg processing plant from Michael Foods Inc. as part of an asset deal. Furthermore, cash flow from investing activities also includes payments for the strategic investment in Swedencare AB (€ 187.2 million) as well as for the non-consolidated subsidiary Symrise Re Inc. (€ 23.8 million).

A reconciliation between opening balance and closing balance for liabilities from financing activities is presented below:

In € thousand	Current borrowings	Non-current borrowings	Lease liabilities	Total liabilities from financing activities
January 1, 2020	**503,324**	**1,462,833**	**96,436**	**2,062,593**
Cash-effective change	– 520,145	494,419	– 22,675	**– 48,401**
Non-cash-effective change	26,487	6,430	25,646	**58,563**
Accrued interest	27,011	6,950	4,610	**38,571**
Other changes	0	0	30,029	**30,029**
Exchange rate differences	– 524	– 520	– 8,993	**– 10,037**
of which with effect on other comprehensive income	– 786	– 260	– 9,280	**– 10,326**
of which with effect on profit or loss (financial result)	262	– 260	287	**289**
December 31, 2020	**9,666**	**1,963,682**	**99,407**	**2,072,755**

In € thousand	Current borrowings	Non-current borrowings	Lease liabilities	Total liabilities from financing activities
January 1, 2021	**9,666**	**1,963,682**	**99,407**	**2,072,755**
Cash-effective change	59,114	18,491	– 24,004	**53,601**
Non-cash-effective change	284,963	– 640,049	29,457	**– 325,629**
Change to the scope of consolidation	18	0	5,196	**5,214**
Conversion of a convertible bond	– 384,812	1,060	0	**– 383,752**
Transfers	647,612	– 647,612	0	**0**
Accrued interest	22,096	5,806	3,369	**31,271**
Other changes	0	0	17,126	**17,126**
Exchange rate differences	49	697	3,766	**4,512**
of which with effect on other comprehensive income	49	1,021	4,002	5,072
of which with effect on profit or loss (financial result)	0	– 324	– 236	**-560**
December 31, 2021	**353,743**	**1,342,124**	**104,860**	**1,800,727**

For changes in borrowings, please also refer to note 24.

32. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS AND THE MEASUREMENT OF FAIR VALUE

INFORMATION ON FINANCIAL INSTRUMENTS ACCORDING TO CATEGORY

December 31, 2020 In € thousand	Carrying amount	Value recognized under IFRS 9 Amortized cost	Fair value through other comprehensive income	Fair value through profit or loss	Fair value
ASSETS					
Financial assets measured at amortized cost (FAAC)	**1,155,963**	**1,155,963**	**–**	**–**	**1,155,963**
Cash	499,180	499,180	–	–	499,180
Cash equivalents	40,927	40,927	–	–	40,927
Trade receivables	600,795	600,795	–	–	600,795
Other financial assets	15,061	15,061	–	–	15,061
Financial assets measured at fair value through profit or loss (FVTPL)	**201,749**	**–**	**–**	**201,749**	**201,749**
Cash equivalents	185,029	–	–	185,029	185,029
Securities	755	–	–	755	755
Equity instruments	10,370	–	–	10,370	10,370
Derivative financial instruments without hedge relationship	5,595	–	–	5,595	5,595
Derivative financial instruments with hedge relationship (n.a.)	**217**	**–**	**217**	**–**	**217**
LIABILITIES					
Financial liabilities measured at amortized cost (FLAC)[1)]	**2,310,643**	**2,310,643**	**–**	**–**	**2,504,219**
Trade payables	334,178	334,178	–	–	334,178
Borrowings	1,973,348	1,973,348	–	–	2,166,924
Other financial liabilities	3,117	3,117	–	–	3,117
Financial liabilities measured at fair value through profit or loss (FVTPL)	**761**	**–**	**–**	**761**	**761**
Derivative financial instruments without hedge relationship	296	–	–	296	296
Other financial liabilities	465	–	–	465	465
Derivative financial instruments with hedge relationship (n.a.)	**9**	**–**	**9**	**–**	**9**

[1)] Without lease liabilities (see note 33).

December 31, 2021 In € thousand	Carrying amount	Value recognized under IFRS 9 Amortized cost	Fair value through other comprehensive income	Fair value through profit or loss	Fair value
TOTAL ASSETS					
Financial assets measured at amortized cost (FAAC)	**1,192,683**	**1,192,683**	**–**	**–**	**1,192,683**
Cash	410,690	410,690	–	–	410,690
Cash equivalents	33,910	33,910	–	–	33,910
Trade receivables	729,941	729,941	–	–	729,941
Other financial assets	18,142	18,142	–	–	18,142
			–	–	
Financial assets measured at fair value through other comprehensive income (FVOCI)	**231,955**	**–**	**231,955**	**–**	**231,955**
Equity instruments[1]	231,955	–	231,955	–	231,955
Financial assets measured at fair value through profit or loss (FVTPL)	**21,326**	**–**	**–**	**21,326**	**21,326**
Cash equivalents	9,208	–	–	9,208	9,208
Securities	905	–	–	905	905
Equity instruments[1]	10,200	–	–	10,200	10,200
Derivative financial instruments without hedge relationship	1,013	–	–	1,013	1,013
		–	–		
Derivative financial instruments with hedge relationship (n.a.)	**22**	**–**	**22**	**–**	**22**
LIABILITIES					
Financial liabilities measured at amortized cost (FLAC)[2]	**2,113,200**	**2,113,200**	**–**	**–**	**2,161,736**
Trade payables	412,786	412,786	–	–	412,786
Borrowings	1,695,867	1,695,867	–	–	1,744,403
Other financial liabilities	4,547	4,547	–	–	4,547
Financial liabilities measured at fair value through profit or loss (FVTPL)	**6,466**	**–**	**–**	**6,466**	**6,466**
Derivative financial instruments without hedge relationship	6,002	–	–	6,002	6,002
Other financial liabilities	464	–	–	464	464
Derivative financial instruments with hedge relationship (n.a.)	**269**	**–**	**269**	**–**	**269**

[1] Without non-consolidated subsidiaries.
[2] Without lease liabilities (see note 33).

The following describes the hierarchy levels pursuant to IFRS 13 for financial instruments that are measured at fair value on a recurring basis. The individual levels of this hierarchy are explained in note 2.5.

Equity instruments classified at fair value through other comprehensive income were added entirely in the fiscal year and allocated to Level 1. This includes the listed investments in Swedencare AB, Malmö, Sweden (€ 227.3 million) and Blis Technologies, Dunedin, New Zealand (€ 4.7 million).

The cash equivalents and securities classified at fair value through profit or loss are assigned to Level 1 and the equity instruments to Level 3. Equity instruments comprise three investments, of which one investment with an acquisition cost of € 1.3 million was added in the fiscal year. An equity instrument previously measured at fair value through profit or loss was reclassified as investments in companies accounted for using the equity method following the acquisition of further shares.

The valuation and thus the present value of the expected benefit of the investments measured at fair value through profit or loss in Level 3 is generally based on a discounted cash flow calculation. Equity instruments are measured primarily using the relevant corporate planning and individual discount rates. For an investment, the valuation in Level 3 is based on a venture capital method. As in the previous year, other financial liabilities at fair value through profit or loss allocated to Level 3 include a contingent purchase price liability from the subsequent acquisition of further shares in Octopepper SAS, Bordeaux, France, the amount of which is based on the increase in members of an online platform. The valuation is based on the assumption that the limit defined in the purchase contract will be reached. The subsequent fair value changes relating to the contingent purchase price obligation are recognized in other operating income and expenses. Fair value changes arising as effects of interest accrued are recognized in the financial result. The valid forward exchange rates are used as the valuation rates for the mark-to-market valuation of currency forward contracts in Level 2 for currency forwards. These are established by the interest difference of the currencies involved while accounting for term duration. The fair values were not adjusted for the components of counterparty-specific risk (credit valuation adjustment – CVA/debt valuation adjustment – DVA) and the liquidity premium for the respective foreign currency (cross currency basis spread – CCBS) for reasons of materiality. There were no transfers between Levels 1 and 2 during the period under review. The determination of fair values is unchanged.

The fair values of borrowings are determined as the present values of future payments relating to these financial liabilities based on the corresponding valid reference interest rates and are adjusted by a corresponding credit spread (risk premium). The determination of the fair values of other financial instruments is unchanged. This did not cause any considerable deviations between their carrying amount and fair value.

NET GAINS AND LOSSES ACCORDING TO VALUATION CATEGORY

In € thousand	2020	2021
Financial assets measured at amortized cost (FAAC)	– 735	8,555
Financial instruments measured at fair value through other comprehensive income (FVOCI)	0	39,290
Financial instruments measured at fair value through profit or loss (FVTPL)	20,275	1,908
Financial liabilities measured at amortized cost (FLAC)	– 57,193	– 41,974
Total	**– 37,653**	**7,779**

The net gains and losses in the fiscal year are mainly attributable to financial assets measured at fair value and interest rate effects.

The targeted use of currency forward contracts related exclusively to hedging currency risks (€ 10.2 million). Since the currency forward contracts are used to hedge both transactions with third parties and intragroup transactions, from the current fiscal year onward, the net gains and losses according to valuation category also include currency translation effects from intragroup transactions in addition to currency translation effects from transactions outside the Group. The previous-year figures were adjusted accordingly.

Net income from financial assets measured at amortized cost includes interest income of € 1.5 million (2020: € 1.5 million). Interest expenses for financial liabilities measured at amortized cost amounted to € 30.9 million in the reporting year (2020: € 33.8 million).

OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and liabilities, which are subject to a legally enforceable master netting agreement or a similar agreement, only arose with derivative financial instruments in the form of International Swaps and Derivatives Association (ISDA) master netting agreements or comparable agreements.

The ISDA agreements do not fulfill the criteria for offsetting in the statement of financial position. This is due to the fact that the Group currently does not have any legal right to offset the amounts recorded since the right to an offset only exists with the occurrence of future events, such as a default on a bank loan or other credit events.

33. DISCLOSURES RELATING TO FINANCIAL INSTRUMENT RISK MANAGEMENT

Fluctuations in exchange and interest rates can result in significant risks to earnings and cash flows. For this reason, Symrise monitors these risks centrally and manages them proactively and occasionally with derivative financial instruments.

The calculation method of the Euribor changed over the course of 2019. In July, 2019, the Belgian Financial Services and Markets Authority granted approval for the Euribor in accordance with the European Union Benchmarks Regulation. This allows market participants to continue to use it for both existing and new contracts. Symrise expects the Euribor to remain as a reference rate for the foreseeable future.

The management of risk is based on Group-wide guidelines in which objectives, principles, responsibilities and competencies are defined. These are monitored on a regular basis and adjusted to current market and production developments. Risk management has remained unchanged from the previous year.

INTEREST RISK

Interest risks exist due to potential changes to the market interest rate and can lead to a change in the fair value of fixed-rate financial instruments and fluctuations in interest payments for variable interest rate financial instruments. Since the overwhelming portion of financial instruments measured at amortized cost has fixed rates, there is no notable interest risk.

Market interest rate changes for borrowings with variable interest rate components have an effect on the net interest result, as the following table shows:

2020	Nominal	of which fixed	of which variable	of which unhedged	1.0 percentage point increase
T€	1,999,355	1,932,502	66,853	66,853	669
TUSD	2,651	2,651	0	0	0
TCAD	1,683	1,683	0	0	0

2021	Nominal	of which fixed	of which variable	of which unhedged	1.0 percentage point increase
T€	1,670,808	1,612,088	58,721	58,721	587
TUSD	24,674	0	24,674	24,674	247
TBRL	70,000	70,000	0	0	0
TCAD	1,202	1,202	0	0	0
TGBP	30	30	0	0	0

An increase to all relevant interest rates of one percentage point would have resulted in € 804 thousand less consolidated net income as of December 31, 2021 (December 31, 2020: € 669 thousand). A decline in the interest rates would have had no material effect on consolidated net income due to provisions on negative interest rates stipulated in the credit agreements. The changes in interest rates from financial instruments have no impact on equity.

CURRENCY RISK

Due to its global activities, Symrise is exposed to two types of currency risk. Translation risk describes the risk of changes in reporting items in the statement of financial position and the income statement of a subsidiary due to currency fluctuations when translating the local separate financial statements into the Group reporting currency. Changes deriving from the translation of items recognized in the statement of financial position of these companies that are caused by currency fluctuations are recognized directly in Group equity. The resulting risks are not hedged.

Transaction risk arises in the separate financial statements of Group companies through changes in future cash flows denoted in foreign currencies due to exchange rate fluctuations.

The Symrise Group’s global positioning results in supply relationships and payment flows in foreign currencies. These currency risks are systematically recorded and reported to the Group’s headquarters. Currency forward contracts are used to hedge currency risks resulting from primary financial instruments and from planned transactions.

Symrise established an in-house bank to increase transparency and better manage the currency risks arising from internal supply relationships. Affiliated companies are given accounts with the in-house bank in their functional currency. This frees them from currency risks; only the in-house bank maintains balances in foreign currency. These are hedged centrally via currency forward contacts.

The presentation of the existing currency risk as of the end of the reporting period is done in accordance with IFRS 7 using a sensitivity analysis. The foreign currency sensitivity is determined from the aggregation of all financial assets and liabilities that are denominated in a currency that is not the functional currency of the respective reporting company. The foreign currency risk determined by this analysis is measured at the closing rate and at a sensitivity rate that represents a 10 % appreciation/depreciation of the functional currency as compared to the foreign currency.

The difference from this hypothetical measurement represents the effect on earnings before income taxes and on other comprehensive income before taxes. This sensitivity analysis is based on the assumption that all variables other than a change in the foreign currency exchange rate remain constant. In the sensitivity analysis, currency risks from internal monetary items were included as far as they result in translation gains or losses that are not eliminated as part of consolidation. Effects from the currency translation of subsidiaries whose functional currency is not the same as that of the Symrise Group do not affect the cash flows in the local currency and are therefore not included in the sensitivity analysis.

A significant currency risk for the Symrise Group in the reporting year resulted primarily in relation to the Canadian Dollar, US Dollar, Chinese Renminbi and Japanese Yen. The foreign currency risk before hedging transactions amounted to JPY 2,414.2 million as of the end of the reporting period (December 31, 2020: JPY 2,747.6 million), CAD – 399.9 million (December 31, 2020: CAD 5.0 million), CNY 105.0 million (December 31, 2020: CNY 187.9 million) and USD – 48.9 million (December 31, 2020: USD 88.5 million). The changes in relation to the Japanese Yen, Canadian Dollar and US Dollar result from a higher level of the internal Group liquidation settlement with the in-house bank in this currency, which was largely secured via currency forward contracts. The decrease related to Chinese Renminbi mainly resulted from a lower level of financial receivables, which more than compensated for an increased level of trade receivables in this currency. The currency's risk was also hedged mainly by currency forward contracts.

In € thousand	2020	2021
Sensitivity from a value increase/decrease in the EUR as compared to the CAD of +/– 10%		
Impact on earnings before income taxes	+/– 88	+/– 3,884
Impact on other comprehensive income before income taxes	–/+ 0	–/+ 0
Total	**+/– 88**	**+/– 3,884**
Sensitivity from a value increase/decrease in the EUR as compared to the USD of +/– 10%		
Impact on earnings before income taxes	+/– 2,294	+/– 3,695
Impact on other comprehensive income before income taxes	–/+ 1,165	–/+ 1,171
Total	**+/– 1,129**	**+/– 2,524**
Sensitivity from a value increase/decrease in the EUR as compared to the CNY of +/– 10%		
Impact on earnings before income taxes	+/– 3,811	+/- 669
Impact on other comprehensive income before income taxes	–/+ 0	–/+ 0
Total	**+/– 3,811**	**+/– 669**
Sensitivity from a value increase/decrease in the EUR as compared to the JPY of +/– 10%		
Impact on earnings before income taxes	+/– 179	+/– 169
Impact on other comprehensive income before income taxes	–/+ 0	–/+ 0
Total	**+/– 179**	**+/– 169**

Derivative financial instruments were used to reduce currency risk.

Currency forward contracts with positive market values amounted to € 1,034 thousand as of the end of the reporting period (December 31, 2020: € 5,812 thousand), while currency forward contracts with negative market values totaled € 6,271 thousand (December 31, 2020: € 305 thousand).

Further information on the positive and negative fair values for currency forward contracts with and without hedge relationships can be found in the table on financial instruments in note 32 as well as in the notes on liquidity risk.

LIQUIDITY RISK

The risk that Symrise is unable to meet its financial obligations is limited by creating the necessary financial flexibility within the existing financing arrangements and through effective cash management. Symrise manages the liquidity risk through the use of a twelve-month rolling financial plan. This makes it possible to finance deficits that can be forecast under normal market conditions at normal market terms. Based on current planning, no liquidity risks are foreseen at the moment. As of the reporting date, Symrise had access to credit lines that are explained in greater detail in note 24.

The following summary shows the contractually agreed interest and redemption payments for current and non-current non-derivative financial liabilities, including estimated interest payments for variable interest:

2020 In € thousand	Carrying amount	Expected outgoing payments	Maturity dates for expected payments up to 1 year	over 1 year to 5 years	over 5 years
Borrowings	1,973,348	2,119,602	31,318	1,334,276	754,008
Trade payables	334,178	334,178	334,178	0	0
Lease liabilities	99,407	122,693	22,854	51,138	48,701
Other non-derivative financial obligations	3,582	3,603	2,154	1,449	0

2021 In € thousand	Carrying amount	Expected outgoing payments	Maturity dates for expected payments up to 1 year	over 1 year to 5 years	over 5 years
Borrowings	1,695,867	1,793,298	389,074	813,815	590,409
Trade payables	412,786	412,786	412,786	0	0
Lease liabilities	104,860	124,565	22,358	54,458	47,749
Other non-derivative financial obligations	5,012	5,022	4,086	936	0

The expected outgoing payments over one year and up to five years are distributed within this range and are attributable to ongoing refinancing and not to a concentration of risk.

The fair value and the expected incoming and outgoing payments from derivative financial assets and liabilities are presented in the following table. The average term of the currency forward contracts existing as of December 31, 2021, is three months.

In € thousand	2020	2021
Currency forward contracts		
Assets	5,812	1,034
Liabilities	305	6,271
Expected incoming payments	129,676	518,384
Expected outgoing payments	124,169	523,432

DEFAULT AND CREDITWORTHINESS RISK

A credit risk is the unexpected loss of cash or income. This occurs when a customer is not able to meet its obligations as these become due. Receivables management, which employs guidelines that are globally valid, coupled with regular analysis of the aging structure of trade receivables, ensures that the risks are permanently monitored and limited. In this way, cases of default on receivables are minimized. Symrise does not require securities for trade receivables and other receivables. Due to the Symrise Group's wide-ranging business structure, there is no particular concentration of credit risks either in relation to customers or in relation to individual countries.

Financial contracts for cash investments are only entered into with banks with an investment grade, which are consistently monitored. The Symrise Group is exposed to credit risks related to derivative financial instruments, which would arise from the contractual partner not fulfilling his obligations. This credit risk is minimized in that transactions are only entered into with contract partners whose credit standing is regularly evaluated by independent rating agencies and constantly monitored. The carrying amounts of all financial assets represent the maximum credit risk.

Impairment losses on financial assets recognized in the consolidated income statement are almost entirely accounted for in trade receivables.

34. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

CONTINGENT LIABILITIES

Contingent liabilities relate to potential future events that, upon occurring, would result in an obligation. As of the end of the reporting period, the following contingent liabilities are seen as unlikely but cannot be completely ruled out.

Symrise is confronted with lawsuits and legal proceedings as a result of its normal business activities, which generally relate to the areas of labor law, product liability, warranty claims, tax law and intellectual property. Symrise sets up provisions for such cases when it is probable that an obligation arises from past events, when the amount of the obligation can be measured with sufficient reliability and the settlement of which is expected to result in an outflow of resources embodying economic benefits. For all currently pending legal proceedings, Symrise has set up provisions of € 8.5 million (see note 26). The results of present and future proceedings are not foreseeable, meaning that legal or official decisions or settlement agreements could lead to expenses that are not or not completely covered by insurance services and that could therefore have material effects on the business and its results.

OTHER FINANCIAL OBLIGATIONS

As of December 31, 2021, the Group has obligations to purchase property, plant and equipment amounting to € 51.7 million (December 31, 2020: € 49.8 million). This mainly relates to production facilities and laboratory and office equipment. These obligations will mostly come due during the course of 2022. Other obligations amounting to € 238.0 million (December 31, 2020: € 152.7 million) exist from not yet fulfilled commitments for the purchases of goods.

Symrise AG has service contracts with various providers regarding the outsourcing of its IT. Some service contracts already existed in previous years. The remaining total obligation toward these service providers amounts to € 0.9 million (December 31, 2020: € 4.2 million), accounting for extraordinary termination rights . Miscellaneous other financial obligations amounted to € 9.1 million as of December 31, 2021 (December 31, 2020: € 8.8 million) and are mostly obligations from consulting, service and cooperation contracts (€ 6.4 million; December 31, 2020: € 5.1 million).

Symrise AG has issued guarantees totaling € 12.5 million in favor of Commerzbank AG, Hamburg, Germany, and USD 2.5 million in favor of Commerzbank AG, New York Branch, New York, USA for the subsidiary Symrise Re Inc. Burlington, USA, which is not included in the consolidated financial statements, as collateral for reinsurance risks vis-à-vis the Group's insurer.

35. TRANSACTIONS WITH RELATED PARTIES

Consolidated companies, joint ventures and associated companies, the members of the Executive Board and Supervisory Board and their close relatives are considered related parties. The sales and purchases from related companies were completed under the same terms and conditions as though they had been transacted with third parties. As in the previous year, only a small amount of goods was purchased from joint ventures and associated companies in 2021.

Other financial liabilities include a loan of € 19.8 million to the non-consolidated Symrise Re Inc., Burlington, USA, concluded at normal market conditions.

In addition to fixed remuneration and one-year variable remuneration, the members of the Executive Board also receive variable remuneration over several years (long-term incentive plan, LTIP). The individual remuneration components are explained in more detail in the 2021 remuneration report. The following table provides an overview of the remuneration of the members of the Executive Board and Supervisory Board pursuant to IAS 24.17:

	2020			2021		
In € thousand	Executive Board	Supervisory Board	Total	Executive Board	Supervisory Board	Total
Short-term benefits	8,583	1,093	**9,676**	4,871	1,031	**5,902**
Other long-term benefits	3,228	0	**3,228**	898	0	**898**
Post-employment benefits	0	0	**0**	0	0	**0**
Total	**11,811**	**1,093**	**12,904**	**5,796**	**1,031**	**6,800**

The supplemental disclosures pursuant to Section 315e of the German Commercial Code (HGB) are as follows:

In € thousand	2020	2021
Total remuneration for active members		
Executive Board	11,527	9,389
Supervisory Board	1,093	1,031
Total remuneration for former members and their surviving dependents		
Executive Board	403	420

Provisions for current pensions and pension entitlements contain contributions of € 14.0 million (December 31, 2020: € 13.8 million) for former members of the Executive Board and € 4.0 million (December 31, 2020: € 6.2 million) for current members of the Executive Board.

The individualized remuneration for members of the Executive Board and Supervisory Board is also disclosed in the 2021 remuneration report.

36. EXECUTIVE BOARD AND SUPERVISORY BOARD SHAREHOLDINGS

The direct or indirect total holding of shares in Symrise AG by all members of the Executive and Supervisory Boards as of December 31, 2021, amounted to more than 1 %. Of the 5.24 % of shares in Symrise AG collectively held by members of the Executive and Supervisory Boards, 5.03 % are held by members of the Supervisory Board while 0.21 % are held by members of the Executive Board.

37. LONG-TERM OBJECTIVES AND METHODS FOR MANAGING FINANCIAL RISK

Please refer to the risk report, which is a component of the Group management report.

38. AUDIT OF FINANCIAL STATEMENTS

The Annual General Meeting of Symrise AG, held on May 5, 2021, appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as auditor for the 2021 fiscal year.

The following table provides an overview of the fees paid to the auditors:

In € thousand	2020	2021
Audit of financial statements	821	758
Other audit assurance services	92	29
Total	**913**	**787**

A total of € 2.8 million (2020: € 2.8 million) was incurred worldwide in connection with the audit of the financial statements.

39. LIST OF INTERESTS IN ENTITIES

Regarding the changes to the scope of consolidation in 2021, please see note 2.4.

Fully consolidated subsidiaries as of December 31, 2021

Name and registered office of the entity	Share
Germany	
Busiris Vermögensverwaltung GmbH, Holzminden	100.00 %
DrinkStar GmbH, Rosenheim	100.00 %
Haarmann & Reimer Unterstützungskasse Gesellschaft mit beschränkter Haftung, Holzminden	100.00 %
Schimmel & Co. Gesellschaft mit beschränkter Haftung, Holzminden	100.00 %
SMP GmbH, Munich	100.00 %
Symotion GmbH, Holzminden	100.00 %
Symrise Beteiligungs GmbH, Holzminden	100.00 %
Symrise Financial Services GmbH, Holzminden	100.00 %
Tesium GmbH, Holzminden	100.00 %
France	
Arôme de Chacé SAS, Chacé	100.00 %
Diana Food SAS, Antrain	100.00 %
Diana SAS, Saint Nolff	100.00 %
Diana Trans SAS, Saint Nolff	100.00 %
Société de Protéines Industrielles SAS, Berric	100.00 %
Spécialités Pet Food SAS, Elven	100.00 %
SymNeroli SAS, Clichy-la-Garenne	51.00 %
Symrise SAS, Clichy-la-Garenne	100.00 %
Symrise US INVESTMENTS FR SAS, Rennes	100.00 %
Villers SAS, Villers Les Pôts	100.00 %

Rest of Europe	
Cobell Limited, Exeter, United Kingdom	100.00 %
Diana Food Limited, Spalding, United Kingdom	100.00 %
OOO “Symrise Rogovo,” Rogovo, Russia	100.00 %
Probi AB, Lund, Sweden	60.27 %
Scelta Umami B.V., Venlo, Netherlands	60.00 %
SPF Diana España SLU, Lleida, Spain	100.00 %
SPF Hungary Kft, Beled, Hungary	100.00 %
SPF RUS, Shebekino, Russia	100.00 %
SPF UK Ltd, Doncaster, United Kingdom	60.00 %
Symrise Granada S.A.U., Granada, Spain	100.00 %
Symrise Group Finance Holding 1 BVBA, Brussels, Belgium	100.00 %
Symrise Iberica S.L., Parets de Valles, Spain	100.00 %
Symrise IP Holding GCV, Brussels, Belgium	100.00 %
Symrise Kimya Sanayi Ticaret Ltd., Sirketi, Turkey	100.00 %
Symrise Limited, Marlow Bucks, United Kingdom	100.00 %
Symrise Luxembourg S.a.r.l., Luxembourg, Luxembourg	100.00 %
Symrise Pet Food Holding BV, Belfeld, Netherlands	100.00 %
Symrise Spółka z ograniczoną odpowiedzialnością, Warsaw, Poland	100.00 %
Symrise S.r.l., Milan, Italy	100.00 %
Symrise US Holding BV, Halle, Netherlands	100.00 %
Symrise US Investments NL BV, Belfeld, Netherlands	100.00 %
Symrise Vertriebs GmbH, Vienna, Austria	100.00 %

North America	
American Dehydrated Foods Inc., Springfield, USA	100.00 %
Diana Food Canada Inc., Champlain (Quebec), Canada	100.00 %
Diana Food Inc., Silverton, USA	100.00 %
Giraffe Foods Inc., Toronto, Canada	100.00 %
International Dehydrated Foods Inc., Springfield, USA	100.00 %
IsoNova Technologies LLC, Springfield, USA	100.00 %
Probi US Inc., Seattle, USA	60.27 %
SPF Canada – Groupe Diana Inc, Chemin (Quebec), Canada	100.00 %
SPF North America Inc., South Washington, USA	100.00 %
SPF USA Inc., Wilmington, USA	100.00 %
Symrise Holding Inc., Wilmington, USA	100.00 %
Symrise Holding II Inc., Wilmington, USA	100.00 %
Symrise Inc., Teterboro, USA	100.00 %
Symrise US LLC, Teterboro, USA	100.00 %

Latin America	
Aquasea Costa Rica, Canas, Costa Rica	100.00 %
Citratus Fragrâncias Indústria e Comércio Ltda., Vinhedo, Brazil	100.00 %
Diana Food Ecuador SA, Machala, Ecuador	100.00 %
Diana Food Chile SpA, Buin, Chile	100.00 %
Diana Pet Food Colombia, Buenos Aires, Colombia	100.00 %
Proteinas Del Ecuador Ecuaprotein SA, Duran, Ecuador	91.50 %
Spécialité Pet Food S.A. de C.V., El Marqués Querétaro, Mexico	100.00 %
SPF Argentina, Buenos Aires, Argentina	100.00 %
SPF Do Brazil Indústria e Comércio Ltda, São Paulo, Brazil	100.00 %
Symrise Aromas e Fragrâncias Ltda., São Paulo, Brazil	100.00 %

Latin America (continuation from page 131)	
Symrise C.A., Caracas, Venezuela	100.00%
Symrise Guatemala C.A., Guatemala City, Guatemala	100.00%
Symrise Ltda., Bogota, Colombia	100.00%
Symrise S. de R.L. de C.V., San Nicolas de los Garza, Mexico	100.00%
Symrise S.A., Santiago de Chile, Chile	100.00%
Symrise S.R.L., Tortuguitas, Argentina	100.00%

Asia and Pacific	
Diana Group Pte (Singapore) Ltd, Singapore, Singapore	100.00%
Diana Petfood (Chuzhou) Company Limited, Chuzhou, China	100.00%
P.T. Symrise, Jakarta, Indonesia	100.00%
Probi Asia-Pacific Pte Ltd, Singapore, Singapore	60.27%
SPF (Chuzhou) Pet Food Co., Ltd, Chuzhou, China	100.00%
SPF (Qingdao) Trading Co., Ltd, Qingdao City, China	100.00%
SPF Thailand, Bangkok, Thailand	51.00%
SPF Diana Australia Pty Ltd, Beresfield, Australia	100.00%
Symrise (China) Investment Co. Ltd., Nantong, China	100.00%
Symrise Asia Pacific Pte. Ltd., Singapore, Singapore	100.00%
Symrise Flavors & Fragrances (Nantong) Co. Ltd., Nantong, China	100.00%
Symrise Holding Pte. Limited, Singapore, Singapore	100.00%
Symrise, Inc., Manila, Philippines	100.00%
Symrise K.K., Tokyo, Japan	100.00%
Symrise Ltd., Bangkok, Thailand	100.00%
Symrise Private Limited, Chennai, India	100.00%
Symrise Pty. Ltd., Dee Why, Australia	100.00%
Symrise SDN. BHD, Petaling, Malaysia	100.00%
Symrise Shanghai Limited, Shanghai, China	100.00%

Africa and Middle East	
Origines S.a.r.L., Antananarivo, Madagascar	100.00 %
Specialites Pet Food South Africa, Cape Town, South Africa	100.00%
Symrise (Pty) Ltd., Isando, South Africa	100.00%
Symrise Middle East Ltd, Dubai, United Arab Emirates	100.00%
Symrise Middle East FZ-LLC, Dubai, United Arab Emirates	100.00%
Symrise Nigeria Limited, Lagos, Nigeria	100.00%
Symrise Parsian, Tehran, Iran	100.00%
Symrise S.A.E., 6th of October City, Ägypten	100.00%
Symrise S.a.r.L., Antananarivo, Madagascar	100.00%

Joint ventures as of December 31, 2021

Name and registered office of the entity	Share
Food Ingredients Technology Company, L.L.C., Springfield, USA	50.00 %

Associated companies as of December 31, 2021

Name and registered office of the entity	Share
7905122 Canada inc., Boucherville (Quebec), Canada	40.00 %
Californulations, LLC, Columbus, USA	49.00 %
Kobo Products Inc., South Plainfield (New Jersey), USA	25.00 %
Laboratoires Blücare inc., Boucherville (Quebec), Canada	40.00 %
Therapeutic Peptides Inc., Baton Rouge, USA	20.00 %
VIDEKA, LLC, Kalamazoo, USA	49.00 %

Non-consolidated subsidiaries as of December 31, 2021

Name and registered office of the entity	Share
Symrise Re Inc., Burlington, USA	100.00 %

Other interests in large limited liability companies as of December 31, 2021

Name and registered office of the entity	Share
Swedencare AB, Malmö, Sweden	12.87 %

40. EXEMPTION FROM THE OBLIGATION TO PREPARE ANNUAL FINANCIAL STATEMENTS PURSUANT TO SECTION 264 (3) OF THE GERMAN COMMERCIAL CODE (HGB)

The following companies are included in the consolidated financial statements of Symrise AG in accordance with the provisions applicable for corporate entities and have taken advantage of the exemption provisions covering the preparation, audit and publication of statutory annual financial statements pursuant to Section 264 (3) of the German Commercial Code (HGB): Busiris Vermögensverwaltung GmbH, Symrise Financial Services GmbH, Symotion GmbH, Symrise Beteiligungs GmbH, Tesium GmbH, all headquartered in Holzminden, and DrinkStar GmbH, headquartered in Rosenheim.

41. CORPORATE GOVERNANCE

The Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG) has been submitted for 2021 and has been made permanently available to shareholders through the website www.symrise.com.

42. EVENTS AFTER THE REPORTING PERIOD

INVESTMENT IN SWEDENCARE AB, SWEDEN

Since July, 2021, Symrise has successively acquired shares in the listed company Swedecare AB, Malmö, Sweden. The participation rate as of December 31, 2021, is 12.87 %. Since the reporting date, Symrise has acquired further shares at a purchase price of € 169.8 million. Currently, Symrise holds a total of 20.76 % of shares in Swedencare. The investment was made mainly in the context of two capital increases by Swedencare and was made in full agreement with the company and its management. Swedencare is a supplier of premium pet products and specializes in pet health. With this step, Symrise is strengthening its leading position as a provider of innovative solutions and applications for pet food. Swedencare currently employs 270 people worldwide and generated sales of SEK 515 million (approx. € 51 million) between January and September 2021 with an adjusted EBITDA margin of 27.4 %.

ACQUISITION OF SCHAFFELAARBOS B.V., NETHERLANDS

With the contract dated January 6, 2022, Symrise entered into a purchase agreement to acquire all the shares in InterMay B.V., Barneveld, Netherlands, as the parent of the operating company Schaffelaarbos B.V., Barneveld, Netherlands. The closing of this transaction and the acquisition of control occurred on January 11, 2022. Inclusion of the companies in the Symrise consolidated financial statements will, therefore, first occur in the 2022 fiscal year.

The consideration for the acquisition of these shares is € 158.0 million and is still considered preliminary. The acquisition will give Symrise long-term access to high-quality raw materials and a customer base of global pet food suppliers. Furthermore, production-related technologies and technical facilities at the two production locations were acquired. Schaffelaarbos B.V. is a leading supplier in the manufacturing of egg proteins for pet food and complements the existing activities of Symrise in the USA. This transaction is an important strategic step for Symrise to bring together the two experts in the utilization of eggshells and egg components to accelerate the development of product innovations in the area of pet food as a component of the segment Taste, Nutrition & Health.

SALE OF THE VELCORIN BUSINESS

On October 1, 2021, the subsidiary DrinkStar GmbH, Rosenheim, Germany, signed a sales agreement for the Velcorin® business with LANXESS Deutschland GmbH, Cologne, Germany. Velcorin® is a technical product for the beverage industry. The operation is assigned to the Taste, Nutrition & Health segment. The sale closed on January 1, 2022. Please refer to note 18.

Holzminden, Germany, February 14, 2022

Symrise AG

The Executive Board

Dr. Heinz-Jürgen Bertram

Olaf Klinger

Dr. Jean-Yves Parisot

Statement of the Executive Board

To the best of our knowledge and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Holzminden, Germany, February 14, 2022

Symrise AG

The Executive Board

Dr. Heinz-Jürgen Bertram | Olaf Klinger | Dr. Jean-Yves Parisot

Independent auditor's report

To Symrise AG

Report on the audit of the consolidated financial statements and of the group management report

OPINIONS

We have audited the consolidated financial statements of Symrise AG, Holzminden, and its subsidiaries (the Group), which comprise the consolidated income statement and consolidated statement of comprehensive income for the fiscal year from 1 January 2021 to 31 December 2021, and the consolidated statement of financial position as at 31 December 2021, consolidated statement of cash flows, consolidated statement of changes in equity for the fiscal year from 1 January 2021 to 31 December 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Symrise AG for the fiscal year from 1 January 2021 to 31 December 2021. In accordance with the German legal requirements, we have not audited the content of the Corporate Governance Statement pursuant to Sec. 289f HGB ["Handelsgesetzbuch": German Commercial Code] which is published on the website stated in and is part of the group management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2021 and of its financial performance for the fiscal year from 1 January 2021 to 31 December 2021, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of the Corporate Governance Statement referred to above.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

BASIS FOR THE OPINIONS

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from 1 January 2021 to 31 December 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

1) IMPAIRMENT TESTING OF GOODWILL

Reasons why the matter was determined to be a key audit matter

As a result of acquisitions in the past, the Symrise Group presents significant amounts of goodwill in its consolidated statement of financial position. The Group is operated with the segments "Scent & Care" and "Taste, Nutrition & Health" and the goodwill is allocated accordingly. This is in line with internal management and the distribution of responsibilities within the Executive Board.

The result of the impairment tests performed as of 30 September 2021 to determine whether an impairment loss has to be recognized on goodwill is highly dependent on the executive directors' estimate of future cash flows and the respective discount rates and growth rates used.

In light of the materiality of goodwill in relation to total assets, the complexity of the valuation and the judgment exercised during valuation, the goodwill impairment test was a key audit matter.

Auditor's response

During our audit, among other things, we obtained an understanding of the methods used to carry out the impairment tests including an examination of the suitability of the procedure for performing an impairment test in accordance with IAS 36. We analyzed the planning process and tested the operating effectiveness of some of the controls implemented therein. We discussed the significant planning assumptions with the executive directors and compared these with the results and cash inflows realized in the past.

With respect to the rollforward of the medium to the long-term plan, we examined in particular the assumptions on the growth rate in the perpetual annuity. Our assessment of the results of the impairment tests as of 30 September 2021 was based among other things on a comparison with general and industry-specific market expectations underlying the expected cash inflows. Based on our understanding that even relatively small changes in the discount rates used can at times have significant effects on the amount of the business value calculated, we analyzed the inputs used to determine the discount rates and reperformed the calculation with regard to the relevant requirements of IAS 36. We also performed sensitivity analyses in order to estimate any potential impairment risk associated with a reasonably possible change in one of the significant assumptions used in the valuation.

The previous segments "Flavor" and "Nutrition" were combined into one segment named "Taste, Nutrition & Health" as of 1 April 2021. We considered the executive directors' assessment of the changed segment structure and obtained evidence that the segments represent the lowest level within the Group at which independent cash inflows are generated and goodwill is monitored for internal management purposes.

As the Symrise Group carries out its impairment test as of 30 September each year, we performed additional procedures to ensure that there had been no significant changes as of the reporting date. This mainly involved analyzing the validity of the underlying valuation inputs and significant planning assumptions as of the reporting date.

Our procedures did not lead to any reservations relating to the valuation of goodwill.

Reference to related disclosures
With regard to the recognition and measurement policies applied for goodwill, refer to the disclosure on impairments in section "2.5 Summary of significant accounting policies" of the notes to the consolidated financial statements. For the related disclosures on judgments by the executive directors and sources of estimation uncertainty as well as the disclosures on goodwill, refer to the disclosure in section "2.3 Estimates and assumptions" and in note 19 "Intangible assets" in the "Additional disclosures on the consolidated statement of financial position" section of the notes to the consolidated financial statements.

2) RECOGNITION OF REVENUE FROM THE SALE OF PRODUCTS

Reasons why the matter was determined to be a key audit matter
Revenue from the sale of products is recognized in the consolidated financial statements of Symrise AG when control over the goods sold has been transferred to the customers.

The Symrise Group has a large number of customers and an extensive product range. This entails a large number of different contractual arrangements, calling for particular care in order to properly account for transactions, especially with regard to the correct application of the accrual basis accounting. In this light, revenue recognition was a key audit matter.

Auditor's response
The executive directors of Symrise AG have issued detailed accounting instructions and implemented processes for recognizing revenue from product sales. During our audit, we considered, based on the criteria defined in IFRS 15, the recognition and measurement requirements applied in the consolidated financial statements of Symrise AG for the recognition of revenue. Our response included an examination of whether control passed to the buyers upon the sale of the products. We analyzed the processes implemented by the Executive Board of Symrise AG and the recognition and measurement policies for the recognition of revenue from product sales. We tested the operating effectiveness of some of the controls relating to revenue recognition and the correct cut-off of revenue. To substantiate the existence of revenue, we examined whether it led to trade receivables and, in turn, if payments were received in settlement of these receivables. In addition, based on analytical procedures and additional substantive procedures defined group-wide, we analyzed whether the revenue for fiscal year 2021 was recognized on an accrual basis. We analyzed the recognition of revenue based on the contractual arrangements on a sample basis with regard to the requirements of IFRS 15 for revenue recognition. We also obtained balance confirmations from customers.

Overall, our procedures relating to the recognition of revenue from the sale of products did not lead to any reservations.

Reference to related disclosures
With regard to the recognition and measurement policies applied for the recognition of revenue from the sale of products, refer to the disclosure on the recognition of revenue in section "2.5 Summary of significant accounting policies" of the notes to the consolidated financial statements.

OTHER INFORMATION

The Supervisory Board is responsible for the Report of the Supervisory Board. In all other respects, the executive directors are responsible for the other information. The other information comprises the Corporate Governance Statement referred to above. In addition, the other information comprises the group non-financial report, of which we obtained a version prior to issuing this auditor's report. The other information also comprises additional parts to be included in the annual report, of which we obtained a version prior to issuing this auditor's report, in particular:

- the "Report of the Supervisory Board" included in the financial report 2021,

- the responsibility statement pursuant to Sec. 297 (2) Sentence 4 HGB and Sec. 315 (1) Sentence 5 HGB contained in the "Statement of the Executive Board" section of the 2021 financial report,

- the information obtained in the "Corporate governance" section of the financial report 2021,

- the information obtained in the "Sustainability and responsibility" section of the corporate report 2021

- and the information obtained in the other sections of the 2021 financial report and in the corporate report 2021

but not the consolidated financial statements, not the group management report disclosures whose content is audited and not our auditor's report thereon.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the assurance on the electronic rendering of the consolidated financial statements and the group management report prepared for publication purposes in accordance with Sec. 317 (3a) HGB

Opinion

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached file

Symrise_AG_KA+KLB_ESEF-2021-12-31.zip
(SHA-256 checksum: 3f6c2f2077f80a2ad5d5af84763c6271aab0f02937e9d54f674b2f5217d1fd24)

and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the file identified above and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying group management report for the fiscal year from 1 January 2021 to 31 December 2021 contained in the "Report on the audit of the consolidated financial statements and of the group management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the opinion
We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the file identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410) (10.2021). Our responsibility in accordance therewith is further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents
The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Sec. 328 (1) Sentence 4 No. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group auditor's responsibilities for the assurance work on the ESEF documents
Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.

- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Arts. 4 and 6 of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further information pursuant to Art. 10 of the EU Audit Regulation
We were elected as group auditor by the Annual General Meeting on 5 May 2021. We were engaged by the Supervisory Board on 17 December 2021. We have been the group auditor of Symrise AG without interruption since fiscal year 2017.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

Other matter – Use of the auditor's report
Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the Bundesanzeiger [German Federal Gazette] – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT
The German Public Auditor responsible for the engagement is Dr. Christian Janze.

Hanover, 15 February 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Ludwig	Dr. Janze
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Corporate Governance

Corporate Governance Statement pursuant to Sections 289f, 315d of the German Commercial Code (HGB) and Corporate Governance Report

The actions of Symrise AG's management and oversight bodies are determined by the principles of good and responsible corporate governance. The Executive Board – also acting on behalf of the Supervisory Board – has issued the following Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code ("HGB") for Symrise AG and the Symrise Group (hereinafter collectively referred to as "Symrise"). This includes the Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act ("AktG"), relevant disclosures on corporate governance practices, a description of the working methods of the Executive Board and the Supervisory Board as well as the composition and working methods of their committees, the target figures for the proportion of women in the Executive Board and for the two management levels below the Executive Board, together with deadlines for implementation, status of implementation and a description of the diversity concept with regard to the composition of the Executive Board and Supervisory Board.

In accordance with Principle 22 of the currently applicable version of the German Corporate Governance Code from December 16, 2019 ("DCGK 2020") published in the official section of the Federal Gazette by the German Federal Ministry of Justice and Consumer Protection on March 20, 2020, the Supervisory Board and Executive Board report annually on the corporate governance of the respective company in the Corporate Governance Statement. Due to the similarity of the contents of the Corporate Governance Report and the Corporate Governance Statement to each other, Symrise has integrated the Corporate Governance Report into the Corporate Governance Statement in previous years, thus making it easier for readers to follow.

The Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code has been made publicly available on the Symrise website. It can be found at: **https://www.symrise.com/corporate-governance-statement**.

DECLARATION OF COMPLIANCE PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT ON THE GERMAN CORPORATE GOVERNANCE CODE

Under Section 161 of the German Stock Corporation Act, the Executive Board and the Supervisory Board of a listed company must issue an annual declaration detailing whether the company was and is in compliance with the German Corporate Governance Code and providing its reasoning regarding any recommendations of the Code that have not been applied.

WORDING OF THE DECLARATION

On the basis of their deliberations, the Executive Board and the Supervisory Board of Symrise AG issued a new declaration of compliance on December 1, 2021, pursuant to Section 161 of the German Stock Corporation Act. The declaration is worded as follows:

"In accordance with Section 161 of the German Stock Corporation Act, the Executive and Supervisory Boards of Symrise AG state that:

With the following five exceptions, up to December 1, 2021, Symrise AG has fully complied with all recommendations made by the Government Commission on the German Corporate Governance Code (version: December 16, 2019, "DCGK 2020") published by the German Federal Ministry of Justice and Consumer Protection on March 20, 2020, in the official part of the Federal Gazette:

1. In accordance with Recommendation C 5 of the German Corporate Governance Code 2020, a person who is a member of the Executive Board of a listed company shall not hold more than two Supervisory Board positions in non-Group listed companies or comparable functions and shall not chair the Supervisory Board of a non-Group listed company. This recommendation was not complied with by Supervisory Board Chairman Mr. Michael König until September 1, 2021.

2. In accordance with Recommendation G 6 of the German Corporate Governance Code 2020, the variable remuneration resulting from the achievement of long-term targets should exceed the share resulting from short-term targets.

3. In accordance with Recommendation G 10 of the German Corporate Governance Code 2020, members of the Executive Board should not be able to access the remuneration amounts granted to them on a long-term basis until after four years.

4. In accordance with Recommendation G 11 of the German Corporate Governance Code 2020, the Supervisory Board should have the option to retain or reclaim a variable remuneration component of the Executive Board in justified cases.

The justifications for the four deviations above existing until September 1 and December 1, 2021, respectively are unchanged from the previous year. The temporary continuation of the deviations was due solely to the time required to resolve them.

5. In accordance with Recommendation G 12 of the German Corporate Governance Code 2020, in the event of termination of an Executive Board contract, the payment of any outstanding variable remuneration components attributable to the period up to the termination of the contract should be made in accordance with the originally agreed targets and comparison parameters and in accordance with the due dates or holding periods stipulated in the contract. In connection with Mr. Achim Daub's departure from the Executive Board, early payment of all short and long-term variable remuneration components was arranged. In the opinion of the Supervisory Board, the early payment was in the interest of Symrise AG in order to enable a mutually agreeable departure and to avoid any subsequent disputes regarding the settlement of the variable remuneration components.

Since December 1, 2021, Symrise AG has complied with all recommendations of the German Corporate Governance Code 2020 and will continue to do so in the future."

The Declaration of Compliance has been made publicly available on Symrise AG's website. It can be found at: **https://www.symrise.com/investors/corporate-governance/declaration-of-compliance/**.

RELEVANT INFORMATION ON COMPANY PRACTICES

This part of the Corporate Governance Statement provides relevant information on corporate governance practices beyond the scope of legal requirements.

OUR CODE OF CONDUCT

Our Code of Conduct applies to all Symrise companies. Our Code of Conduct applies to the Executive Board and the Supervisory Board and to all Symrise employees in Germany and abroad, i.e., to managers and all employees at Symrise equally. With it, we have established a widely visible fundamental principle for uniform and exemplary action and behavior. Our Code of Conduct defines minimum standards and sets out behavior enabling all Symrise employees to cooperate in meeting these standards. The Code of Conduct helps in overcoming ethical and legal challenges in daily work. It provides concrete guidance for any conflict situations. In the interest of all employees and the Group, possible noncompliance with standards will be investigated and addressed, and the causes will be remedied. This means that misconduct will be consistently prosecuted in accordance with local laws.

Our Code of Conduct provides the framework for interactions with our key stakeholders: employees and colleagues, customers and suppliers, shareholders and investors, neighbors and society, national and local governments as well as government agencies, the media and the public.

The Code of Conduct is based on our values and principles. By following it, we guarantee that every person is treated fairly and with respect, while ensuring that our behavior and business activities remain transparent, honest and consistent throughout the world.

Our Code of Conduct has been made permanently available on the Symrise website. It can be found at: **https://www.symrise.com/code-of-conduct**.

OUR COMPLIANCE MANAGEMENT SYSTEM

INTRODUCTION

At Symrise, we understand "compliance" as an integrated organizational model ensuring adherence to legal regulations as well as intercompany guidelines and the corresponding processes and systems. This is considered an important management and monitoring task. Symrise has an integrated compliance management system that combines sustainable, risk- and value-oriented, and legal and ethical aspects and rules; we have made this into a fundamental principle for everything we do in business. We act on the basis of our understanding and conviction that adherence to these fundamental rules is an inalienable and non-negotiable component of our Symrise identity. Only a clearly defined and transparent framework of what type of conduct is allowed and what type of conduct is not allowed guarantees the success and sustainability of our business. At Symrise, compliance is a matter of course. Compliance concerns the attitude of each individual at Symrise. The following guideline applies to all our employees in all countries: "Any business that cannot align with our fundamental principles is not business for Symrise."

The Group Compliance Officer and Internal Auditing report directly to the CFO. This ensures their independence and authority. The Group Compliance Officer and Internal Auditing report to the Auditing Committee of the Supervisory Board regularly at each of the committee's meetings.

TECHNICAL COMPLIANCE AND LEGAL COMPLIANCE

In addition to tax compliance, treasury compliance and internal audit, our compliance management system differentiates in particular between technical compliance and legal compliance. Technical compliance activities focus on quality, environmental protection, health, work safety, energy, product safety and food safety. In nearly all of these areas, the products of Symrise are subject to strict government supervision worldwide. It is a matter of course for us that our products and processes comply with local regulations around the world. Legal compliance activities concentrate on competition and antitrust law, anti-corruption and money laundering prevention efforts, and export controls. Here, the focus of activity is on education and prevention. The implementation and further development of Group guidelines on these topics also fall into this category.

The results and insights from every area of compliance are collected by the Group Compliance Officer and reported to the Executive Board and the Auditing Committee of the Supervisory Board. As a result, any measures that may arise will now be coordinated efficiently. Possible compliance violations are immediately remedied, their causes identified and corrective measures implemented if necessary.

The Executive Board of Symrise has explicitly expressed – in both internal and external contexts – its refusal to accept any form of compliance infringement. Infringements will not be tolerated at Symrise. Sanctions will be imposed upon involved employees wherever necessary and legally possible.

OUR INTEGRITY HOTLINE

The Integrity Hotline set up by the Group Compliance Office ensures that Symrise employees can anonymously report violations of both legal regulations and internal company guidelines from anywhere in the world. By means of this hotline, all our employees are able to contact the Group Compliance office using toll-free telephone numbers that have been specially set up in the individual countries. An intermediary service operator ensures that employees can retain anonymity where required and communicate in their native language. They receive a unique individual incident number that enables them to call the hotline back later and listen to the answer left for them by the Group Compliance office. This procedure can be repeated and continued as desired and in this way enables intensive communication between the Group Compliance office and the person providing the information while preserving the latter's anonymity. At the same time, targeted queries can prevent abuses and denunciations by other employees and additional information can be requested. In addition, employees are able to contact Group Compliance office staff anonymously via the online Symrise Integrity Hotline service. There they can submit their messages in writing and upload any documents electronically.

As a result, it is not absolutely necessary to communicate with the Group Compliance office over the phone. Of course, all employees can also contact the Group Compliance office directly and personally at any time.

In 2021, one case per month on average was reported to the Compliance Office via the Integrity Hotline worldwide. In all cases, investigations were initiated and corrective measures were applied on a case-by-case basis pursuant to the applicable legal system and Group-internal regulations. In two cases, labor law sanctions were imposed. No material damage to third parties or to our company resulted from these cases.

TRAINING COURSES ON COMPLIANCE ISSUES

In order to ensure compliance with all compliance requirements on an ongoing basis, the need for training is regularly identified and suitable training courses are held in both the areas of "Technical Compliance" and "Legal Compliance." In addition to training courses where employees are present onsite, internet-based online training is also offered. This allows us to reach more employees in a shorter period. It also gives employees greater flexibility in terms of where and when they complete their training. Subsequent tests confirm not only that a training course has been completed, but that its content has also been understood.

In addition to the requirements of their positions, new Symrise employees are given comprehensive training when they join the company on the fundamental principles of our Code of Conduct. All employees then take part in rolling training courses based on predefined schedules. Depending on whether they are basic, refresher or specialized training courses, these schedules cover a period of between one and three years.

CORPORATE GOVERNANCE

Corporate governance at Symrise is based on the German Corporate Governance Code 2020, which has established itself as the guideline and standard for good corporate governance in Germany. Today, we are convinced more than ever before that good corporate governance is a prerequisite and indispensable basis for the success of a company. This success depends especially on the trust of our business partners, financial markets, investors, employees and the public. Confirming and further strengthening this trust is a prioritized objective at Symrise. Achieving this objective calls for responsible leadership along with corporate management and control focused on creating sustainable value.

In the past, we have oriented ourselves toward internationally and nationally acknowledged standards of good and responsible corporate governance and will continue to do so in the future. In the 2021 fiscal year, the Executive and Supervisory Boards dealt intensively with all corporate governance issues on numerous occasions across all areas.

DESCRIPTION OF THE WORKING METHODS OF THE EXECUTIVE AND SUPERVISORY BOARDS

This part of the Corporate Governance Statement focuses on the working methods of the Executive Board, the Supervisory Board and of the committees formed by the Supervisory Board. The composition of these committees will also be briefly discussed. The Executive Board has not formed any committees.

DUAL MANAGEMENT SYSTEM

Symrise AG is a stock corporation under German law, which is influenced by the Corporate Governance Code 2020. One of the fundamental principles of German stock corporation law is the dual management system involving two bodies, the Executive Board and the Supervisory Board, each of which is entrusted with independent competencies. Symrise AG's Executive Board and Supervisory Board cooperate closely and always in a spirit of trust in managing and overseeing the company.

EXECUTIVE BOARD

The Executive Board of Symrise AG currently has three members. All members of the Executive Board are appointed by the Supervisory Board. The Executive Board is responsible for managing the company's business operations in the interest of the company with a view to creating sustainable value.

The current members of the Executive Board are:

Dr. Heinz-Jürgen Bertram, President Scent & Care segment and Chief Executive Officer. Dr. Bertram has been a member of the Executive Board since October 2006. In July 2009, he was appointed CEO. Dr. Bertram has headed the Scent & Care segment since April 2021. His current contract ends on October 31, 2025.

Mr. Olaf Klinger, Chief Financial Officer. Mr. Klinger has been a member of the Executive Board since January 2016. His current contract ends on January 31, 2024.

Dr. Jean-Yves Parisot, President Taste, Nutrition & Health segment. Dr. Parisot has been a member of the Executive Board since October 2016. Dr. Parisot has headed the Taste, Nutrition & Health segment since April 2021. His current contract ends on September 30, 2024. Dr. Parisot is a member of the Board of Directors of Probi AB, which is listed in Sweden and is headquartered in Lund, Sweden. Probi AB is a Symrise Group company. Dr. Parisot is a member of the Supervisory Board of VetAgro Sup, which is headquartered in Lyon, France.

The Executive Board develops the company's strategic direction, approves it with the Supervisory Board and is responsible for its implementation. The Executive Board provides the Supervisory Board with regular, prompt and comprehensive reports on all relevant issues of corporate planning and strategic development, on company performance, on the status of the Group, including a risk profile, and on risk management. The reporting of the Executive Board also covers the compliance management system, i.e., the measures for adherence to legal regulations and internal corporate guidelines. The rules of procedure for the Executive Board specify reservations of consent of the Supervisory Board for significant business transactions.

In accordance with Recommendation B 5 of the German Corporate Governance Code 2020, there is an age limit for members of the Executive Board. Anyone who has reached the age of 65 at the time of appointment may no longer be appointed as a member of the Executive Board. This age limit is specified in Section 1 (5) of the rules of procedure for the Executive Board and has been in place since December 2009. These provisions are available to the public on our website at: **https://www.symrise.com/rules-of-procedure-executive-board.**

The Act on the Equal Participation of Women and Men in Executive Positions in the Public and Private Sectors ("FüPoG I"), which came into force on May 1, 2015, has the aim of increasing the share of female executives holding upper management positions at companies and largely contributing to gender equality. Symrise is a globally managed company, so senior management positions below the Executive Board also exist outside of Germany. The basis for the quota for female managers at Symrise is therefore the global management structure at Symrise AG. The share of women at the first level of management beneath the Executive Board was 20 %, compared to 28 % in the previous year, and 38 % at the second level of management, compared to 42 % in the previous year. The decline below the level previously achieved is solely due to the fact that in the 2021 fiscal year, the Flavor and Nutrition segments were merged to form the new Taste, Nutrition & Health segment, and this alone reduced the absolute number of management positions at the first and second management levels beneath the Executive Board. Notwithstanding this, Symrise is maintaining its goal to increase the share of women at the first management level to 30 % and at the second management level to 45 % in 2025.

On August 12, 2021, the Act to Supplement and Amend the Regulations for the Equal Participation of Women in Executive Positions in the Public and Private Sector ("FüPoG II") came into force. Accordingly, the Executive Board of a listed company to which, among other things, the Codetermination Act (MitbestG) applies and which consists of more than three people must be composed of at least one man and at least one woman. Companies have a transitional period until August 1, 2022, to implement the legal requirement. Executive Board memberships existing at that time may be continued until their scheduled end. As a result of this legal requirement, the Supervisory Board is no longer obligated to set further targets and implementation deadlines for the composition of the Executive Board.

Symrise AG pursued the long-term goal of having at least one woman on the Executive Board even before FüPoG II came into force. In light of this, the Supervisory Board has resolved to set a target of at least one woman for the proportion of women on the Executive Board. This is to be fulfilled by the end of 2025. Measures related to specific persons have been agreed between the Supervisory Board and the Executive Board. Nevertheless, we must respect current employment contracts and ensure continuity in the Executive Board. The current members of the Executive Board have contracts that extend into the years 2024 to 2025.

SUPERVISORY BOARD

The Supervisory Board advises and oversees the Executive Board in the management of the company. It is involved in strategy and planning as well as all other decisions of fundamental significance to the company. The chairman of the Supervisory Board coordinates the work in the Supervisory Board, chairs its meetings and externally represents the concerns of the body. An extraordinary Supervisory Board meeting may be convened if required when events of particular relevance occur. In the course of preparing for the Supervisory Board meetings, the representatives of shareholders and employees meet separately, if necessary. The Supervisory Board has adopted rules of procedure that find corresponding application in the committees of the Supervisory Board. These rules have been made available on our website at: **https://www.symrise.com/rules-of-procedure-supervisory-board**.

In accordance with Recommendation D 13 of the German Corporate Governance Code 2020, the Supervisory Board regularly assesses its effectiveness in fulfilling the tasks of the Supervisory Board and its committees. The last self-assessment occurred in the fall of 2020. It is carried out on the basis of an anonymous questionnaire completed by all members of the Supervisory Board, among other things. The results of the survey are presented and discussed at the full Supervisory Board meetings. These questionnaires were designed with external assistance.

COMPOSITION OF THE SUPERVISORY BOARD

Pursuant to Section 8 (1) of the company's articles of incorporation in conjunction with Section 96 (1) of the German Stock Corporation Act and Section 7 (1) sentence 1 number 1 of the German Codetermination Act 1976 ("MitbestG"), the Supervisory Board consists of twelve members. Six members are elected by the Annual General Meeting and six by the company's employees in accordance with the provisions of the Codetermination Act.

For listed companies subject to the Codetermination Act, Section 96 (2) sentence 1 of the German Stock Corporation Act stipulates, inter alia, that the Supervisory Board must comprise at least 30 % women and at least 30 % men. In order to comply with this minimum gender distribution requirement, at least four seats on the company's Supervisory Board must be held by women and four seats by men. This minimum distribution is to be met by the Supervisory Board in total (what is known as total compliance), unless the shareholder or employee representatives on the Supervisory Board object to this by way of a resolution (Section 96 (2) sentence 3 of the German Stock Corporation Act (AktG)). Total compliance with this requirement was rejected by both the representatives of the shareholders as well as employees in accordance with Section 96 (2) sentence 3 AktG. The group of shareholder representatives and the group of employee representatives on the Supervisory Board are each required to comply with the minimum distribution of 30 % for their group, so that the six representatives of each group include at least two women and men respectively. Both groups on the Supervisory Board currently meet this requirement.

The following shareholder representatives were elected to the Supervisory Board for the period lasting until the end of the Annual General Meeting that will decide on discharges for the 2024 fiscal year: Ursula Buck, Managing Director at Top Managementberatung BuckConsult, Possenhofen; Bernd Hirsch, Chief Financial Officer at COFRA Holding AG, Neuler; Michael König, Chief Executive Officer at Nobian Industrial Chemicals B.V., Iserlohn; Prof. Dr. Andrea Pfeifer, Chief Executive Officer at AC Immune S. A., St. Légier, Switzerland and Peter Vanacker, President and Chief Executive Officer at Neste Corp., Espoo, Finland. Horst-Otto Gerberding, Owner and Chairman of the Advisory Board of Gottfried Friedrichs GmbH & Co. KG, Holzminden, was elected to the Supervisory

Board for a term that runs until the end of the Annual General Meeting that will decide on discharges for the 2022 fiscal year.

The following six employee representatives were chosen from among the German staff, in compliance with the legally prescribed election process, until the end of the Annual General Meeting that will decide on discharges for the 2025 fiscal year: Jeannette Chiarlitti, Deputy Regional Head of IG BCE for the North region, Burgdorf; Harald Feist, Chairman of the works council and Chairman of the general works council at Symrise AG, Holzminden; André Kirchhoff, independent member of the works council at Symrise AG, Bevern; Dr. Jakob Ley, Director Research Biobased Ingredients Taste, Nutrition & Health at Symrise AG, Holzminden; Andrea Püttcher, Vice Chairperson of the works council and Vice Chairperson of the general works council at Symrise AG, Bevern, and Peter Winkelmann, Regional Head of the IG BCE district South Lower Saxony, Alfeld.

By supporting appropriate election proposals for the election of shareholder representatives by the Annual General Meeting and the election of employee representatives by the staff, the Supervisory Board will continue to work toward implementing the requirements of the law ("FüPoG I") insofar as they relate to the composition of the Supervisory Board.

OBJECTIVES OF THE SUPERVISORY BOARD IN RELATION TO ITS COMPOSITION

In accordance with Recommendation C 1 of the German Corporate Governance Code 2020, the Supervisory Board should specify concrete goals for its composition and develop a competence profile for the entire Board. In doing so, the Supervisory Board should pay attention to diversity. Taking into account the specific company situation, diversity is defined by internationality, age, gender and education or professional background, among other things. The Supervisory Board of a listed company to which, among other things, the Codetermination Act (MitbestG) applies must be composed of at least 30 % women and at least 30 % men. The Supervisory Board of Symrise AG complies with this legal requirement. The current Supervisory Board at Symrise AG includes four women: Ms. Buck, Ms. Chiarlitti, Prof. Dr. Pfeifer and Ms. Püttcher. As a result of this legal requirement, the Supervisory Board is no longer obligated to set further targets and implementation deadlines for its composition.

In terms of shareholder representatives, the Supervisory Board should include what it considers to be an appropriate number of independent members, taking into account the ownership structure. More than half of the shareholder representatives should be independent of the company and the Executive Board. A Supervisory Board member is independent of the company and its Executive Board if he or she has no personal or business relationship with the company or its Executive Board that could give rise to a material and not merely temporary conflict of interest.

Bernd Hirsch, who joined the Supervisory Board on May 16, 2018, as a shareholder representative, is the first member to have previously been a member of the Executive Board. There was a period of two years, four months and 15 calendar days between the end of Mr. Hirsch's activity on the Executive Board and his election to the Supervisory Board. This satisfied the conditions of Section 100 (2) number 4 of the German Stock Corporation Act (AktG) (the "cooling-off" period). Neutral and independent consulting and monitoring of the Executive Board continues to be ensured without restriction. With Mr. Hirsch and Mr. König, at least two independent members of the Supervisory Board and Auditing Committee also have expertise in the fields of auditing and/or accounting.

Horst-Otto Gerberding has been a shareholder representative on the Supervisory Board since October 2006, i.e., for more than twelve years. In the opinion of the Supervisory Board, Mr. Gerberding is nevertheless to be classified as independent. He has no personal or business relationship with Symrise AG or one of its Group companies, with the corporate bodies of Symrise AG or with a shareholder with material interest in Symrise AG that could give rise to a conflict of interest. Mr. Gerberding indirectly holds 5.024 % of the voting shares of Symrise AG. In accordance with the statutes of the German stock exchange, these shares are not included in the free float.

In the future as well, more than half of the shareholder representatives should as a rule be independent of the company and the Executive Board. This goal is currently being met. The independent members are: Ursula Buck, Horst-Otto Gerberding, Bernd Hirsch, Michael König, Prof. Dr. Andrea Pfeifer and Peter Vanacker.

Furthermore, the Supervisory Board strives to ensure that the share of Supervisory Board members from other nations does not fall below one-third. For Symrise AG, this means that nationality is not the only focus. Rather, the decisive factor is that at least one-third of the members of the Supervisory Board have gained substantial experience in globally active groups in Germany and abroad. This goal is also currently being met.

The term of office for a Supervisory Board member must end at the conclusion of the Annual General Meeting following the member's 70th birthday. The maximum limit for membership in the Supervisory Board is four terms of office. These two goals are currently being met. Concerning future nominations, it will be ensured that the goals defined by the Supervisory Board continue to be fulfilled.

THE COMPETENCE PROFILE OF THE SUPERVISORY BOARD

When nominating candidates for election to the Supervisory Board, particular attention is paid to the knowledge, skills and professional experience required for the duties to be performed, as well as to the principle of diversity among the Supervisory Board's members. This ensures that the members of the Supervisory Board as a whole have knowledge, skills and professional experience required to properly perform their duties. In accordance with Recommendation C 1 of the German Corporate Governance Code 2020, the Supervisory Board has prepared a competence profile for the entire Board, which was used for its current composition and will be applied in future election proposals to the Annual General Meeting to guarantee the competence profile of the entire Board. The competence profile of the Symrise Supervisory Board includes various parameters. Each of these parameters on its own is significant in the competence profile of the entire Board. However, it is only by interlocking and complementing all parameters that the competence profile of the entire Board, which is necessary to support the business success of Symrise, can be guaranteed. Skills are required in the areas of accounting, auditing, risk management, information technology, issues regarding the remuneration of the Executive Board and compliance. Furthermore, expertise in the fragrance and flavor industry is required. This comprises the production of flavors, food ingredients, fragrances and cosmetic ingredients. The required competencies also include experience in the chemical, consumer goods and food industries. Here, the focus is on knowledge of the respective markets, products, and customer and supplier relationships. Expertise in production, research and development and ESG (environmental, social, governance) are also of paramount importance.

Other important parameters of the competence profile of the Symrise Supervisory Board are sufficient availability of time, a lack of conflicts of interest, the ability to work in a team, and management and development experience with regard to large organizations. This competence profile of the Symrise Supervisory Board is currently being fulfilled by the entire Board.

SUPERVISORY BOARD COMMITTEES

As in the past, the Supervisory Board formed a total of four committees to fulfill its responsibilities more efficiently. These committees draft the Supervisory Board's resolutions and prepare the agenda items to be addressed in the full meetings. To the extent that this is legally admissible, in individual cases the Supervisory Board delegates decision-making to its committees. The Supervisory Board established a Personnel Committee, an Auditing Committee, an Arbitration Committee pursuant to Section 27 (3) of the Codetermination Act (MitbestG) and a Nominations Committee as permanent committees. The Chairman of the Supervisory Board chairs all of the committees with the exception of the Auditing Committee. In the full meetings, the chairmen of the committees report regularly and comprehensively on the content and results of the committee meetings.

The **Personnel Committee** is responsible for matters pertaining to the Executive Board. These matters particularly include making resolution recommendations at the full Supervisory Board meetings regarding the appointment of Executive Board members or regarding components of Executive Board members' employment contracts. This also includes succession planning at the Executive Board level in accordance with Recommendation B 2 of the German Corporate Governance Code 2020. The Personnel Committee addresses succession planning for members of the Executive Board at least once a year (most recently at the Personnel Committee meeting on September 13, 2021). In particular, the term of existing employment contracts and the age structure of the Executive Board are taken into account. The Supervisory Board and Executive Board are committed to ensuring internal talent development for employees at levels below the Executive Board for all Executive Board positions. Skill sets and diversity criteria are taken into account here. Evaluation for these is carried out by means of internal assessments as well as external assessments. In this process, candidates who have the potential to take over a position on the Executive Board undergo an assessment that leads directly from an individual analysis to an individual development plan. The aim is to be able to fill the majority of positions on the Executive Board internally. The Personnel Committee deals with the development of the Executive Board remuneration system – specifying the amount of remuneration and the related target agreements and making corresponding recommendations at the full Supervisory Board meetings. In doing so, the Personnel Committee also takes into account the requirements of FüPoG II, which came into force on August 12, 2021. For this reason, when appointing new members to the Executive Board in the future, we will not only strive for diversity criteria, but also for appropriate consideration of women.

The Personnel Committee currently has six members, of whom three members are chosen by the shareholder representatives and three are chosen by the employee representatives in the Supervisory Board. The Personnel Committee convened three times in the 2021 fiscal year. The members are: Michael König (Chairman), Harald Feist, Horst-Otto Gerberding, Dr. Jakob Ley, Prof. Dr. Andrea Pfeifer and Peter Winkelmann. The Personnel Committee does not have its own rules of procedure. The rules of procedure of the Supervisory Board are applied accordingly.

The **Auditing Committee** mainly focuses on matters relating to the annual financial statements and consolidated financial statements, which includes monitoring the accounting process, the effectiveness of the internal controlling system, the risk management system, the internal auditing system, the audit of annual accounts and the compliance management system. The Auditing Committee also regularly deals in detail with issues relating to Group financing, liquidity planning and securing liquidity. It also monitors the independence and qualifications of the auditor as well as additional services provided by the auditor. Furthermore, the Auditing Committee discusses the interim reports in detail and approves them before they are published. The Auditing Committee prepares the Supervisory Board's decision on the approval of the annual financial statements and its approval of the consolidated financial statements. To this end, it is responsible for pre-auditing the annual financial statements, the consolidated financial statements, the management reports and the proposal regarding appropriation of earnings. Receipt of the report from Internal Auditing, the Group Compliance office and the risk report are also regular agenda items at Auditing Committee meetings. The Auditing Committee prepares the Supervisory Board's proposal to the Annual General Meeting to appoint an auditor for the new fiscal year. Furthermore, the Auditing Committee obtains the relevant statements of independence from the auditor, commissions the auditor and agrees with the auditor on key audit matters, i.e., those particular focal points of the audit on which the auditor must expressly state an opinion. In addition, the Auditing Committee determines further individual focal points of the audit for the following fiscal year. The basis for this is a risk-oriented audit approach. The Auditing Committee is also responsible for preparing the decision of the Supervisory Board regarding auditing fees. The Auditing Committee currently has six members. Three members are commissioned by the shareholder representatives of the Supervisory Board and three members are commissioned by the employee representatives of the Supervisory Board. The Chairperson of the Auditing Committee must be independent and may not be the Chairperson of the Supervisory Board. One member must have expertise in the field of accounting. Another member must have expertise in the field of auditing. The Auditing Committee convened four times in the 2021 fiscal year. The members are: Bernd Hirsch (Chairman), Ursula Buck, Jeannette Chiarlitti, Harald Feist, Michael König and Andrea Püttcher. The Auditing Committee does not have its own rules of procedure. The rules of procedure of the Supervisory Board are applied accordingly. Additionally, the Auditing Committee drew up its own regulation regarding its concrete procedure.

Shareholders and employees are equally represented on the **Arbitration Committee** pursuant to Section 27 (3) of the Codetermination Act. In the event that the appointment of a member of the Executive Board is not approved by the two-thirds majority required by law, it is responsible for submitting an alternative proposal to the Supervisory Board. The Arbitration Committee has four members. The current members are: Michael König (Chairman), Ursula Buck, Harald Feist and André Kirchhoff. Once again, it was not necessary to convene the Arbitration Committee during the 2021 fiscal year. The Arbitration Committee does not have its own rules of procedure. The rules of procedure of the Supervisory Board are applied accordingly.

The **Nominations Committee** consists exclusively of shareholder representatives from the Supervisory Board in accordance with Recommendation D 5 of the German Corporate Governance Code 2020. Its task is to recommend shareholder representatives to the Annual General Meeting who would be suitable Supervisory Board members for upcoming Supervisory Board elections. The Nominations Committee consists of three members. The current members are: Michael König (Chairman), Horst-Otto Gerberding and Prof. Dr. Andrea Pfeifer. It was not necessary to convene the Nominations Committee during the 2021 fiscal year. The Nominations Committee does not have its own rules of procedure. The rules of procedure of the Supervisory Board are applied accordingly.

EXECUTIVE BOARD AND SUPERVISORY BOARD REMUNERATION

Section 162 of the German Stock Corporation Act, newly introduced with the Act Implementing the Second Shareholders' Rights Directive (ARUG II), requires a separate remuneration report under stock corporation law for the first time for the fiscal year beginning after December 31, 2020. This replaces the previous remuneration report under commercial law prepared in accordance with Sections 289a (2) sentence 1, 315a (2) sentence 1 of the German Commercial Code. The remuneration report under stock corporation law pursuant to Section 162 of the German Stock Corporation Act is therefore a separate report from the financial statements under commercial law. Therefore in the future, it will be neither part of the Corporate Governance Statement nor part of the management report. It will be submitted to the 2022 Annual General Meeting for approval. You can find the remuneration report together with the auditor's report on the Symrise website at: **https://www.symrise.com/investors/corporate-governance/#remuneration-report**.

In addition to the remuneration report, the applicable remuneration system for the Executive Board pursuant to Section 87a (1) and (2) sentence 1 of the German Stock Corporation Act and the last resolution of the Annual General Meeting on the remuneration of the members of the Supervisory Board pursuant to Section 113 (3) of the German Stock Corporation Act are publicly accessible on the Symrise website.

TRANSPARENCY

Pursuant to the rules of the EU Market Abuse Directive, the members of the Executive and Supervisory Boards of Symrise AG as well as certain employees with management duties and persons with whom they have a close relationship must disclose the purchase or sale of Symrise shares and related financial instruments. This duty of disclosure applies if the value of the transactions undertaken by one of the aforementioned persons reaches or exceeds the sum of 20.000 €. Symrise immediately publishes disclosures on such transactions on its website and transmits this information to the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistung/BaFin) and the company register for retention. All of the reports received by Symrise AG as of December 31, 2021, are published on our website at **https://www.symrise.com/investors/voting-rights-directors-dealings/**. This includes all such reports since the IPO in December 2006, including any persons who have meanwhile left the Executive Board or the Supervisory Board.

CONFLICTS OF INTEREST

As in the previous year, conflicts of interest involving members of the Executive Board, which have to be disclosed to the Supervisory Board without delay, did not occur in fiscal year 2021. There were no consultant or service agreements or other exchange contracts between members of the Supervisory Board and the company in the 2021 fiscal year.

Mr. Horst-Otto Gerberding is entitled to a pension from Symrise AG stemming from an employment and supply contract between him and the company that existed through the end of September 2003. The total sum has been € 27,160.58 per month since April 1, 2020.

A summary of the respective mandates outside of the Symrise Group for the members of the Executive Board and the Supervisory Board can also be found on pages 167/168 of the 2021 Financial Report.

A report on relationships to related companies and parties can be found on page 129 of of the 2021 Financial Report.

RISK MANAGEMENT

Dealing with risks of all kinds responsibly has the utmost importance for the success of a company. For this reason, a comprehensive risk management system is a mandatory element of suitable corporate governance. The Executive Board ensures appropriate risk management and risk controlling throughout the Group. The risk management system is constantly being developed and adapted to changing conditions. A Group-wide survey, assessment and classification of potential risks take place twice a year – performed by the officers assigned to each risk class. These surveys are consolidated at the Group level and flow into the risk report, which is the subject of the Auditing Committee's deliberations twice a year and is presented to the Supervisory Board once a year in detail. The risk management system at Symrise AG, its security mechanisms, internal guidelines and monitoring instruments are checked by the internal Group auditors without prior notice. Risks identified in this manner are immediately reported to the Executive Board.

The early recognition system for risk in accordance with Section 91 (2) of the German Stock Corporation Act is monitored by auditors in Germany and abroad. Along with the audit of annual accounts and monitoring of accounting procedures, the Auditing Committee set up by the Supervisory Board also undertakes regular auditing and monitoring of the effectiveness of the internal control and risk management systems implemented in accordance with Section 91 (3) of the German Stock Corporation Act. This system consists of the accounting-related internal control system (ICS), the risk management system, the compliance management system and the measures in the field of IT security and data protection. The ICS covers both the Group and its individual companies. The goal is to ensure proper and reliable external reporting (annual and consolidated financial statements and management reports). The accounting of the individual companies is of equal value. This supplements the financial reporting with the internal element. This concept has proven successful. Risk management is part of Corporate Controlling at the Group parent company. The risk management system is used to record all relevant risks at the individual company level on a uniform basis throughout the Group.

These individual risks are combined in the defined risk categories at the Group level. Risks are qualified using monetary ranges. The relevant risk indicator is the EBIT impact, taking into account the probability of occurrence. The compliance management system also includes the elements legal compliance, technical compliance, tax compliance, internal audit and treasury compliance. This separation of tasks has also proven successful in our experience. Cooperation between the individual elements runs smoothly.

This overlapping mechanism allows risks to be identified and assessed early on. The Executive Board regularly and continuously informs the Supervisory Board and Auditing Committee of existing risks and their development via the risk report. Specific measures are proposed and implemented right from this early stage to neutralize the identified risks.

The Group's internal auditors also check on the implementation of these new measures and the results are given a critical assessment. The risk profile is thereby constantly monitored and measures necessary to mitigate risks are introduced. Specific staff members are assigned responsibility for this and held accountable in their performance review.

SHAREHOLDERS AND ANNUAL GENERAL MEETING

Symrise shareholders exercise their codetermination and control rights at the Annual General Meeting, which takes place at least once each year. The Meeting makes decisions on all statutory matters that are binding for all shareholders and for the company. For every decision, each share is entitled to one vote. All shareholders that register within the specified period are entitled to participate in the Annual General Meeting. Shareholders who are not able to attend the Meeting in person are entitled to have their voting rights exercised by a bank, a shareholder association, a voting proxy of Symrise who is bound by its instruments or another proxy of their own choosing.

As was the case in the 2020 and 2021 fiscal years, the Annual General Meeting in 2022 will also be held virtually without the physical presence of shareholders or their proxies in accordance with Section 1 (2) of the COVID-19 Act. It is therefore not possible for shareholders or shareholder representatives to attend the Annual General Meeting in person. Shareholders can follow the Annual General Meeting in the livestream via the Company's AGM portal and exercise their voting rights via absentee (in the form of electronic communication) or proxy voting. The right to ask questions and other rights can also be exercised electronically in the AGM portal. The AGM portal can be used to issue, change or revoke both the absentee ballot and the instructions to the proxies until the close of voting at the virtual Annual General Meeting.

The invitation to the Annual General Meeting and the reports and information required for the decisions are published according to stock corporation law and made available on the Symrise website in German and English.

It is our intention to provide our shareholders with quick, comprehensive and effective information before and during the Annual General Meeting and to make it easy for them to exercise their rights. The Corporate Report, the Financial Report and the invitation to the Annual General Meeting provide shareholders with comprehensive information on the past fiscal year and the individual agenda items for the upcoming Annual General Meeting. All documents and information pertaining to the Annual General Meeting are available on our website. The registration and legitimation process for the Annual General Meeting is simple, with the 21st day before the Meeting representing the deadline for shareholder registration. Subsequent to the Annual General Meeting, we also publish the attendance figures and voting results on our website.

INFORMATION SERVICE FOR OUR SHAREHOLDERS

Corporate communication is undertaken with the objective of guaranteeing the greatest possible transparency and equality of opportunities through timely and equal information to all target groups. All major press and capital market releases by Symrise are also published on the company's website in German and in English. The articles of incorporation as well as rules of procedure for the Executive and Supervisory Boards, the annual and consolidated financial statements and interim quarterly results can also be found on our website along with the annual and half-yearly financial reports.

We inform company shareholders, analysts, shareholder associations and the public of all important recurring dates through a financial calendar. This is published in the Corporate and Financial Report, the half-yearly financial report and the interim quarterly reports as well as on the company's website. Regular meetings with analysts and institutional investors are part of our investor relations activities. This includes an annual analysts' conference as well as conference calls for analysts and investors coinciding with the publication of our interim half-yearly figures.

The most important presentations prepared for these and other events, such as the Annual General Meeting (**https://www.symrise.com/investors/annual-general-meeting/**) and investor conferences, can also be viewed online. The locations and dates for investor conferences can also be found on our website at **https://www.symrise.com/investors/financial-calendar-and-presentations/**.

OUR AUDITOR

With regard to the consolidated financial statements and the interim reports at Symrise, our accounting in the 2021 fiscal year was again based on the International Financial Reporting Standards (IFRS), as applicable in the European Union. The legally prescribed individual accounts of Symrise AG that are decisive for the payment of dividends have been prepared in accordance with the regulations of the German Commercial Code. Here, the 2021 annual financial statements, management report and consolidated annual financial statements of Symrise AG as well as the 2021 Group management report were audited by our auditors Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hanover. An agreement is also in place with the auditors to promptly notify the chairman of the Auditing Committee of any grounds for disqualification or prejudice that are identified during the audit, insofar as such circumstances cannot immediately be rectified.

Our auditors inform the Executive Board and the Supervisory Board or Auditing Committee without delay of all findings and events of importance for the duties of these two bodies that arise during the audit. A meeting between the Auditing Committee and the auditors is held specifically for this purpose around one month before the approval of the annual financial statements or approval of the consolidated financial statements by the Supervisory Board, during which the auditors present to the Auditing Committee any issues that could be of significance for the approval of the annual financial statements and consolidated financial statements by the Supervisory Board. Moreover, the auditors are required to notify the Supervisory Board or Auditing Committee and make a note in the audit report if circumstances are identified during the audit that are incompatible with the Declaration of Compliance issued by the Executive Board and Supervisory Board in accordance with Section 161 of the German Stock Corporation Act. The remuneration report required by stock corporation law to be prepared for the first time for the 2021 fiscal year in accordance with Section 162 of the German Stock Corporation Act was also subjected to a full content audit by our auditor and not just a formal completeness audit.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hanover, has audited the annual financial statements of Symrise AG and the consolidated financial statements of Symrise AG since the 2017 fiscal year. The German Public Auditor responsible for the engagement has been Dr. Christian Janze since the 2017 fiscal year. Dr. Janze had not previously acted as a consultant or auditor for Symrise.

DIVERSITY CONCEPT FOR THE EXECUTIVE BOARD AND SUPERVISORY BOARD

Sections 289f (2) number 6 and 315d of the German Commercial Code require Symrise to provide a description of the concept of diversity that is pursued with regard to the composition of the Executive Board and Supervisory Board in terms of aspects such as age, gender, educational or professional background, as well as the objectives of this concept of diversity, the manner in which it is implemented and the results achieved in the respective fiscal year. Symrise already has such a diversity concept due to the mandatory statutory regulations already in force for Symrise and the fact that all related recommendations of the German Corporate Governance Code 2020 have been fully implemented. Consequently, Sections 289f (2) number 6 and 315d of the German Commercial Code have no further independent significance for Symrise. To avoid repetition, we refer to the statements made in this Corporate Governance Statement.

Report of the Supervisory Board of Symrise AG

Dear Shareholders,

In the 2021 fiscal year, the economic impact of the coronavirus pandemic has lessened. Following a decline of 3.1 % in the previous year, global economic output grew again by 5.9 %. However, the economic recovery was inconsistent from country to country and sector to sector, and there were still significant risks. The pandemic has not yet been halted, and during 2021, major disruptions to global supply chains became apparent, and prices for raw materials and energy sources rose significantly.

MICHAEL KÖNIG, Chairman of the Supervisory Board of Symrise AG

In light of this, our company once again performed excellently in the 2021 fiscal year. Symrise continued to grow robustly and achieved sales increases significantly above the average market growth. At the same time, Symrise remains one of the most profitable companies in the industry. A key driver of this successful business performance is the continuous optimization of the product portfolio, even beyond the boundaries of the traditional markets of flavor and fragrances. An important strategic decision in 2021 was the merger of the Flavor and Nutrition segments under single management. A targeted expansion of the product range, a focus on a joint research pipeline and overarching coordinated customer support are moving Symrise noticeably forward. At Symrise, pursuing economic goals goes hand in hand with a strong commitment to the various aspects of sustainability. The diversity of nature and its protection, for example, are among the fundamental principles of the business model. Growth, profitability and sustainability are the three guiding principles of our company's future development.

In this report, I would like to inform you about the key activities of the Supervisory Board. In 2021, the Supervisory Board of Symrise AG again fulfilled its responsibilities under the law and according to the articles of incorporation with great care. We regularly provided consultation to the Executive Board and supervised the company management. We are convinced that the company's business complied with all legal and regulatory requirements. The Supervisory Board was directly and intensely involved in all decisions of fundamental significance to the company. In the meetings of the Supervisory Board and its committees, we again discussed and reached agreements on a number of matters and business transactions subject to our approval. The Executive Board comprehensively discussed and coordinated the strategic planning and orientation of the company with us. As in the previous fiscal years, the Executive Board and Supervisory Board held a separate meeting in 2021 to examine and evaluate the Company's strategy.

Based on information received from the Executive Board, we intensively discussed and advised on all business transactions of significance to the company in our full assembly. In this regard, the Executive Board provided us with regular, current and comprehensive reports in written and oral form on all aspects important to the company.

This includes, above all, the development of the business and financial situation, the employment situation, ongoing and planned investments, basic corporate strategy and planning issues as well as the risk situation, risk management and the compliance management system. The Executive Board informed us of matters that, according to legal requirements and/or the articles of incorporation, are subject to our approval at an early stage and allowed us the time needed for making a decision. Wherever required by law or by the articles of incorporation, we submitted our vote on the reports and proposed resolutions of the Executive Board after thorough analysis and discussion. In urgent special cases, decisions were made in consultation with the Chairman of the Supervisory Board, either by telephone or in writing.

The Executive Board provided us with a monthly report on all of the key financial figures. When there were any deviations in the course of business from the set plans and objectives, we received detailed explanations in written and oral form, enabling us to discuss the reasons for the deviations and targeted correction measures with the Executive Board. Additionally, outside the meetings of the Supervisory Board and its committees, the Chairman of the Supervisory Board and the Chairman of the Auditing Committee in particular were in close and continuous dialogue with the Executive Board. As in the previous year, conflicts of interest of members of the Executive and Supervisory Boards, which must be disclosed to the Supervisory Board without delay and reported to the Annual General Meeting along with their underlying circumstances and a report of how they will be handled, did not occur in 2021.

FULL SUPERVISORY BOARD MEETINGS

Section 8 (1) of the company's articles of incorporation in conjunction with Section 96 (1) of the German Stock Corporation Act (AktG) and Section 7 (1) sentence 1 number 1 of the German Codetermination Act of May 4, 1976 (MitbestG), require the Supervisory Board to consist of twelve members. Six members are elected by the Annual General Meeting and six by the company's employees in accordance with the provisions of the MitbestG. The current members of the Supervisory Board of Symrise AG are:

Michael König, Chief Executive Officer of Nobian Industrial Chemicals B.V., Amersfoort, Netherlands. Mr. König has been a member of the Supervisory Board since January 2020 and was elected to the Supervisory Board for the period lasting until the end of the Annual General Meeting that will decide on discharges for the 2024 fiscal year. Mr. König has been Chairman of the Supervisory Board since June 2020. Mr. König is a member of the statutory Supervisory Board of the following German companies listed at a) below and of a comparable supervisory body of the following domestic and foreign companies listed at b) below:

a) none
b) Celanese Corporation; Irving, Texas/USA, Member of the Board of Directors

Ursula Buck, Managing Director at Top Managementberatung BuckConsult. Ms. Buck has been a member of the Supervisory Board since May 2016 and was elected to the Supervisory Board for the period lasting until the end of the Annual General Meeting that will decide on discharges for the 2024 fiscal year. Ms. Buck is a member of the statutory Supervisory Board of the following German companies listed at a) below and of a comparable supervisory body of the following domestic and foreign companies listed at b) below:

a) none
b) none

Jeannette Chiarlitti, Deputy Regional Head of IG BCE for the North region. Ms. Chiarlitti has been a member of the Supervisory Board since May 2016 and was elected to the Supervisory Board for the period lasting until the end of the Annual General Meeting that will decide on discharges for the 2025 fiscal year. Ms. Chiarlitti is a member of the statutory Supervisory Board of the following German companies listed at a) below and of a comparable supervisory body of the following domestic and foreign companies listed at b) below:

a) none
b) none

Harald Feist, Chairman of the works council and Chairman of the general works council at Symrise AG. Mr. Feist has been a member of the Supervisory Board since July 2013 and Vice Chairman of the Supervisory Board since September 2018. He was elected to the Supervisory Board for the period lasting until the end of the Annual General Meeting that will decide on discharges for the 2025 fiscal year. Mr. Feist is a member of the statutory Supervisory Board of the following German companies listed at a) below and of a comparable supervisory body of the following domestic and foreign companies listed at b) below:

a) none
b) none

Horst-Otto Gerberding, owner and Chairman of the Advisory Board of Gottfried Friedrichs GmbH & Co. KG. Mr. Gerberding has been a member of the Supervisory Board since October 2006 and was elected to the Supervisory Board for the period lasting until the end of the Annual General Meeting that will decide on discharges for the 2022 fiscal year. Mr. Gerberding is a member of the statutory Supervisory Board of the following German companies listed at a) below and of a comparable supervisory body of the following domestic and foreign companies listed at b) below:

a) none
b) none

Bernd Hirsch, Chief Financial Officer of COFRA Holding AG, Zug, Switzerland. Mr. Hirsch has been a member of the Supervisory Board since May 2018 and was elected to the Supervisory Board for the period lasting until the end of the Annual General Meeting that will decide on discharges for the 2024 fiscal year. Mr. Hirsch is a member of the statutory Supervisory Board of the following German companies listed at a) below and of a comparable supervisory body of the following domestic and foreign companies listed at b) below:

a) none
b) none

André Kirchhoff, independent member of the works council at Symrise AG. Mr. Kirchhoff has been a member of the Supervisory Board since May 2016 and was elected to the Supervisory Board for the period lasting until the end of the Annual General Meeting that will decide on discharges for the 2025 fiscal year. Mr. Kirchhoff is a member of the statutory Supervisory Board of the following German companies listed at a) below and of a comparable supervisory body of the following domestic and foreign companies listed at b) below:

a) none
b) none

Dr. Jakob Ley, Director Research Biobased Ingredients Taste, Nutrition & Health at Symrise AG. Dr. Ley has been a member of the Supervisory Board since May 2021 and was elected to the Supervisory Board for the period lasting until the end of the Annual General Meeting that will decide on discharges for the 2025 fiscal year. Dr. Ley is a member of the statutory Supervisory Board of the following German companies listed at a) below and of a comparable supervisory body of the following domestic and foreign companies listed at b) below:

a) none
b) none

Prof. Dr. Andrea Pfeifer, Chief Executive Officer at AC Immune S.A., Lausanne, Switzerland. Prof. Dr. Pfeifer has been a member of the Supervisory Board since May 2011 and was elected to the Supervisory Board for the period lasting until the end of the Annual General Meeting that will decide on discharges for the 2024 fiscal year. Prof. Dr. Pfeifer is a member of the statutory Supervisory Board of the following German companies listed at a) below and of a comparable supervisory body of the following domestic and foreign companies listed at b) below:

a) none
b) Bio MedInvest AG, Basel, Switzerland, Chairperson of the Board of Directors
AB2 Bio SA, Lausanne, Switzerland, Chairperson of the Board of Directors

Andrea Püttcher, Vice Chairperson of the works council and Vice Chairperson of the general works council at Symrise AG. Ms. Püttcher has been a member of the Supervisory Board since September 2018 and was elected to the Supervisory Board for the period lasting until the end of the Annual General Meeting that will decide on discharges for the 2025 fiscal year. Ms. Püttcher is a member of the statutory Supervisory Board of the following German companies listed at a) below and of a comparable supervisory body of the following domestic and foreign companies listed at b) below:

a) none
b) none

Peter Vanacker, President and Chief Executive Officer of Neste Corp., Espoo, Finland. Mr. Vanacker has been a member of the Supervisory Board since June 2020 and was elected to the Supervisory Board for the period lasting until the end of the Annual General Meeting that will decide on discharges for the 2024 fiscal year. Mr. Vanacker is a member of the statutory Supervisory Board of the following German companies listed at a) below and of a comparable supervisory body of the following domestic and foreign companies listed at b) below:

a) none
b) none

Peter Winkelmann, Regional Head of the IG BCE district South Lower Saxony. Mr. Winkelmann has been a member of the Supervisory Board since May 2014 and was elected to the Supervisory Board for the period lasting until the end of the Annual General Meeting that will decide on discharges for the 2025 fiscal year. Mr. Winkelmann is a member of the statutory Supervisory Board of the following German companies listed at a) below and of a comparable supervisory body of the following domestic and foreign companies listed at b) below:

a) amedes Holding GmbH, Hamburg, Vice Chairman of the Supervisory Board
Apollo 5 GmbH, Starnberg, Vice Chairman of the Supervisory Board
Weserwerk Alfeld GmbH, Alfeld, Chairman of the Supervisory Board
b) none

In the 2021 reporting year, individual members of the Supervisory Board took part in training measures on topics including cybersecurity, financial reporting in accordance with the International Financial Reporting Standards (IFRS), practical issues relating to executive compensation under ARUG II, the effects of the planned Financial Market Integrity Strengthening Act (FISG) and the Second Executive Positions Act (FüPoG II) and the implications of the German Corporate Governance Code 2020 for the Corporate Governance Statement.

TOPICS OF THE SUPERVISORY BOARD MEETINGS

Important focal points of our work and subjects of regular discussions in the Supervisory Board were, in particular, the economic impact of the COVID-19 pandemic, global economic output, which is recovering slowly but unevenly between individual countries and sectors, and the considerable risks that therefore continue to exist. The major disruptions to global supply chains and significantly rising prices for raw materials and energy sources have also been a recurring concern for us.

In light of these matters, we discussed with the Executive Board in detail the measures it had enacted as well as those planned for the future. Regular deliberations within the Supervisory Board also covered the development of sales, earnings and employment at Symrise and its two segments in the individual regions given the economic conditions present there. It also discussed the company's financial and liquidity situation as well as important investment projects and their development as measured against the planned objectives. In the 2021 fiscal year, the Supervisory Board held five ordinary sessions, two of which focused on specific topics. The first meeting on a specific topic centered around the company's strategy, its monitoring in view of the changing economic environment and the state of its implementation, while the second such meeting focused on the annual planning for 2022. In addition, there were two extraordinary sessions. One was due to the cyberattack perpetrated against our company and the other due to an M & A project.

At our extraordinary session on February 11, 2021, we dealt intensively with the criminal cyberattack perpetrated against our company on December 12, 2020. We received comprehensive information from the Executive Board on the actual events and their technical background. This also included cooperation with the relevant investigative and supervisory authorities. In addition, we took a detailed look at the measures taken by the Executive Board to restore our company's IT systems and resume business operations. We also reviewed and evaluated the contributions of the external service providers engaged in this context.

In light of the experience gained, we have launched measures and initiatives together with the Executive Board that will further enhance the protection of our company's IT systems and help reduce the intensity of the potential impact of criminal attacks on our company of the same or similar nature that may occur in the future. At the same time, everyone involved is aware that there will never be one hundred percent protection against this form of crime in a digitalized world.

At our meeting on March 8, 2021, we focused on the audit of the 2020 annual financial statements and consolidated financial statements. The auditor was present at this meeting. In addition to our own analysis and discussion, we received the detailed report from our auditors and discussed the respective financial statements in detail with them. As a result, we approved the 2020 annual financial statements and the 2020 consolidated financial statements. At this meeting, we also discussed in detail the audit conducted by DQS CFS GmbH on behalf of the Supervisory Board of the separate non-financial report in accordance with Section 289b of the German Commercial Code (HGB) and its results. Based on the audit, DQS CFS GmbH states that the separate non-financial report of Symrise AG fulfills the legal requirements in accordance with Section 289b of the German Commercial Code and also meets the requirements of the "Comprehensive" GRI standard. The audit also revealed that the quantitative disclosures with regard to the aspects specified by the CSR Directive Implementation Act are correct overall and do not contradict other information and evidence provided by the company. The data and disclosures in the report are reliable. They give a fair and correct picture of the relevance of all activities. The Executive Board gave us an update on the current course of business, focusing in particular on the effects of the start of operations for a new production site in Nantong, China. Furthermore, we intensively discussed the considerations of the Executive Board regarding the merger of the Flavor and Nutrition segments to form the new Taste, Nutrition & Health segment. Together with the Executive Board, we also decided on the proposal to be submitted to the Annual General Meeting on the appropriation of accumulated profit, discussed and decided on the proposal to be submitted to the Annual General Meeting on the proposal of the Auditing Committee regarding the election of the auditor for the 2021 fiscal year, and discussed possible agenda items for the 2021 Annual General Meeting.

At our meeting on May 4, 2021, the Executive Board's report on the company's performance during the first three months of the 2021 fiscal year and its outlook for the rest of the year represented the main focus of our meeting. The likely duration of the COVID-19 pandemic, a possible recovery of the global economy and rising raw material and energy costs were major topics of the discussion. The Executive Board also informed us about the current status of the various M & A projects in the four regions. Where necessary, we gave our approval in this regard. We also discussed the feedback from the investor meetings held by the Chairman of the Supervisory Board, particularly insofar as it related to the agenda items for the upcoming virtual Annual General Meeting. The virtual format is particularly welcomed by institutional investors. The same is true for the reduction of the term of office of the shareholder representatives by one year.

The extraordinary session on June 28, 2021, focused on an acquisition opportunity that arose in Europe on short notice. We analyzed and discussed this in detail with the Executive Board. We also discussed short-term financing options and their long-term refinancing. Within certain parameters, we have given our approval to the Executive Board to further pursue the acquisition opportunity.

In our session on August 3, 2021, we elected a new Chairman and Vice Chairman of the Supervisory Board. We also held new elections to the Supervisory Board committees. A focus of this meeting was business performance in the second quarter of 2021 and the first half of 2021. The Auditing Committee informed the Supervisory Board about the results of the audit review of the business performance in the first half of 2021. In addition, the Executive Board also explained its outlook for 2021 as a whole. The increase in raw material costs, the occasional shortage of raw materials, ensuring delivery capability, the development of receivables and the topic of working capital as a whole were discussed and analyzed in detail. At this meeting, we also discussed with the Executive Board the possible impact of an early termination of the convertible bond issued in 2017 on the net debt of our company.

At the strategy meeting on September 13 and 14, 2021, the Executive Board and the Supervisory Board intensively discussed the status of implementation and refinement of our corporate strategy. In particular, we discussed long-term changes in consumer behavior. This is not only the result of the COVID-19 pandemic, but also of a continuing increase in health awareness, a sharp rise in consciousness of the impact of one's own consumption on the environment and the growing importance of ethical standards along production and supply chains. This trend is irreversible. The COVID-19 pandemic has also proven to be a catalyst for change in this regard. All these factors have led to a lasting change in our market environment. Increasing digitalization in all areas is accelerating this development. Symrise has positioned itself as a pioneer of digitalization, and artificial intelligence and comprehensive data analysis are integral parts of our creative process. Rapid change with high complexity is the new normal. Our customers are therefore shifting more and more tasks to their suppliers. This presents new and additional business opportunities for Symrise. Sustainable business is gaining above-average importance in this context. For this reason, Symrise has linked its growth targets with concrete sustainability objectives. The market environment for Symrise has changed significantly as a result of a number of acquisitions. The previous market for scent and flavoring substances is merging into a new market for ingredients for consumer products. This creates new competitive situations that our company must take into account. Our strategy will continue to address these changes in the future. We identified the need to develop Symrise outside the traditional scent and flavoring substances business as inevitable. New application areas must be developed and new business models identified and expanded.

During this meeting, we also received the perspective of a major long-term investor on the Symrise investment property in order to assess the plausibility of acceptance of our strategy on the capital market. This confirmed the significantly increased importance of ESG issues for investors. For this reason, we were also informed in detail by the Executive Board at this meeting about the efforts made by the company in this area and their evaluation by independent third parties.

The meeting on December 1, 2021, was again devoted to the corporate planning for the upcoming 2022 fiscal year. The Supervisory Board approved the corporate planning for the 2022 fiscal year in this meeting. We also extended the contract of CEO Dr. Bertram ahead of schedule by a further three years until the end of 2025. The Supervisory Board assessed the status of Corporate Governance at Symrise together with the Executive Board and coordinated the content of the Corporate Governance Report in the Corporate Governance Statement, taking into account the currently applicable German Corporate Governance Code. In this context, the Executive Board and Supervisory Board have also issued a new Declaration of Compliance in accordance with Section 161 of the German Stock Corporation Act. We confirmed the goals regarding the composition of the Supervisory Board. The same applies to the competence profile for the full Supervisory Board to be prepared in accordance with Recommendation C 1 of the German Corporate Governance Code 2020. At this meeting, we also received and discussed in detail the risk report of the Executive Board. Furthermore, we approved the revised remuneration system for the Executive Board proposed by the Personnel Committee at this meeting. This will be submitted to the 2022 Annual General Meeting for approval. We also gave our approval to the resolution of the Executive Board to hold the 2022 Annual General Meeting as a virtual Annual General Meeting within the framework of statutory provisions. Finally, we gave our approval to acquisition projects in both segments where necessary.

SUPERVISORY BOARD COMMITTEES

The Supervisory Board formed a total of four committees to fulfill its responsibilities more efficiently. These committees draft the Supervisory Board's resolutions and prepare the agenda items to be addressed in the full meetings. To the extent that it was legally admissible, the Supervisory Board delegated decision-making to its committees in individual cases. The Supervisory Board established an Auditing Committee, an Arbitration Committee pursuant to Section 27 (3) of the Codetermination Act (MitbestG), a Personnel Committee and a Nominations Committee as permanent committees. The Chairman of the Supervisory Board chairs all of the committees with the exception of the Auditing Committee. In the Supervisory Board meetings, the chairmen of the committees report regularly and extensively on the content and results of the committee meetings. As a result, the Supervisory Board always has a comprehensive basis of information for its consultations.

The **Auditing Committee** mainly focuses on matters relating to the annual financial statements and consolidated financial statements, which includes monitoring the accounting process, the effectiveness of the internal controlling system, the risk management system, the internal auditing system, the audit of annual accounts and the compliance management system. The Auditing Committee also regularly deals in detail with issues relating to Group financing, liquidity planning and securing liquidity. It also monitors the independence and qualifications of the auditor as well as additional services provided by the auditor.

Furthermore, the Auditing Committee discusses the interim reports in detail and approves them before they are published. The Auditing Committee prepares the Supervisory Board's decision on the approval of the annual financial statements and its approval of the consolidated financial statements. To this end, it is responsible for pre-auditing the annual financial statements, the consolidated financial statements, the management reports and the proposal regarding appropriation of earnings. Receipt of the report from Internal Auditing, the Group Compliance office and the risk report are also regular agenda items at Auditing Committee meetings. The Auditing Committee prepares the Supervisory Board's proposal to the Annual General Meeting to appoint an auditor for the new fiscal year. Furthermore, the Auditing Committee obtains the relevant statements of independence from the auditor, commissions the auditor and agrees with the auditor on key audit matters, i.e., those particular focal points of the audit on which the auditor must expressly state an opinion. In addition, the Auditing Committee determines further individual focal points of the audit for the following fiscal year. The basis for this is a risk-oriented audit approach. The Auditing Committee is also responsible for preparing the decision of the Supervisory Board regarding auditing fees. The Auditing Committee currently has six members. Three members are commissioned by the shareholder representatives of the Supervisory Board and three members are commissioned by the employee representatives of the Supervisory Board. The Chairperson of the Auditing Committee must be independent and may not be the Chairperson of the Supervisory Board. One member must have expertise in the field of accounting. Another member must have expertise in the field of auditing. The Auditing Committee convened four times in the 2021 fiscal year. The current members are:

- **Bernd Hirsch** has been a member and Chairman of the Auditing Committee since May 2018.
- **Ursula Buck** has been a member of the Auditing Committee since May 2016.
- **Jeannette Chiarlitti** has been a member of the Auditing Committee since September 2018.
- **Harald Feist** has been a member of the Auditing Committee since May 2016.
- **Michael König** has been a member of the Auditing Committee since June 2020.
- **Andrea Püttcher** has been a member of the Auditing Committee since August 2021.

The **Personnel Committee** is responsible for matters pertaining to the Executive Board. These matters particularly include making resolution recommendations at the full Supervisory Board meetings regarding the appointment of Executive Board members or regarding components of Executive Board members' employment contracts. This also includes succession planning at the Executive Board level in accordance with Recommendation B 2 of the German Corporate Governance Code 2020. The Personnel Committee addresses succession planning for members of the Executive Board at least once a year (most recently at the Personnel Committee meeting on September 13, 2021). In particular, the term of existing employment contracts and the age structure of the Executive Board are taken into account. The Supervisory Board and Executive Board are committed to ensuring internal talent development for employees at levels below the Executive Board for all Executive Board positions. Skill sets and diversity criteria are taken into account here. Evaluation for these is carried out by means of internal assessments as well as external assessments. In this process, candidates who have the potential to take over a position on the Executive Board undergo an assessment that leads directly from an individual analysis to an individual development plan. The aim is to be able to fill the majority of positions on the Executive Board internally.

The Personnel Committee deals with the development of the Executive Board remuneration system – specifying the amount of remuneration and the related target agreements and making corresponding recommendations at the full Supervisory Board meetings. In doing so, the Personnel Committee also takes into account the requirements of the Act to Supplement and Amend the Regulations for the Equal Participation of Women in Executive Positions in the Public and Private Sector ("FüPoG II"), which came into force on August 12, 2021. For this reason, when appointing new members to the Executive Board in the future, we will not only strive for diversity criteria, but also for appropriate consideration of women. The Personnel Committee currently has six members, of whom three members are chosen by the shareholder representatives and three are chosen by the employee representatives in the Supervisory Board. The Personnel Committee convened three times in the 2021 fiscal year. The current members are:

- **Michael König** has been a member and Chairman of the Personnel Committee since June 2020.
- **Harald Feist** has been a member of the Personnel Committee since August 2014.
- **Horst-Otto Gerberding** has been a member of the Personnel Committee since October 2006.
- **Dr. Jakob Ley** has been a member of the Personnel Committee since August 2021.
- **Prof. Dr. Andrea Pfeifer** has been a member of the Personnel Committee since September 2012.
- **Peter Winkelmann** has been a member of the Personnel Committee since May 2016.

Shareholders and employees are equally represented on the **Arbitration Committee** pursuant to Section 27 (3) of the Codetermination Act (MitbestG). In the event that the appointment of a member of the Executive Board is not approved by the two-thirds majority required by law, it is responsible for submitting an alternative proposal to the Supervisory Board. The Arbitration Committee has four members. It was not necessary to convene the Arbitration Committee during the 2021 fiscal year. The current members are:

- **Michael König** has been a member and Chairman of the Arbitration Committee since June 2020.
- **Ursula Buck** has been a member of the Arbitration Committee since May 2016.
- **Harald Feist** has been a member of the Arbitration Committee since September 2018.
- **André Kirchhoff** has been a member of the Arbitration Committee since August 2021.

The **Nominations Committee** consists exclusively of shareholder representatives from the Supervisory Board in accordance with Recommendation D 5 of the German Corporate Governance Code. Its task is to recommend shareholder representatives to the Annual General Meeting who would be suitable Supervisory Board members for upcoming Supervisory Board elections. The Nominations Committee consists of three members. It was not necessary to convene the Nominations Committee during the 2021 fiscal year. The current members are:

- **Michael König** has been a member and Chairman of the Nominations Committee since June 2020.
- **Horst-Otto Gerberding** has been a member of the Nominations Committee since October 2006.
- **Prof. Dr. Andrea Pfeifer** has been a member of the Nominations Committee since May 2011.

The members of the Supervisory Board and its committees, the respective meeting dates of the Supervisory Board and its committees, and the individualized attendance of all members of the Supervisory Board and its committees at the respective meetings of the Supervisory Board and its committees are also shown in the following list:

LIST OF SUPERVISORY BOARD MEETINGS

Attendance at Supervisory Board meetings

Member name	February 11, 2021	March 8, 2021	May 4, 2021	June 28, 2021	August 3, 2021	September 13 and 14, 2021	December 1, 2021
Michael König (Chairman)	✓	✓	✓	✓	✓	✓	✓
Ursula Buck	✓	✓	✓	✓	✓	✓	✓
Jeannette Chiarlitti	✓	✓	✓	×	×	✓	✓
Harald Feist	✓	✓	✓	✓	✓	✓	✓
Horst-Otto Gerberding	✓	✓	✓	✓	✓	✓	✓
Bernd Hirsch	✓	✓	✓	✓	✓	✓	✓
André Kirchhoff	✓	✓	✓	✓	✓	✓	✓
Dr. Jakob Ley (from May 5, 2021)	×	×	×	✓	✓	✓	✓
Gerd Lösing (until May 5, 2021)	✓	✓	✓	×	×	×	×
Prof. Dr. Andrea Pfeifer	✓	✓	✓	✓	✓	✓	✓
Andrea Püttcher	✓	✓	✓	✓	✓	✓	✓
Peter Vanacker	✓	✓	✓	✓	✓	✓	✓
Peter Winkelmann	✓	✓	✓	✓	✓	✓	✓

Participation in the Arbitration Committee

Member name	It was not necessary to convene the Arbitration Committee during the 2021 fiscal year.
Michael König (Chairman)	
Ursula Buck	
Harald Feist	
André Kirchhoff (from August 3, 2021)	
Gerd Lösing (until May 5, 2021)	

Participation in the Personnel Committee

Member name	March 8, 2021	September 12, 2021	December 1, 2021
Michael König (Chairman)	✓	✓	✓
Harald Feist	✓	✓	✓
Horst-Otto Gerberding	✓	✓	✓
Dr. Jakob Ley (from August 3, 2021)	×	✓	✓
Gerd Lösing (until May 5, 2021)	✓	×	×
Prof. Dr. Andrea Pfeifer	✓	✓	✓
Peter Winkelmann	✓	✓	✓

Participation in the Auditing Committee

Member name	March 5, 2021	April 26, 2021	August 3, 2021	October 25, 2021
Bernd Hirsch (Chairman)	✓	✓	✓	✓
Ursula Buck	✓	✓	✓	✓
Jeannette Chiarlitti	×	✓	×	✓
Harald Feist	✓	✓	✓	✓
Michael König	✓	✓	✓	✓
Andrea Püttcher (from August 3, 2021)	×	×	✓	✓
Peter Winkelmann (until August 3, 2021)	✓	✓	✓	×

Participation in the Nominations Committee

Member name	It was not necessary to convene the Nominations Committee during the 2021 fiscal year
Michael König (Chairman)	
Horst-Otto Gerberding	
Prof. Dr. Andrea Pfeifer	

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS 2021

The auditor Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hanover, audited the annual financial statements for the fiscal year from January 1, 2021, to December 31, 2021, which were prepared by the Executive Board according to HGB (German Commercial Code) standards, as well as the Symrise AG management report. The Auditing Committee issued the order for the audit in accordance with the May 5, 2021, resolution of the Annual General Meeting. The auditor issued an unqualified audit opinion.

The Symrise AG consolidated financial statements were prepared in accordance with Section 315a HGB on the basis of the International Financial Reporting Standards (IFRS), as applicable in the European Union. The auditor Ernst & Young also certified the consolidated financial statements and the Group management report without qualification.

The auditor's report on these financial statements as well as additional auditing reports and documentation were delivered to all members of the Supervisory Board in a timely manner. They were discussed thoroughly in the meetings of the Auditing Committee of February 7 and February 23, 2022, and in the full meeting of the Supervisory Board of February 24, 2022. The auditors participated in the deliberations on the annual and consolidated financial statements in both committees. Here they reported on the key audit results and were available to the Auditing Committee and the Supervisory Board to answer any questions and provide additional information.

Following our own review of the annual financial statements, the consolidated financial statements, the management report and the Group management report, we accepted the findings of the auditor. In our meeting of February 24, 2022, we approved the annual financial statements and the consolidated financial statements upon the recommendation of the Auditing Committee. The annual financial statements are thereby approved. After examining it, we endorsed the proposal of the Executive Board for the use of the accumulated profit for the year. The Supervisory Board considers the proposal regarding the use of profits to be appropriate.

The content of the separate non-financial report prepared for the 2021 fiscal year was audited by DQS CFS GmbH. The audit did not lead to any reservations. The separate non-financial report is available on the Symrise website at: **https://symrise.com/corporatereport/2021/en/sustainability-responsibility/sustainability-record.html.**

CORPORATE GOVERNANCE

In accordance with Principle 22 of the currently applicable version of the German Corporate Governance Code from December 16, 2019 ("DCGK 2020") published in the official section of the

Federal Gazette by the German Federal Ministry of Justice and Consumer Protection on March 20, 2020, the Supervisory Board and Executive Board report annually on the corporate governance of the respective company in the Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code.

The Corporate Governance Statement includes the Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act, relevant disclosures on corporate governance practices, a description of the working methods of the Executive Board and the Supervisory Board as well as the composition and working methods of their committees, the target figures for the proportion of women in the Executive Board and for the two management levels below the Executive Board, together with deadlines for implementation, status of implementation and a description of the diversity concept with regard to the composition of the Executive Board and Supervisory Board.

The remuneration report under stock corporation law to be prepared for the first time for the 2021 fiscal year in accordance with Section 162 of the German Stock Corporation Act replaces the previous remuneration report under commercial law in accordance with Sections 289a (2) sentence 1, 315a (2) sentence 1 of the German Commercial Code. This is a separate report from the financial statements prepared in accordance with German commercial law. It is therefore neither part of the Corporate Governance Statement nor part of the management report. It will be submitted to the 2022 Annual General Meeting for approval.

The Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code has also been made publicly available on the website of Symrise. It can be found at: **https://www.symrise.com/corporate-governance-statement.**

In 2021, we observed the refinement of corporate governance standards in Germany and abroad and will continue to do so in the future. On December 1, 2021, the Executive Board and the Supervisory Board submitted an updated Declaration of Compliance according to Section 161 of the German Stock Corporation Act and made this permanently available to the shareholders on the company's website. It is also included in the Corporate Governance Statement. Symrise AG has complied with all recommendations of the German Corporate Governance Code 2020 since December 1, 2021, and will continue to do so in the future.

CHANGES IN THE EXECUTIVE BOARD AND SUPERVISORY BOARD

Achim Daub and Heinrich Schaper retired from the Executive Board at the end of March 31, 2021.

Gerhard Lösing retired from the Supervisory Board at the end of the 2021 Annual General Meeting. In his place, Dr. Jakob Ley was elected to the Supervisory Board by the German staff.

The development of the company is driven by people – by their commitment, creativity, team spirit and entrepreneurial thinking. At Symrise, more than 10,000 employees worldwide are committed to the success of our company. The Supervisory Board would like to thank all of the members of the Executive Board, the Group's employees in Germany and abroad and all employee representatives for their outstanding work in the 2021 fiscal year.

On behalf of the Supervisory Board,

Michael König
Chairman of the Supervisory Board of Symrise AG

Holzminden, Germany, February 24, 2022

Bodies and Mandates – Executive Board and Supervisory Board

EXECUTIVE BOARD:

DR. HEINZ-JÜRGEN BERTRAM
Chief Executive Officer
President Scent & Care (since April 1, 2021)

Membership in Legally Mandated Domestic Supervisory Boards None

Membership in Comparable Supervisory Bodies (Domestic and International) None

ACHIM DAUB
President Scent & Care (until March 31, 2021)

Membership in Legally Mandated Domestic Supervisory Boards None

Membership in Comparable Supervisory Bodies (Domestic and International)
- Phlur, Inc., Austin/Texas, USA, Member of the Board of Directors
- PiC-20, Inc., Norwalk/Connecticut, USA, Member of the Supervisory Board

OLAF KLINGER
Chief Financial Officer

Membership in Legally Mandated Domestic Supervisory Boards None

Membership in Comparable Supervisory Bodies (Domestic and International) None

DR. JEAN-YVES PARISOT
President Taste, Nutrition & Health (since April 1, 2021)

Membership in Legally Mandated Domestic Supervisory Boards None

Membership in Comparable Supervisory Bodies (Domestic and International)
- Probi AB, Lund, Sweden, Chairman of the Supervisory Board
- VetAgroSup, Lyon, France, Chairman of the Supervisory Board

HEINRICH SCHAPER
President Flavor (until March 31, 2021)

Membership in Legally Mandated Domestic Supervisory Boards None

Membership in Comparable Supervisory Bodies (Domestic and International) None

SUPERVISORY BOARD:

MICHAEL KÖNIG
Chief Executive Officer of Nobian Industrial Chemicals B.V., Amersfoort, Netherlands

Membership in Legally Mandated Domestic Supervisory Boards
- Symrise AG, Holzminden, Chairman of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International)
- Celanese Corporation; Irving, Texas/USA, Member of the Board of Directors

URSULA BUCK
Managing Director at Top Managementberatung BuckConsult

Membership in Legally Mandated Domestic Supervisory Boards
- Symrise AG, Holzminden, Member of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International) None

JEANNETTE CHIARLITTI
Deputy Regional Head of IG BCE for the North region

Membership in Legally Mandated Domestic Supervisory Boards
- Symrise AG, Holzminden, Member of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International) None

HARALD FEIST
Chairman of the works council and Chairman of the general works council at Symrise AG

Membership in Legally Mandated Domestic Supervisory Boards
- Symrise AG, Holzminden, Vice Chairman of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International) None

HORST-OTTO GERBERDING

Owner and Chairman of the Advisory Board of Gottfried Friedrichs GmbH & Co. KG

Membership in Legally Mandated Domestic Supervisory Boards

- Symrise AG, Holzminden, Member of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International) None

BERND HIRSCH

Chief Financial Officer of COFRA Holding AG, Zug, Switzerland

Membership in Legally Mandated Domestic Supervisory Boards

- Symrise AG, Holzminden, Member of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International) None

ANDRÉ KIRCHHOFF

Independent member of the works council at Symrise AG

Membership in Legally Mandated Domestic Supervisory Boards

- Symrise AG, Holzminden, Member of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International) None

DR. JACOB LEY (since May 5, 2021)

Director Research Biobased Ingredients Taste, Nutrition & Health of Symrise AG

Membership in Legally Mandated Domestic Supervisory Boards

- Symrise AG, Holzminden, Member of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International) None

GERD LÖSING (until May 5, 2021)

Vice President Quality Control Global of Symrise AG

Membership in Legally Mandated Domestic Supervisory Boards

- Symrise AG, Holzminden, Member of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International) None

PROF. DR. ANDREA PFEIFER

Chief Executive Officer at AC Immune S.A., Lausanne, Switzerland

Membership in Legally Mandated Domestic Supervisory Boards

- Symrise AG, Holzminden, Member of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and international)

- Bio MedInvest AG, Basel, Switzerland, Chairperson of the Board of Directors
- AB2 Bio SA, Lausanne, Switzerland, Chairperson of the Board of Directors

ANDREA PÜTTCHER

Vice Chairperson of the works council and Vice Chairperson of the general works council of Symrise AG

Membership in Legally Mandated Domestic Supervisory Boards

- Symrise AG, Holzminden, Member of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International) None

PETER VANACKER

President and Chief Executive Officer of Neste Corp., Espoo, Finland

Membership in Legally Mandated Domestic Supervisory Boards

- Symrise AG, Holzminden, Member of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International) None

PETER WINKELMANN

Regional Head of the IG BCE district South Lower Saxony

Membership in Legally Mandated Domestic Supervisory Boards

- Symrise AG, Holzminden, Member of the Supervisory Board
- amedes Holding GmbH, Hamburg, Vice Chairman of the Supervisory Board
- Apollo 5 GmbH, Starnberg, Vice Chairman of the Supervisory Board
- Wasserwerk Alfeld GmbH, Alfeld, Chairman of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International) None

Glossary

AFF
Aroma Molecules, Flavors & Fragrances

AKTG
Stock Corporation Act (Aktiengesetz)

FLAVOR
A complex mix of flavors and/or fragrances often based on chemical compounds (flavoring substances), which can be aromatics themselves

GDP
Gross Domestic Product: A statistic used to measure the economic strength (goods and services) of a country

CAGR
Compound Annual Growth Rate/average annual growth rate of particular significance

COSO II
COSO (Committee of Sponsoring Organizations of the Treadway Commission) aims to improve financial reporting through ethical action, effective internal controls and good corporate governance. Published in 2004, COSO II is an expansion of the original control model

CSPI
Center of Science in the Public Interest Science-based consumer advocacy organization

EAME
Region comprising Europe, Africa and the Middle East

EBIT
Earnings before interest and taxes

EBITDA
Earnings before interest, taxes, depreciation and amortization on property, plant and equipment and intangible assets

F & F
Flavors & Fragrances/Flavorings and fragrances

FISC
The four key pillars of the Symrise sustainability strategy:
F = Footprint; I = Innovation; S = Sourcing; C = Care

FLAC
Financial liabilities measured at amortized cost

GREEN CHEMISTRY
Sustainable chemistry that reduces environmental pollution, saves energy and produces in an environmentally friendly way

HGB
German Commercial Code (Handelsgesetzbuch)

IAL
Industrial and market research consultancy company

IFRA
International Fragrance Association; global representative body of the fragrance industry

IKS
Internal Controlling System

INCOTERMS
International Commercial Terms

INVESTMENT GRADE
Companies, institutions or securities with good to very good credit ratings

ISO 31000
A standard that defines the framework for a risk management system

LTIP
Long Term Incentive Plan/a remuneration plan for staff, especially for managerial staff

OPEN INNOVATION
Opening up of the innovation process of organizations and thus the active strategic use of the external world for the expansion of innovative potential. The open innovation concept describes the purposeful use of knowledge flowing into and out of the company, while making use of internal and external marketing channels in order to generate innovations

POLYPHENOLS
Secondary plant substances that are found in the outer layers of fruit, vegetables and grains. Polyphenols are chemical compounds that contain several aromatic rings (phenol)

CASH FLOW FROM OPERATING ACTIVITIES
Cash generated from the operations of a company, defined as the revenues minus operating expenses; an important indicator of a company's earning power

REACH
Chemicals directive for the registration, evaluation, authorization and restriction of chemicals

REVOLVING CREDIT FACILITY
Credit limits that the borrower can access at any time and over very flexible repayment options

SUPPLY CHAIN
Process chain from procurement to manufacturing and sale of a product. This therefore includes suppliers, producers and consumers

TERPENES
Volatile organic compounds that are obtained from numerous plants such as eucalyptus, peppermint, lemongrass, lemon tree and thyme. A number of terpenes, such as menthols, are alcohols; others are aldehydes

US PRIVATE PLACEMENT
Non-public sale of debt securities to US investors, which is regulated, however, by the SEC (United States Securities and Exchange Commission)

WORKING CAPITAL
Financial indicator derived by subtracting current operating liabilities from current operating assets

Imprint

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Financial Calendar 2022

April 27, 2022
Trading Statement January – March 2022

May 3, 2022
Virtual Annual General Meeting, Holzminden

August 2, 2022
Interim Group Report January – June 2022

October 26, 2022
Trading Statement January – September 2022

The German version of this Financial Report is legally binding. German and English online versions are available on the Web at www.symrise.com.

The latest version of the Financial Report is available on our website.

Forward-Looking Statements

This Financial Report contains forward-looking statements that are based on current assumptions and forecasts by Symrise AG. The future course of business and the results actually achieved by Symrise AG and its affiliates are subject to a large number of risks and uncertainties and may therefore differ substantially from the forward-looking statements. Many of these factors are outside of Symrise AG's sphere of influence and cannot be assessed in detail ahead of events. They include, for example, unfavorable development of the global economy, a change in consumer behavior, and changes to laws, regulations and official guidelines. Should one of these uncertainty factors, named or otherwise, occur or should the assumptions on which the forward-looking statements are based prove to be incorrect, the actual results may differ significantly from the results anticipated. Symrise undertakes no obligation to update forward-looking statements continuously and to adjust them to future events or developments.