Annual Report 2022

FOR THE YEAR ENDED JUNE 30, 2022

Firmenich

for good, naturally

Contents

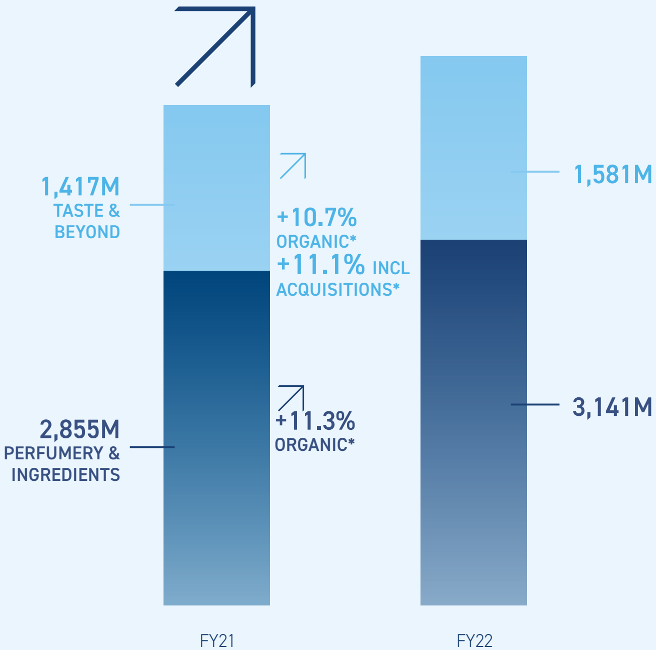
Firmenich at-a-glance

Key Financial Figures

4.7BN
FY22 REVENUE (CHF)

+11.1% ORGANIC*
+11.2% INCL. ACQUISITIONS*

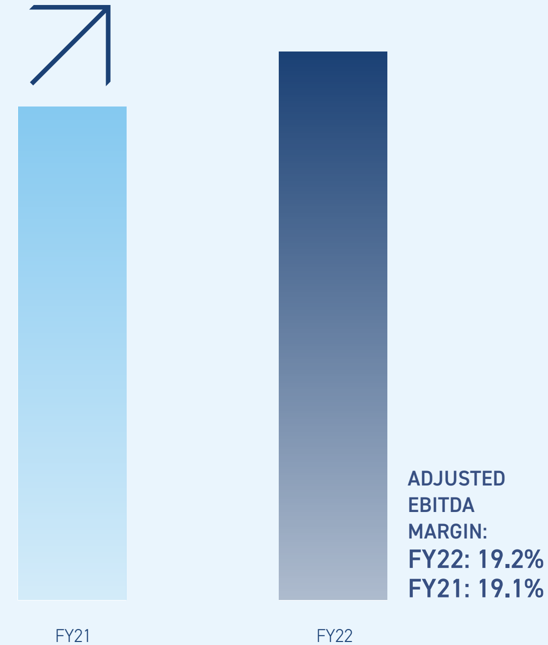
FY21: 4.3BN



905M
FY22 ADJUSTED EBITDA (CHF)

+10.9%

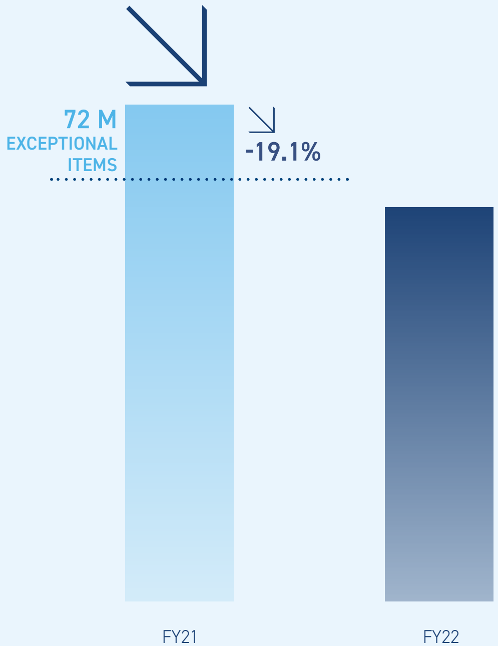
FY21: 816M



414M
FY22 FREE CASH FLOW (CHF)

-5.9% ON A COMPARABLE BASIS**

FY21: 511M



*At constant currency
** Excluding CHF 72 million of exceptional items that positively affected Free Cash Flow in FY21

A global leader in the Fragrance and Taste industry

CO-LEADER IN PERFUMERY & INGREDIENTS[1]

8.5% OF REVENUE INVESTED IN R&D

127 YEARS SWISS AND FAMILY-OWNED

100+ MARKETS

~11,000 COLLEAGUES

7.5 SUSTAINALYTICS RATING INDUSTRY-LEADING ESG POSITION

A market leader with critical scale and competitive advantages

Established long-term customer relationships, with balanced and diversified product portfolio

Proven track record of organic growth and successful bolt-on acquisitions

Private company operating with public company governance standards with industry-leading ESG credentials

Leadership in Science, and a highly innovative product portfolio built through long-standing commitment to R&D and passion for creativity

Strong profitability supporting steady and resilient cash flow generation

1. Ranked #1 as co-leader. Based on Management estimates; Firmenich CY22 vs. key players revenue figures.

Global ESG leadership

INDUSTRY-LEADING ESG RATINGS

SUSTAINALYTICS

- ESG Risk Rating Score: 7.5
- 37th out of nearly 15,000 companies worldwide
- Rated 1st in our industry

- ESG Performance Score: 88
- Top 1% OF 90,000+ companie
- Rated first in our industry

- 1st in our industry to complete B Corp SDG Action manager assessment with a result of 84.3/100
- UN Global Compact Impact Sponsor Labour and Decent Work

TACKLING CLIMATE CHANGE & EMBRACING NATURE

- 1 of only 2 companies worldwide to be triple A for 4 consecutive years

RE 100

- 100% Renewable Electricity in all operations worldwide

- Firmenich is part of the Financial Times "Europe's Climate Leaders"

- 100% UEBT validation of our integrated biodiversity strategy

- Founding member of One Planet Business for Biodiversity

- Business Ambition for 1.5°C
- 1 of 665 companies

ADVANCING SOCIAL IMPACT

- 1st company in the world to successfully upgrade its global EDGE Certification for gender to the next level: "Move" status
- 1 of 2 companies globally rated at "Move" level"

FAIRWAGE NETWORK

- 1st company in the industry and second in the world to achieve living wage certification across all of its operations

- Recognized by Ethisphere® as one of the world's most ethical companies (2022)

- Founding member of The Global Alliance for YOUth to promote job opportunities for young people

BEST-IN-CLASS ESG REPORTING

GLOBAL REPORTING INITIATIVE (GRI) BASED

+47 QUANTITATIVE ESG GOALS

+100% INDEPENDENTLY AUDITED (REASONABLE ASSURANCE)

We hold leadership positions in our markets

PERFUMERY & INGREDIENTS

#1

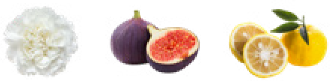
67%
OF REVENUE

- Co-leader in Perfumery & Ingredients
- Global leader in prestige Fine Fragrance
- Leader renewable, natural, biodegradable, and sustainable ingredients

FINE FRAGRANCE

CONSUMER FRAGRANCES

INGREDIENTS



TASTE & BEYOND

#3

33%
OF REVENUE

- Global scale player
- Leading innovator in Natural / Clean Label Transformation, Better Nutrition (Sugar Reduction) and Plant-based foods

TASTE MARKET SEGMENTS

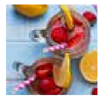
Sweet Goods

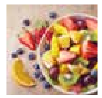

Beverage


Savory


BEYOND TASTE FOCUS GROWTH CATEGORIES

Dairy and meat analogues


Sugar reduction


Natural/ clean label


Note: Market rankings based on Management estimates. Firmenich CY22 vs. key players revenue figures.

Chairman and CEO's statement

Our Fiscal Year 2022 (FY22) was a year of growth, leadership, and excellence in execution. We achieved record Revenue and +11.1% Revenue growth[1] across the business, while delivering double-digit Adjusted EBITDA growth and strong cash generation, underpinned by industry-leading ESG performance.

This performance is the result of our commitment to serve our customers and innovate with them, help them strengthen their brands and delight their consumers through the strength of our offerings across Perfumery & Ingredients (P&I) and Taste & Beyond (T&B). Throughout the year, we have continued our strategy of focused investment in growth markets and segments.

In a challenging environment, as the world faces serious supply chain disruption, raw material shortages, rising inflation, and geopolitical instability, we have maintained our focus on protecting service levels for our customers as their trusted partner. We have accelerated our profitable organic growth, gaining market share with our customers.

None of this would have been possible without the constant dedication and hard work of the 11,000 employees in our Group, to whom we are immensely grateful.

Furthermore, their skill and passion drive our leadership in ESG. Sustainability lies at the heart of decision-making throughout our business operations. We are proud to have made further strides as a responsible business, as accredited by key sustainability ratings including a new, industry-leading ESG risk score from Sustainalytics.

1. Unless otherwise stated, Revenue growth comparisons are made on an organic basis at constant currency, as defined in the Alternative Performance Measurements section, versus the same period in the prior year

This year will be remembered as the start of a new chapter in the 127-year history of Firmenich. On 31 May, we announced our intention to merge with DSM. This will be a merger of equals between two iconic companies, both with a track record of superior financial performance and a shared commitment to make a positive impact on people and the planet. Subject to closing, DSM-Firmenich will be an industry leader in nutrition, beauty, and well-being. DSM-Firmenich will be uniquely positioned to anticipate and address evolving consumer needs in support of our customers.

"We turn to the future chapter in our history with confidence and excitement, and we look forward to embarking on the DSM-Firmenich adventure. We are convinced that for all stakeholders of the future DSM-Firmenich business, the most exciting times are still to come.

PATRICK FIRMENICH, CHAIRMAN

"This performance is the result of our commitment to serve our customers and innovate with them, winning with the winners thanks to the strength of our offerings across Perfumery & Ingredients and Taste & Beyond.

GILBERT GHOSTINE, CEO OF FIRMENICH

+11.1%
REVENUE GROWTH (ORGANIC BASIS AT CONSTANT CURRENCY)

+10.9%
ADJUSTED EBITDA GROWTH

We are excited by the opportunities created by the combination of these two like-minded companies, with one goal in mind: creating greater value for all our stakeholders. The Firmenich family shareholders will also be long-term, committed shareholders of DSM-Firmenich. Through this merger, the legacy of Firmenich will carry on proudly into the future.

RECORD FINANCIAL PERFORMANCE

For our Fiscal Year 2022, our Revenue reached CHF 4,723 million, up +11.1%, driven by growth across the business.

In P&I, we delivered record revenue of CHF 3,141 million, up +11.3%. This was driven primarily by strong growth in Fine Fragrance, which is up by double digits and surpassing pre-pandemic levels.

In T&B, we continued to outperform our key competitor in revenue growth. T&B revenue reached CHF 1,581 million, increasing by +10.7% year-over-year, with double-digit growth across all categories: beverages, sweet goods and savory. We achieved double-digit revenue growth in key geographies, including Europe, India and China.

Despite the ongoing, challenging raw material cost and supply environment, logistical difficulties, and unfavorable exchange rates, we have achieved double-digit Adjusted EBITDA growth, reaching CHF 905 million. Adjusted EBITDA margin as a percentage of revenue was 19.2%, an increase of 10 basis points compared to the previous year.

The Group continued to deliver strong cash generation, with Free Cash Flow of CHF 414 million, down -5.9% on a comparable basis[1], while preserving balanced service levels and safety of supply to our customers. We delivered cash generation in line with our commitment to retaining a strong investment grade credit rating.

INVESTING FOR THE FUTURE

As a leading player with global reach, we continue to invest in high growth markets, seizing the opportunities to invest, as well as concluding several strategic acquisitions and partnerships, to enhance our value proposition. For example:

- In September 2021, we opened an end-to-end fragrance and taste co-creation center in Guangzhou to serve our customers in South China, one of the most dynamic areas of growth in this key market. This center brings under one roof our commercial, marketing, and creative teams, and allows them to develop innovative offerings together with our customers.

1. Excluding CHF 72 million of exceptional items that positively affected Free Cash Flow in FY21

- In November 2021, we also launched the construction of a state-of-the-art production hub in Turkey. The CHF 47 million investment will provide us with 20,000 tonnes of additional capacity to serve fragrance customers in Turkey, the Middle East and the "Stans" countries. In line with our 2030 ESG ambitions, the plant will meet the highest standards for energy efficiency, environmental protection, and a healthy working environment.
- In December 2021, we commissioned a new production unit for renewable ingredients in France, which will expand the production capacity of our Castets facility by 50%. This reinforces our ability to develop and produce the new, renewable ingredients that our customers demand.

- In January 2022, we announced a strategic partnership with HARMAY, a leading new retail brand in China. Under the agreement, we joined forces to contribute to the development of the Fine Fragrance category in China, by leveraging our respective capabilities to support new fragrance brands, concepts, experiences, and models.
- In March 2022, the opening of a new state-of-the-art regional hub at Dubai Science Park was an exciting milestone for our P&I and T&B divisions. This advanced creation and sampling laboratory allows us to deliver high-quality and innovative ingredients for fine fragrances and consumer fragrances, as well as a variety of food and beverage flavors designed to delight consumers in the region.
- In T&B, we moved to majority equity ownership of our strategic partner ArtSci in China in April 2022. This move will further strengthen Firmenich's ability to serve the rapidly growing Chinese local market and extend its geographic reach across China.

ACCELERATING INNOVATION

Innovation remains a cornerstone of our growth. We are proud of our leadership in science, investing the highest proportion of revenue on R&D in the industry, yielding over 4,000 active patents. In addition to driving our business, we leverage our research to help address key societal challenges, such as sustainability, nutrition and sanitation.

In addition, to reinforce the development of our research and development strategy, we announced a new Scientific Advisory Board (SAB) in May 2022. The SAB, which includes leading independent scientists, provides world-class insight into the development of fields of science, including biotechnology, neuroscience, materials science, artificial intelligence, and health, identifying potential new business opportunities. The SAB also reviews the research portfolio to provide strategic input into differentiating focus areas for Firmenich.

Moreover, as industry pioneers in digitalization, we have been accelerating our investment since 2018. We use the latest technologies to create new growth drivers, harnessing our agility, creativity and innovation. Today, our digital capabilities support our creators, for example through Scentmate™, our AI-enabled fragrance co-creation platform for entrepreneurs and independent brands. We are now rolling out this platform into the new category of Aromachology, at the crossroads of fragrance, human emotions, and consumer behavior.

In November 2021, we were honored to be recognized for the Digital Innovation of The Year at the Digital Economy Awards 2021 in Switzerland. This celebrates the Group's groundbreaking AI capabilities and its new Formula Generator.

Highlighting the success of our approach to digital innovation, our E-commerce channel, launched three years ago, increased Revenue by double digits year-over-year, now surpassing CHF 250 million.

In March 2022, we unveiled our new Sharing Innovation 2022 collection of perfumery ingredients, which bridges the gap between nature and green science. Each year, we launch a one-of-a-kind collection of carefully selected Firmenich signature ingredients, to ignite creativity and broaden perfume palettes worldwide.

RESPONSIBLE BUSINESS

Being a responsible business is at the core of our values and represents a source of trust and differentiation for our customers, our investors, and all our stakeholders.

To reinforce our Company's commitment to sustainability and its governance, in March 2022 we announced the evolution of our Board committee structure. We have formally embedded ESG at our highest level of governance through the creation of a Governance and Sustainability Committee. In total, during the Fiscal Year 2022, the Firmenich Board of Directors held 14 meetings, and the different Board committees met between one and six times. The full detail can be found in the Corporate Governance section of this Annual Report.

To further secure our industry leadership in ESG performance, two critical ESG criteria are part of the Long-Term Incentive plan of Senior Leaders, based on CO_2 reduction and gender & ethnic diversity of Senior Leaders. Our ESG performance continues to receive best-in-class evaluation. We received an enhanced rating from Sustainalytics, with a score of 7.5, improving on our already industry-leading score of the last Fiscal Year. This

TOP 50

OF ~15,000 COMPANIES

SUSTAINALYTICS ESG RISK RATING

not only places us as ESG leaders in our industry and the broader Chemicals sector, but also in the global top 50 of over 15,000 companies.

Furthermore, Firmenich is now one of only two companies in the world, and the first in our industry, to be globally Living Wage Certified by Fair Wage Network.

For the fourth year in a row, Firmenich was one of only two companies in the world to have received a triple "A" rating from CDP, in Climate, Water and Forests. This is a testament to our efforts to address environmental issues across our operations.

In addition, we also achieved a second consecutive Platinum sustainability rating from EcoVadis, with an industry-leading score of 88% that also places us in the top 1% of all companies assessed worldwide.

Firmenich was ranked 10th out of 350 companies in the World Benchmarking Alliance Food & Agriculture Benchmark. This benchmark measures and ranks keystone companies on key issues underpinning the food systems transformation agenda in line with the United Nations Sustainable Development Goals (SDG).

As part of Firmenich's ongoing program to develop sustainable new ingredients, in the last year we launched Muguissimo™, a new biodegradable lily-of-the-valley ingredient developed through Green Chemistry, that brings elegant and fresh natural floral notes to fragrances, highly appreciated by perfumers.

Furthermore, since our acquisition of Campus, we have accelerated our innovation in plant-based protein solutions. We launched our latest portfolio of SmartProteins® innovations for the rapidly growing plant-based dairy space.

To help consumers achieve better nutrition and well-being, we have continued to develop our NutriGem Nutrition Innovation program, with ready-to-use integrated solutions using fibers, vitamins, minerals, and natural extracts.

KEY PRIORITIES FOR FY23

In the coming year, we will continue to pursue profitable organic growth and market share gains, supported by breakthrough innovation in key segments, by our customer intimacy, and our strength in natural and renewable ingredients.

In a challenging global raw material and supply chain context, we will continue to prioritize customer service and security of supply, while preserving strong cash generation and working with our customers to pass on raw materials cost increases and protect our profitability.

As a leading responsible family business that strives to keep its people and the environment at the forefront, we continue to work towards the pioneering 2025 ESG Targets we set out last year. Our sustainability drive not only helps our business and our colleagues, but also creates value for our stakeholders today, and for future generations.

We are heartened by the performance delivered by Firmenich in the Fiscal Year 2022, and we wish to express our deepest gratitude to all our investors, shareholders, customers, partners, and suppliers, and to our colleagues and their families.

We turn to the future chapter in our history with confidence and excitement, and we look forward to embarking on the DSM-Firmenich adventure. We are convinced that for all stakeholders of the future DSM-Firmenich business, the most exciting times are still to come.

PATRICK FIRMENICH, Chairman of the Board

Patrick Firmenich.

GILBERT GHOSTINE, Chief Executive Officer

Purpose, strategy & sustainability

Our purpose

FOR GOOD, NATURALLY

We are Firmenich. 11,000 passionate people who believe that fragrance and taste can change the world for good. Since 1895, we have been innovating to make a positive difference for all.

We go beyond creating unique sensorial experiences. We create positive emotions to improve wellbeing, while preserving the planet.

Where you perceive taste as something to savor, we see the potential to advance nutrition, by making healthier foods taste delicious.

Where you experience fragrance as a pleasurable smell, we see the opportunity to accelerate wellness around the world.

This is the heart of our purpose: creating positive emotions to enhance wellbeing, naturally.

> “There is no long-term shareholder value creation without values.
>
> **GILBERT GHOSTINE**
> **CHIEF EXECUTIVE OFFICER**

Our Values

CUSTOMERS

- We fragrance and flavor our customers' products for our **mutual success**
- Our customer intimacy is unique as we partner with our customers to transform their ambitions into reality
- We anticipate consumers' desires, continuously reinventing the world of taste and smell
- We deliver value through innovative products and services, placing decision-making as close as possible to our customers

PEOPLE

- Our people are the heart of our Company. They are recognized for their **passion, talent and commitment**
- We strictly maintain the highest levels of personal integrity and ethical behavior
- We value diversity and create an environment in which each colleague is empowered and encouraged to grow, enabling us to shape our future with confidence and imagination
- We unite the finest talents and nurture an entrepreneurial team spirit to attain our strategic goals

CREATIVITY

- Creativity is our **essence**. We create fragrances and flavors that inspire moments of pleasure and delight for consumers worldwide
- We lead our industry in research and innovation, constantly driving incremental and breakthrough winning ideas and technologies
- We apply our creativity to improve all parts of the business

SUSTAINABILITY

- Our integrity and sense of individual and collective responsibility ensure our **long-term success**
- We practice a sustainable business model for the well-being of present and future generations
- We engage all our stakeholders to build responsible, transparent and traceable supply chains everywhere

LEGACY

- Our **independence** gives us the freedom to control our destiny
- We are a family-owned company, committed to our independence
- We take a long-term view of our business
- We pursue a policy of financial strength, profitable growth and return on assets

Our strategy

Firmenich is a leader in the global Fragrance and Taste industry, with 127 years of heritage, decades-long relationships with our customers including leading multinational, regional and disruptor brands around the world.

We are a leading player in every segment where we operate and are diversified across resilient end markets. Our products touch the lives of four billion consumers around the world every day. We are known by our customers as a trusted innovation partner with purpose-led values.

OUR LONGEVITY AND SUCCESS ARE DUE TO FOUR KEY ELEMENTS:

We are passionate about innovating with our customers

Our business is consumer driven, building on clear consumer insights and anticipating consumer trends. We leverage these insights through our industry-leading Research & Development capabilities to help our customers win. We are leading suppliers to the world's top consumer products companies in Fragrance and Taste and have extensive presence in customers' core supplier lists.

The Fragrance and Taste industry has demonstrated GDP+ growth and offers attractive opportunities for innovation and differentiation. It benefits from continued population growth, with a concurrent rise of the middle class; technology-enabled increases in choice; stronger environmental consciousness; and increasingly empowered consumers. Evolving trends in consumer behavior are reshaping strategic opportunities and focus areas for all industry players. In addition, consumer habits, from demands for increased transparency in consumer labels, to customer requirements for more renewable and biodegradable ingredients, are also evolving quickly. Industry players need to remain adaptive, flexible and innovation oriented.

We lead with unique and proprietary ingredients that are at the core of our differentiation

Firmenich is ideally placed to address these macro trends and grow better than the industry thanks to its innovation-led product portfolio, built through a strong commitment to R&D and creativity, and its deep-rooted dedication to responsible business. We invest in key categories with superior growth dynamics and where we can unlock opportunities for our customers, including natural ingredients and clean label solutions, renewable ingredients, sugar and salt reduction, and meat and dairy analogs.

We have the broadest palette of natural, synthetic, renewable, biodegradable and biotech ingredients. This is a critical competitive advantage, allowing us to help our customers win with products that both delight consumers and address their desire for greater transparency on product composition. We offer the most proprietary, or "captive", ingredients in the industry. These proprietary molecules are unique to our portfolio and allow us to protect our customers' products from imitation.

Firmenich is the most vertically integrated player in the industry, with the best access to raw materials and natural ingredients. This is a differentiating advantage that enables us to face supply chain challenges and maintain a high quality service for our customers.

We invest behind key categories with superior growth dynamics, where we can unlock opportunities for our customers.

We are driving ahead with our guiding vision for Positive Perfumery, which expresses our aspirations for our Perfumery business's impact on the planet, people, and society.

We have a demonstrated passion for performance

Our competitive advantage translates into solid and resilient financial performance. We have a proven track record of profitable growth, both organically and through successful acquisitions. Over the past 10 years, we have led growth in the Fragrance and Taste industry, outgrowing our key competitors, and we have delivered industry-leading profitability.

We are focused on best-in-class service for our customers, delivering the highest quality products in a timely manner. Even at the height of the pandemic, we avoided supply disruptions or reformulations. Our customers know that they can rely on us.

We are defined by our values

Firmenich is a company that cares about all its stakeholders. Our leadership credentials in responsible business are widely recognized and we continuously raise the bar in the industry.

We are a private company operating with public company governance standards, and with a culture guided by clear values. Our Board of Directors is independent from management and a majority of its members are independent and not related to our family shareholders.

OUR STRATEGY BY SEGMENT

In **Perfumery & Ingredients**, our strategy builds upon our co-leadership positions. We are driving ahead with our guiding vision for Positive Perfumery, which expresses our aspirations for our Perfumery business's impact on the planet, people, and society. This addresses all stakeholders: our people, who want to make a difference, consumers seeking fragrances to enhance their well-being, our customers, and the communities we serve. We will reinforce our Fine Fragrance business by offering our customers innovative products developed through olfactory creativity, leading the drive for responsible perfumery by increasing the content of renewable ingredients in our formulations, and expanding our market reach, particularly in growth markets. In Consumer Fragrances, we will continue to serve as a strategic partner for leading global and local customers, and by developing breakthrough innovations to offer superior products for the conscious consumer. In Ingredients, we are leveraging our position as the world's leading innovation platform for renewable, biodegradable, and sustainable ingredients for Fragrance and Taste, while investing to continually enhance the world's leading creative perfumery palette.

Within **Taste & Beyond**, we are committed to accelerating the consumer-led global diet transformation by helping to create healthier, affordable great-tasting food and beverages with more natural and sustainable ingredients to enhance the well-being of the people and the planet. We will build on our flavor foundations, which are sweet, savory and beverage. Growth in the flavor foundations is underpinned by a continued focus on winning with both global and local customers, increased penetration of growth markets, extending our natural ingredients portfolio, and an acceleration of launches of innovative new ingredients and solutions. We are also expanding into selected "Beyond Flavors" domains, to co-create the next generation of food and beverages and lead diet transformation through our innovation in four key areas: sugar and salt reduction solutions, meat and dairy analogs, best-in-class nutrition, and natural transformation and clean label.

OUR THREE STRATEGIC PILLARS:

1
Deliver Enhanced Customer Experience

Delivering breakthrough innovation and consolidating Firmenich's leadership in ingredients while deploying increased flexibility in the supply chain

2
Gain Value Share

Further broadening Firmenich's commercial reach, while intensifying its pursuit of high growth segments

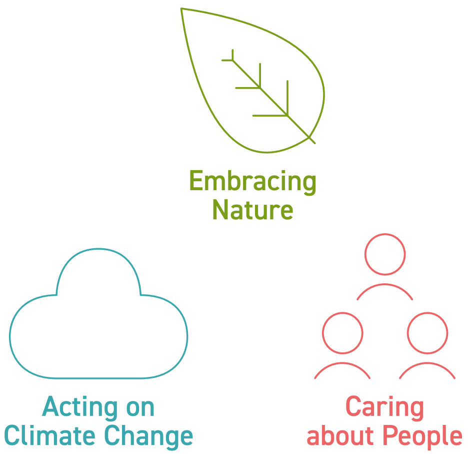
3
Become More Nimble

"Become More Nimble" – driving end-to-end business model simplification and enhanced alignment with evolving consumer needs, while leveraging digital technologies to enhance efficiency and service

We are committed to accelerating the consumer-led global diet transformation by helping to create healthier, affordable great-tasting food and beverages with more natural and sustainable ingredients to enhance well-being for people and the planet.

Pathways to Positive: our Environmental, Social and Governance (ESG) strategy

Driving Business for Good. We strive for a sustainable and positive impact for people, nature and climate through our business and all along our value chain – working together with suppliers, partners and our customers.



Driven by our Fundamental values, we started our sustainability journey a full year before the Rio de Janeiro Earth Summit, with the signing, in 1991, of the International Chamber of Commerce's first sustainability charter.

Our future increasingly depends on our ability to innovate responsibly while building on our timeless values and our legacy of sustainability leadership.

Our sustainability framework is holistically embedded at the heart of our company strategy. We see the next 10 years as a transformational journey towards business for good powered by science. However, the global challenges of the next decade are such that Firmenich cannot succeed alone. We will only meet our goals if we can engage our stakeholders in the journey, working together with our customers, suppliers and partners.

Our Environmental, Social and Governance (ESG) strategy, Pathways to Positive, focuses on three streams in which we can make the biggest difference:

- Acting on Climate Change
- Embracing Nature
- Caring about People

This strategy is a vital investment for the future that generates sustainable value for all our stakeholders. This supports our business objectives and aligns with the United Nations Sustainable Development Goals (SDGs). It empowers every colleague to make change happen, and involves everyone in our supply chain.

The Sustainable Development Goals (SDGs) are a compass that guides our action. In FY22, we have further scaled up our commitments by joining the UN Global Compact Labour and Decent Work Platform to build consensus in the business community on key principles of decent work".

To design this strategy, we collected inputs from a wide range of colleagues and online workshops, and consulted with external stakeholders to ensure that our new ambitions have been shaped by co-ownership and co-accountability.

In FY22, to stay ahead of the curve in a global shifting environment we have performed a new ESG materiality analysis to identify the sustainability topics which matter most to our business and to our stakeholders. Our comprehensive materiality approach, based on best-in-class standards including those set by the Global Reporting Initiative (GRI), is a valuable way to engage our customers and stakeholders in our sustainability journey. We are delivering solutions to our customers to solve global challenges and we are upholding our purpose as creators of emotions through the senses of taste and smell, to enhance wellbeing naturally, for people, the planet and society.

Firmenich's 2025 ESG targets were launched in February 2021 and built on our CEO and Executive Team's dialogue across the Group.

Furthermore, strong sustainability governance is essential. In FY22, following the implementation of ESG criteria in our Senior Leaders' incentive plan, we have taken further steps at Board level by setting up a Governance and Sustainability Committee as well as a Human Capital Committee.

Our 2022 ESG report serves as a progress follow-up on the implementation of the Sustainable Development Goals and shares our achievements and elements of progress towards our 2025 ESG targets. Our ESG report can be found at the following address https://www.firmenich.com/company/sustainability.

This strategy is a vital investment for the future that generates sustainable value for all our stakeholders.

ESG 2022 performance highlights

	Acting on Climate Change		Embracing Nature		Caring about People	
PERFORMANCE	100% RENEWABLE ELECTRICITY INCL. IN ALL ACQUISITIONS	3 MANUFACTURING SITES CARBON NEUTRAL	25 BIODIVERSITY PERMITS	0.74 HECTARES UNDER RESTORATION ACTIVITIES	NO GENDER PAY GAP	100% LIVING WAGE CERTIFIED COMPANY
	36.1% REDUCTION IN SCOPE 1 & 2 CO_2E EMISSIONS VS. FY17	-7.7% GJ OF TOTAL ENERGY USED PER TONNE PRODUCED VS. FY21	96.6% ULTIMATELY OR PARTIALLY BIODEGRADABLE INGREDIENTS IN OUR FRAGRANCE PORTFOLIO	x2 TYPES OF PLANT-BASED PROTEINS USED	0 HUMAN RIGHTS NON-COMPLIANCE IN OUR OPERATIONS	0.26 TOTAL RECORDABLE CASE (TRC) RATE

SUSTAINABLE DEVELOPMENT GOALS

6 CLEAN WATER AND SANITATION; 13 CLIMATE ACTION; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 14 LIFE BELOW WATER; 15 LIFE ON LAND; 17 PARTNERSHIPS FOR THE GOALS; 3 GOOD HEALTH AND WELL-BEING; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES

ASSESSMENTS

CDP: 1 OF 2 COMPANIES WORLDWIDE TRIPLE A FOR 4 CONSECUTIVE YEARS

UEBT MEMBER AT GLOBAL LEVEL

RECOGNIZED BY ETHISPHERE® AS ONE OF THE WORLD'S MOST ETHICAL COMPANIES (2022)

GLOBAL EDGE CERTIFICATION FOR GENDER EQUALITY IN THE WORKPLACE, UPGRADED TO "MOVE" STATUS

RATINGS

SUSTAINALYTICS: ESG RISK RATING SCORE: 7.5
TOP 1% OF 14,000 + COMPANIES RATED
1ST IN OUR INDUSTRY

ecovadis: TOP 1% OF 90,000+ COMPANIES
SCORE: 88/100

1. Scope 3 emissions from purchased goods and services
2. Members identified as female and/or ethnically diverse. Senior Leaders are Executives, Senior Presidents, selected Vice Presidents, Senior Directors and Creators that are members of the Senior Leadership Team

Main 2025 ESG targets

SUSTAINABLE BUSINESS

#1
in Conscious Perfumery
in Diet Transformation
in Renewable Ingredients

STRATEGIC PILLARS

Acting on Climate Change

Embracing Nature

Caring about People

TARGETS

Acting on Climate Change

Carbon Neutral
IN OUR DIRECT OPERATIONS

-8%
GHG EMISSIONS SCOPE 3 VS. 2021 (FIRMENICH + M&A)

100%
PLASTIC PACKAGING FULLY RECYCLABLE OR REUSABLE

Zero
WASTE TO LANDFILL

Embracing Nature

100%
UEBT VALIDATED BIODIVERSITY STRATEGY

100%
ABS DUE DILIGENCE SYSTEM EXTERNALLY VERIFIED

High vitality of R&D Pipeline
DECREASING PRESSURE ON THREATENED NATURAL RESOURCES

OPERATE WITH
Green Chemistry Principles

Caring about People

100%
OF EMPLOYEES TRAINED ON BIAS AND BELONGING PRINCIPLES

55%
OF SENIOR LEADERS ARE DIVERSE*.
NO GENDER PAY GAP,
NO ETHNIC PAY GAP,
NO ENGAGEMENT GAP

Safety
ACHIEVING A TOTAL RECORDABLE CASE RATE BELOW 0.20

NO
ETHNIC PAY GAP AND ENGAGEMENT GAP

DRIVERS

IMPACTFUL SCIENCE

RESPONSIBLE SOURCING

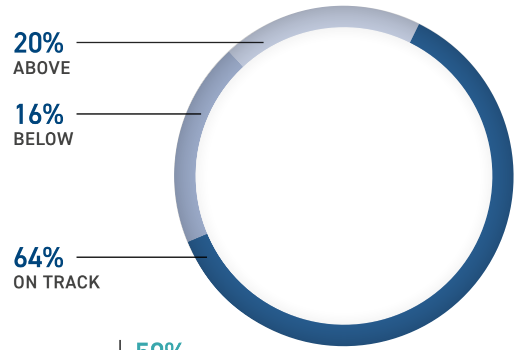
BUSINESS ETHICS

DIGITAL ACCELERATION

* Members identifying as female and/or ethnically diverse. Senior Leaders are Executives, Senior Presidents, selected Vice Presidents, Senior Directors and Creators that are members of the Senior Leadership Team.

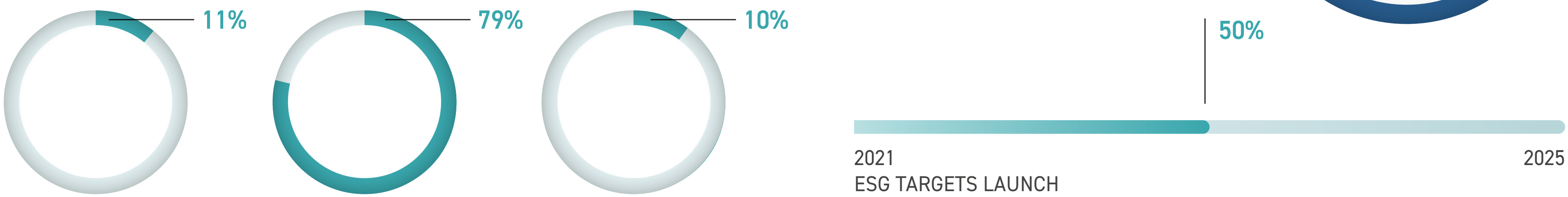
ESG 2025 targets progress

2025 ESG TARGETS BREAKDOWN BY PERFORMANCE STATUS

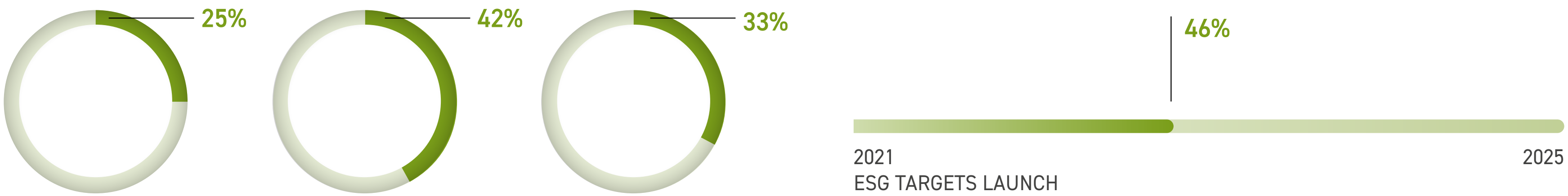


ABOVE
ON TRACK
BELOW

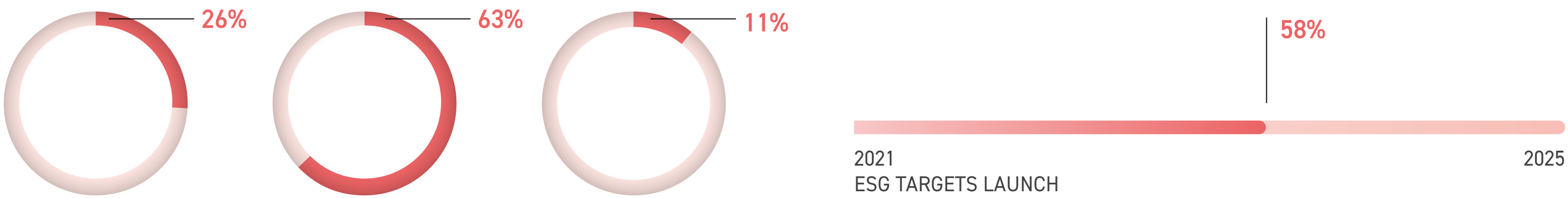
ACTING ON CLIMATE CHANGE



EMBRACING NATURE



CARING ABOUT PEOPLE



Performance against individual targets can be found in the chapters on Climate, Nature, People and Business for Good.

Our people

In driving business as a force for good, we put our people first by providing a respectful, motivating and fulfilling environment to make a positive difference for our customers, our planet and society.

Inspired by our legacy as a family-owned fragrance and taste company, we place particular value on the expertise and creativity of our people. We take pride in investing in human capital to nurture skills and enable learning, ensuring employability and adaptability so that we can thrive together in our ever-changing world and contribute to the wider development of our communities.

How do we do this? By being open to new ways of working and being flexible in adjusting to change. Most importantly, by ensuring each colleague feels respected, and recognized, valued and rewarded for their contributions to the success of the team and Firmenich.

We bring together and empower 11,000 passionate people who believe that fragrance and taste can change the world for the better.

WE ARE A LEARNING ORGANIZATION

As such, we provide opportunities for our people to advance their knowhow and feed their curiosity to grow, by sharing knowledge and offering training and challenging career opportunities, across roles, teams and our global locations.

In FY22, we have been bolder in our commitment on leadership development, as well-trained managers are key to growing our people. We have extended our leadership 360° feedback tool to more colleagues as part of their development plan. In addition, to support the growth of our talents, we have deployed training sessions for all our people managers to help them drive performance, engagement and transformation and provide role models for best practice. This Leadership signature program (Lead Now and Lead Next) has reached more than 400 people leaders across the organization. Furthermore, we have provided personalized online coaching to 69 employees for a period of six months. Finally, we have deployed soft skill training for all our employees related to people management, such as goal-setting, providing feedback, and executing performance reviews.

As a responsible company, it is our upmost priority to ensure our employees are equipped to succeed in the future of work. We aim to upskill and reskill our people to help them adapt and thrive in our evolving workplace and beyond. This year, we have focused on building a skills library to identify and offer intentional learning programs that build the skills needed to enable employability for our talents throughout their working life.

WE VALUE BEING TOGETHER...

Two years of living with the COVID-19 pandemic completely reshaped our ways of working and our views on life at the office. We continue to offer flexibility to support our employees by adapting our smarter working policy launched in 2018 and adapting it to the new normal. Creativity and innovation are paramount to our business and the best ideas are born when we come together as a team. We endorse a Hybrid Working Model with a minimum number of days per week spent in the office. In FY22, to help employees who had to rely 100% on remote working to return and reconnect in-person with their colleagues, we launched a Return to Site initiative. This combination of local events and global support culminated in the launch of our new Smarter Working booklet, which aims to provide guidance on navigating the Hybrid Work Model. Whether our colleagues work from home or in the office, we want them to perform at their full potential. Furthermore, in FY22, we launched our most ambitious wellbeing program ever, to educate our people and provide them resources as well as support on Mental well-being.

WINNING BEHAVIORS

Our Winning Behaviors are the future-focused ways of thinking and acting to drive our growth and success.

GROWTH MINDSET

PROACTIVITY

ABSOLUTE CUSTOMER FOCUS

DATA DRIVEN

IMPACT OBSESSED

PEOPLE & ORGANIZATION STRATEGY

MOST RESPONSIBLE COMPANY	BEST TALENT IN INDUSTRY	AGILE OPERATING MODEL	WINNING CULTURE
• No pay gap nor engagement gap for minority groups • 2,500 youth employment opportunities • 100% Living Wage certification • 100% leaders trained on human rights & Mental Health First Aiders • 100% of employees trained on bias	• Sales force mindset & capabilities • Continuous learning & unlearning • New skillsets • Succession planning • Talent attraction	• Drive decision-making in market with maximum customer proximity • Prioritize local roles • Be laser sharp on what Global CoEs do and decide • Joint accountability for business results & goals	• New performance management eco-system • Winning Behaviors • New short-term incentive design • New Leadership Series embedding Winning Behaviors

Progress towards our 2025 diversity & belonging objectives

Diversity and Belonging sits at the heart of everything we do at Firmenich, from how we recruit and develop our people, through the spaces we create for them to be their full selves and to grow, to the way we serve our diverse customers and empower the communities that we partner with.

37%

OF EMPLOYEES AT FIRMENICH ARE WOMEN

OUR ESG GOALS FOR 2025 RELATED TO DIVERSITY AND BELONGING ARE THE FOLLOWING:

1. NO GENDER PAY GAP

Gender balance is at the heart of our strategy for achieving equity in our compensation, policies and practices, leadership development, talent recruitment and selection, as well as representation and retention. We set ourselves a target of building a gender-balanced organization. Today, 37% of employees at Firmenich are women. Additionally, four out of nine of our senior Executive Committee are women and 40% of our Director roles and above are held by women. In FY22, we launched our Step Forward initiative, an acceleration program designed to boost the development of 36 key talented women and prepare them to move up in their careers.

We have a long-standing commitment to equal pay for equal work. We have been globally certified as gender equal, including for pay equity, by EDGE since 2018, and were the first company in the world to upgrade globally to "MOVE" status in 2021. In June 2022, we kicked-off our third global EDGE certification. In addition, an annual statistical gender pay analysis was performed to ensure no gender pay gap exists around the world. We reward our colleagues for their contributions to business results and provide a fair and competitive package with clear and competitive rewards policies.

2. NO ENGAGEMENT GAP

We aim to build an equitable workplace where everyone feels they belong. To embrace local cultures, address local challenges and leverage local opportunities, 23 country affiliates have implemented in FY22 a local Diversity & Belonging strategy based on our global strategic goals. In total, more than 300 objectives have been launched to make our global strategy relevant at a local level and to ensure we do not have an engagement gap with colleagues who self-identify as part of a minority group in our engagement survey.

In May 2022, we joined the Stonewall Diversity program and its community of over 900 employers committed to LGBTIQIA+[1] inclusion in the workplace. We aim to collaborate and learn from our peers to keep us at the cutting edge of practices. These efforts are gaining recognition and encouraging partnerships. Firmenich India was recognized as a 'Bronze' employer for the India Workplace Equality Index (IWEI) 2021, recognizing their journey to better LGBTQIA+ inclusion at work. In May 2022, Firmenich Paris signed NGO L'Autre Cercle's LGBT+ "Commitment Charter", providing a formal framework to incorporate the LGBTQIA+ theme in a policy to promote diversity and prevent discrimination.

3. INDUSTRY LEADING DIVERSITY OF SENIOR LEADERS[2]

Our commitment to Diversity & Belonging aims to drive winning performance and growth. By cultivating an inclusive culture that does not discriminate, and provides equal opportunities for all, we are also striving to reflect our business and customer footprint.

We believe a diverse senior leadership team is an essential component of business success that deepens our understanding of our global customer base and our workforce, and allows us to

As a responsible company, we are convinced, now more than ever, that being truly inclusive will empower every person to achieve their full potential.

1. LGBTQIA+ stands for: lesbian, gay, bisexual, trans, queer, intersex and asexual. '+' can include members of other communities, including allies.
2. Senior Leaders: Executives, Senior Presidents, selected Vice Presidents, Senior Directors and Creators that are members of the Senior Leadership Team (SLT)

By driving action in our talent framework, we have increased the diversity of hires and specific programs for black employees.

attract, retain and develop top global talent. Our goal is to increase the representation of women or ethnically diverse people among our senior leaders to 50% or more. In June 2022, we conducted a voluntary self-identification survey among our Senior Leadership Team in line with data privacy rules in force in the countries of employment. As of 30 June 2022, 54% of those who chose to answer, self-identified as diverse i.e. as Female or Non-binary and/or Ethnically diverse. Using the same methodology as last year (internal assessment), 48% of our Senior Leadership Team[1] is diverse.

4. NO ETHNIC PAY GAP

In an effort to increase our outreach and attract diverse talent, the Diversity, Inclusion and Belonging Council (DIB) in Firmenich North America has engaged with Historically Black Colleges and Universities. This has included participation in student fairs at Howard University and Spelman College and ongoing exploration of partnership opportunities through internships, programs and events. We are focusing our efforts on accelerating representation of African American/ Black citizens in our workforce with targeted action for leadership positions from Director level and above. By driving action in our talent framework, we have increased the diversity of hires as well as specific programs for black employees meeting specific criteria. As a result of this focus in North America, we have increased our Black leader population in Director positions and above from 1.8% (FY21) to 3.6% (FY22).

160+

COLLEAGUES TRAINED AND CERTIFIED AS MENTAL HEALTH FIRST AIDERS

54%

OF OUR SENIOR LEADERS SELF IDENTIFIED AS DIVERSE INCLUDING 37% OF WOMEN OR NON-BINARY SENIOR LEADERS

5. 100% OF LINE MANAGERS TRAINED AS MENTAL HEALTH FIRST AIDERS

In FY22, we launched our most ambitious wellbeing program ever, we have partnered with Thrive Global, a company that provides behavior change technology, to help our top leaders and line managers better manage stress, improve focus, strengthen their connection with their colleagues and improve overall well-being. In total, over 2,300 senior colleagues received advanced training and the necessary tools to create a work environment in which well-being and mental health are key. Over 160 colleagues (79% of the HR as well as HSE Line managers and Business partners, our focus of area in FY22) around the world have been trained and certified as Mental Health First Aiders to provide compassionate and mental support to people when needed. They are a point of contact for anyone who is experiencing a mental health issue or emotional distress and will provide guidance and support – including to obtain appropriate help from healthcare professionals -- in full confidentiality. In May 2022, we launched the Firmenich Mental Well-being Awareness course, which is available to all our colleagues including on shop floors. This course is designed to help raise our awareness of how mental and physical health affects our overall wellbeing, and how we can all take care of ourselves in practical and sustainable ways every day.

1. All members of the Senior Leadership Team identifying as female or non-binary and/or ethnically diverse.

At Firmenich, we believe in business for good, and in a world with rising inequalities and social divides, we stand and act for a fairer and more equitable society.

6. DIFFERENTLY-ABLED PEOPLE TO AMOUNT TO 5% OF OUR WORKFORCE

In the world, one person in seven lives with a disability. And those with a disability are among the most marginalized populations in terms of employment and educational opportunity. Removing the barriers facing people living with disabilities is long overdue. Building on our long-standing commitment of welcoming people with different abilities, we have set ourselves the target of 5% of differently-abled people in our workforce. To achieve this target, we made a commitment with the Valuable 500 in December 2019.

In FY22, we had :

- Partnerships with 15 local organizations working on disability inclusion
- 26 blind or visually impaired panelists employed in five countries

7. 100% OF EMPLOYEES TRAINED ON BIAS AND BELONGING PRINCIPLES

Creating a culture that is respectful, and where everybody belongs, is a shared responsibility. That's why we are uniting forces globally to combat bias and structural inequalities. On 8 March 2022, we marked International Women's Day, with a global call for action, #BreakTheBias, to accelerate equality for all women. We launched a campaign internally and externally to listen to the experiences of inspirational female colleagues and hear their advice on fighting gender bias. Everyone in the Company is encouraged to actively call out bias, discrimination and stereotyping, affecting women or more, each time they see it. Furthermore, we launched a global mandatory course in June 2022 on Unconscious Bias. We are committed to tackle this issue and will continue to raise awareness internally and support everyone who wants to engage in conversation on this topic.

8. LIVING WAGE CERTIFIED

At Firmenich, we strive for business for good. In a world with rising inequalities and social divides, we stand and act for a fairer and more equitable society. Our initial goal was to ensure that all our employees earn at least a living wage by 2025, and to scale up our suppliers' engagement on a living wage by 2030 in line with our responsibility to ensure respect for human rights in our global supply chain. We are proud that we achieved our objective in June 2022. Firmenich is now one of only two companies in the world, and the first in our industry, to be globally Living Wage Certified by Fair Wage Network, a rigorous and widely recognized international NGO. A living wage is defined as the wage that is required to purchase the goods and services needed to meet a minimum acceptable living standard for workers and their families, encompassing access to health, food and nutrition, housing and education.

Beyond doing the right thing for Firmenich employees and their immediate families, Living Wage certification reinforces our equitable culture.

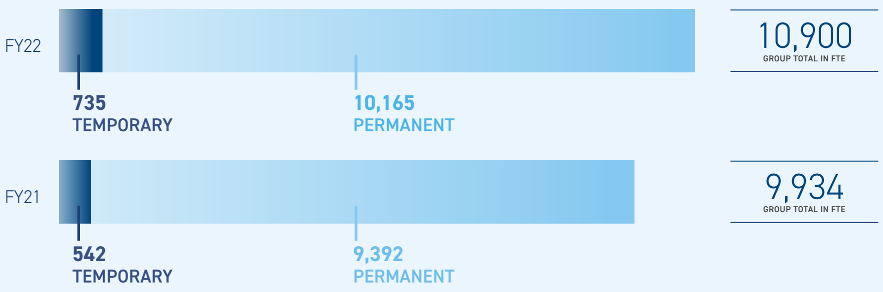
11%
OF OUR PEOPLE IDENTIFIED AS DIFFERENTLY-ABLED IN OUR GLOBAL INCLUSION SURVEY OF SEPTEMBER 2020[1]

1 out of 2
COMPANY TO BE GLOBALLY LIVING WAGE CERTIFIED

1. Next Global Inclusion Survey to be launched in September 2022

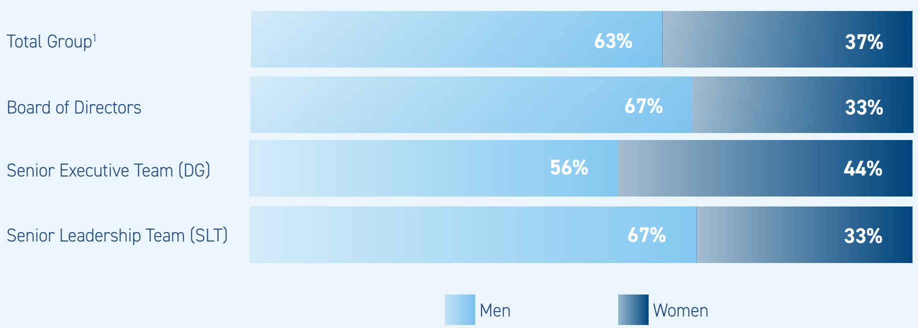
Workforce indicators

HEADCOUNT IN FULL-TIME EQUIVALENTS BY CONTRACT TYPE



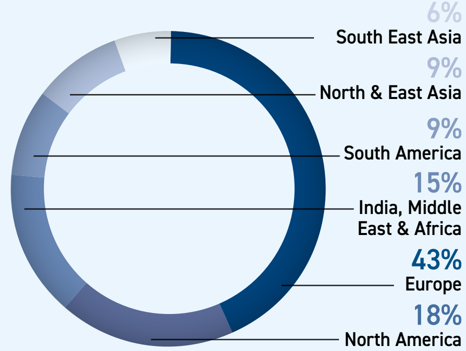
All acquisitions included.

HEADCOUNT BY GENDER[2]

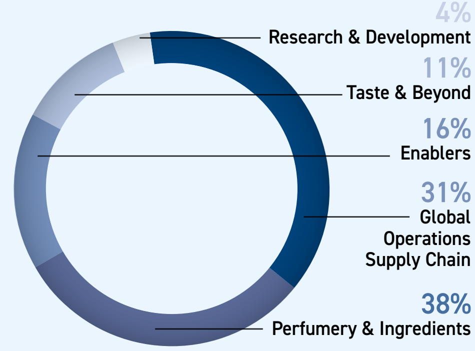


1. Percentage calculated only for employees whom data is available

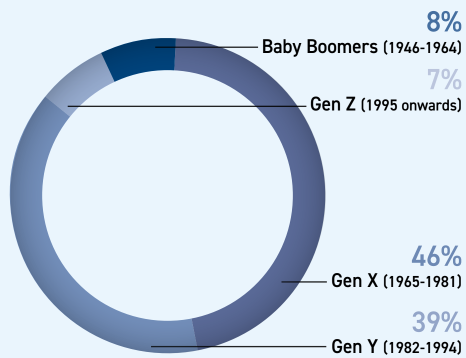
HEADCOUNT BY REGION[2]



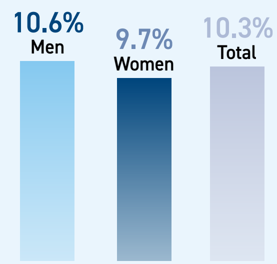
HEADCOUNT BY DIVISION & FUNCTION[2]



HEADCOUNT BY GENERATION[2]



EMPLOYEE TOTAL TURNOVER BY GENDER[2,3]



2. Does not include ArtSci and DRT Anthea.
3. Turnover scope: Permanent contracts

Workforce indicators

GENDER PAY EQUALITY[1]

NON-EXEMPT

The median pay for women is 3.23% higher than that of men for **Non-Exempt** population.

EXEMPT

The median pay for men is 2.41% higher than that of women for **Exempt** population.

MIDDLE MANAGEMENT

The median pay for men is 4.03% higher than that of women at **Middle management** level.

DIRECTOR

The median pay for men is 3.87% higher than that of women at **Director** level

Non-exempt: Operational levels, who are typically entitled to overtime pay and may be paid on salary or hourly basis

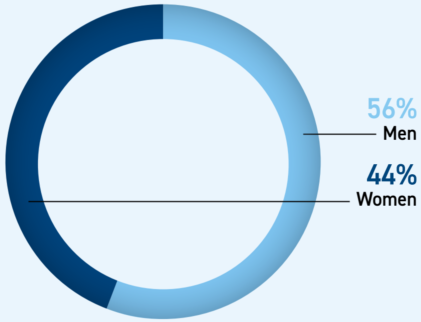
Exempt: Specialist, Middle, Upper and top management levels, who are typically not eligible to overtime pay

1. A positive number indicates which gender earns more on average. 2022 data for Firmenich Group (excluding DRT, MG, VKL, Essex, ArtSci)

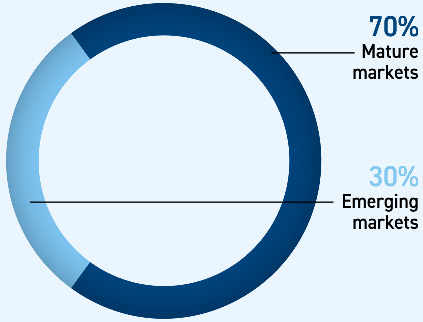
EMPLOYEE DIVERSITY IN FIRMENICH SIGNATURE LEADERSHIP PROGRAMS

LEAD NOW – PEOPLE MANAGER FOCUS

Gender

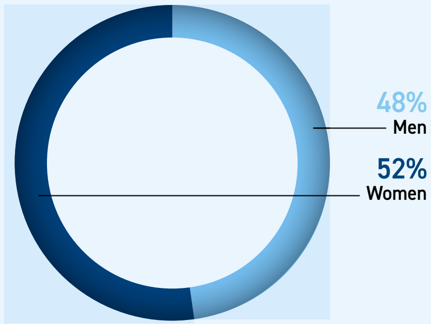


Market

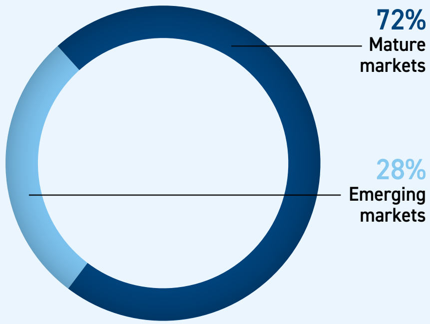


LEAD NEXT – NEXT GENERATIONS OF LEADERS

Gender



Market



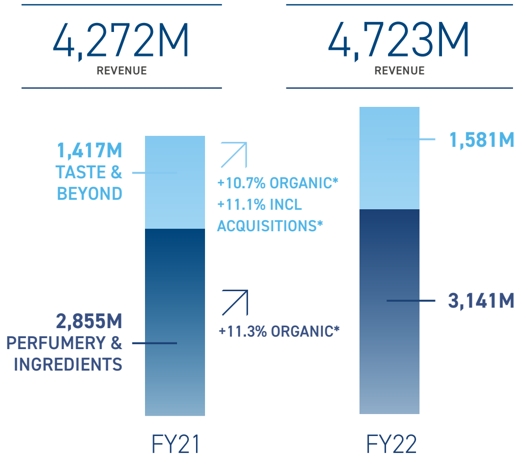
Performance review

Group

Firmenich delivers strong performance despite challenging macro-economic environment.

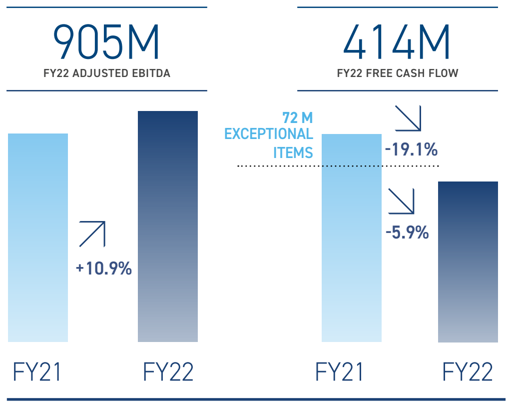
REVENUE (IN CHF)

+11.1% ORGANIC*
+11.2% INCL ACQUISITIONS*



*At constant currency

PROFITABILITY AND FREE CASH FLOW (CHF)



FINANCIAL HIGHLIGHTS

- Revenue of CHF 4,723 million, up +11.1%[1]
- Adjusted EBITDA of CHF 905 million, up +10.9%
- Adjusted EBITDA margin 19.2%, up +10 basis points
- Free Cash Flow of CHF 414 million, down -19.1%, or -5.9% on a comparable basis[2]
- EBITDA to Free Cash Flow conversion ratio of 51.8%

- Record Revenue and Adjusted EBITDA, despite a challenging global environment for raw materials, logistics and energy costs
- Outperforming the industry in topline growth and gaining market share, underpinned by double-digit Revenue growth across both Perfumery & Ingredients and Taste & Beyond, on the back of improving customer demand
- Revenue growth across all regions, and strong momentum in our key geographies, including Europe (+18.9%), India (+13.1%), China (+9.4%), and North America (+5.1%)
- Strong cash generation, despite higher safety inventories linked to prioritizing customer service of supply in a challenging global environment

1. Unless otherwise stated, Revenue growth comparisons are made on an organic basis at constant currency, as defined in the Alternative Performance Measurements section, versus the same period in the prior year.
2. Excluding CHF 72 million of exceptional items that positively affected Free Cash Flow in FY21.
3. OTIF – On Time In Full.

OPERATING HIGHLIGHTS

- Continued to prioritize customer supply, preserving superior OTIF[3] service levels, in a particularly challenging global raw material and supply chain environment
- Benefited from our ongoing investment in growing segments and differentiated offerings, including Sugar Reduction, Naturals & Renewable Ingredients, Plant-based Foods, Clean & Responsible Fragrances, e-commerce and digital channels
- Continued investment in strategic markets, highlighted by the move to majority ownership of ArtSci in May 2022 to better serve the high-growth Chinese taste market
- Ongoing strategic investment in innovation:
  - Announced a Scientific Advisory Board in May 2022 to oversee our R&D strategy
  - Inaugurated a state-of-the-art Creation & Development Centre at Dubai Science Park, to further expand science and innovation capabilities
  - Launched new biodegradable ingredients such as Muguissimo™ and 100% natural ingredients including Muguet Firgood™
- Raising the bar in ESG: improved our industry-leading Sustainalytics ESG risk score to 7.5, in the top 50 companies rated worldwide; recognized as one of the 2022 World's Most Ethical Companies by Ethisphere; secured a fourth consecutive Triple "A" rating from CDP; and a second consecutive EcoVadis Platinum Sustainability Rating, with an industry-leading score of 88/100, in the top 1% of all companies assessed.

In a challenging global environment, we delivered record revenue growth across the business, as well as double-digit Adjusted EBITDA growth and strong cash generation.

Our trustworthiness as a commercial partner has helped us continue to gain share with our customers.

FY22 PERFORMANCE

In the Fiscal Year 2022, we saw the global economy enter a challenging raw material and supply chain environment, compounded by high geopolitical instability, and new waves of Covid-19 in various regions.

Against this backdrop, we delivered record Revenue growth across the business, as well as double-digit Adjusted EBITDA growth and strong cash generation. We navigated this challenging environment with agility, prioritizing service and safety of supply for our customers. Our trustworthiness as a commercial partner, combined with the competitive advantage provided by our supply vertical integration, has helped us continue to gain market share.

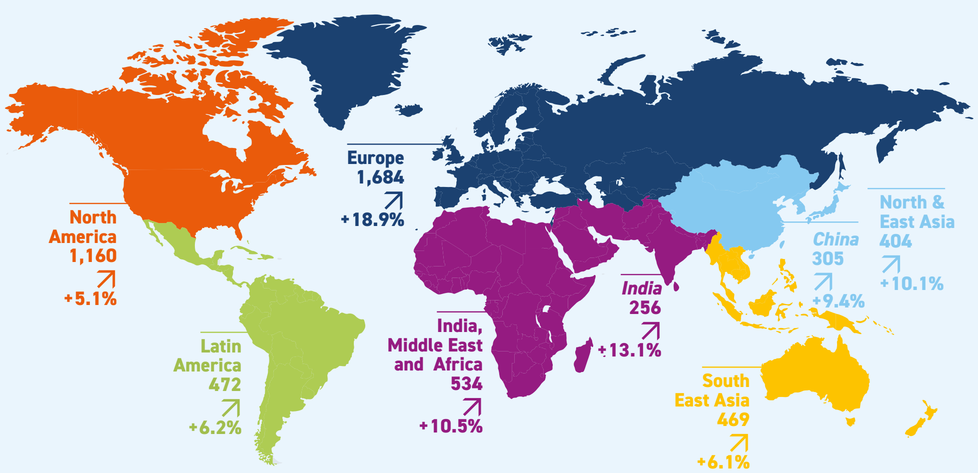
REVENUE

Revenue increased +11.1% , reaching CHF 4,723 million. Acquisitions contributed CHF 6 million or +0.1 percentage points to Revenue growth. Foreign exchange had an unfavorable impact of CHF -29 million or −0.7 percentage points, linked primarily to the strengthening of the Swiss franc against the Euro and other trading currencies. On a reported basis, Revenue increased +10.5% year-over-year.

Perfumery & Ingredients Revenue increased +11.3%, driven by the industry-leading growth and market share gains in Fine Fragrance (+32.5%), and strong customer demand in Ingredients.

1. Unless otherwise stated, Revenue growth comparisons are made on an organic basis at constant currency, as defined in the Alternative Performance Measurements section, versus the same period in the prior year.

REVENUE BY REGION (CHF M), GROWTH ON AN ORGANIC BASIS AT CONSTANT CURRENCY



Consumer Fragrances grew by low single-digits against a backdrop of industry-wide softness.

Taste & Beyond Revenue increased +10.7%, driven by our innovation portfolio and our commercial focus on strategic partnerships with key customers. Our differentiated offering in Sugar Reduction, Naturals & Renewable Ingredients, Plant-based Foods, and Clean & Responsible Fragrances continued to drive growth. We continued to outperform our key competitor.

In the second half of the Fiscal Year, we delivered double-digit Revenue growth of +10.0%, maintaining the momentum that we had at the beginning of the year.

During FY22, on a geographical basis, we achieved strong Revenue growth across all regions and strong momentum in our key geographies, including Europe (+18.9%), India (+13.1%), China (+9.4%), and North America (+5.1%).

GROSS PROFIT AND ADJUSTED EBITDA

Like the rest of the industry, we have witnessed significant inflationary pressure on raw materials, energy and transportation costs, which accelerated in the second half of the year, as well as new waves of Covid-19 affecting various geographies. We have also faced an unfavorable evolution of foreign exchange rates, linked primarily to the strengthening of the US dollar and the weakening of the Euro relative to the Swiss franc.

We took proactive actions to mitigate the negative effect of these challenges, including pricing in partnership with our customers, and cost discipline. Gross Profit reached CHF 1,847 million, up +5.0% on a reported basis. Gross Margin, as a percentage of Revenue, decreased by -210 basis points compared to the previous year, to 39.1%.

Adjusted EBITDA increased by double-digits to CHF 905 million, up +10.9% year-over-year. Excluding the impact of acquisitions and foreign exchange Adjusted EBITDA would have increased by +13.1%. Including the 12-month impact pro-forma impact of acquisitions, Adj. EBITDA was CHF 916m.

Adjusted EBITDA margin, as a percentage of Revenue, increased to 19.2%, up +10 basis points compared to the previous year. Excluding the impact of acquisitions and foreign exchange, Adjusted EBITDA margin would have increased by +30 basis points.

EBITDA was CHF 798 million, down -8.6% year-over-year, due to the impact of non-recurring expenses linked to the DSM-Firmenich merger. Excluding the impact of acquisitions, foreign exchange and non-recurring expenses related the DSM-Firmenich merger, EBITDA would have increased by +3.2% .

FINANCIAL COSTS AND OTHER FINANCIAL EXPENSES

Financing costs remained stable at CHF 48 million, compared to CHF 48 million in the previous year. Net other financial expenses reached CHF 14 million, compared to CHF 19 million the previous year. Lower foreign exchange losses were partly offset by devaluation of financial instruments linked to the Essential Labs transaction. In addition, there was a CHF 24 million remeasurement to fair value of our pre-existing interest in ArtSci, following our move to majority ownership.

We benefited from our ongoing investment in growing segments and differentiated offerings, including Sugar Reduction, Naturals & Renewable Ingredients, Plant-based Foods, Clean & Responsible Fragrances, e-commerce and digital channels.

NET INCOME

Net Income attributable to equity holders of the Parent reached CHF 392 million, a decrease of 12.8% year-over-year. This was driven by a reduction in Operating Profit, higher income tax expenses partly offset by lower Other expenses, and the exceptional impact of costs linked to the DSM-Firmenich merger. In addition, Net Income in FY 2021 had benefited from exceptional gains linked to disposals and settlement of legal claims, resulting in a higher base of comparison.

TAX

The Group effective tax rate reached 17.4%, compared to 14.9% in the previous year. The increase was linked to the geographic mix of one-time expenses.

FREE CASH FLOW

We delivered strong free cash flow generation, reaching an EBITDA to Free Cash Flow conversion ratio of 51.8%, while prioritizing customer service levels and security of supply in a challenging global raw material and supply chain environment.

51.8%
EBITDA TO FCF CASH CONVERSION RATIO

Free Cash Flow decreased by -19.1% year-over-year to CHF 414 million. On a comparable basis, excluding CHF 72 million of exceptional items that positively affected Free Cash Flow in the previous year, Free Cash Flow decreased by -5.9%. Profit growth was offset by unfavorable working capital, linked to CHF 242 million of higher inventories, as a result of higher safety stocks to preserve customer service, as well as raw material cost inflation.

We will continue balancing customer service with cash generation in line with our commitment to maintaining a strong investment grade credit rating.

FINANCIAL POSITION

The Group's financial position remained strong. Net debt stood at CHF 1,600 million, stable compared to CHF 1,591 million in June 2021. Our Net debt relative to our EBITDA is in line with our expectations and our commitment to maintaining a strong investment-grade credit rating. Total assets reached CHF 8,630 million, compared to CHF 8,328 million in June 2021. Non-current assets reached CHF 5,429 million, and current assets stood at CHF 3,201 million.

DIVIDEND

The Board will propose a dividend payout of CHF 250 million for this fiscal year, to be approved at the Annual Shareholders Meeting in October.

Historical summary

In millions of CHF (except employees) as of June 30:	2022	2021	2020	2019	2018
INCOME STATEMENT					
Revenue	4 722.7	4,272.1	3,877.6	3,873.8	3,658.5
Gross profit	1 846.7	1,758.9	1,728.4	1,693.3	1,701.6
Operating expenses	(1 338.7)	(1,164.5)	(1,105.8)	(986.8)	(1,029.2)
Operating profit	508.0	594.4	622.6	706.5	672.3
Other (expenses) and income	(28.1)	(61.6)	(63.5)	(75.5)	(15.3)
Taxes	(83.7)	(79.6)	(96.9)	(102.0)	(75.3)
Net income (attributable to equity holders)	391.7	449.4	460.2	526.7	580.4
EBITDA	798.1	873.6	822.5	847.7	800.1
Adjusted EBITDA	**904.5**	**815.9**	**858.8**	**832.7**	**825.5**
CASH FLOW STATEMENT					
Cash flows from operating activities	620.8	693.3	641.9	618.8	572.7
Free cash flow	**413.6**	**511.3**	**454.5**	**421.3**	**367.0**
BALANCE SHEET					
Fixed assets	5,429.0	5,472.3	5,132.4	2,586.3	2,207.1
Inventories	1,133.6	896.1	857.8	669.1	679.5
Trade, other receivables and prepaid expenses	1,233.1	1,103.5	1,038.9	1,026.0	1,001.7
Marketable securities, cash and bank balances	756.1	794.6	828.0	448.9	617.1
Net investments	207.2	182.0	187.4	197.5	205.8
Equity attributable to equity holders of the parent	4,241.6	4,023.6	3,477.4	2,686.9	2,414.6
Non-controlling interests	55.0	44.9	45.0	19.5	18.4
Borrowings	2,356.1	2,385.5	2,400.1	559.7	603.9
Other liabilities	1,977.2	1,873.5	2,022.9	1,560.2	1,585.6
Net cash / (Net debt)	(1,599.9)	(1,590.9)	(1,572.1)	(110.6)	13.2

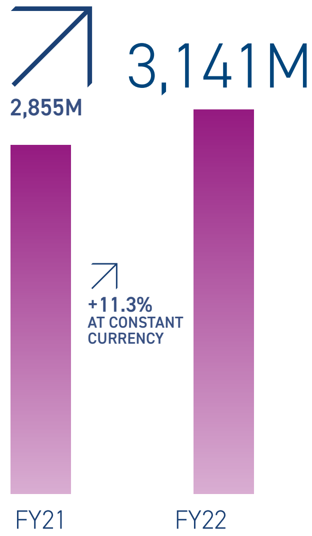
In millions of CHF (except employees) as of June 30:	2022	2021	2020	2019	2018
PERSONNEL					
Number of fixed employees at year end	10,165	9,392	9,166	6,918	6,627
Number of temporary employees at year end	735	542	737	430	413
KEY RATIOS					
Gross margin	39.1%	41.2%	44.6%	43.7%	46.5%
Operating margin	10.8%	13.9%	16.1%	18.2%	18.4%
Net income (attributable to equity holders) / Revenue	8.3%	10.5%	11.9%	13.6%	15.9%
EBITDA / Revenue	16.9%	20.5%	21.2%	21.9%	21.9%
Adjusted EBITDA / Revenue	**19.2%**	**19.1%**	**22.1%**	**21.5%**	**22.6%**
Cash flows from operating activities / Revenue	13.1%	16.2%	16.6%	16.0%	15.7%
Return on equity	9.5%	12.0%	14.9%	20.6%	26.2%
Total equity / Total assets	49.8%	48.9%	44.3%	56.1%	52.6%
Net cash (Net debt) / Equity	**-37.2%**	**-39.1%**	**-44.6%**	**-4.1%**	**0.5%**
Personnel costs / Revenue	23.7%	25.6%	23.8%	22.5%	24.4%
Revenue by employee	0.465	0.455	0.423	0.560	0.552
EBITDA to Free Cash Flow conversion rate	51.8%	58.5%	55.3%	49.7%	45.9%

1. The adoption of IFRS 16 Leases on a prospective basis as of July 1, 2019, resulted in a favorable impact on Adjusted EBITDA of CHF 43.4 million for the year ended June 30, 2020, compared to the prior year

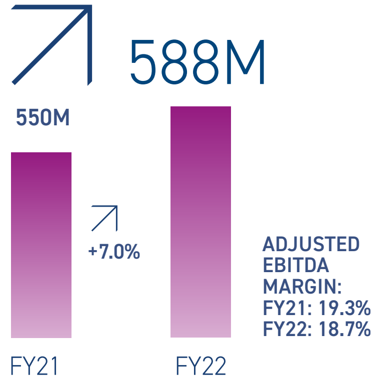
Perfumery & Ingredients

Perfumery & Ingredients delivered double-digit Revenue growth[1], driven by a record increase in Fine Fragrance and Ingredients, while Consumer Fragrances delivered resilient growth despite industry-wide softness.

REVENUE (IN CHF)



ADJUSTED EBITDA (IN CHF)



1. Unless otherwise stated, Revenue growth comparisons are made on an organic basis at constant currency, as defined in the Alternative Performance Measurements section, versus the same period in the prior year.

Perfumery & Ingredients delivered double-digit Revenue growth[1], driven by a record increase in Fine Fragrance and Ingredients, while Consumer Fragrances delivered resilient growth despite industry-wide softness.

In Fine Fragrance, we outperformed the industry and gained market share through our continued focus on innovation, digitalization, and sustainability. Inspired by our vision for Positive Perfumery, we continued to reinvent fragrance design to produce high-performance fragrances that delight consumers, made with clean, renewable, biodegradable and responsibly sourced ingredients. We are key suppliers to all the major brands, with unparalleled customer intimacy and a commitment to best-in-class customer service. Our ideal positioning allowed us to benefit from renewed growth in consumption in Fine Fragrance, which has exceeded pre-pandemic levels.

In Ingredients, we capitalized on strong market demand, thanks to our industry-leading vertical integration, our leadership in proprietary, biodegradable and renewable ingredients, our differentiating local footprint in Europe and North America, and our economies of scale.

We are pleased to have achieved such a strong performance against a challenging macro-environment, marked by raw material cost inflation and shortages, energy cost inflation, global supply chain and logistics challenges, as well as ongoing market softness in the Consumer Fragrances category. We are proactively managing our resources to continue prioritizing our levels of customer service while protecting cash generation and margins.

FY22 PERFORMANCE

Perfumery & Ingredients Revenue reached CHF 3,141 million, an increase of +11.3% year-over-year. Growth was driven by industry-leading performance in Fine Fragrance and Ingredients, continuing the momentum seen in the first half of the year. Foreign exchange, in comparison to prior year rates, had an unfavorable impact of 1.3 percentage points on Revenue growth. As a result, Revenue increased by +10.0% year-over-year on a reported basis. Revenue grew across all our geographies and by double digits in Europe, driven by Fine Fragrance.

Our investment in innovation is paying off, driving Revenue growth. Renewable fragrances, which are aligned with our 2030 ESG ambitions, grew Revenue by +31%; and our e-commerce channel achieved a +10.6% increase in Revenue.

Adjusted EBITDA reached CHF 588 million, up +7.0% year-over-year. Adjusted EBITDA margin as a percentage of Revenue was 18.7%, a decrease of 50 basis points versus the prior year. This was driven by the unfavorable impact of Foreign exchange, in addition to raw material and logistical cost inflation, partly offset by favorable product mix resulting from strong growth in Fine Fragrance. Foreign exchange, in comparison to prior year rates, had a negative impact of CHF -25 million on Adjusted EBITDA. Excluding the impact of foreign exchange, Adjusted EBITDA margin would have been 19.3%.

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FINE FRAGRANCE

In Fine Fragrance, we achieved industry-leading, high double-digit Revenue growth during the year, surpassing pre-pandemic levels and reinforcing our leadership in the Prestige category. We grew Revenue by double-digits with our top customers, as well as in our key geographies, including Europe and North America. Growing consumption and significant new wins with key customers contributed to this result, as our continued investment to drive innovation, and our customer intimacy, paid off. Consumption of Fine Fragrance increased strongly during FY22, as consumers returned to this affordable luxury to satisfy self-care and well-being needs in the wake of the pandemic. Furthermore, the period was marked by a gradual recovery in travel retail.

CONSUMER FRAGRANCES

Consumer Fragrances delivered resilient performance, recording low single-digit growth in Revenue year-over-year. This result was achieved in a context of stagnating consumption in several categories, compounded by a high base of comparison in the previous year, linked to higher demand at the start of the pandemic. In addition, raw material shortages and logistical challenges also impacted the production capacity of some of our customers. Against this challenging backdrop, we have achieved double-digit Revenue growth with our top regional customer accounts, as well as with regional accounts in North America, Europe, India and North & East Asia. We continue to invest for the future and increase our customer intimacy, having also been selected as a core supplier by several key customers during the year.

INGREDIENTS

Ingredients had a record year in FY22 with double-digit Revenue growth across our portfolio of products, outperforming the industry. We grew by double digits in almost all regions, driven by strong demand and price increases to offset input cost inflation. Our differentiating local supply close to key customers and fast-growing markets in Europe and North America, as well as our strength in renewable ingredients, proved to be strong competitive advantages and allowed us to capture growth opportunities. This performance was achieved against a challenging backdrop of capacity constraints, raw material and energy

We are key suppliers to all the major brands, with unparalleled customer intimacy and a commitment to best-in-class customer service.

We have launched a Conscious Perfumery collection of fragrances, based on our sustainable palette of renewable, biodegradable and responsibly sourced ingredients.

inflation, as well as disruption to supply and logistics chains affecting the entire industry.

Throughout the year, we launched multiple initiatives to continue serving strong customer demand and to lift capacity constraints. We increased our production capacity in the US for Habanolide®, our high performance and best-selling iconic musk, and we are launching a major project to also manufacture it in France, close to key markets in Europe. In addition, we commissioned a new production unit for renewable ingredients at our Castets site in France. By providing additional production capacity for perfumery ingredients, this new plant enables superior service to our customers.

Creation & Innovation

We continue to lead in redefining the future of fragrance, in collaboration with our customers, leveraging our deep consumer insights and world-class scientific research.

Superior performance for our customers

We launched new sustainable, high-performing technologies, including the new generation of PopScent® Eco, biodegradable and microplastic free perfume capsules, as well as our new biodegradable HaloScent® profragrances, enhancing bloom and long-lasting performance. We also further developed our receptor-based malodor control program to give consumers the ideal freshness experience.

Supporting consumer choice through olfaction and emotions

Our EmotiOn program leverages decades of cutting-edge neuroscientific research with distinguished scientific partners and our deep consumer insights to help our customers develop perfect product mixes. This year, we developed a new suite of fragrance tools to create positive emotions for consumers. New benefit spaces are being explored and validated scientifically for future launches on the market.

Pioneering a new digital business model for the perfume industry

Scentmate™, our fully integrated, AI-powered digital fragrance house aimed at entrepreneurs and independent brands, celebrates its first anniversary with more than 500 customers and more than 2,000 projects initiated. After a successful launch in Europe, where it reached over 500 customers in its first year, we are rolling out this platform into the new category of Aromachology.

Advancing our vision for Positive Perfumery

We are leading the industry transformation to Positive Perfumery. Positive Perfumery is focused on elevating Perfumery by creating products that are 'good for our consumers', 'good for the planet', and 'good for the communities we serve', which motivates our people each and every day.

As part of our Positive Perfumery vision, our ambition is to lead the industry in sustainable, **Conscious Perfumery**, targeting the delivery of renewable fragrances with lower carbon footprints (from the highest biodegradable category) without compromising on their appeal to consumers. To support this transformation, we have developed CreateForGood™, a design process, that brings together our extensive consumer insights and our creative know-how to help guide our customers in delivering fragrances that are both sensorial and eco-friendly. We are also extending the capabilities of EcoScent Compass™, our integrated science-based impact measurement tool, with an updated version that is strengthened by additional sustainability data points to enhance transparency and support superior consumer claims. This guides our creations towards more sustainable fragrances.

This year, we have launched a Conscious Perfumery collection of fragrances, based on our sustainable palette of renewable, biodegradable and responsibly sourced ingredients. In June 2022, we launched our new Circular Fragrance collection, a unique set of 100% upcycled fragrances created with ingredients from our upcycled palette. The collection harnesses waste or unused source materials such as unsold jasmine flowers and damaged cardamom pods. These are transformed into new materials of higher value, including a new generation of upcycled musks and unique marine molecules, contributing to zero waste and circularity.

Leading in Renewable Ingredients with new groundbreaking products

Building on our strength in R&D and innovation, we continue to break new ground in our day-to-day research, further developing natural ingredients and new technologies, and by extending the application of green chemistry, biotechnology and natural extraction technology, expanding biodegradability as well as upcycling waste or unused by-products.

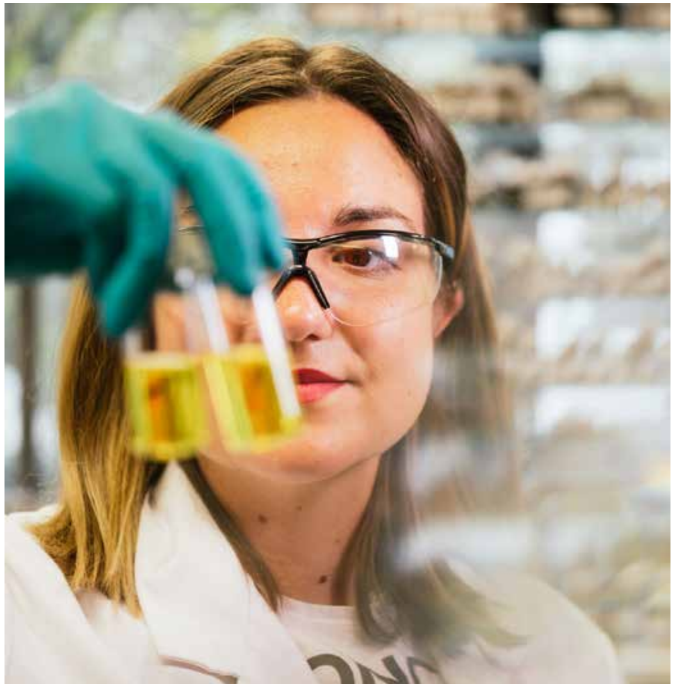
In 2022, we introduced three new biodegradable molecules produced by applying green chemistry principles. The most recent is Muguissimo™, a powerful and cost-effective lily-of-the-valley ingredient highly appreciated by perfumers.

We also developed Muguet Firgood™ a pure and 100% natural ingredient for the luxury perfume market, in partnership with a French start-up, Jungle. Reinforcing our leadership in Naturals, Muguet Firgood™ brings together Jungle's unique capabilities in vertical farming and our proprietary and revolutionary Firgood™ natural extraction technology.

Pioneering and upcycled Ingredients collections

We launched a new collection of signature ingredients earlier this year at our site in Grasse with over 60 customers. This collection comprises renewable, biotechnology, upcycled, natural and traceable Ingredients, and showcases our cutting-edge research capability and technologies.

We also released an Upcycled Collection of 150 ingredients, including citrus oil extracted from salvaged orange peels and cedar oil from leftover woodchips from the furniture industry. This collection valorizes by-products, waste materials or unused products by turning them into new products of higher value for a positive impact on the environment.



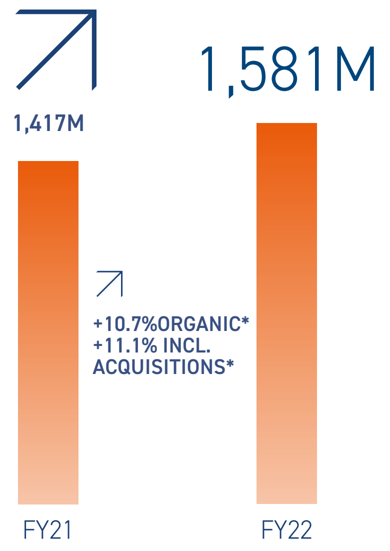
We continue to lead in redefining the future of fragrance, in collaboration with our customers, leveraging our deep consumer insights and world-class scientific research.

Taste & Beyond

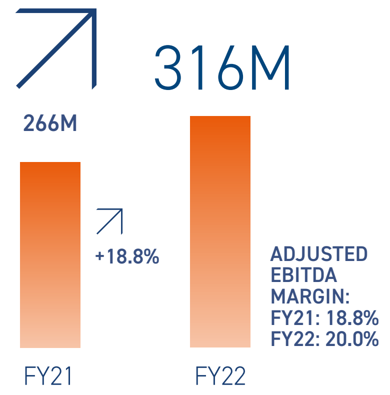
Taste & Beyond accelerated growth in FY22, growing both volume and Revenue by double digits[1] on the back of strong customer demand. We continued to outperform our key competitor, while adapting to a challenging macro-environment.

1. Unless otherwise stated, Revenue growth comparisons are made on an organic basis at constant currency, as defined in the Alternative Performance Measurements section, versus the same period in the prior year.

REVENUE (IN CHF)



ADJUSTED EBITDA (IN CHF)



* At constant currency

Taste & Beyond accelerated growth in FY22, growing both volume and Revenue by double digits[1] on the back of strong customer demand. We continued to outperform our key competitor, while adapting to a challenging macro-environment, marked by raw material cost inflation and shortages, energy cost inflation, global supply chain and logistics challenges, complicated by ongoing uncertainty linked to Covid-19 in some of the markets where we operate. We confirm our strong track record of growth.

This performance is the result of our successful innovation platforms in Naturals, Nutrition and Plant-based foods and beverages, as well as our commercial focus, sharpened by establishing successful strategic partnerships with customers, to help them win with our innovation and consumer insights.

Our Innovation and Beyond Flavors portfolios remain our strategic growth drivers, continuing to generate incremental Revenue momentum thanks to powerful consumers macrotrends of nutrition and healthier lifestyles.

1. Unless otherwise stated, Revenue growth comparisons are made on an organic basis at constant currency, as defined in the Alternative Performance Measurements section, versus the same period in the prior year.

We are industry pioneers in digitalization, leveraging our digital tools to augment the work of our creators, increase our agility and responsiveness to customer needs, and offer a superior customer experience through our e-commerce channel.

FY22 PERFORMANCE

Taste & Beyond Revenue reached CHF 1,581 million, an increase of +10.7%. This is reflected in a double-digit Revenue growth across all core business segments: Beverage, Sweet Goods and Savory. We delivered strong performance in Naturals, including our red fruits, citrus and vanilla tonalities. We also achieved strong growth in our key strategic initiatives, including Sugar Reduction (+20%), and Plant-based Foods and Beverages (+114%). Our e-commerce channel also grew by +44% in the same period. Throughout the year, we achieved significant new business wins, and lower business erosion, across our core business and innovation portfolio, thanks to our improved commercial focus and consumer insights.

We achieved robust Revenue growth across all regions, including our key geographies of India (+29.5%), China (+16.4%), North America (+4.9%), and in Europe (+13.7%), South and East Asia (+8.8%) and Latin America (+13.0%).

Adjusted EBITDA reached CHF 316 million, an increase of 18.8% compared to the previous year, driven by volume growth. Foreign exchange and acquisitions had a favorable impact of CHF 7 million. Excluding these impacts, Adjusted EBITDA would have increased by +16.3%. Adjusted EBITDA margin as percentage of Revenue reached 20.0%, an increase of 120 basis points despite the unfavourable impact of raw material and logistics cost inflation.

BEVERAGES

Beverages achieved strong double-digit Revenue growth. We saw sustained demand in energy drinks, soft drinks, juices and nectars, as well as citrus tonality solutions, natural flavors, and clean label offerings, with new adoptions with key customers in a context of ongoing recovery in Foodservice. Growth was driven by global partner customers, as well as local customers. Our innovations strongly supported this growth, thanks to our strengths in Sugar Reduction and steady demand on Low- and No-Alcohol Drinks platforms and good momentum in our taste delivery systems.

SWEET GOODS

In Sweet Goods, we achieved double-digit Revenue growth. This performance was driven by dairy analogs and nutritional solutions, reinforcing immunity systems for consumers. We achieved strong growth both with global and local customers, as well as with start-up customers, supported by our strength in Sugar Reduction, and integrated solutions for Plant-based Dairy analogs.

SAVORY

Revenue in the Savory category grew by double-digits. Growth was driven by recovery in Foodservice and Snacks, as pandemic restrictions were lifted in many geographies, and by our strong portfolio of Plant-Based Meat analogs, across global customers, local customers and new entrants. We have continued to invest in this rapidly-expanding category, where we expect to continue to see strong long-term growth driven by the consumer shift towards flexitarian diets and the desire for healthier and more sustainable meat alternatives. Our innovation capabilities helped to strengthen our position with our customer partners in Clean Label solutions and Ingredient solutions, by increasing the differentiation and performance of their products.

INNOVATION AND BEYOND FLAVORS

Our Innovation and Beyond Flavors portfolios remain our strategic growth drivers, continuing to generate incremental Revenue momentum thanks to powerful consumers macrotrends of nutrition and healthier lifestyles.

We are industry pioneers in digitalization, leveraging our digital tools to augment the work of our creators, increase our agility and responsiveness to customer needs, and offer a superior customer experience through our e-commerce channel.

Supporting the consumer diet transformation
We are committed to accelerating the consumer-led global diet transformation by helping to create healthier, affordable great-tasting food and beverages with more natural and sustainable ingredients to enhance well-being for people and the planet. This is driven by our purpose and fully aligned with our Taste & Beyond ESG targets, around people, nature and climate. We believe taste is a fundamental catalyst to serve this transformation, with more natural, consumer-preferred eating and drinking experiences that deliver better nutrition and help to serve the plant-based revolution.

Transforming into natural
We are committed to deriving the best from nature with the most positive impact. Our Naturals Transformation ambition answers the consumer demand for more natural and less-transformed products with a better impact on the environment. We are doing this through sustainable procurement standards, collections of certified ingredients with strong involvement at source, and constant innovation.

We are continuously improving our ability to measure our sustainability footprint with new proprietary digital tools that allow us to share knowledge on our ingredients, with the objective of providing our customers with ever-greater transparency to meet the requirements of consumers. We continue to evolve our creation palette with a portfolio of natural and clean label ingredients, utilizing proprietary gentle extraction technology to bring authentic flavor while minimizing plant waste.

We recently launched our Best In Class Lemon portfolio (BICL) to serve the growing demand for clean label products, offering natural extract claims and organic certifications. BICL is a curated portfolio offering a range of lemon profiles selected through extensive consumer sensory insights that delivers winning performance and consumer-preferred taste.

Plant-based revolution
We are helping to accelerate the plant-based revolution with better, more diverse meat and dairy analogs through our SmartProteins® continuous innovation program, featuring proprietary solutions across Aroma, Taste, Texture and Salt Reduction. Since our acquisition of Campus, we have continued to differentiate in the analog space by helping to create complete plant-based eating experiences which delight all the senses. In the first half of the year, we deployed SMART TX, our portfolio of integrated and multifunctional solutions to improve creaminess and mouthfeel of dairy analogs, dietary and nutrition products. Our solutions allow sugar reduction as well as manage off-notes from a wide range of plant protein, using more familiar ingredients desired by customers and consumers. Our innovation in the Plant-based space has allowed us to more than double Revenue in the SmartProteins® program during the year, despite volatility caused by the pandemic. In the second part of the year, we launched Best in Class Milk (BICM), our innovation program bringing together the best of global capabilities with highly-localized consumer insights. BICM help brands develop consumer-preferred products for their market, by combining our masking, texture and taste expertise with informed creation and consumer insights, to create regionally-tailored plant-based milk alternatives.

Better nutrition, with less sugar
Our proprietary consumer research shows that reducing sugar intake is the top health change that consumers intend to make. We lead innovation within the industry in Sugar Reduction, with an integrated range of solutions that preserve taste authenticity. Our Sugar Reduction portfolio Revenue has grown by strong double-digits across all categories this year. We are also meeting consumer demand for lower sodium and cleaner labels through our expanded salt reduction capabilities that offer customers cost-efficient and easy to use solutions.

During FY22, we continued to develop our Nutrition Innovation program, to help consumers better balance their diet and well-being through better-tasting food and beverages, including immunity enhancement and improved microbiome health, with nutritional ready-to-use integrated solutions using fibers, vitamins, minerals and extracts. We are making great strides in innovation focused on the growing market trend towards well-being and moderation. We continue to develop finished flavors that maintain organoleptic performance in low- and no-alcohol beverages, including beers, ciders and spirits. We have developed a large palette of optimization tools to address taste and texture gaps in sugar- and fat-reduced nutritional drinks and alcoholic beverages, as well as to improve taste in non-alcoholic beers.

Enterprise Risk Management

Our Enterprise Risk Management (ERM) framework aims at identifying, assessing and mitigating risks that could impact the execution of Firmenich's strategy and its long-term business success.

OBJECTIVES

ERM ensures we adequately protect the Company while allowing a calculated level of risk in running our business. It provides a common framework to:

- Help management identify underlying trends and any changes that may negatively or positively affect the Company
- Mitigate the associated threats and leverage identified opportunities, leading to stronger performance
- Support risk-informed decision making
- Safeguard Firmenich's Fundamentals and the Company's assets
- Provide reasonable assurance that risks will not prevent our Company from reaching its objectives.

APPROACH

Our ERM follows a rigorous and pragmatic approach, tailored to the Company's needs. It promotes a risk awareness culture and empowers management to foster the Company's resiliency, sustainability and value creation.

PROCESS AND GOVERNANCE

The ERM aims at including all divisional and organizational processes. We run a yearly risk management cycle which includes the following activities:

- Structured risk identification on the basis of an overall risk universe, leveraging internal and external inputs
- Risk assessment, involving risk analysis to understand the underlying drivers, and the definition of likelihood and impact
- Risk mitigation through the formulation of risk responses and mitigating actions
- Periodic monitoring and reporting on risk evolution and mitigating actions
- Follow-up on the emergence of new risks throughout the risk management cycle

The Finance, Audit & Risk Committee of Firmenich's Board of Directors (FA&RC) oversees the Company's strategic approach to risk management; its execution is delegated to the Executive Committee.

The Risk Committee oversees the execution of the ERM process and meets on a quarterly basis. It reviews and validates the results of the risk assessment and assigns top corporate risk sponsorship. The Risk Committee is chaired by the Chief Executive Officer and is composed of the Chief Financial Officer, the Chief Operating Officer, the Presidents of the Commercial Divisions, the General Counsel, the Chief Supply Chain Officer and the VP Enterprise Risk Management (secretary).

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Our ERM follows a rigorous and pragmatic approach, tailored to the Company's needs. It promotes a risk awareness culture and empowers management to foster the Company's resiliency, sustainability and value creation.

STRATEGIC AND COMMERCIAL RISKS

Firmenich is exposed to a number of strategic and commercial risks, including:

- Risk of changing consumer preferences and emergence of new consumption trends
- Risk of business model inadequacy or obsolescence, incl. changes brought by technology trends
- Risks associated with the execution of our digital business transformation
- Risk of increased competition as a result of change in market dynamics or emergence of new market entrants
- Risks associated with the integration of acquisitions

Mitigation strategy:

- We run an efficient consumer and customer insights function
- We leverage strong business intelligence and continuously monitor the competitive landscape
- Our management and Board regularly reassess and adapt our business model and strategy
- We have established a digital transformation roadmap and continuously track its realization
- We apply a thorough acquisition integration approach and monitor the realization of the acquisition business cases

ENVIRONMENTAL AND SUSTAINABILITY RISKS

Risk of climate change

Climate change may impact our ability to operate in certain locations, result in additional costs, or disrupt operations; it may also create sourcing issues, in particular for natural raw materials.

Risk linked to increasing demand for responsible products

There is an increasing demand for responsible products. Firmenich's ability to respond to this consumer macro trend in terms of sustainability and transparency bears risk with respect to supplier selection and their ESG performance, as well as raw material traceability.

Mitigation strategy:

- According to our ESG strategy, we are committed to drive our company to a carbon positive and water neutral future by 2030. Ambitious ESG goals have been set across three key areas: Acting on Climate Change, Embracing Nature, and Caring about People.
  - Clear and ambitious targets are defined in terms of reduction of CO2e emissions, renewable energy consumption and waste reduction.
  - Our Nature commitments are focused on renewability, certification and biodegradability of our products.
- We continue to develop new partnerships and supplier programs to further strengthen our responsible sourcing commitment, guided by our Responsible Sourcing Policy.

OPERATIONAL RISKS

Firmenich is exposed to a number of operational risks, due to its global footprint but also driven by the large-scale recent events, including Covid-19 and more recently the war in Ukraine. Key risks include:

- Risk of disruption or breakdown of our operations as a result of external or internal factors and events that may threaten our ability to produce and deliver quality products on a timely basis
- Risk to raw material availability, and of price volatility that may hinder our ability to produce quality products on a timely basis at a competitive price
- Geopolitical risks, uncertainty and events that may result in business disruption and / or security threats
- Cybersecurity risks that may result in loss or theft of data, or disruption of operations
- Risk of not acquiring and retaining the right talents and missing critical competencies

Mitigation strategy:

- The Business Continuity Management (BCM) process enables us to identify and mitigate risks that could affect our business, operations and manufacturing plants
- We run effective raw material sourcing and supplier risk management processes and tools to anticipate issues and prevent supply shortages
- We continuously monitor safety stocks and work on single source reduction, including in-house production capabilities for key raw materials
- We are committed to protecting our people, processes and assets. The health, safety and security of our employees are our highest priority
- We monitor cyber risks on an ongoing basis. We continuously upgrade our systems and infrastructure and train people to mitigate occurrence and impact of cyber threats
- We leverage strong employer branding to attract the best talents. HR practices in place support talent growth, succession planning and diversity. Inclusion and wellbeing programs addressing physical, mental, social and financial wellbeing are available for our employees.

FINANCIAL RISKS

Firmenich is exposed to usual financial risks, including foreign exchange risk, inflation risk, interest rate risk, credit risk and liquidity risk.

Mitigation strategy:

- We have Finance Corporate policies in place to drive financial risk management across the group and we monitor their execution centrally
- Group Treasury is actively monitoring the foreign currency exposure and implements a hedging strategy where relevant
- The Credit Committee monitors and manages customers' financial risk exposure

LEGAL, REGULATORY & COMPLIANCE RISKS

Legal & compliance risks

Our international operations are subject to regulatory and compliance risks. Illegal or unethical behaviours, including fraud and corruption, may result in business interruption, financial and reputational damages.

Product compliance risks

A non-compliant product from a quality or safety standpoint may result in consumer health issues, customer complaints, and product liability claims leading to financial or reputational damages.

Mitigation strategy:

- Our Fundamentals, the Code of Ethics and the Corporate Policies provide a comprehensive framework to manage legal and compliance risks and we continuously promote best practices and risk awareness
- We proactively monitor regulatory evolution in areas relevant to Firmenich and assess business impacts so that strategy and operations can be adapted when applicable
- Our Quality, Health, Safety, and Environment (QHS&E) Principles and Codes aim at providing best-in-class product quality and service to customers. We market, produce, distribute and sell products that meet or exceed customer requirements and aim to achieve the highest standards of QHS&E performance, starting at the product design stage
- We have rigorous regulatory processes and systems to ensure product safety and compliance

Corporate Governance

In all it does, Firmenich strives to reach the highest governance and operating standards, and live by our Fundamentals – the values determined by our family shareholders many years ago.

Our governance framework supports sustainable financial performance as well as long-term value creation for all our stakeholders: our share and bond holders, our employees, our customers, and the communities in which we operate.

Firmenich's corporate governance principles are embedded in our key governance documents, in particular in the Articles of Association and the Regulations of the Board of Directors (the "Board Regulations"). To support our commitment to maintaining the highest standards, the Governance and Sustainability Committee regularly reviews the Company's corporate governance principles and the key governance documents against evolving best practice standards and new developments.

Shareholders

GENERAL MEETINGS

The Shareholders' Annual General Meeting ("AGM" or "General Meeting") must be held within six months after the end of the financial year (June 30) and generally takes place in early October. Shareholder Meetings may be requested by the Board, the external auditor or shareholders representing at least 10% of the share capital or representing shares with an aggregate nominal value of CH 1 million.

POWERS

The following powers are vested exclusively in the General Meeting:

- Adoption and modification of the Articles of Association
- Appointment of the members of the Board of Directors, the Chairman of the Board, the members of the Human Capital Committee and the external auditors
- Approval of the maximum aggregate annual compensation of the Board and DG members
- Approval of the management report and the consolidated financial statements
- Approval of the financial statement of Firmenich International SA, and of the appropriation of available earnings, including dividends
- Discharge of Board members
- Approval of increases/reductions of share capital
- Decisions on other matters that are reserved by law or by the Articles of Association.

Board of Directors

PRINCIPAL MISSION

In accordance with Swiss law, the Articles of Association and the Board Regulations, the duties of the Board of Directors include the overall management of the Company, defining the organization, overseeing risk control, the ultimate supervision of the persons entrusted with managing the company, in particular with regard to compliance with the law, organizing the accounting, financial control and financial planning systems, notifying the court in case of insolvency, verifying the qualifications of the auditors and overseeing the management and maintenance of the Fundamentals. The Board sets the strategic direction for Firmenich, appoints and oversees the CEO and Executive Committee ("DG"), convenes the AGM, approves the Company's ESG strategy and ESG report, as well as the Company's compensation policies and major transactions and investments.

COMPOSITION

Except in extraordinary circumstances, the Board is composed of seven to nine members in accordance with Article 21 of the Articles of Association. A majority of the members must be directors independent from the shareholders. The Board is currently composed of nine members, of which five are independent, and four are members of the Firmenich family.

ELECTION AND TERM OF OFFICE

Board members, including the Chairman, are elected individually by the shareholders at the General Meeting, for a three-year term of office (unless otherwise decided by the General Meeting). The members of the Human Capital Committee, which is the Committee responsible for Compensation, are elected individually by the shareholders at the General Meeting for a one-year term of office, which expires at the next AGM. The Board must ensure that the mandates of at least two board members expire at each AGM.

According to our Articles of Association, the mandate of any Board member automatically terminates on the date of the AGM called to approve the accounts for the financial year in which any such Board member has attained the age of 70. In addition to the age limit, the Articles of Association foresee that Board mandates may be renewed for up to five consecutive mandates.

SUCCESSION PLANNING

The Human Capital Committee ensures effective succession plans for the Board, the CEO, and the DG. Candidates are interviewed by the Board, and the Human Capital Committee makes a recommendation to the full Board, which ultimately decides on the appointments, subject to the powers of the AGM to elect Board members.

INDEPENDENCE

We assess the independence of the Non-Family Board Members coming up for election/ re-election. The Firmenich independence criteria provide, in particular, that no Board member may have a contractual relationship with Firmenich, have been an employee or DG member of Firmenich in the last 3 years, nor hold shares in Firmenich (whether directly or indirectly).

From Left to Right:
Richard Ridinger, Karen Jones Easton, Antoine Firmenich, Patrick Firmenich, Pierre Bouchut, Barbara Kux, André Pometta, Ajai Puri, Diana Oltramare

MANDATES OUTSIDE THE FIRMENICH GROUP

According to the Article of Association, mandates are limited to five, in addition to the Company Board mandate. "Mandates" means holding the position of a director in a for-profit commercial enterprise. Pro-Bono mandates in family-owned entities of the Board member, Advisory Boards, and mandates in not-for-profit entities are not taken into account, provided the level of commitment in these is not incompatible with the work required for the Firmenich Board. Mandates in entities of the same group of companies count as one mandate.

DIVERSITY

Firmenich has long been convinced by the benefits of Board diversity, fostering a greater variety of problem-solving approaches, perspectives, and ideas. Firmenich's five independent Board Members represent 5 nationalities. Of the Firmenich Board members, 33% are female and 67% male. 55% are above the age of 60, and 45% aged between 40 and 60.

SELF-ASSESSMENT

The Board performs a complete review of its performance every 3 years, covering topics including roles & responsibilities, Board governance, impact, composition, and skills. The process is supported by an external consultancy firm. The last assessment was done in 2020.

BOARD SKILLS

The Human Capital Committee periodically reviews the composition and size of the Board to ensure that the Board has the proper expertise, and consists of sufficient diversity including diversity of gender, backgrounds, knowledge, and experience to meet the needs of the Company. To learn more about our Board members, please refer to their biographies below.

1. PATRICK FIRMENICH

Chairman, Chair of the Human Capital Committee

Swiss national, born 1962.
Board Member since 2002.
Chairman of the Board since 2016.

Patrick Firmenich was appointed Chairman of the Board of Firmenich in October 2016, after first joining the Board in 2002 when he became CEO of Firmenich. Patrick served as the Group's CEO for 12 years, from 2002 to 2014. During this time, he maintained Firmenich's leadership in Perfumery and Ingredients, while implementing a long term vision for the Company's Flavors Business Unit. He also sustained Firmenich's above average investment in R&D and legacy of game-changing technologies, while setting an ambitious sustainability strategy for the Company and leading the Company to achieve world class HS&E performance.

Patrick first joined Firmenich in 1990, and spent a decade successfully leading the strategic development of the Company's International Fine Fragrance business in New York and Paris before being appointed to the Executive Committee in 1999.

Patrick is a Board member of the UBS Group SA, Jacobs Holding AG, INSEAD, and the INSEAD World Foundation. He also serves as a member of the Advisory Council of the Swiss Board Institute.

He is the winner of the 2020 EY Entrepreneur of the Year™ Switzerland award for Family Business.

Patrick holds a law degree from the University of Geneva and qualified as a barrister in 1987. He also holds a Master's degree in Business Administration from INSEAD in Fontainebleau.

2. BARBARA KUX

Vice-Chairman, Chair of the Governance and Sustainability Committee

Swiss national, born 1954.
First joined 2008-2011, rejoined since 2013.

Barbara served on the Firmenich Board from May 2008 to October 2011. She rejoined the Board in 2013 and was appointed Vice-Chairman in 2016. Barbara has over 30 years of experience in management positions with leading international industrial and consumer goods companies. She started her career as a management consultant with McKinsey.

In 2008, she was appointed the first woman to the Managing Board of Siemens AG where she increased results from supply chain management and green technologies, as she had done in her previous role at Royal Philips, where she was a Member of the Group Management Committee from 2003 to 2008. As Member of the SDSN Leadership Council for the UN she has contributed to the development of the Sustainable Development Goals (SDGs).

Barbara is Member of the Supervisory Board of Henkel AG & Co. KGaA and a member of the International Advisory Board of Adobe. In addition, she has been appointed as a Member of the Advisory Boards of INSEAD, the Max Schmidheiny Stiftung and the Department of Economics at the University of Zurich.

She is a lecturer for sustainability at the University of St.Gallen and has been appointed Director for Corporate Governance at INSEAD.

Barbara holds a Master's degree in Business Administration with Distinction from INSEAD in Fontainebleau. INSEAD has recognized her among the 50 Alumni who changed the World.

3. PIERRE BOUCHUT

Board Member, Chair of the Finance, Audit and Risk Committee

French national, born 1955.
First joined 2016.

Pierre was the Chief Operating Officer for Europe and Indonesia and a member of the Management Board of Ahold Delhaize until September 2018. Prior to the merger of Ahold and Delhaize, Pierre was the Executive Vice President and Chief Financial Officer of Delhaize Group having joined them in 2012. Before joining Delhaize Group, Pierre was Chief Financial Officer and then Executive Director of Growth Markets at Carrefour, overseeing operations in Latin America, Turkey, India, Indonesia and Malaysia. He also oversaw Carrefour Personal Financial Services operations worldwide and was in charge of IT and Real Estate globally. Pierre also worked at the Schneider Group as Chief Financial Officer and member of the Management Board, developing numerous initiatives in structured finance, risk management and external growth; was CEO of Casino group; worked at McKinsey & Company as a consultant in the corporate finance and integrated logistics practices; and prior to that, was with Citibank in Paris.

He is a Board Member of Geopost SA (a subsidiary of the French Post Office), Albioma SA (a company specialized in the production of "green" electricity), Entain Plc (a sports betting and gaming group) and Pepco NV (a pan-European retail group). In addition, he was recently appointed as Board member of Tom&Co (a pet food and supplies retailer).

A graduate of HEC Paris, he holds a Master's degree in Applied Economics from the University of Paris Dauphine.

4. ANTOINE FIRMENICH

Board Member, Member of the Governance & Sustainability and Finance, Audit & Risk Committees

Swiss national, born 1965.
First joined 2009.

Antoine Firmenich joined the Board of Firmenich in 2009. He was a Board Member of Sentarom SA, Switzerland, the holding company of the Firmenich group of companies, from 2004 until 2015, serving as its Chairman from 2009 until 2015.

Since 2008 Antoine is the CEO & Managing Director of Aquilus Pte Ltd in Singapore. He is a founding partner of Alatus Capital, a value investment management firm which has worked over the past decade and a half with a number of preeminent global foundations, pension funds, endowments, and discerning long-term investors.

Over the last 15 years, Antoine has been increasingly involved in climate and sustainability issues, specifically supporting basic research projects on several continents, and driving high impact investment and policy initiatives centered on health and education, and the long-term health of oceans and coastal ecosystems.

Prior to his current role, Antoine worked at Firmenich in a number of leadership roles within the Flavors division, which included responsibility for the Flavors division Sweet Goods Global Business Unit, its Savory Global Business Unit and for all Encapsulated solutions.

He has served on a number of corporate boards, including SIX-listed Nobel Biocare, the world's largest dental implant and digital dentistry company (since taken over by Danaher in the U.S).

He holds a BS in Life Sciences from the Massachusetts Institute of Technology (MIT), a PhD in Biochemistry from Stanford University School of Medicine and an MBA from the Stanford University Graduate School of Business.

5. DIANA OLTRAMARE

Board Member, Member of the Governance and Sustainability Committee

Swiss national, born 1979.
First joined 2021.

Diana Oltramare was appointed to the Board of Sentarom SA, the holding company of the Firmenich group of companies in 2018, and has been serving as its Vice-Chair since 2021. Prior to joining the Sentarom Board, Diana worked successively as an Associate in Geneva law firm Bonnant Warluzel & Associés, and a Risk Manager at Swiss private bank Lombard Odier. She also had training experience working within the legal advisory team of UBS Financial Services in New York.

Diana holds a law degree from the University of Geneva and was admitted to the Geneva Bar in 2007.

6. KAREN JONES EASTON CBE

Board Member, Member of the Human Capital Committee

British national, born 1956.
First joined 2011.

Karen has over 30 years of experience in creating, developing, and leading hospitality businesses across the U.K. She was previously CEO of Spirit Group Ltd (a 2,500 strong pub group) and Co-Founded the Pelican Group Plc, the owner of several successful restaurant chains.

Karen is Executive Chairman of Prezzo, chairs Hawksmoor (backed by Graphite Capital), Mowgli Street Food (backed by Foresight Group) and Frontier Pubs (a JV with Ei Group/Stonegate Pubs). She was appointed as Commissioner for The Crown Estate in 2020 and is a member of the Board of online food delivery company, Deliveroo Plc where she chairs the remuneration Committee.

Karen chairs the Board of National Theatre Enterprises Ltd, sits on the Imbiba Advisory Board and is a Patron of the National Society for the Prevention of Cruelty to Children.

She holds a BA in English and American Literature from the University of East Anglia in the UK, which also awarded her an honorary doctorate and where she is now Chancellor. She spent a year at Wellesley College, USA.

In the Queen's Birthday Honours in June 2022, Karen was awarded the honour of DBE (Dame Commander of the British Empire) for Services to Business and Hospitality.

7. ANDRÉ POMETTA

Board Member, Member of the Human Capital Committee and Finance, Audit and Risk Committees

Swiss national, born 1965.

First joined 2003.

André Pometta joined the Firmenich Board in 2003. He was a Board member of Sentarom SA from 2000 to 2008, and re-joined in 2014, serving as its Chairman since 2021.

Today, André works exclusively on innovative projects with investors, successful entrepreneurs, and executives. He advises and supports businesses and start-ups in the fields of social integration, clean tech, and affordable tourism.

Prior to working independently, André was a member of Firmenich's Flavour Executive Team until 2013 and was appointed President of Firmenich China in 2008. He played an active role in the restructuring of the division, building a culture of customer & consumer centricity, and was instrumental in establishing China as its own independent region within the organization.

André joined Firmenich in 1997 in the Fragrance division. He spent most of his career working for customers in China, Southeast Asia, Eastern Europe and the Middle East, where he successfully led and implemented strategies that delivered significant growth with local customers in emerging markets. André started his career in the Philippines working more than four years for the Zuellig Group where he held various positions in sales, marketing and operations.

André is a Board Member of Smixin SA (a cleantech company).

André holds a BS in Economics from HEC Lausanne, Switzerland.

8. DR. AJAI PURI

Board Member, Member of the Governance and Sustainability and Human Capital Committees

U.S./U.K. national, born 1953.

First joined 2014.

From 2003 to 2007, Ajai served as Executive Board Member and President – Research, Development and Product Integrity at Royal Numico, a specialized nutrition company. At Royal Numico, now part of Groupe Danone, he was responsible for developing and implementing a highly successful science driven, consumer-led R&D strategy in the areas of early life and medical nutrition. He also served as Principal Crisis Management Officer at the Company. Prior to Royal Numico, Ajai had a long career at The Minute Maid Company / The Coca-Cola Company in the U.S. During this 22 year period, he held a various positions of global scope including that of Senior Vice President Technical (Science and Technology).

Ajai holds non-executive directorships at Britannia Industries Ltd, one of India's largest independent food groups, Olam International, a leading global food and agri-business and at IMI Plc, a specialist engineering group. He was also recently appointed as non-executive director of Califia Farms, a North American leader in plant milks and premium ready-to-drink coffee. His previous board mandates include non-executive directorships with Nutreco NV, Barry Callebaut AG and Tate & Lyle Plc.

He holds a Ph.D. in Food Science from the University of Maryland, College Park, United States and an MBA from the Crummer School, Rollins College, Orlando, United States.

9. RICHARD RIDINGER

Board Member, Member of the Finance, Audit and Risk Committee

German national, born 1958.

First joined 2016.

Richard has extensive experience in science-driven organizations. His most recent role was as the CEO of Lonza, a global leader in Life Sciences which he held until 2019. In this position, he strengthened Lonza's market position in relevant markets, and drove competitive capabilities and productivity improvement in critical areas. Prior to becoming CEO at Lonza, he was responsible for Care Chemicals, the largest group at Cognis, a former division of Henkel, with approximately 3,000 employees. A trained chemical engineer, his experience spans process development, production management, product and marketing management, leading global business units and responsibility for leading a worldwide specialty chemicals group.

Richard is Chairman of the Board of Recipharm AB, Chairman of the Advisory Committee of Zentiva, Board Member of SHL Medical AG, Member of the Advisory Group of NOVO Holding and member of the Supervisory Board of Brenntag AG.

He holds a Master's degree in chemical engineering from the University of Karlsruhe in Germany.

Board Committees

ROLE OF THE BOARD COMMITTEES

In accordance with the Articles of Association, the Board may establish Committees to assist it in preparing decisions in the areas of its competence. The Board sets out the composition and the responsibilities of the Committees in a Charter. The Committees review the files submitted to them, conduct research and analysis when deemed necessary, and submit their recommendations to the Board, which has sole authority to decide. The Board appoints the Committee members and the Chair of each Committee, subject to the powers of the AGM to elect the members of the Human Capital Committee.

EMBEDDING ESG IN ITS GOVERNANCE

At the 2021 AGM, in anticipation of new Swiss legislation on non-financial reporting requirements, the shareholders approved the Company's ESG report in a non-binding vote.

In 2022, the Board reinforced its governance in ESG matters through the creation of a Governance and Sustainability Committee and a Human Capital Committee. With these changes, the Board reviewed the composition of its Committees, and the shareholders unanimously approved the members of the new Human Capital Committee at an Extraordinary General Meeting held on March, 3 2022. The Governance and Sustainability Committee reviews Firmenich's ESG strategy, and the Human Capital Committee reviews the company's performance against its Human Capital goals, including Diversity & Belonging. The existing Finance, Audit and Risk Committee reviews the reported ESG results. Oversight of Firmenich's ESG ambitions and strategy remain the responsibility of the Board.

Additional information on the primary responsibilities of the Board Committees can be found below.

GOVERNANCE AND SUSTAINABILITY COMMITTEE

Members: Barbara Kux (Chair), Diana Oltramare, Antoine Firmenich, Ajai Puri

Primary Responsibilities:

- Periodically review the Articles of Association and the Board Regulations/Committee Charters and recommend changes to the Board for the purpose of fostering good corporate governance and shareholder's rights
- Periodically review the Board Committee structures
- Annually review the Board and DG members' external mandates
- Supports the Board in undertaking evaluations in the Board's performance
- Review the Company's ESG strategy and goals, and recommend it to the Board for approval
- Define and periodically review the Company's ESG metrics
- Periodically review the Company's ESG performance against peer groups
- Review the Company's ESG report and recommend it to the Board for approval

HUMAN CAPITAL COMMITTEE

Members: Patrick Firmenich (Chair), Karen Jones Easton, André Pometta, Ajai Puri.

Primary Responsibilities:

- Periodically review the composition of the Board and its Committees and propose qualified individuals to become members of the Board of Directors
- Prepare and maintain succession plans for the CEO and DG
- Review annually the performance of family associates employed within the Company
- Review annually the performance of the Company's People strategy, including the Diversity and Belonging strategy
- Prepare the compensation report and submit it to the Board for approval
- Review the design and implementation of the Company's compensation principles, variable compensation and long-term incentive plans
- Propose to the Board the aggregate compensation for the Board and the DG, for approval by the AGM

FINANCE, AUDIT & RISK COMMITTEE

Members: Pierre Bouchut (Chair), Antoine Firmenich, André Pometta, Richard Ridinger

Primary Responsibilities:

- Oversee the external auditors that audit the Company's financial statements and ESG report and review their performance
- View the structure, funding, and accruals of the Company employee pension funds
- Review periodic reports of the Internal Audit function
- Approve Enterprise Risk Management governance and methodology
- Review the process for monitoring compliance within the Company of the Code of Ethics
- Ensure the Company's ESG reporting is in compliance with the standards set by the Governance and Sustainability Committee, and review and evaluate the internal controls in place to ensure integrity and accuracy of the Company's ESG results

THE CHAIRMAN

In addition to the powers laid down in the Articles of Association, the Chairman's responsibilities include organizing the affairs of the Board to ensure the Company moves forward with its strategies, reviewing with the CEO the major strategic projects before submissions to the Board, communicating to the Board any information that may have a significant impact on the Company's strategy, reviewing actual and potential conflicts of interest of a Board member, and maintaining regular and frequent contact with the CEO outside Board meetings, as well as with the DG members.

Patrick Firmenich, Chairman of the Board, is a Firmenich family member and non-executive Board member.

DELEGATION OF MANAGEMENT

The Board delegates day to day business management of the Group to the CEO subject to the powers of the Board reserved by law, the Articles of Association, and the Board Regulations.

CHIEF EXECUTIVE OFFICER

The CEO, assisted by the Executive Committee (DG), is primarily responsible for the business management of the organization, including embedding the Firmenich Fundamentals throughout the Group, presenting the Group's strategy and general policies to the Board for approval, and driving business development. The CEO leads the DG in order to achieve the strategic plans and annual budgets of the Group, communicates relevant updates to the Board, ensures the implementation of the ESG strategy and crisis management framework, proposes to the Board the appropriate organizational model to achieve the Group's objectives and ensures compliance with the law and the Code of Ethics.

Board and Committee attendance

BOARD OF DIRECTORS
Meetings held between July 1, 2021 and June 30, 2022: 14

BOARD MEMBER	Number of Board meetings/calls attended
Patrick Firmenich	14
Barbara Kux	14
Pierre Bouchut	13
Antoine Firmenich	14
Michel Firmenich (resigned on October 5, 2021)	2
Karen Jones Easton	13
Diana Oltramare (elected on October 5, 2021)	12
André Pometta	14
Ajai Puri	14
Richard Ridinger	13

With the creation of the Governance and Sustainability and Human Capital Committees in March 2022, the previously existing Governance and Compensation Committee and Nomination Committees ceased to exist under those names. Also in March 2022, the Board reviewed the composition of the Finance, Audit & Risk Committee. The below charts show attendance at the previous and existing Committees throughout the financial year.

GOVERNANCE & COMPENSATION COMMITTEE
Meetings held between July 1, 2021 and March 3, 2022: 6

GCC MEMBER	Number of GCC meetings/calls attended
Karen Jones Easton	6
Michel Firmenich (resigned on October 5, 2021)	3
Antoine Firmenich	6
Diana Oltramare (appointed on October 5, 2021)	3
Richard Ridinger	6

GOVERNANCE & SUSTAINABILITY COMMITTEE
Meetings held between March 3, 2022 and June 30, 2022: 1

GSC MEMBER	Number of GSC meetings/calls attended
Barbara Kux	1
Antoine Firmenich	1
Diana Oltramare	1
Ajai Puri	1

NOMINATION COMMITTEE
Meetings held between July 1, 2021 and March 3, 2022: 2

NOM MEMBER	Number of NOM meetings/calls attended
Patrick Firmenich	2
Michel Firmenich (resigned on October 5, 2021)	1
Barbara Kux	2
Diana Oltramare (appointed on October 5, 2021)	1
Ajai Puri	2

HUMAN CAPITAL COMMITTEE
Meetings held between March 3, 2022 and June 30, 2022: 1

HCC MEMBER	Number of HCC meetings/calls attended
Patrick Firmenich	1
Karen Jones Easton	1
André Pometta	1
Ajai Puri	1

FINANCE, AUDIT& RISK COMMITTEE
Meetings held between July 1, 2021 and March 3, 2022, with former composition: 4

FARC MEMBER	Number of FARC meetings/calls attended
Pierre Bouchut	4
Antoine Firmenich	4
Barbara Kux	4
André Pometta	4

FINANCE, AUDIT & RISK COMMITTEE
Meetings held between March 3, 2022 and June 30, 2022, with current composition: 2

FARC MEMBER	Number of FARC meetings/calls attended
Pierre Bouchut	2
Antoine Firmenich	2
André Pometta	2
Richard Ridinger	2

Executive Committee (Direction Générale "DG")

RESPONSIBILITIES OF THE EXECUTIVE COMMITTEE ("DG")

The DG supports the CEO in each of the CEO's areas of responsibility, including ensuring compliance with the Fundamentals, Code of Ethics, and law throughout the organization, preparing strategies and strategic plans, ensuring efficient operations and optimizing results, promoting internal and external communications, ensuring resources are used efficiently, and promulgating general policies, including people, safety and environmental protection.

DIVERSITY

The DG's nine members (which includes the CEO) are drawn from each of the Company's key business divisions and functions. Illustrating our inclusive and diverse corporate culture, 4 of our DG members are female, and seven nationalities are represented.

GILBERT GHOSTINE

CEO

Gilbert Ghostine joined Firmenich in 2014 as the Group's first non-family member CEO. Building on Firmenich's legacy of worldclass research and creativity, exemplified by a Nobel Prize, he is firmly focused on shaping winning solutions for our customers to delight their consumers worldwide. Firmenich's groundbreaking science and innovation capability is working to address some of the greatest global challenges, such as wellbeing, nutrition and harnessing digital transformation. Under Gilbert's leadership, Firmenich has grown into a recognized global leader in Environmental, Social and Governance (ESG) performance, driven by bold and measurable ambitions. Firmenich grew at above 5% organic CAGR over the last 8 years while securing 14 key acquisitions. Prior to leading Firmenich, Gilbert acquired a deep understanding of the Consumer Goods and Luxury industries, for more than 2 decades during 21 years with Diageo, the premium drinks company. He led the Diageo businesses across four continents: Africa, Asia Pacific, the United States and Europe. Gilbert holds a Master's Degree in Business Administration from Saint Joseph University, Lebanon and completed Harvard Business School's Advanced Management Program.

BOET BRINKGREVE

President, Ingredients

Boet Brinkgreve has a track record of driving strategic growth and transformation at Firmenich since 2007. As President of Ingredients & Procurement, he is responsible for strengthening the Group's leadership in naturals, biotech, biodegradable synthetic and renewable ingredients. Focused on driving the most competitive palette in the industry across perfumery and flavors, Boet leads the Group's end-to-end Ingredients business, spanning sales, portfolio management and industrial operations, as well as new business segments, such as adhesives, cosmetics and agriculture. He is also responsible for the strategic leadership of Procurement, overseeing global sourcing, procurement and supplier collaboration. Previously, Boet held the position of Chief Supply Chain Officer. Prior to joining Firmenich, Boet worked for DuPont in several senior roles, in private equity and ran various start-ups. Boet holds a Bachelor's degree in Mechanical Engineering from HTS Den Bosch, and an Executive MBA from INSEAD.

EMMANUEL BUTSTRAEN

President Taste & Beyond

(Nominated Chief Integration Officer effective July 12, 2022)

Emmanuel joined Firmenich as President of Taste & Beyond in 2018 and has been driving the business' transformation to become the global innovation partner of choice to the food and beverage industry, leading growth across the Group's three segments: Beverages, Sweet Goods, and Savory. Creating winning solutions for customers with a focus on enhanced well-being, he has put Firmenich's expertise to work making healthier choices taste great, from sugar and salt reduction, to plant proteins, clean label offerings and functional nutrition solutions. Prior to Firmenich, Emmanuel was President of Solvay's Novecare global business unit, preceded by 17 years with BASF, where he served as Strategy Senior VP of the Agricultural Products division. Emmanuel graduated as an Agricultural Engineer and obtained an MBA, both from the University of Lille, France.

BENOIT FOUILLAND

Chief Financial Officer

Benoit joined Firmenich as Chief Financial Officer in September 2020. He is responsible for leading the Company's global finance organization and serves as Secretary of the Finance, Audit & Risk Committee of the Board of Directors. Benoit brings extensive experience of building and leading finance organizations at global technology companies, including Business Objects, SAP and Criteo. In his most recent role as Criteo's CFO he had a pivotal role in scaling the company through rapid growth and leading its highly successful NASDAQ IPO. A business minded leader with extensive public market CFO experience, Benoit is passionate about driving finance strategies to maximize company performance and enable sustainable business success. He holds a Master's in Management from the ESLSCA Graduate School of Business in Paris, a Master's degree in Finance from Dauphine University in Paris and an MBA from INSEAD.

ERIC NICOLAS

Chief Operating Officer

Eric Nicolas oversees Corporate Strategy & M&A, Digitalization and Information Services, Business Process Excellence, Global Workplace Solutions, and Supply Chain. A champion of sustainable finance, he is a Board Member of the Livelihoods Carbon Fund, rated as "Best Corporate Offsetting Program" by the Voluntary Carbon Markets Rankings in 2016. Prior to joining Firmenich, Eric served as Senior Vice President, Corporate Controller and Group Strategy of the Renault Group in Paris, France. Eric holds a Master's in Econometrics from the University of Paris 1 Panthéon-Sorbonne, a Doctorate in Economy and Organizational Sciences, a Master's in Finance from HEC in Paris, and has successfully completed the International Directors Program at INSEAD.

DR. SARAH REISINGER

Chief Research Officer

Sarah has been driving Firmenich towards new frontiers of scientific excellence, building on the company's legacy of industry-leading innovation. By embracing new technology to deliver breakthrough solutions in a fast-changing world, she has harnessed a multidisciplinary and global approach to research and development. Sarah combines an extensive background in biotechnology with a strong track record in ingredients and technology development for the consumer goods industry. Prior to joining Firmenich in 2018, she held pivotal roles at Ginkgo Bioworks, Intrexon and Amyris, having started her career in the field of biology and cancer therapeutics. She holds a bachelor's in Biology from Harvey Mudd College, US, as well as a master's in Plant Biology and a Ph.D. in Microbiology from the University of California, Berkeley, US.

ILARIA RESTA
President Perfumery

Ilaria was named Firmenich's President of Global Perfumery in 2020, and has since been transforming the Fine Fragrance and Consumer Fragrances business. Ilaria has been leading organizational change and pioneering digital innovation to take on new markets, augment creative excellence, and drive sales for winning performance with our customers. A passionate business leader with expertise in brand building, sales and P&L management, Ilaria has more than 22 years of experience with Procter & Gamble, building iconic home and personal care brands such as Tide, Ariel, Fairy, Swiffer, Duracell, Pantene, Head & Shoulders, Herbal Essences and Aussie, across Europe, Middle-East, China and North America. She was recognized as 2020 Brand Builder of the Year in the US by WWD (Women's Wear Daily) and won the 2022 Achiever Award from the Cosmetic Executive Women (CEW) organization. Ilaria holds a bachelor's in Marketing and Economics from the University of Naples, Italy.

JANE SINCLAIR
General Counsel

Jane has led the governance functions of Firmenich since 2016, bringing over 30 years of international experience in FMCG, pharmaceuticals and research companies. With extensive experience in emerging and mature markets, Jane is committed to building trust to last by conducting responsible business for present and future generations. In addition to being the General Counsel, Jane leads the Legal & Compliance functions across Firmenich's worldwide operations with direct oversight of Legal; Intellectual Property; Quality, Health, Safety & Environment; Regulatory; Business Ethics and Trade Compliance. With her commitment to responsible business, the company's leadership in environmental, safety and regulatory stewardship has been recognized globally. Prior to joining Firmenich, Jane worked in multiple senior roles in the Asia Pacific, US, Europe and Australia for Abbott, AbbVie, Genea and The Coca-Cola Company. Jane holds an LL.B. in Asian Studies and Law from the Australian National University, an MBA from Deakin University, Australia, and successfully completed the INSEAD International Directors Program.

MIEKE VAN DE CAPELLE
Chief Human Resources Officer

Mieke joined Firmenich as Chief Human Resources Officer in 2016. She has been responsible for leading the Global Human Resources, Sustainability and Corporate Communications functions, setting the company's strategy and winning culture as a responsible business, with the additional responsibility of being the Secretary of the Governance and Compensation Committee of the Board of Directors. Under her leadership, Firmenich obtained the EDGE global certification for gender equality, as one of only seven companies worldwide, and Ethical Corporation's global Diversity & Inclusion Award. A seasoned leader with 20 plus years of broad consumer goods experience, Mieke has worked across Europe, the US and Asia. She holds a master's degree in International Communication Strategy from the University of Burgundy, France, a master's degree in Philology from Ghent University, Belgium, and diplomas in Business Administration and Management as well as Organizational Leadership from IMD Business School.

External auditors

The external auditors audit Firmenich International SA consolidated financial statements and its subsidiaries (the Group) in order to provide an opinion on the consolidated financial statements and on the internal control system. Furthermore, the external auditors audit the Firmenich International SA financial statements in order to provide an opinion on the financial statements and on the internal control system.

At the AGM on 12 October 2010, KPMG SA was first appointed as Group and statutory auditor of Firmenich International SA and its affiliates and has held the audit mandate since that time. At the AGM on 5 October 2021, KPMG SA was reappointed as statutory auditor of the fiscal year 2022. The rotation of the lead auditor follows the legally required maximum duration of seven years in accordance with art. 730 a par. 2 of the Swiss Code of Obligations.

During the financial year, KPMG SA attended three Finance, Audit & Risk Committee (FARC) meetings.

Financial statements

Consolidated financial statements

Consolidated income statement

For the year ended June 30

In millions of CHF	Notes	2022	2021
Revenue	27	**4 722.7**	**4 272.1**
Cost of goods sold	20/21	(2 876.0)	(2 513.2)
Gross profit		**1 846.7**	**1 758.9**
as % of revenue		*39.1%*	*41.2%*
Distribution expenses	20/21	(161.9)	(121.5)
Research and development expenses	20/21	(401.1)	(397.7)
Commercial and marketing expenses	20/21	(464.9)	(448.2)
Administration expenses	20/21	(322.2)	(276.3)
Other operating income	20	11.4	79.2
Operating profit		**508.0**	**594.4**
as % of revenue		*10.8%*	*13.9%*
Financing costs	22	(48.3)	(48.4)
Net other financial expenses	23	(13.7)	(18.9)
Remeasurement to fair value of pre-existing interest in an acquiree	6	23.7	-
Share of profit of jointly controlled entities and associates, net of taxes	6	10.3	5.7
Income before taxes		**480.0**	**532.8**
Income tax expense	24	(83.7)	(79.6)
Net income for the period		**396.3**	**453.2**
Attributable to:			
Non-controlling interests	14	4.6	3.8
Equity holders of the parent		**391.7**	**449.4**
as % of revenue		*8.3%*	*10.5%*
Basic and diluted earnings per A share (in CHF)	13	483.57	554.88
Basic and diluted earnings per B share (in CHF)	13	48.36	55.49

The notes 1 to 33 are an integral part of these consolidated financial statements.

Consolidated financial statements

Consolidated statement of comprehensive income

For the year ended June 30

In millions of CHF	Notes	2022	2021
Net income for the period		**396.3**	**453.2**
Items that may be reclassified subsequently to the income statement			
Exchange differences on translating foreign operations		12.4	(44.1)
Exchange differences on translating foreign operations in jointly controlled entities and associates		(10.2)	(6.6)
Items that will not be reclassified to the income statement			
Remeasurement of employee benefit obligations	15	291.2	246.1
Equity investments at fair value through other comprehensive income		(139.9)	153.8
Related tax on remeasurement of employee benefit obligations	24	(41.8)	(38.3)
Related tax on equity investments at fair value through other comprehensive income	24	19.7	(21.6)
Total other comprehensive income for the period, net of tax		**131.4**	**289.3**
Total comprehensive income for the period		**527.7**	**742.5**
Attributable to:			
Non-controlling interests	14	3.9	3.4
Equity holders of the parent		523.8	739.1

The notes 1 to 33 are an integral part of these consolidated financial statements.

Consolidated financial statements

Consolidated statement of financial position

As at June 30

In millions of CHF	Notes	2022	2021
Assets			
Goodwill and intangible assets	3	2 900.3	2 888.4
Property, plant and equipment	4	1 688.7	1 635.0
Financial investments and other long-term assets	5	607.6	686.1
Investments in jointly controlled entities and associates	6	148.8	146.3
Deferred tax assets	24	83.6	116.5
Total non-current assets		**5 429.0**	**5 472.3**
Inventories	7	1 133.6	896.1
Trade accounts receivable	8/25	1 020.7	958.2
Other receivables and prepaid expenses	9	212.4	145.3
Derivative financial instruments assets	10/25	13.8	1.8
Current income tax assets		64.3	59.2
Financial investments	11/25	164.4	223.2
Cash and cash equivalents	25	591.7	571.4
Total current assets		**3 200.9**	**2 855.2**
Total assets		**8 629.9**	**8 327.5**
Equity and liabilities			
Share capital	12	40.5	40.5
Retained earnings and other reserves		4 728.6	4 755.5
Remeasurement of employee benefit obligations		4.6	(244.8)
Translation of foreign operations		(532.1)	(527.6)
Equity attributable to equity holders of the parent		**4 241.6**	**4 023.6**
Non-controlling interests	14	55.0	44.9
Total equity		**4 296.6**	**4 068.5**
Employee benefit obligations	15	210.2	463.0
Provisions	16	11.9	12.7
Deferred tax liabilities	24	276.1	301.8
Long-term borrowings	17/25	2 250.3	2 287.5
Redemption liabilities	18	99.7	77.4
Other debt	18	35.3	18.1
Total non-current liabilities		**2 883.5**	**3 160.5**
Trade accounts payable	25	527.1	354.1
Other payables and accrued expenses	19	674.1	529.4
Derivative financial instruments liabilities	10/25	7.0	6.5
Employee benefit obligations	15	50.5	18.2
Provisions	16	4.6	11.5
Current income tax liabilities		80.8	80.8
Short-term borrowings	17/25	105.7	98.0
Total current liabilities		**1 449.8**	**1 098.5**
Total liabilities		**4 333.3**	**4 259.0**
Total equity and liabilities		**8 629.9**	**8 327.5**

The notes 1 to 33 are an integral part of these consolidated financial statements.

Consolidated financial statements

Consolidated statement of changes in equity

In millions of CHF	Share capital	Retained earnings and other reserves	Remeasurement of employee benefit obligations	Fair value reserve	Translation of foreign operations	Attributable to equity holders of the parent	Non-controlling interests (*)	**Total Equity**
Balance as at July 1, 2020	**40.5**	**4 377.8**	**(461.4)**	**6.5**	**(486.0)**	**3 477.4**	**45.0**	**3 522.4**
Net income for the period		449.4				449.4	3.8	**453.2**
Other comprehensive income for the period		(17.5)	216.6	132.2	(41.6)	289.7	(0.4)	**289.3**
Total comprehensive income for the period		**431.9**	**216.6**	**132.2**	**(41.6)**	**739.1**	**3.4**	**742.5**
Dividends		(180.2)				(180.2)	(1.5)	**(181.7)**
Remuneration on deeply subordinated fixed rate resettable perpetual notes (note 12)		(7.6)				(7.6)		**(7.6)**
Changes in non-controlling interests		(5.1)				(5.1)	(2.0)	**(7.1)**
Net change in other equity items		**(192.9)**				**(192.9)**	**(3.5)**	**(196.4)**
Balance as at June 30, 2021	**40.5**	**4 616.8**	**(244.8)**	**138.7**	**(527.6)**	**4 023.6**	**44.9**	**4 068.5**
Balance as at July 1, 2021	**40.5**	**4 616.8**	**(244.8)**	**138.7**	**(527.6)**	**4 023.6**	**44.9**	**4 068.5**
Net income for the period		391.7				391.7	4.6	**396.3**
Other comprehensive income for the period		7.4	249.4	(120.2)	(4.5)	132.1	(0.7)	**131.4**
Total comprehensive income for the period		**399.1**	**249.4**	**(120.2)**	**(4.5)**	**523.8**	**3.9**	**527.7**
Dividends		(250.3)				(250.3)	(1.3)	**(251.6)**
Acquisition of business		(24.8)				(24.8)	8.4	**(16.4)**
Remuneration on deeply subordinated fixed rate resettable perpetual notes (note 12)		(30.4)				(30.4)		**(30.4)**
Changes in non-controlling interests		(0.3)				(0.3)	(0.9)	**(1.2)**
Net change in other equity items		**(305.8)**				**(305.8)**	**6.2**	**(299.6)**
Balance as at June 30, 2022	**40.5**	**4 710.1**	**4.6**	**18.5**	**(532.1)**	**4 241.6**	**55.0**	**4 296.6**

(*) Refer to note 14

The notes 1 to 33 are an integral part of these consolidated financial statements.

Consolidated financial statements

Consolidated statement of cash flows

For the year ended June 30

In millions of CHF	Notes	2022	2021
Cash flows from operating activities			
Net income for the period		396.3	453.2
Income tax expense	24	83.7	79.6
Income before taxes		**480.0**	**532.8**
Depreciation of property, plant and equipment	4/20	177.9	170.8
Amortization of intangible assets	3/20	106.9	102.6
Impairment losses	4/20	5.3	5.8
Changes in provisions and employee benefits		5.3	41.9
Other non cash items		4.5	(53.7)
Net interests		39.0	44.4
Share of profit of jointly controlled entities and associates	6	(10.3)	(5.7)
Adjustment for non-cash items		**328.6**	**306.1**
Changes in inventories		(242.4)	(37.6)
Changes in trade and other receivables		(132.9)	(44.9)
Changes in trade and other payables		330.7	72.5
Changes in working capital		**(44.6)**	**(10.0)**
Interests paid		**(45.8)**	**(39.5)**
Income tax paid		**(97.4)**	**(96.1)**
Cash flows from operating activities		**620.8**	**693.3**
Cash flows used in investing activities			
Purchase of property, plant and equipment	4/27	(171.5)	(185.7)
Purchase of intangible assets	3/27	(37.8)	(38.1)
Disposal of intangible assets, property, plant and equipment		2.1	41.8
Net investments		**(207.2)**	**(182.0)**
Acquisition of businesses (net of cash)	2	(110.6)	(123.8)
Acquisition of jointly controlled entities and associates (net of cash)	6	(108.0)	(65.6)
Proceeds / (acquisition) of short-term financial investments		56.8	(103.8)
(Acquisition) / proceeds of long-term financial investments		(32.4)	1.8
Interests received		1.9	4.0
Dividends received		8.7	3.0
Cash flows used in investing activities		**(390.8)**	**(466.4)**
Cash flows used in financing activities			
Proceeds from borrowings	17	195.5	41.8
Repayments of borrowings	17	(69.4)	(135.5)
Payment of lease liabilities	17	(44.9)	(46.4)
Payment of redemption liability and other debt		(0.1)	(29.7)
Remuneration on deeply subordinated fixed rate resettable perpetual notes	12	(30.4)	(7.6)
Dividend payment to equity holders of the parent	13	(250.3)	(180.2)
Acquisition of non-controlling interests	14	(4.3)	-
Dividend paid to non-controlling interests	14	(1.3)	(1.5)
Cash flows used in financing activities		**(205.2)**	**(359.1)**
Net decrease in cash and cash equivalents		**24.8**	**(132.2)**
Cash and cash equivalents			
Cash and cash equivalents at beginning of period		571.4	704.7
Net effect of currency translation on cash and cash equivalents		(4.5)	(1.1)
Cash and cash equivalents at end of period		591.7	571.4
Cash and cash equivalents variation		**24.8**	**(132.2)**

The notes 1 to 33 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. Accounting information and policies

Firmenich Group

Firmenich International SA is incorporated and domiciled in Switzerland (7, rue de la Bergère, 1242 Satigny, Canton of Geneva). These consolidated financial statements comprise Firmenich International SA and its subsidiaries (the Group).

The Firmenich Group operates worldwide and has affiliated companies and representative offices in over 30 countries. The Group is a global supplier of fragrances and flavors.

Firmenich International SA is controlled by Sentarom SA. The ultimate controlling party is the Firmenich family.

A list of main entities of the Group is disclosed in note 33.

The financial year 2022 covers the period from July 1, 2021 to June 30, 2022.

Basis of accounting

The Group's consolidated financial statements are prepared in accordance with the accounting and reporting requirements of the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Swiss law. The consolidated financial statements are prepared on an accrual basis and using the historical cost convention, unless otherwise stated.

The Firmenich International SA Board of directors approved for issue these consolidated financial statements on August 4, 2022. They are subject to the approval by the Annual General Meeting on October 4, 2022.

In the following notes all amounts are shown in millions of Swiss francs (CHF) unless otherwise stated.

Critical accounting estimates and judgments

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses, disclosure of contingent assets and liabilities at the date of the financial statements. Actual outcomes could differ from those estimates. The estimates and underlying assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Furthermore, the application of the Group's accounting policies may require management to make judgments, apart from those involving estimates that can have a significant effect on the amounts recognized in the financial statements.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next twelve months are:

a) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with IFRS. The recoverable amounts of cash-generating units (i.e. CGU) have been determined based on value-in-use calculations.
These calculations require the use of estimates (refer to note 3).

b) Pensions and other post-employment benefits

The Group operates various pensions and post-employment benefit plans. The net defined liability recognized in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method and is determined by discounting the estimated future cash outflows. The latter will depend on assumptions such as expected salary increases, pension increases, plan participants withdrawal rate and life expectancy. The actuarial assumptions (including the discount rate) used may differ materially from actual results e.g. due to changes in market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants and significantly impact the amount of pension costs and pension liabilities to be recognized (refer to note 15).

Changes in significant accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended June 30, 2021, as described in the 2021 consolidated financial statements with the exception of the adoption as of July 1, 2021, of the standards and interpretations described below.

Notes to the consolidated financial statements

A number of new amendments are effective from July 1, 2021, but they do not have a material effect on the Group's financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest Rate Benchmark Reform (IBOR), Phase 2, provide relief from applying requirements relating to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark. The reliefs have the effect that changes that result as a direct consequence of IBOR reform will not result in an immediate gain or loss in the income statement and should also not generally cause hedge accounting to terminate (refer to note 25 Market risk - Interest rate risk).

Amendments to IFRS 16, COVID-19-Related Rent Concessions, provides practical relief for lessees in accounting for rent concessions by introducing an optional practical expedient under which lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. The practical expedient was introduced in 2020 and extended by 12 months due to the economic challenges presented by the COVID-19 pandemic that persist longer than anticipated.

Standards issued but not yet effective

A number of standards are effective for annual periods beginning after July 1, 2021 and earlier application is permitted. However, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The Group is currently considering the implications of all other amendments and new standards on its consolidated financial statements.

Group significant accounting policies

Principles of consolidation

I. Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The consideration transferred (the assets given up, shares issued or liabilities undertaken at the date of acquisition) in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

Transaction costs are recognized in the income statement, except if related to the issue of debt or equity securities. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill, which is tested annually for impairment. If the cost of acquisition is less than the fair value of the net assets of the affiliated company acquired, a bargain purchase gain is recognized directly in the income statement.

II. Subsidiaries

Subsidiaries are entities controlled (directly or indirectly) by the Group. The financial statements of subsidiaries are included in the consolidated financial statement from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

III. Non-controlling interests (NCI)

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

IV. Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in the income statement. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Notes to the consolidated financial statements

V. Interests in joint ventures and associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for the liabilities.

Interests in jointly controlled entities and associates are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income (OCI) of jointly controlled entities and associates, until the date on which joint control or significant influence ceases. Under this method, these investments are shown in the statement of financial position at the Group's share of the net assets of the companies and the movement for the year in these investments is shown in the income statement.

VI. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with jointly controlled entities and associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Foreign currencies

The Group's presentation currency is Swiss francs (CHF), which is the parent company's functional currency.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into CHF at the exchange rates ruling at the year-end. The income statement accounts are translated into CHF at the exchange rates at the dates of the transactions. Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI. Statement of cash flows are translated into CHF by applying to the foreign currency amount the exchange rate at the dates of the transactions. On the disposal of a foreign operation, the cumulative translation adjustments relating to that foreign operation are recognized in the income statement as part of the gain or loss on disposal.

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the respective company's functional currency at the exchange rate at the reporting date. Foreign currency differences are generally recognized in income statement and presented within Net other financial expenses, including the effects of forward contracts, except for transactions qualified as net investment in a foreign operation. Exchange gains and losses arising on such transactions are recognized in other comprehensive income.

Revenue

The Group generates revenue from contracts with customers for the sale of fragrance and flavor products. The performance obligation is satisfied when control over a good is transferred to the customer. Revenue is recognized at that point in time based on the price specified in the contract, net of the estimated volume discounts provided that it is highly probable that a significant reversal will not occur. The Group recognizes revenue when it transfers control over a good to a customer which is deemed upon shipment.

No element of financing is deemed present as the sales are made with a short-term credit term.

Other significant accounting policies are included in the relevant notes and applied throughout the consolidated financial statements.

Hyperinflationary economies

Group companies whose functional currencies have experienced a cumulative inflation rate of more than 100% over the past three years apply the rules of IAS 29 "Financial Reporting in Hyperinflationary Economies".

The statement of financial position and income statement of group companies operating in hyperinflationary economies are restated for the changes in the general purchasing power of the local currency, using official indices at the closing date, before translation into Swiss Francs and, as a result, are stated in terms of measuring unit current at the closing date.

The impact of the restatement of the non-monetary assets and liabilities with the general price index at the beginning of the period is recorded in equity. The subsequent gains or losses on the net monetary position and non-monetary assets and liabilities are recorded in the consolidated income statement.

The hyperinflationary economies in which the Group operates are Argentina and Turkey. Argentina was hyperinflationary for all years presented, and Turkey became hyperinflationary effective July 1, 2021. None of them have a significant impact on the consolidated financial statements.

Notes to the consolidated financial statements

2. Business combinations

2.1 Business combination agreement

In May 2022, the Group announced a merger agreement with DSM to become the leading creation and innovation company in Nutrition, Beauty and Well-Being. DSM is a Dutch company that specializes in nutritional ingredients for food and feed with proven world-leading bioscience capabilities and an international network of high-quality manufacturing sites that underpin a business model of global products, local solutions and personalization and precision. DSM has transformed itself during its long history into the health, nutrition and bioscience global leader that they are today.

DSM and Firmenich will seek to obtain all the necessary approvals and competition clearances as soon as is practicable and will initiate the information and applicable consultation procedures, with DSM's work councils and unions as soon as possible. The Offering Circular is expected to be made public in the second half of the calendar year 2022. The merger is expected to ultimately close in the first half of calendar year 2023.

2.2 Businesses acquired

2.2.a Business acquired in 2022

Business acquired	Cash generating unit	Date of acquisition
ArtSci	Taste & Beyond	April 30, 2022

The Group increased its equity stake in ArtSci Biology Technologies Co Ltd (ArtSci) from 49.99% to 90.00%, thereby taking control of the business. ArtSci is a leading taste company in China's middle market and a strategic partner to Firmenich since 2019. Headquartered in Hangzhou, ArtSci specializes in dairy and beverages as well as bakery and confectionery, and is strongly established with a broad distribution network across China where it is known for its agility in serving local big and mid-sized customers.

The identifiable assets and liabilities are recorded at fair value at the date of acquisition. The resulting goodwill of CHF 182.1 is attributable to the revenue growth and synergies expected to be achieved by developing the Group's presence in China. Transaction costs of CHF 1.5 have been expensed (included in Administration expenses) and are part of the Cash flows from operating activities. The goodwill is not deductible for tax purpose. The Group recognized a redemption liability on the remaining 10% interest to be acquired in ArtSci (refer to note 18).

Since acquisition date, ArtSci contributed CHF 6.6 to revenue. If control had been taken on July 1, 2021, management estimates that consolidated revenue would have increased by CHF 31.2. The impacts on the Group's net income are insignificant.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to these amounts, or any additional provisions that existed at the date of acquisition, then the accounting for this acquisition will be revised.

2.2.b Business acquired in 2021

Business acquired	Cash generating unit	Date of acquisition
MG International	Perfumery	July 1, 2020

The Group initially acquired 69% of Gülçiçek Kimya ve Uçan Yaglar Sanayive Ticaret A.S. (MG International). MG International is a leading middle-market Fragrance company based in Turkey with an extensive reach across its broader region.

Notes to the consolidated financial statements

2.3 Assets and liabilities recognized at the date of acquisition

2.3.a Assets and liabilities recognized at date of acquisition in 2022

In millions of CHF	ArtSci
Non-current assets	
Intangible assets	71.6
Property, plant and equipment	10.5
Financial investments and loans	2.7
Deferred tax assets	0.1
Current assets	
Cash and cash equivalents	3.9
Inventories	2.7
Trade accounts receivable	11.1
Other receivables and prepaid expenses	2.4
Non-current liabilities	
Deferred tax liabilities	(11.3)
Long-term borrowings	(0.1)
Current liabilities	
Trade accounts payable	(7.0)
Other payables and accrued expenses	(2.7)
Short-term borrowings	(0.1)
Total identifiable net assets acquired at fair value	**83.8**
Non-controlling interests at the proportionate share of the acquiree's net assets	(8.4)
Total identifiable net assets attributable to the Group	**75.4**
Fair value of pre-existing interest in ArtSci (*)	(143.0)
Goodwill arising on acquisition	182.1
Consideration transferred	**114.5**

(*) The remeasurement to fair value of the pre-existing interest in ArtSci resulted in a gain of CHF 23.7 recorded in the income statement (refer to note 6).

2.3.b Assets and liabilities recognized at date of acquisition in 2021

In millions of CHF	MG International
Non-current assets	
Intangible assets	86.2
Property, plant and equipment	35.7
Current assets	
Cash and cash equivalents	1.5
Inventories	15.5
Trade accounts receivable	21.9
Other receivables and prepaid expenses	3.0
Non-current liabilities	
Deferred tax liabilities	(19.5)
Long-term borrowings	(0.5)
Current liabilities	
Trade accounts payable	(5.1)
Other payables and accrued expenses	(2.9)
Short-term borrowings	(11.9)
Total identifiable net assets attributable to the Group	**123.9**
Goodwill arising on acquisition	55.7
Consideration transferred	**179.6**
Less redemption liability (note 18)	(54.3)
Purchase price paid	**125.3**

Notes to the consolidated financial statements

2.4 Cash flow on acquisitions

2.4.a Cash flow on acquisitions in 2022

In millions of CHF	ArtSci
Purchase price paid	**(114.5)**
Cash and cash equivalents acquired	3.9
Net cash outflow	**(110.6)**

2.4.b Cash flow on acquisitions in 2021

In millions of CHF	MG International
Purchase price paid	**(125.3)**
Cash and cash equivalents acquired	1.5
Net cash outflow	**(123.8)**

3. Goodwill and intangible assets

Goodwill arising on the acquisition of businesses is measured at cost less accumulated impairment losses. Intangible assets are initially recorded at cost of purchase or development and are measured at cost less accumulated amortization and any accumulated impairment losses.

Amortization of intangible assets

The amortization on a straight-line basis is done over the following periods:

Customer base	10 to 20 years
Technology and formulas	5 to 10 years
Brands and trademarks	5 to 20 years
Software and other	5 to 20 years

Impairment

At each reporting date, the Group reviews the carrying amounts of its intangible assets to determine whether there is an indication of impairment. If any such indication exists, then the assets' recoverable amount are estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash-flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Goodwill

Goodwill is allocated to CGUs according to the geography and business segment that are expected to benefit from the synergies of the business combination.

In millions of CHF	2022	2021
CASH GENERATING UNITS		
Perfumery & Ingredients	1 002.7	1 103.7
Perfumery	23.1	42.9
Consumer fragrance	250.1	241.3
Taste & Beyond	720.0	554.7
Total goodwill	**1 995.9**	**1 942.6**

Refer to note 2 for the allocation of goodwill arising from acquisitions to their respective CGUs.

Notes to the consolidated financial statements

The recoverable amount of CGUs is determined based on value-in-use calculations. These calculations use cash flow projections based on financial business plans and budgets approved by management covering a five-year-period, as well as a terminal value. The terminal value assumes the long-term inflation rate for growth beyond the five year period. The discount rates used are based on the Group's weighted average cost of capital adjusted for currency risks associated with the cash flow projections. A pre-tax discount rate of 8.0% (2021: 7.6%) was applied to cash-flow projections for the Perfumery & Ingredients, Perfumery and Consumer fragrance CGUs, and 7.1% (2021: 6.8%) for the Taste & Beyond CGU.

The key sensitivities for the impairment tests are the growth in revenues, the operating margin and the discount rate. Reducing the expected revenue growth rate, the operating margin or increasing the discount rate by reasonable basis points would not result in the carrying amount of a cash-generating unit exceeding its recoverable amount.

No impairment loss resulted from the impairment tests for goodwill.

Customer base

Customer base consists of client relationships to key customers that complement the Group's client portfolio and increase market share.

Technology and formulas

Application technologies and formulas consist of manufacturing recipes, production and natural extraction know-how acquired via business combinations.

Brands and trademarks

The Group acquired several brands and trademarks as part of business combinations for the Taste & Beyond and Perfumery & Ingredients divisions.

Software and other

Software

Costs associated with developing or maintaining internally generated computer software programs are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate future economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the software development costs, comprising employees' and consultants' cost, and an appropriate portion of relevant overheads.

Patents, licenses

Acquired patents, licenses and other purchased rights are initially recorded at their acquisition cost and are amortized on a straight-line basis over the lower of their estimated economic lives or legal duration, up to a maximum of 20 years. Incorporation expenses are not capitalized but recognized as an expense when incurred.

Research and development

Research expenditure is recognized as an expense as incurred. Development costs are recognized as intangible assets only if the costs can be reliably measured, future economic benefits are probable, the product is technically feasible and the Group has the intent and the resources to complete the project. Capitalized development costs are amortized on a straight-line basis over the period of the expected benefit. In most cases development costs are expensed as incurred, as they do not meet the criteria for recognition as an asset.

Development in progress

Development in progress consists of development expenses for the Canopy project which aims to install an intelligent and collaborative platform for the Development and Application communities across the world, for both Perfumery and Taste & Beyond CHF 6.9 (2021: CHF 0.0); a tool for mass reformula and molecules development (Amyris Inc) CHF 6.2 (2021: CHF 1.4); DRT SAP implementation CHF 4.8 (2021: CHF 0.0) and various other projects including software developments CHF 26.7 (2021: CHF 43.1).

These intangible assets not being yet available for use, they are subject to a review for impairment annually, or more frequently if events or circumstances indicate this is necessary. Any impairment is charged to the income statement as it arises.

Notes to the consolidated financial statements

In millions of CHF	Goodwill	Customer base	Technology and formulas	Brands and trademarks	Software and other	Development in progress	Total
COST							
Opening balance 2021	**1 872.3**	**680.8**	**440.6**	**116.4**	**482.6**	**40.0**	**3 632.7**
Additions	-	-	-	-	0.8	37.3	**38.1**
Disposals	-	-	-	-	(0.6)	(0.4)	**(1.0)**
Transfers (*)	-	(1.1)	9.3	1.5	24.3	(32.4)	**1.6**
Acquisition of businesses	55.7	34.5	26.5	23.2	2.0	-	**141.9**
Currency translation and others	14.6	(2.6)	(6.1)	(4.6)	0.3	(0.0)	**1.6**
Closing balance 2021	**1 942.6**	**711.6**	**470.3**	**136.5**	**509.4**	**44.5**	**3 814.9**
Additions	-	-	-	-	0.3	37.5	**37.8**
Disposals	-	-	-	(0.2)	(2.0)	(0.0)	**(2.2)**
Transfers (*)	-	-	-	1.3	35.3	(37.1)	**(0.5)**
Acquisition of businesses	182.1	43.0	16.0	12.5	0.1	-	**253.7**
Currency translation and others	(128.8)	(27.0)	(6.4)	(5.6)	(2.0)	(0.3)	**(170.1)**
Closing balance 2022	**1 995.9**	**727.6**	**479.9**	**144.5**	**541.1**	**44.6**	**3 933.6**
ACCUMULATED AMORTIZATION							
Opening balance 2021		**180.8**	**232.7**	**18.6**	**394.9**		**827.0**
Charge of the year		38.7	24.8	11.1	28.0		**102.6**
Disposals		-	-	-	(0.6)		**(0.6)**
Transfers (*)		0.8	(0.4)	(0.1)	(1.9)		**(1.6)**
Currency translation and others		(0.3)	(0.1)	(0.3)	(0.2)		**(0.9)**
Closing balance 2021		**220.0**	**257.0**	**29.3**	**420.2**		**926.5**
Charge of the year		40.5	25.1	11.0	30.3		**106.9**
Impairment losses		-	-	-	4.9		**4.9**
Disposals		-	-	(0.1)	(0.4)		**(0.5)**
Currency translation and others		(2.2)	(1.5)	(0.5)	(0.3)		**(4.5)**
Closing balance 2022		**258.3**	**280.6**	**39.7**	**454.7**		**1 033.3**
NET BOOK VALUE							
Closing balance 2021	**1 942.6**	**491.6**	**213.3**	**107.2**	**89.2**	**44.5**	**2 888.4**
Closing balance 2022	**1 995.9**	**469.3**	**199.3**	**104.8**	**86.4**	**44.6**	**2 900.3**

(*) Transfers from development in progress to other intangibles categories.

4. Property, plant and equipment

In millions of CHF	Land	Buildings and infrastructure	Equipment	Construction in progress	**Total**
Acquired property, plant and equipment	71.3	583.6	597.9	206.2	**1 459.0**
Right-of-use of assets	2.3	137.9	35.8	-	**176.0**
Closing balance 2021	**73.6**	**721.5**	**633.7**	**206.2**	**1 635.0**

In millions of CHF	Land	Buildings and infrastructure	Equipment	Construction in progress	**Total**
Acquired property, plant and equipment	67.5	606.4	632.4	199.8	**1 506.1**
Right-of-use of assets	2.2	143.5	36.9	-	**182.6**
Closing balance 2022	**69.7**	**749.9**	**669.3**	**199.8**	**1 688.7**

Notes to the consolidated financial statements

Acquired property, plant and equipment

Property, plant and equipment are initially recorded at cost of purchase or construction and depreciated on a straight-line basis over the expected useful lives of the assets. Subsequent expenditure on an item is capitalized at cost only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Impairment

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is an indication of impairment. If any such indication exists, then the assets' recoverable amount are estimated.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount.

Depreciation

The depreciation on a straight-line basis is done over the following periods:

Buildings	25 to 50 years
Infrastructure	10 to 20 years
Equipment	3 to 20 years

Land is not depreciated. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposal of land, buildings, infrastructure and equipment are determined by reference to their carrying amount and are recognized in the income statement.

In millions of CHF	Land	Buildings and infrastructure	Equipment	Construction in progress	**Total**
COST					
Opening balance 2021	**83.6**	**1 317.3**	**1 491.1**	**212.0**	**3 104.0**
Additions (*)	0.2	4.5	12.5	169.3	**186.5**
Disposals	(11.1)	(138.5)	(42.8)	(0.3)	**(192.7)**
Transfers (***)	(7.3)	73.7	104.6	(175.1)	**(4.1)**
Acquisition of businesses	9.4	17.6	7.7	0.1	**34.8**
Currency translation and others	(3.5)	(1.1)	5.1	0.2	**0.7**
Closing balance 2021	**71.3**	**1 273.5**	**1 578.2**	**206.2**	**3 129.2**
Additions (*)	-	3.7	15.4	155.7	**174.8**
Disposals	-	(1.2)	(5.0)	(0.2)	**(6.4)**
Transfers (***)	(0.9)	57.8	114.1	(170.6)	**0.4**
Acquisition of businesses	-	6.5	3.8	-	**10.3**
Currency translation and others	(2.9)	(0.1)	(8.6)	8.7	**(2.9)**
Closing balance 2022	**67.5**	**1 340.2**	**1 697.9**	**199.8**	**3 305.4**
ACCUMULATED DEPRECIATION					
Opening balance 2021		**775.0**	**934.6**		**1 709.6**
Charge of the year (**)		42.4	83.9		**126.3**
Impairment losses		0.9	3.3		**4.2**
Disposals		(126.6)	(42.6)		**(169.2)**
Transfers (***)		(1.5)	0.5		**(1.0)**
Currency translation amd others		(0.3)	0.6		**0.3**
Closing balance 2021		**689.9**	**980.3**		**1 670.2**
Charge of the year (**)		44.0	90.6		**134.6**
Impairment losses		(0.2)	0.6		**0.4**
Disposals		(0.6)	(4.0)		**(4.6)**
Transfers (***)		1.6	(1.6)		**-**
Currency translation and others		(0.9)	(0.4)		**(1.3)**
Closing balance 2022		**733.8**	**1 065.5**		**1 799.3**

(*) Additions of Property, plant and equipment exclude the government grants received of CHF -3.3 (2021: CHF -0.8).

(**) Depreciation charge of the year for Property, plant and equipment exclude the release of government grants of CHF -2.5 (2021: CHF -2.3).

(***) Include transfers from construction in progress to land, buildings and infrastructure and equipment.

Notes to the consolidated financial statements

The sale of the site located in La Jonction (Geneva, Switzerland) was completed and transfer of ownership to the buyer occurred on February 1, 2021. Of the total proceeds of CHF 70.0, cash inflows for the year 2021 amount to CHF 42.0, CHF 7.0 were already received in December 2016 and CHF 21.0 will be received in 2023. The transaction resulted in a capital gain of CHF 48.0 in 2021 recorded under Other operating income (refer to note 20).

Right-of-use assets

The Group leases land, offices, warehouses, vehicles, machinery and IT equipment. Lease arrangements are typically made for fixed periods but may have extension options. The Group has applied judgement to determine the lease term at lease commencement date, which affects the amount of lease liabilities and right-of-use assets recognized, by assessing whether the Group is reasonably certain to exercise such options. These extension options are exercisable only by the Group and not by the lessors.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

Right-of-use assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term, or the lease term will be extended.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Contracts may contain both lease and non-lease components. The Group has elected not to separate lease and non-lease components for lease arrangements other than real estate and accounts for these as a single lease component. However, for leases of real estate the Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Refer to note 17 for details on lease liabilities and amounts recognized in the income statement.

In millions of CHF	Land	Buildings and infrastructure	Equipment	**Total**
COST				
Opening balance 2021	**2.9**	**148.0**	**40.0**	**190.9**
Additions	-	44.6	24.3	**68.9**
Derecognition	(0.3)	(13.6)	(5.4)	**(19.3)**
Acquisition of businesses	0.1	0.1	0.7	**0.9**
Currency translation adjustment	(0.1)	3.7	0.7	**4.3**
Closing balance 2021	**2.6**	**182.8**	**60.3**	**245.7**
Additions	-	45.5	23.8	**69.3**
Derecognition	-	(22.5)	(11.4)	**(33.9)**
Acquisition of businesses	-	0.2	-	**0.2**
Currency translation adjustment	-	(5.6)	(3.7)	**(9.3)**
Closing balance 2022	**2.6**	**200.4**	**69.0**	**272.0**
ACCUMULATED DEPRECIATION				
Opening balance 2021	**0.2**	**21.7**	**8.1**	**30.0**
Charge of the year	0.2	27.5	19.1	**46.8**
Impairment losses	-	1.6	-	**1.6**
Derecognition	(0.1)	(6.6)	(3.1)	**(9.8)**
Currency translation adjustment	-	0.7	0.4	**1.1**
Closing balance 2021	**0.3**	**44.9**	**24.5**	**69.7**
Charge of the year	0.1	27.2	18.5	**45.8**
Derecognition	-	(13.8)	(9.2)	**(23.0)**
Currency translation adjustment	-	(1.4)	(1.7)	**(3.1)**
Closing balance 2022	**0.4**	**56.9**	**32.1**	**89.4**

Notes to the consolidated financial statements

5. Financial investments and other long-term assets

In millions of CHF	Notes	2022	2021
Equity instruments at fair value through OCI		446.6	556.4
Financial assets at fair value through income statement		63.8	73.3
Net defined benefit assets	15	47.6	-
Loans at amortized cost		49.6	56.4
Land use rights		15.7	13.5
Other loans and receivables		25.1	34.5
Loans to related parties		8.0	7.3
Loans to personnel		0.8	1.1
Financial investments and other long-term assets		**607.6**	**686.1**

For accounting policy on financial investments and loans refer to note 25.

Equity instruments at fair value through OCI

The Group owns 21.8% of Robertet SA's share interests, representing circa 11% of voting rights. At June 30, 2022, this investment amounts to CHF 423.5 (2021: CHF 556.4).

In November 2021, Firmenich acquired 10% of S H Kelkar and Co Ltd 's share interests, representing circa 10% of voting rights for a total price of CHF 30.0 (INR 2'461'883). At June 30, 2022, this investment amounts to CHF 23.1.

These equity instruments are long-term strategic investments (not held for trading). On initial recognition, the Group irrevocably elected to present subsequent changes in these investments' fair value in other comprehensive income (also refer to note 25).

During the year, the Group received a net dividend income of CHF 2.9 (2021: CHF 1.9) from these investments.

Financial assets at fair value through income statement

Long-term financial investments held at fair value through income statement include funds in relation with a deferred compensation scheme of CHF 48.1 (2021: CHF 53.5) that are restricted to employee benefits use only. Assets are invested mainly in various mutual funds to cover the company's obligations under deferred compensation arrangements (also refer to note 15). They mainly consist of insurance policy and deposits covering employee benefits.

Loans at amortized cost

Loans to related parties mainly consist of a long-term financing granted to Prolitec Inc of CHF 6.2 (2021: CHF 6.0).

6. Associates and joint ventures

The following is a summary of the movements in the jointly controlled entities and associates. Jasmine Concrete Exports Private Ltd and InnovAroma SA are joint ventures in which the Group has a joint control. The other investments are associated companies in which the Group has a significant influence.

In September 2021, the Group acquired 49% of the shares of Essential Labs LLC for CHF 108.1. This investment is treated as an associate and initialy measured at cost. The Group simultaneously entered a put and call options agreement with the sellers to acquire the remaining 51% shares. The initial valuation of these options amounts to a net financial liability of CHF 4.6 that was recognized against the initial cost of investment.

In April 2022, the Group acquired 40.01% of the outstanding shares in ArtSci Biology Technologies Co Ltd (ArtSci) in addition to the 49.99% previously held (also refer to note 2). The remeasurement to fair value of the Group's existing interest in ArtSci resulted in a gain of CHF 23.7 (CHF 143.0 fair value less the CHF 122.3 carrying amount of the associate at the date of acquisition, plus a reclassification of the translation reserve of CHF 3.0). This amount is presented separately in the income statement.

Notes to the consolidated financial statements

In millions of CHF	ArtSci Biology Technologies Co Ltd.	Essential Labs, LLC	Biomass Energy Solutions VSG SAS	Jasmine Concrete Exports Private Ltd	Other (*)	Total
MOVEMENT IN ASSOCIATES AND JOINT VENTURES						
Opening balance 2021	**46.7**	**-**	**13.0**	**7.0**	**4.9**	**71.6**
Acquisition	65.6	-	-	-	-	**65.6**
Share of profit / (loss)	4.4	-	0.9	(0.1)	0.5	**5.7**
Dividend paid	(3.0)	-	-	-	-	**(3.0)**
Currency translation adjustment	6.0	-	0.4	(0.1)	0.1	**6.4**
Closing balance 2021	**119.7**	**0.0**	**14.3**	**6.8**	**5.5**	**146.3**
Acquisition	-	112.7	-	-	-	**112.7**
Share of profit	4.9	4.2	0.2	0.1	0.9	**10.3**
Dividend paid	(4.7)	(0.8)	-	-	(0.2)	**(5.7)**
Change in control	(122.3)	-	-	-	(0.1)	**(122.4)**
Currency translation adjustment	2.4	5.8	(1.3)	(0.2)	0.9	**7.6**
Closing balance 2022	**-**	**121.9**	**13.2**	**6.7**	**7.0**	**148.8**

(*) In 2022, The Nelixia Company SA, Politec Inc, InnovAroma SA and Kalsangi Pte. Ltd are included under Other. The Group sold its interest in Novali A.S.
In 2021, The Nelixia Company SA, Prolitec Inc, InnovAroma SA, Novali A.S. and Kalsangi Pte. Ltd are included under Other.

The jointly controlled entites and associates have no significant contingent liabilities to which the Group is exposed.

The Group has no outstanding capital commitments to the jointly controlled entities.

7. Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of finished goods and work-in-progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. Allowances for slow-moving and obsolete inventories have been made. Cost is determined using the weighted average cost formula.

In millions of CHF	2022	2021
INVENTORY SPLIT BY CATEGORY		
Raw material and supplies	407.7	301.8
Work in progress	451.4	366.3
Finished goods	300.4	266.6
Allowance for slow-moving and obsolete inventories	(25.9)	(38.6)
Total inventories	**1 133.6**	**896.1**

In millions of CHF	2022	2021
MOVEMENT IN INVENTORY ALLOWANCE		
Opening balance	(38.6)	(24.5)
Increase in allowance	(34.3)	(57.7)
Use and reversal of allowance	46.3	43.8
Currency translation adjustment	0.7	(0.2)
Closing balance	**(25.9)**	**(38.6)**

Total inventory losses for the year ended June 30, 2022 reached CHF 25.0 (2021: CHF 40.7) and are included in the Cost of goods sold.

Notes to the consolidated financial statements

8. Trade accounts receivable

Trade accounts receivable are initially measured at the transaction price and classified as financial assets at amortized cost less loss allowance. They are carried at non-discounted values as they do not contain a significant financing component.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected credit loss allowance for all trade receivables. ECL's are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

In millions of CHF	2022	2021
Trade accounts receivable (gross)	1 029.8	969.1
Allowance for doubtful debts	(9.1)	(10.9)
Total trade accounts receivable	**1 020.7**	**958.2**

The Group has several major global clients, as well as a vast number of customers internationally dispersed. As a consequence, the credit risk with respect to trade accounts receivable is limited. Their carrying amount approximates the fair value.

In millions of CHF	2022	2021
AGEING OF PAST DUE BUT NOT IMPAIRED		
Neither past due nor impaired	987.3	924.2
Less than 30 days	29.2	30.9
30 to 60 days	6.4	6.0
60 to 90 days	4.7	3.1
More than 90 days	2.2	4.9
Less allowance for doubtful debts	(9.1)	(10.9)
Total trade accounts receivable	**1 020.7**	**958.2**

In millions of CHF	2022	2021
MOVEMENT IN LOSS ALLOWANCE FOR IMPAIRMENT		
Opening balance	(10.9)	(7.4)
Increase in allowance for impairment	(12.4)	(22.3)
Reversal of allowance for impairment	13.7	17.3
Use of allowance for impairment	0.2	1.5
Currency translation adjustment	0.3	-
Closing balance	**(9.1)**	**(10.9)**

Total trade accounts receivable written-off for the year ended June 30, 2022 are CHF 0.2 (2021: CHF 1.7).

9. Other receivables and prepaid expenses

In millions of CHF	2022	2021
VAT receivables	55.6	71.1
Other receivables and accrued income	125.2	43.5
Prepaid expenses	31.6	30.7
Total other receivables and prepaid expenses	**212.4**	**145.3**

Other receivables and accrued income contains prepayments on raw materials and a receivable due to the sale of La Jonction site in Geneva (refer to note 4).

Notes to the consolidated financial statements

10. Derivative financial instruments

In millions of CHF	2022		2021	
Fair value	Assets	Liabilities	Assets	Liabilities
Forward exchange contracts	12.6	4.3	1.3	5.3
Currency options	1.2	2.7	0.5	1.2
Total derivative financial instruments	**13.8**	**7.0**	**1.8**	**6.5**

The fair value of derivative financial instruments is determined based on information obtained from financial institutions.

Also refer to note 25 for the classification of Derivative financial instruments according to IFRS 9.

11. Financial short-term investments

In millions of CHF	2022	2021
Fixed term deposits over 48 hours	162.5	220.8
Equity securities	1.9	2.4
Financial investments	**164.4**	**223.2**

For accounting policy on financial investments and further details, refer to note 25.

There are no restrictions on marketable securities.

In millions of CHF	2022	2021
FINANCIAL INVESTMENTS SPLIT BY CURRENCIES		
CHF	100.0	150.0
USD	22.3	38.6
CNY	3.4	1.0
SGD	27.5	-
INR	5.2	26.1
Other	6.0	7.5
Total	**164.4**	**223.2**

12. Share capital and retained earnings

	2022	2021
Registered A shares		
Number	729 000	729 000
Nominal value (in CHF)	50.0	50.0
Total A shares (in millions of CHF)	**36.45**	**36.45**
Registered B shares		
Number	810 000	810 000
Nominal value (in CHF)	5.0	5.0
Total B shares (in millions of CHF)	**4.05**	**4.05**
Share capital (in millions of CHF)	**40.5**	**40.5**

Each share carries the right to one vote. When a dividend on ordinary share is declared, holders of A shares are entitled to a preferential dividend equivalent to 10% of the nominal share value in priority to other dividend payments.

The ordinary share capital of Firmenich International SA has been authorized, issued and fully paid.

Deeply subordinated fixed rate resettable perpetual notes

Firmenich International SA issued EUR 750.0 (CHF 794.5) deeply subordinated fixed rate resettable perpetual notes on June 3, 2020 with a coupon of 3.75% payable annually at the sole discretion of the issuer until the first reset date i.e. September 3, 2025. Thereafter, the interest rate is reset every 5 years. In financial year 2022 the remuneration on the deeply subordinated fixed rate resettable perpetual notes amounts to CHF 30.4 (2021: CHF 7.6).

Notes to the consolidated financial statements

In accordance with the provisions of IAS 32 Financial Instruments – Presentation, this instrument is accounted for in equity in the Group's consolidated financial statements.

13. Earnings per share

Basic earnings per share is calculated by dividing the net income attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

In millions of CHF (except for earnings per share)	2022	2021
Net income attributable to Firmenich International SA	391.7	449.4
A shares part of share capital in %	90.0%	90.0%
A shares part of net income from ordinary activities	352.5	404.5
B shares part of share capital in %	10.0%	10.0%
B shares part of net income from ordinary activities	39.2	44.9
Earnings per A share (in CHF)	**483.57**	**554.88**
Earnings per B share (in CHF)	**48.36**	**55.49**

The Group has not issued share capital related instruments that could have affected earnings per share.

Dividend distribution

At the General meeting held in October 2021, a distribution on financial year 2021 net income of CHF 309.0 gross per A share and CHF 30.9 gross per B share was approved (October 2020: CHF 222.5 per A share and CHF 22.25 per B share).

This year the Board of directors proposes a dividend of CHF 308.64 gross per A share, which includes the 10% preferential dividend, and CHF 30.86 gross per B share.

14. Non-controlling interests

In April 2022, the Group increased its ownership in ArtSci to 90%, recognizing non-controlling interests of CHF 8.4 for the remaining 10% (also refer to note 2).

In December 2021, the Group increased its ownership in VKL Seasoning Private Ltd from 64.6% to 69.4% for a consideration of CHF 4.3.

The following provides information on the non-controlling interests of the Group's subsidiaries.

In millions of CHF	DRT Anthea Aroma Chemicals Pvt. Ltd	PT Firmenich Indonesia	ArtSci Biology Technologies Co Ltd	Kunming Firmenich Aromatics Co. Ltd.	Other (*)	**Total**
MOVEMENT IN NON-CONTROLLING INTERESTS						
Opening balance 2021	**20.8**	**8.2**	**-**	**5.1**	**10.9**	**45.0**
Share of profit / (loss)	2.6	1.3	-	0.2	(0.3)	**3.8**
Dividends	(0.7)	(0.5)	-	(0.1)	(0.2)	**(1.5)**
Other movements	(3.4)	-	-	-	1.4	**(2.0)**
Currency translation adjustment	0.1	(0.4)	-	0.2	(0.3)	**(0.4)**
Closing balance 2021	**19.4**	**8.6**	**-**	**5.4**	**11.5**	**44.9**
Share of profit	2.9	1.1	-	0.5	0.1	**4.6**
Acquisition of businesses	-	-	8.4	-	-	**8.4**
Dividends	(0.4)	(0.6)	-	(0.1)	(0.2)	**(1.3)**
Changes in non-controlling interests	-	-	-	-	(0.9)	**(0.9)**
Currency translation adjustment	(0.5)	0.1	(0.2)	-	(0.1)	**(0.7)**
Closing balance 2022	**21.4**	**9.2**	**8.2**	**5.8**	**10.4**	**55.0**

(*) VKL Seasoning Private Ltd, Essex Laboratories LLC, DRT Approvisionnement Biomasse SAS and Watt Burgas OOD KD are included under Other.

Notes to the consolidated financial statements

15. Employee benefit obligations

In millions of CHF	2022	2021
Non-current employee benefit obligations		
Pension plans and other post-employment benefit obligations	129.9	377.3
Other employee benefits	80.3	85.7
Total non-current employee benefit obligations	**210.2**	**463.0**
Current employee benefit obligations		
Other employee benefits	50.5	18.2
Total current employee benefit obligations	**50.5**	**18.2**

15.1 Pension plans and other post-employment benefit obligations

The Group companies operate various defined benefit and defined contribution pension plans in accordance with local conditions and practices in the countries concerned. The pension plans are generally funded by payments from employees and by the relevant Group companies, taking into account the recommendations of independent qualified actuaries.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The net defined liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows in respect of prior service using the yields on high-quality corporate bonds that are denominated in the currency and approximate duration of the related defined benefit pensions obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statement of other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the income statement.

Pension assets and liabilities in different defined benefits plans are not offset unless the Group has a legally enforceable right and obligation to use the surplus in one plan to settle obligations in the other plan.

Net defined benefit assets are only recognized to the extent that the Group is able to derive future economic benefits in the way of refunds from the plan or reductions of future contributions.

The Group’s contributions to defined contribution pension plans are charged to the income statement in the period to which the contributions relate.

The Group distinguishes two categories of defined benefit plans i.e. pension plans and other post-employment benefits. The most significant plans are held in Switzerland, the United States of America and the United Kingdom.

15.1.a Defined benefit pension plans

Defined benefit pension plans are either funded or unfunded plans. The assets of funded plans are held independently of the Group’s assets in separate funds.

15.1.b Other post-employment benefits

Other post-employment benefits are not funded and comprise healthcare benefits, jubilees, long-service leaves, other discretionary benefits as well as temporary benefits in relation to retirements of Corporate management. The entitlement to healthcare benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued to the date when further service will lead to no material amount of further benefits using the same accounting methodology as used for defined benefit pension plans.

Notes to the consolidated financial statements

The table below outlines defined benefit plans reflected in the financial statements.

In millions of CHF	2022	2021
OBLIGATIONS		
Defined benefit pensions	68.0	250.3
Other post-employment benefits	61.9	127.0
Liability in statement of financial position	**129.9**	**377.3**
INCOME STATEMENT CHARGES		
Defined benefit pensions	53.1	56.4
Other post-employment benefits	5.8	6.0
Total included in income statement	**58.9**	**62.4**
REMEASUREMENT		
Defined benefit pensions	(230.4)	(239.0)
Other post-employment benefits	(60.8)	(7.1)
Total remeasurement included in other comprehensive income	**(291.2)**	**(246.1)**

For further details please refer to sections 'Main defined benefit pension plans description' and 'Other post-employment benefits description' respectively.

During the financial year, expenses related to defined contribution plans recognized in the income statement are CHF 49.7 (2021: 46.2).

Notes to the consolidated financial statements

15.1.a Defined benefit pension plans

In millions of CHF	Funded and unfunded defined benefit obligations	Fair value of plan assets	Impact of minimum funding requirement/ asset ceiling	Net (Assets) / Liabilities recognized in the balance sheet
MOVEMENT IN NET (ASSETS) / LIABILITIES OVER THE YEAR				
Opening balance 2022	**1 783.9**	**(1 537.9)**	**4.3**	**250.3**
INCLUDED IN INCOME STATEMENT				
Current service cost	45.7			**45.7**
Plan administration expenses		6.1		**6.1**
Interest expense / (income)	13.1	(11.8)		**1.3**
Total included in income statement	**58.8**	**(5.7)**	**-**	**53.1**
INCLUDED IN OTHER COMPREHENSIVE INCOME				
Remeasurement arising from:				
Loss / (gain) from change in demographic assumptions	(4.2)			**(4.2)**
Loss / (gain) from change in financial assumptions (*)	(380.9)			**(380.9)**
Experience loss / (gain)	28.9			**28.9**
Return on plan assets excluding interest income		119.8		**119.8**
Asset ceiling change, excluding movement through income statement (**)			6.0	**6.0**
Total included in other comprehensive income	**(356.2)**	**119.8**	**6.0**	**(230.4)**
OTHER				
Benefits paid	(64.8)	64.8		**(0.0)**
Contributions by plan participants	13.6	(13.6)		**-**
Employer contributions		(46.9)		**(46.9)**
Currency translation adjustment and other	(3.8)	(1.9)		**(5.7)**
Total other	**(55.0)**	**2.4**	**-**	**(52.6)**
Closing balance 2022	**1 431.5**	**(1 421.4)**	**10.3**	**20.4**
Composed of:				
Net defined benefit assets (note 5)				**(47.6)**
Net defined benefit liabilities				**68.0**
Total				**20.4**

The net defined benefit assets represent a recognized surplus mainly related to Swiss pension plans, for which future economic benefits are available to the Group.

(*) The defined benefit pensions measurement is the consequence of changes in financial assumptions, in particular the higher discount rate on the Swiss pension funds (from 0.3% to 2.2%) and higher interest credit rate assumption (from 1.75% to 2%).

(**) One of the Group's Swiss pension plans has a surplus that is not recognized, on the basis that future economic benefits are not available to the Group in the form of a reduction in future contributions or a cash refund.

Notes to the consolidated financial statements

In millions of CHF	Funded and unfunded defined benefit obligations	Fair value of plan assets	Impact of minimum funding requirement/ asset ceiling	Net (Assets) / Liabilities recognized in the balance sheet
MOVEMENT IN NET (ASSETS) / LIABILITIES OVER THE YEAR				
Opening balance 2021	**1 829.2**	**(1 327.9)**	**-**	**501.3**
INCLUDED IN INCOME STATEMENT				
Current service cost	47.6	-	-	**47.6**
Plan administration expenses	-	5.6	-	**5.6**
Interest expense / (income)	12.5	(9.3)	-	**3.2**
Total included in income statement	**60.1**	**(3.7)**	**-**	**56.4**
INCLUDED IN OTHER COMPREHENSIVE INCOME				
Remeasurement arising from:				
Loss / (gain) from change in demographic assumptions (*)	(89.2)	-	-	**(89.2)**
Loss / (gain) from change in financial assumptions (*)	46.7	-	-	**46.7**
Experience loss / (gain)	(17.4)	-	-	**(17.4)**
Return on plan assets excluding interest income	-	(183.4)	-	**(183.4)**
Asset ceiling change, excluding movement through income statement (**)	-	-	4.3	**4.3**
Total included in other comprehensive income	**(59.9)**	**(183.4)**	**4.3**	**(239.0)**
OTHER				
Benefits paid	(59.8)	59.8	-	**-**
Contributions by plan participants	13.5	(13.5)	-	**-**
Employer contributions	-	(57.0)	-	**(57.0)**
Currency translation adjustment	0.8	(12.2)	-	**(11.4)**
Total other	**(45.5)**	**(22.9)**	**-**	**(68.4)**
Closing balance 2021	**1 783.9**	**(1 537.9)**	**4.3**	**250.3**

(*) The defined benefit pensions measurement is the consequence of changes in demographic and financial assumptions, in particular, on the Swiss pension funds, longevity and disability tables adopted in 2021 (BVG 2020 G, CMI LTR 1.5%) and higher interest credit rate assumption (from 0.45% to 1.75%).
(**) One of the Group's Swiss pension plans has a surplus that is not recognized, on the basis that future economic benefits are not available to the Group in the form of a reduction in future contributions or a cash refund.

In millions of CHF	2022	2021
PLAN ASSETS SPLIT BY CATEGORY		
Equity	354.4	494.2
Bonds	524.7	489.9
Hedge funds	134.3	161.8
Derivatives	6.9	7.7
Commodities	0.1	0.1
Property	209.5	204.1
Insurance policies	34.9	48.5
Other	117.0	80.5
Cash and bank deposits	39.6	51.1
Total plan assets	**1 421.4**	**1 537.9**

The expected contributions to post-employment benefit plans for the year ended June 30, 2023 are CHF 42.4.

Equities and bonds: all significant positions are quoted in an active market.

Property, hedge funds, commodities, insurance policies: not quoted in an active market.

Notes to the consolidated financial statements

The table below outlines the funding situation by geographic area:

June 30, 2022

In millions of CHF	Switzerland	United States of America	United Kingdom	Other countries	Total
DEFINED BENEFIT PENSION PLANS					
Funded and unfunded defined benefit obligations	1 130.8	205.6	53.0	42.1	**1 431.5**
Fair value of plan assets	(1 172.5)	(189.9)	(53.5)	(5.5)	**(1 421.4)**
Net excess of liabilities/(assets) over obligations	**(41.7)**	**15.7**	**(0.5)**	**36.6**	**10.1**
Unrecognized assets due to asset ceiling (*)	10.3				10.3
Net excess of liabilities/(assets) over obligations recognized	**(31.4)**	**15.7**	**(0.5)**	**36.6**	**20.4**
Composed of:					
Net defined benefit assets (note 5)	(47.1)		(0.5)		**(47.6)**
Net defined benefit liabilities	15.7	15.7		36.6	**68.0**
Total	**(31.4)**	**15.7**	**(0.5)**	**36.6**	**20.4**

(*) One of the Group's Swiss pension plans has a surplus of CHF 10.3 that is not recognized.

June 30, 2021

In millions of CHF	Switzerland	United States of America	United Kingdom	Other countries	Total
DEFINED BENEFIT PENSION PLANS					
Funded and unfunded defined benefit obligations	1 416.3	233.4	78.7	55.5	**1 783.9**
Fair value of plan assets	(1 234.2)	(220.9)	(76.7)	(6.1)	**(1 537.9)**
Net excess of liabilities/(assets) over obligations	**182.1**	**12.5**	**2.0**	**49.4**	**246.0**
Unrecognized assets due to asset ceiling (*)	4.3				4.3
Net excess of liabilities/(assets) over obligations recognized	**186.4**	**12.5**	**2.0**	**49.4**	**250.3**

(*) One of the Group's Swiss pension plans has a surplus of CHF 4.3 that is not recognized.

Key actuarial assumptions

2022	Switzerland	United States of America	United Kingdom	Other countries
Discount rate	2.16%	4.62%	3.75%	2.05 % to 7.3%
Salary increases	1.50%	3.00%	0.00%	0 % - 8.7 %
Pension increases	0.00%	0.00%	3.10%	0 % - 2 %
Mortality assumptions	BVG 2020 G CMI LTR 1.5%	Pri-2012 Generational Mortality Table with MP 2021	S3PA with CMI 2021, 1.25% long-term trend	
Life expectancy at age 65 for a male/female member currently aged 65	22.0/23.7	20.6/22.6	21.9/24.3	-

2021	Switzerland	United States of America	United Kingdom	Other countries
Discount rate	0.29%	2.84%	1.70%	0.6 % to 6.95 %
Salary increases	1.50%	2.75%	0.00%	0 % - 8.7 %
Pension increases	0.00%	0.00%	2.75%	0 % - 8 %
Mortality assumptions	BVG 2020 G CMI LTR 1.5%	Pri-2012 Generational Mortality Table with MP 2020	S3PA with CMI 2020, 1.25% long-term trend	
Life expectancy at age 65 for a male/female member currently aged 65	21.9/23.6	20.5/22.4	21.9/24.3	-

Notes to the consolidated financial statements

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the principal actuarial assumptions is:

In millions of CHF	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	(81.0)	90.4
Future salary increases	0.50%	9.1	(8.7)
Future pension increases	0.50%	52.7	(2.7)
Life expectancy	1 year	35.0	(34.7)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Main defined benefit pension plans description

Switzerland

According to the Swiss Federal Law on Occupational Retirement, Survivors and Disability (LPP/BVG), the Swiss Pension plans are managed by independent and legally autonomous entities which have the legal structure of foundation.

The Pension Boards are composed of equal numbers of employee and employer representatives. Each year, the Pension Boards decide the level of interest, if any, to apply to the retirement accounts in accordance with the pension policy.

It is also responsible for the investment of the assets and defining the investment strategy for long-term returns with an acceptable level of risk. The Pension Funds provide benefits on a defined contribution basis.

The Base Plan insures all employees of Firmenich SA. The complementary plan insures exclusively the members of the Direction Générale (DG).
The purposes of both plans are to protect the employees against the economic consequences of retirement, disability and death.

The employer and employees pay contributions to the pension plan at rates set out in the pension plans rules based on a percentage of salary.

The amount of the retirement account can be taken by the employee at retirement in the form of pension or capital.

Under IAS 19 Employee benefits, the pension plans are classified as defined benefit plans due to the promises and underlying benefits guarantees. Consequently the pension obligation is calculated by using the projected unit credit method.

The Group expects to contribute CHF 28.2 to these plans during the year ending June 30, 2023.

The weighted average duration of the defined benefit obligation is 14.7 years.

International Pension Plan

The purpose of the plan is to ensure that key international employees obtain a level of benefits in case of disability, death, retirement or termination of employment close to those they would have had if they were covered by the Swiss pension system applicable to the employees of Firmenich SA, taking of course into account any local coverage that these employees may have abroad. The benefit, if any, can only be paid as a lump-sum to the Participant or the Beneficiary.

This plan is intended to be an unfunded and unsecured plan maintained primarily for the purpose of providing pension benefits for key international employees.

The weighted average duration of the defined benefit obligation is 5.1 years.

United States of America

The US pension plan is qualified under and is managed in accordance with the requirements of US federal law. In accordance with federal law the assets of the plan are legally separate from the employer and are held in a pension trust. The law requires minimum and maximum amounts that can be contributed to the trust, together with limitations on the amount of benefits that may be provided under the plan.

There are named fiduciaries that are responsible for ensuring the plan is managed in accordance with the law. The fiduciaries are responsible for defining the investment strategy for long-term returns with an acceptable level of risk as well as the oversight of the investment of plan assets.

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The employees do not contribute to the plan and the employer contributes to the plan amounts which are at least equal to the minimum required by the law and not more than the maximum that would limit the tax deductibility of the contributions. The plan provides benefits on a defined benefit basis, and is closed to all new employees. The plan was also closed to the majority of current employees for future benefit accruals. The grandfathered Group of participants to the defined benefit plan continue to accrue benefits which are payable at retirement and on death in service. With exceptions for optional lump sum amounts for certain sections of the plan, the benefits are paid out as annuities. Under IAS 19 Employee benefits, the pension obligations are calculated by using the projected unit credit method.

The Group expects to contribute CHF 8.1 to these plans during the year ending June 30, 2023.

The weighted average duration of the defined benefit obligation is 9.5 years.

United Kingdom

The occupational pension scheme Firmenich Wellingborough Employee Benefits Plan is arranged under the applicable UK Pension Schemes and Pension Acts and is managed as a legally autonomous pension trust by the Board of Trustees.

The Board of Trustees is composed of two member-nominated representatives (one of whom is a current pensioner of the Scheme) and two employer-nominated representatives. The Board of Trustees is responsible for the investment of the assets, defining the investment strategy for long-term returns with an acceptable level of risk. The Trust provides benefits on a defined benefit basis. This defined benefit Scheme is closed to new members.

The scheme is closed to accrual of further benefits. Previous active members of this scheme now receive contributions from the Company's Group Personal Pension Plan. At the last Scheme Funding Assessment for the Firmenich Wellingborough scheme a shortfall in the assets below the liabilities was identified – as a result, the employer has agreed to contribute fixed sums to the Scheme in order to address this shortfall. With exceptions for trivial amounts, transfer values, lump sum death benefits and tax free lump sums, the benefits are paid out as regular payments to Scheme members for life (and for the life of their spouse or a dependent where applicable).

Under IAS 19 Employee benefits, the defined benefit pension obligations in the Firmenich Wellingborough Employee Benefits Plan are calculated by using the projected unit credit method.

The Group expects to contribute CHF 1.1 to this plan during the year ending June 30, 2023.

The weighted average duration of the defined benefit obligation is 11 years.

Asset - liability management and funding arrangement

Plan trustees or General Assemblies are responsible for determining the mix of asset classes and target allocations of the plans with the support of investment advisors. Periodical reviews of the assets mix are made by mandating external consultants to perform asset-liability matching analyses. Such analyses aim at comparing dynamically the fair value of assets and the liabilities in order to determine the most adequate strategic asset allocation.

The overall investment policy and strategy for the Group’s funded defined benefit plans is guided by the objective of achieving an investment return which, together with the contributions paid, is sufficient to maintain reasonable control over the various funding risks of the plans. As those risks evolve with the development of capital markets and asset management activities, the Group addresses the assessment and control process of the major investment pension risks. In order to protect the Group’s defined benefit plans funding ratio and to mitigate the financial risks, protective measures on the investment strategies are in force. To the extent possible, the risks are shared equally amongst the different stakeholders.

Risks related to defined benefit plans

The Group is exposed to a number of risks in relation to operating defined benefit plans. The most significant risks are longevity risk as well as market and liquidity risks. In order to minimize these risks, the Group regularly reviews related assumptions. When and where feasible, measures to reduce or transfer the risks are considered.

Notes to the consolidated financial statements

15.1.b Other post-employment benefits

In millions of CHF	2022	2021
MOVEMENT IN OTHER POST-EMPLOYMENT BENEFITS		
Opening balance	**127.0**	**133.0**
INCLUDED IN INCOME STATEMENT		
Current service cost	5.2	5.3
Interest cost	0.6	0.7
Total included in income statement	**5.8**	**6.0**
INCLUDED IN OTHER COMPREHENSIVE INCOME		
Remeasurement arising from:		
Loss / (gain) from change in demographic assumptions	(33.6)	(6.0)
Loss / (gain) from change in financial assumptions	(26.3)	0.6
Experience loss / (gain)	(0.9)	(1.7)
Total included in other comprehensive income	**(60.8)**	**(7.1)**
OTHER		
Benefits paid	(10.0)	(4.8)
Currency translation adjustment	(0.1)	(0.1)
Total other	**(10.1)**	**(4.9)**
Closing balance	**61.9**	**127.0**

In millions of CHF	2022	2021
AMOUNTS RECOGNIZED IN INCOME STATEMENT		
Contributions to medical insurance	2.9	3.1
Annual premium	0.4	0.4
Other pensions	0.0	0.1
Retirement compensation	2.5	2.4
Total included in income statement	**5.8**	**6.0**
AMOUNTS RECOGNIZED IN STATEMENT OF FINANCIAL POSITION		
Contributions to medical insurance	37.5	84.9
Annual premium	4.4	12.1
Other pensions	2.0	2.4
Retirement compensation	18.0	27.6
Total other post-employment benefits	**61.9**	**127.0**

Key financial actuarial assumptions

2022	Switzerland	United States of America
Discount rate	2.2%	4.3%
Medical cost trend rate		4.5% to 6.75%

2021	Switzerland	United States of America
Discount rate	0.3%	2.5%
Medical cost trend rate		4.5% to 7.25%

Notes to the consolidated financial statements

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the principal actuarial assumptions is:

In millions of CHF	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	(3.2)	3.5
Life expectancy	1 year	1.9	(1.9)
Medical cost trend rate	1.0%	3.5	(2.9)

The table below outlines the funding situation by geographic area:

June 30, 2022

In millions of CHF	Switzerland	United States of America	Other countries	Total
Present value of unfunded obligations	54.0	6.9	1.0	**61.9**

June 30, 2021

In millions of CHF	Switzerland	United States of America	Other countries	Total
Present value of unfunded obligations	117.5	8.2	1.3	**127.0**

Other post-employment benefits description

Switzerland

The Swiss post-employment benefits plans are not funded and comprise healthcare benefits, jubilees, long-service leaves, other discretionary benefits as well as temporary benefits in relation to retirements of corporate management. The entitlement to these other post-employment benefits is usually conditional on the employee remaining in service up to retirement age.

The weighted average duration of the defined benefit obligation is 13.6 years.

United States of America

The US retiree medical plan provides certain medical benefits to retirees of the US subsidiary. There are no funded plan assets for these benefits and the related unfunded liability is included in the Group's balance sheet. The defined benefit obligation associated with this plan is reappraised annually by an independent actuary. In July 2002, the plan was closed to all future employees. In January 2013, the plan was closed to all previously grandfathered employees who retire after June 30, 2014.

The weighted average duration of the defined benefit obligation is 6.3 years.

15.2 Other employee benefits

The plans described below qualify as employee benefits.

Long-term incentives

The long-term incentive (LTI) plans are delayed payment schemes eligible to senior management and tied to the performance of the Group.

Deferred compensation

Deferred compensation liability is mainly covered by assets that are primarily invested in various mutual funds to cover the Group’s obligations under deferred compensation arrangements (refer to note 5).

NON-CURRENT OTHER EMPLOYEE BENEFITS

In millions of CHF	2022	2021
Provision for long-term remuneration incentives	28.6	28.0
Deferred compensation	51.7	57.7
Closing balance	**80.3**	**85.7**

CURRENT OTHER EMPLOYEE BENEFITS

In millions of CHF	2022	2021
Provision for long-term remuneration incentives	50.5	18.2
Closing balance	**50.5**	**18.2**

Notes to the consolidated financial statements

In millions of CHF	Deferred compensation	Provision for long-term incentives	Total
MOVEMENT IN DEFERRED COMPENSATION AND PROVISIONS FOR LTI			
Opening balance 2021	**51.2**	**27.7**	**78.9**
Additional provisions	14.3	24.2	**38.5**
Unused provisions reversed	-	(4.2)	**(4.2)**
Used during year	(6.5)	(3.7)	**(10.2)**
Transfer	-	2.2	**2.2**
Currency translation adjustment	(1.3)	(0.0)	**(1.3)**
Closing balance 2021	**57.7**	**46.2**	**103.9**
Additional provisions	4.3	62.7	**67.0**
Unused provisions reversed	(0.5)	(13.1)	**(13.6)**
Used during year	(11.4)	(15.5)	**(26.9)**
Transfer	(0.0)	0.1	**0.1**
Currency translation adjustment	1.6	(1.3)	**0.3**
Closing balance 2022	**51.7**	**79.1**	**130.8**

16. Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Judgment is required by the management in determining the various provisions. A range of possible outcomes are determined to make reliable estimates of the obligation that is sufficient for the recognition of a provision.

The underlying assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Differences between the final obligations and the estimates impact the income statement in the period in which such determination is made.

In millions of CHF	Provision for business risk	Long service leaves	Provision for restructuring charges	Provision for litigation	Product warranty liability	Other provisions	Total
MOVEMENT IN PROVISIONS							
Opening balance 2022	**4.6**	**3.3**	**4.7**	**0.5**	**1.7**	**9.4**	**24.2**
Additional provisions	-	2.0	3.2	0.4	0.8	2.3	**8.7**
Unused provisions reversed	(0.8)	(2.2)	(0.2)	-	(0.4)	-	**(3.6)**
Used during year	(3.8)	(0.5)	(6.6)	(0.1)	(1.1)	(1.2)	**(13.3)**
Reclassification	-	-	-	-	-	0.3	**0.3**
Currency translation adjustment	-	(0.1)	0.0	0.0	0.3	-	**0.2**
Closing balance 2022	**-**	**2.5**	**1.1**	**0.8**	**1.3**	**10.8**	**16.5**
Total non-current provisions	-	2.3	-	0.4	-	9.2	**11.9**
Total current provisions	-	0.2	1.1	0.4	1.3	1.6	**4.6**

17. Bonds and borrowings

In millions of CHF	Notes	2022	2021
Bonds		1 960.7	2 110.8
Long-term bank borrowings		142.1	34.2
Long-term lease liabilities		147.5	142.5
Short-term bank borrowings		66.2	59.8
Short-term lease liabilities		39.5	38.2
Total Bonds and borrowings	25	**2 356.0**	**2 385.5**

Notes to the consolidated financial statements

In millions of CHF	Short-term bank borrowings	Long-term bank borrowings and bonds	Short-term lease liabilities	Long-term lease liabilities	Total
CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES					
Opening balance 2021	**115.6**	**2 121.5**	**35.5**	**127.5**	**2 400.1**
New lease contracts	-	-	16.4	52.5	**68.9**
Leases termination of contract	-	-	(1.2)	(7.8)	**(9.0)**
Proceeds from borrowings	33.9	7.9	-	-	**41.8**
Repayments of lease liabilities and borrowings	(103.9)	(31.6)	(46.4)	-	**(181.9)**
Reclassification	4.4	(4.4)	33.1	(33.1)	-
Acquisition of businesses	11.5	-	0.4	0.5	**12.4**
Currency translation adjustment	(1.7)	51.6	0.4	2.9	**53.2**
Closing balance 2021	**59.8**	**2 145.0**	**38.2**	**142.5**	**2 385.5**
New lease contracts	-	-	11.6	57.6	**69.2**
Leases termination of contract	-	-	(4.3)	(7.6)	**(11.9)**
Proceeds from borrowings	57.1	138.4	-	-	**195.5**
Repayments of lease liabilities and borrowings	(59.1)	(10.3)	(44.9)	-	**(114.3)**
Reclassification	7.2	(7.2)	40.0	(40.0)	-
Acquisition of businesses	-	-	-	-	-
Currency translation adjustment	1.2	(163.1)	(1.1)	(5.0)	**(168.0)**
Closing balance 2022	**66.2**	**2 102.8**	**39.5**	**147.5**	**2 356.0**

AMOUNTS RECOGNIZED IN INCOME STATEMENT

In millions of CHF	2022	2021
Interest on lease liabilities	(4.1)	(4.1)
Variable lease payments not included in the measurement of lease liabilities	(8.9)	(7.5)
Total expenses recognized in income statement	**(13.0)**	**(11.6)**

BONDS

Bonds are initially recorded at the amount of proceeds received, net of transaction costs. They are subsequently carried at amortized cost with the difference between the proceeds, net of transaction costs, and the amount due on redemption being amortized using the effective interest rate method and charged to interest expenses over the period of the relevant bond.

	Face value					Carrying amount	
In millions of CHF	2022	2021	Coupon	Year of issue - maturity	Effective interest rate	2022	2021
ISSUER/FACE VALUE							
Firmenich Productions Participations SAS (France)/ EUR 750	747.2	823.5	1.375%	2020-2026	1.44%	744.6	819.9
Firmenich Productions Participations SAS (France)/ EUR 750	747.2	823.5	1.750%	2020-2030	1.84%	741.0	815.8
Total bonds issued in EUR 1 500	**1 494.4**	**1 647.0**				**1 485.6**	**1 635.7**
Firmenich International SA/ CHF 425	425.0	425.0	1.000%	2020-2023	0.99%	425.0	424.9
Firmenich International SA/ CHF 50	50.0	50.0	1.000%	2020-2023	0.81%	50.1	50.2
Total bonds issued in CHF 475	**475.0**	**475.0**				**475.1**	**475.1**
Total bonds	**1 969.4**	**2 122.0**			**1.49%**	**1 960.7**	**2 110.8**

The total fair value of bonds issued is CHF 1 870.3 (2021: CHF 2 276.5).

Notes to the consolidated financial statements

18. Redemption liabilities and other debts

In millions of CHF	Notes	2022	2021
Redemption liabilities	25	99.7	77.4
Government grants		18.3	17.8
Other debt		17.0	0.3
Total redemption liabilities and other debt		**135.0**	**95.5**

Redemption liabilities

The Group recognized redemption liabilities in relation to the following business combinations:

- In April 2022, the Group recognized a redemption liability of CHF 24.8 on the remaining 10% interest in ArtSci. At June 30, 2022, the liability amounts to CHF 24.5. The conditions precedent to the completion are expected to be met in December 2023.

- In July 2020, a redemption liability of CHF 54.3 has been recognized for the purchase of the remaining shares in MG International (also refer to note 2). At June 30, 2022, the remaining liability amounts to CHF 23.0 (2021: CHF 22.2) and will be redeemed in July 2023.

- In financial year 2020, the Group entered into a put option agreement to purchase the remaining shares of VKL owned by non-controlling interests. The option is expected to be exercised within 5 years from acquisition date. At June 30, 2022, the liability amounts to CHF 52.2 (2021: CHF 55.2).

Government grants

The Group received various government grants that will be released to the income statement over the useful live of the underlying assets. These grants are included in liabilities as deferred income.

- Two grants are to indemnify for the forced relocation of production sites in China. In Kunming, the amount is to compensate the relocation costs and the related investments. In Shanghai, the amount is to compensate part of the lease land of the new location. At June 30, 2022, the remaining value of these two grants was CHF 13.4.

- Other grants are to help fund environmental projects in China and France. At June 30, 2022, the remaining value of these grants was CHF 4.9.

During the current year, CHF 2.5 (2021: CHF 2.3) have been released to the income statement.

Other debt

Other debt includes CHF 16.9 put and call option liabilities on aquiring the remaining 51% shares in Essential Labs LLC (refer to note 6).

19. Other payables and accrued expenses

In millions of CHF	2022	2021
Payables to other creditors	318.9	208.4
Accruals for rebates and interest payables	211.1	172.8
Employee-related liabilities and social security payables	111.2	124.7
VAT payables and other	32.9	23.5
Other payables and accrued expenses	**674.1**	**529.4**

Notes to the consolidated financial statements

20. Expenses by nature

Significant expenses by nature consist of:

In millions of CHF	Notes	2022	2021
COST OF GOODS SOLD AND OPERATING EXPENSES BY NATURE			
Raw material and consumables used		2 108.0	1 790.6
Employee benefits	21	1 117.3	1 093.6
Supplies		144.5	126.1
Services		546.2	438.2
Depreciation, amortization and impairment of assets		290.1	279.2
Loss / (gain) on assets (*)		0.3	(40.8)
Operating taxes		19.7	22.0
Other income (**)		(11.4)	(31.2)
Total expenses		**4 214.7**	**3 677.7**

In the current year, acquisition related costs amount to CHF 99.9, of which CHF 57.3 are included in Services and CHF 42.6 in Employee benefits. They mainly consist of expenses and provisions related to the DSM-Firmenich merger.

(*) 2021 : The gain on sale of the site located in La Jonction (CHF 48.0) is reported under Other operating income in the income statement. Refer to note 4 for more details on the transaction.

(**) 2021 : Other income mainly consists of a gain related to a legal case settlement (CHF 30.1).

21. Employee benefits

In millions of CHF	2022	2021
EMPLOYEE BENEFIT EXPENSES		
Wages and salaries	827.5	805.5
Social security	164.9	155.4
Post-employment benefits	86.2	85.1
Other expenses	38.7	47.6
Total employee benefit expenses	**1 117.3**	**1 093.6**

In full time equivalent	2022	2021
NUMBER OF EMPLOYEES WITHIN THE GROUP		
Fixed employees at year end	10 165	9 392
Temporary employees (including agencies)	735	542
Total workforce at year end	**10 900**	**9 934**
Average number of employees during the year (average total workforce)	**10 417**	**9 919**

For the year ended June 30, 2022, the total personnel costs include CHF 46.9 (2021: CHF 9.9) of restructuring charges of which CHF 43.5 (2021: CHF 9.2) are departure indemnities, with related social charges of CHF 3.4 (2021: CHF 0.7).

The total personnel costs with regards to key management personnel (Board of directors and Corporate management) for the year ended June 30, 2022 are CHF 46.4 (2021: CHF 45.8). In these amounts are included CHF 42.7 of short-term employee benefits (2021: CHF 24.2), CHF 7.6 (2021: CHF 6.6) post-employment benefits and CHF -4.0 (2021: CHF 15.0) of other long-term employee benefits.

Notes to the consolidated financial statements

22. Financing costs

In millions of CHF	2022	2021
FINANCING COSTS		
Interest expenses	46.5	44.5
Interest on net defined benefit liability	1.8	3.9
Total Financing costs	**48.3**	**48.4**

23. Net other financial expenses

In millions of CHF	2022	2021
Interest and dividend income	6.5	2.0
Fair value (losses) / gains	(0.5)	1.3
Gains on sale on financial investments	0.4	0.7
Losses on derivative financial instruments	(12.0)	-
Results on investments held at fair value through income statement	**(5.6)**	**4.0**
Other interest and dividend income	2.9	2.0
Other results on financial assets	1.2	-
Net exchange losses	(23.0)	(0.6)
Net exchange gains / (losses) on currency options and contracts	17.3	(16.6)
Net of cash discount received and (granted), (bank charges and other financial charges)	(6.5)	(7.7)
Net other financial expenses	**(13.7)**	**(18.9)**

24. Taxes

Income tax expense

In millions of CHF	2022	2021
INCOME TAX EXPENSE		
Current income tax expense	95.6	95.6
Previous year tax adjustment	3.0	3.1
Deferred tax income	(14.1)	(6.5)
Previous year adjustment on deferred tax	(0.8)	(12.6)
Income tax expense	**83.7**	**79.6**
Income tax expense at the Group's average applicable tax	**93.0**	**97.7**
Change in income tax rate	-	(4.3)
Tax effect of:		
Income not taxable	(20.4)	(16.4)
Expenses not deductible	3.2	11.1
Utilization of tax loss carry forward	(0.7)	(5.1)
Current year losses for which no deferred tax asset is recognized	6.7	6.3
Recognition of previously unrecognized tax losses	-	0.2
Recognition of previously unrecognized (derecognition of previously recognized) deductible temporary differences	(0.3)	(0.4)
Prior year and other adjustments	2.2	(9.5)
Income tax expense at the Group's effective tax rate	**83.7**	**79.6**

Since the Group operates internationally, it is subject to income taxes in many different tax jurisdictions. The Group calculates its average applicable tax rate as a weighted average of the tax rates in the tax jurisdictions in which the Group operates, including withholding tax on dividends, interest and royalties.

In financial year 2022, the Group’s effective tax rate increased to 17.4% (2021: 14.9%). This increase results from the changes of the composition of the Group’s taxable income, but mainly from one-time M&A costs.

Notes to the consolidated financial statements

Deferred taxes

Given the fact that temporary differences are created between local books and reporting submitted, deferred tax impacts have to be taken into account.

Deferred taxation is provided using the full liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from intangible assets, property, plant and equipment, inventories, revaluation of derivative contracts, provisions for defined benefit pension plans and other post-employment benefits.

Deferred tax liabilities of CHF 16.0 (2021: CHF 11.9) for withholding tax that would be payable on the unremitted earnings has been recognized as at June 30, 2022. The amount of undistributed reserves on which no withholding tax has been provided for represents CHF 1'334.9 (2021: CHF 946.6).

Current and deferred tax assets and liabilities are offset when the income tax expense is levied by the same taxation authority and when there is a legally enforceable right to offset them. Determination of deferred tax expenses / income is based on present enacted tax rate or substantively enacted income tax rate.

In millions of CHF	2022	2021
DEFERRED TAXES		
Deferred tax assets	83.6	116.5
Deferred tax liabilities	(276.1)	(301.8)
Net deferred tax liabilities	**(192.5)**	**(185.3)**

Deferred tax liabilities on intangible assets are mainly relating to customer base and extraction technology resulting from acquisitions.

Deferred tax assets on provisions are mainly relating to provision for defined benefit pension plans and other post-employment benefits in Switzerland and the USA.

The movement in deferred tax assets and liabilities during the current year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is usually charged / (credited) to the income statement. Deferred tax movements relating to employee benefit obligations and to equity investments at fair value through OCI for an amount of CHF -22.1 (2021: -59.9) are credited to other comprehensive income with no material amount of currency translation adjustments.

In millions of CHF	2022	2021
Amount of tax losses available	336.7	289.6
Amount of tax losses considered to accrue deferred tax assets	134.6	97.3

As at June 30, 2022, the Group had CHF 336.7 of tax losses available (2021: CHF 289.6), of which only CHF 134.6 are considered to carry forward against future taxable income (2021: CHF 97.3). The deferred tax assets relating to tax loss carried forward are recognized as at June 30, 2022 for CHF 32.4 (2021: CHF 23.3). They are recognized only to the extent that realization of the related tax benefit is probable. These tax losses do not expire.

Unused tax losses for which no deferred tax assets have been recognized amount to CHF 202.1 (2021: CHF 192.3) with a potential tax benefit of CHF 49.8 (2021: CHF 47.9). These unused tax losses are mainly located in affiliates in France and the USA.

Notes to the consolidated financial statements

June 30, 2022

In millions of CHF	Opening balance	Acquisition of businesses	(Credited) / Debited to income statement	(Credited) / Debited to other comprehensive income	Set off tax	Currency translation adjustments	Closing balance
Intangible assets	0.4	-	(0.2)	-	(0.1)	0.1	0.2
Property, plant and equipment	1.5	-	0.1	-	(0.8)	0.5	1.3
Long-term assets	3.8	-	(2.6)	1.2	(1.5)	1.7	2.6
Inventories	5.2	-	(0.7)	-	(26.4)	26.0	4.1
Prov. for def. benefit obligations	48.7	-	2.4	(36.1)	(12.5)	11.3	13.8
Long-term liabilities	9.8	-	(1.1)	-	(4.6)	3.8	7.9
Tax loss carry forwards	23.3	-	9.1	-	-	-	32.4
Other assets	8.3	0.1	(2.0)	(0.3)	(3.2)	2.7	5.6
Other liabilities	15.5	-	3.9	-	(10.6)	6.9	15.7
Deferred tax assets	**116.5**	**0.1**	**8.9**	**(35.2)**	**(59.7)**	**53.0**	**83.6**
Intangible assets	(194.3)	(10.7)	7.0	-	28.1	(7.6)	(177.5)
Property, plant and equipment	(50.8)	(0.2)	(1.9)	-	7.8	(4.0)	(49.1)
Long-term assets	(21.3)	(0.4)	0.2	16.2	(0.2)	(2.5)	(8.0)
Inventories	(8.2)	-	(2.3)	-	-	(1.0)	(11.5)
Prov. for def. benefit obligations	(21.6)	-	(26.1)	(3.1)	21.0	9.4	(20.4)
Long-term liabilities	(0.3)	-	4.9	-	-	(4.6)	-
Other assets	(5.0)	-	(4.0)	-	1.3	(0.3)	(8.0)
Other liabilities	(0.3)	-	(1.6)	-	1.7	(1.4)	(1.6)
Deferred tax liabilities	**(301.8)**	**(11.3)**	**(23.8)**	**13.1**	**59.7**	**(12.0)**	**(276.1)**

June 30, 2021

In millions of CHF	Opening balance	Acquisition of businesses	(Credited) / Debited to income statement	(Credited) / Debited to other comprehensive income	Set off tax	Currency translation adjustments / Other	Closing balance
Intangible assets	0.2	-	0.7	-	(0.1)	(0.4)	0.4
Property, plant and equipment	1.3	-	(2.3)	-	(0.6)	3.1	1.5
Long-term assets	4.1	-	(3.9)	-	(1.6)	5.2	3.8
Inventories	4.4	-	1.1	-	(24.6)	24.3	5.2
Prov. for def. benefit obligations	63.3	-	(32.8)	(35.3)	(11.2)	64.7	48.7
Long-term liabilities	8.6	-	(1.1)	-	(3.9)	6.2	9.8
Tax loss carry forwards	13.9	-	10.3	-	-	(0.9)	23.3
Other assets	4.5	-	14.1	(0.3)	(3.3)	(6.7)	8.3
Other liabilities	22.0	-	13.0	(10.3)	(6.7)	(2.5)	15.5
Deferred tax assets	**122.3**	**-**	**(0.9)**	**(45.9)**	**(52.0)**	**93.0**	**116.5**
Intangible assets	(152.7)	(19.8)	(1.5)	-	25.4	(45.7)	(194.3)
Property, plant and equipment	(36.1)	-	(24.2)	-	6.0	3.5	(50.8)
Long-term assets	(10.3)	-	(1.0)	(11.3)	2.4	(1.1)	(21.3)
Inventories	(7.6)	0.2	(1.5)	-	1.0	(0.3)	(8.2)
Prov. for def. benefit obligations	(55.5)	0.1	8.8	(2.7)	16.0	11.7	(21.6)
Long-term liabilities	-	-	(0.7)	-	-	0.4	(0.3)
Other assets	(6.0)	-	2.4	-	0.6	(2.0)	(5.0)
Other liabilities	(0.1)	-	(0.5)	-	0.6	(0.3)	(0.3)
Deferred tax liabilities	**(268.3)**	**(19.5)**	**(18.2)**	**(14.0)**	**52.0**	**(33.8)**	**(301.8)**

Notes to the consolidated financial statements

25. Financial risk management

Financial risk factors

The Group, as a result of its financing activities, is exposed to a variety of risks, including the effects of volatility of foreign currency exchange rates and interest rates, which may adversely affect its results of operations and financial conditions. In seeking to minimize the risks and costs associated with such activities, the Group manages exposure to changes in foreign currency exchange rates, interest rates and commodity prices, when deemed appropriate, through the use of derivative financial instruments. The instruments utilized include: forward contracts, currency options, commodity options, interest rate swaps. The Group does not use financial instruments for speculative or trading purposes.

Financial risk management is carried out by a central treasury department (Group Treasury) under Group policies and principles. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the operating units. Group policies also cover areas such as (net debt) /net cash management and bank relationship management.

Classification and measurement of financial instruments

The Group classifies and measures financial instruments as follows.

Financial assets

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, measured at fair value through income statement and measured at fair value through other comprehensive income.
The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.
Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.
The Group recognizes loss allowances for expected credit losses (ECLs) only on financial assets measured at amortized cost. The Group measures loss allowances at an amount equal to lifetime ECLs except for debt securities and bank balances, which are measured at 12-month ECLs in case of low credit risk or non significant evolution of the credit risk since initial recognition. Lifetime ECLs result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion that result from default events that are possible within the 12 months after the reporting date.

a) Financial assets at amortized cost

The Group classifies its financial assets as at amortized cost only if both of the following criteria are met:
- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of the principal and interest.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses.
Financial assets at amortized cost comprise cash and cash equivalents, loans, trade accounts receivable, other receivables in the Statement of financial position. They are included in current assets, except for maturities exceeding 12 months after the end of the reporting period, which are classified as non-current assets.
Cash and cash equivalents comprise petty cash, cash on hand, bank balances and short-term deposits at 48 hours. The same definition is applied to cash and cash equivalents as disclosed in the Statement of cash flows. Bank overdrafts are included in Short-term bank borrowings in current liabilities.

b) Financial assets at fair value through income statement

Financial assets at fair value through income statement comprise marketable securities and derivative financial assets not designated as hedging instruments. Marketable securities are mainly composed of short-term deposits over 48 hours and equity and debt securities, which are traded in liquid markets. They are classified as current assets as they are potentially realizable within 12 months of the reporting date.

On initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost as at fair value through income statement if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All purchases and sales of marketable securities are recognized on the trade date, which is the date that the Group commits to purchase, or sell the asset. Marketable securities are initially recorded at fair value and subsequently measured at fair value. Fair value is determined by reference to share exchange quoted selling prices and net asset values determined and communicated by hedge fund managers at close of business on the reporting date.

Notes to the consolidated financial statements

Realized and unrealized gains and losses arising from changes in the fair value of financial assets at fair value through income statement are included in the income statement in the period in which they arise.

c) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and which have been irrevocably elected at initial recognition to be recognized in this category. This election is made on an investment-by-investment basis. These are long-term strategic investments and this classification is considered to be more relevant.

At initial recognition, financial assets at fair value through other comprehensive income are measured including transaction costs that are directly attributable to the acquisition of the financial asset.
These equity securities are subsequently measured at fair value. Dividends continue to be recognized in the income statement, unless the dividend clearly represents a recovery of part of the cost of the investment, whereas other net gains and losses are recognized in OCI and are never reclassified to the income statement.

On derecognition any related balance within the fair value through other comprehensive income reserve is reclassified to retained earnings.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or fair value through income statement. A financial liability is classified as at fair value through income statement if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the income statement. Any gain or loss on derecognition is also recognized in the income statement.

June 30, 2022

In millions of CHF	Notes	At amortized cost	At fair value through income statement	At fair value through other comprehensive income	**Total**
FINANCIAL ASSETS					
Long-term financial investments and loans	5	49.6	63.8	446.6	**560.0**
Trade accounts receivable	8	1 020.7			**1 020.7**
Other receivables	9	125.2			**125.2**
Derivative financial instruments assets	10		13.8		**13.8**
Short-term financial investments	11	162.5	1.9		**164.4**
Cash and cash equivalents		591.7			**591.7**
FINANCIAL LIABILITIES					
Long-term borrowings	17	2 250.3			**2 250.3**
Redemption liabilities (*)	18		99.7		**99.7**
Short-term borrowings	17	105.7			**105.7**
Trade and other payables (**)		1 044.8			**1 044.8**
Options	18		16.9		**16.9**
Derivative financial instruments liabilities	10		7.0		**7.0**

(*) The movements of fair value of the redemption liabilities are recognized directly in equity.

(**) Accrued expenses that are not financial liabilities (CHF 156.4) are not included.

Notes to the consolidated financial statements

June 30, 2021

In millions of CHF	Notes	At amortized cost	At fair value through income statement	At fair value through other comprehensive income	Total
FINANCIAL ASSETS					
Long-term financial investments and loans	5	56.4	73.3	556.4	**686.1**
Trade accounts receivable	8	958.2			**958.2**
Other receivables	9	43.5			**43.5**
Derivative financial instruments assets	10		1.8		**1.8**
Short-term financial investments	11	220.8	2.4		**223.2**
Cash and cash equivalents		571.4			**571.4**
FINANCIAL LIABILITIES					
Long-term borrowings	17	2 287.5			**2 287.5**
Redemption liabilities (*)	18		77.4		**77.4**
Short-term borrowings	17	98.0			**98.0**
Trade and other payables (**)		766.6			**766.6**
Derivative financial instruments liabilities	10		6.5		**6.5**

(*) The movements of fair value of the redemption liabilities are recognized directly in equity.

(**) Accrued expenses that are not financial liabilities (CHF 116.9) are not included.

Except where mentioned in the relevant notes, the carrying amount of each class of financial assets and financial liabilities disclosed in the above tables approximates the fair value.

Derivative financial instruments and hedging activities

Derivative financial instruments are classified as at fair value through income statement and initially recognized in the statement of financial position at fair value including directly attributable transaction cost and subsequently remeasured at their fair value based on quoted market prices at the reporting date.

Certain derivative transactions, while providing effective economic hedges under the Group’s risk management policies, do not qualify for hedge accounting under the specific rules in IFRS 9. Changes in the fair value of derivative instruments that do not qualify for hedge accounting under IFRS 9 are recognized immediately in the income statement.

a) Derivatives designated as hedge accounting

The Group documents at the inception of the transaction, the relationship between hedging instruments and hedged item, as well as its risk management objective and strategy for undertaking hedge transactions. The Group also documents its assessment, both at the hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

To assess hedge effectiveness, the Group determines the economic relationship between the hedging instrument and the hedged item by comparing changes in the carrying amount of the financial asset that is attributable to change in market prices of the designated hedged items.

b) Derivatives not designated as hedge accounting

Gains and losses, realized or unrealized, from forward exchange contracts and currency options used to hedge potential exchange rate exposures are included in the year’s results. Interest differentials under swap arrangements used to manage interest rate exposures are recognized by adjustments to interest expenses.

Notes to the consolidated financial statements

Impairment of financial assets

Loss allowances for trade receivable and other short-term financial assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full or the financial asset is more than 90 days past due.

The Group considers a debt security to have a low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be Baa3 or higher rate per Moody's or BBB- or higher per Standard & Poor's.

Lifetime ECLs result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Additional information about how the Group measures the allowance for impaiment is described below under "Credit risk".

Market risk

a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to US Dollar, Euro and to a lesser extent to Asian and Latin American currencies.

Therefore, exchange rate fluctuations have a significant impact in the form of both translation risk and transaction risk on the Group's income statement and other comprehensive income statement. Transaction risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is different from the functional currency. Translation risk arises from the conversion of net assets of the Group's foreign operations to the presentation currency.

The major foreign exchange transaction risk is managed centrally by Group Treasury by entering into forward contracts as well as currency options. The use of these instruments is limited to the hedging of the underlying position.

Only residual foreign exchange risk being foreign exchange exposure not covered either by Group Treasury hedging activity or by bank overdraft/credit lines representing natural hedges in terms of amount and currency is managed by local Group companies under supervision of Group Treasury.

The Group manages its currency exposures on current and forecasted transactions. Group Treasury centrally monitors the exposures on a regular basis and takes appropriate actions. The Group has set up currency limits for the current exposures.

It is the Group's policy to enter into derivative transactions to hedge current and forecasted foreign currency transactions.

Notes to the consolidated financial statements

Main balance sheet currency exposures

June 30, 2022

In millions of CHF	EUR / CHF	USD / CHF	SGD / CHF	CHF / MXN	USD / ARS	EUR / INR
Currency exposure without hedge	+142.3	+81.9	-33.5	+18.5	-11.0	+7.2
Hedged amount (*)	-263.7	-137.7	+33.5	-18.5	+17.2	-4.4
Currency exposure including hedge	**-121.4**	**-55.8**	**+0.0**	**-0.0**	**+6.2**	**+2.8**

+ long position; - short position

(*) EUR/CHF hedged amount includes CHF -245.8 of foreign exchange forward contract and CHF -17.9 of currency options maturing within three to twelve months. USD/CHF hedged amount includes CHF -82.1 of foreign exchange forward contracts and CHF -55.6 of currency options maturing within three to twelve months. USD/ARS hedged amount includes CHF 5.7 of foreign exchange forward contracts and CHF 11.5 of currency options maturing within three to twelve months.

June 30, 2021

In millions of CHF	EUR / CHF	USD / CHF	SGD / CHF	IDR / CHF	USD / ARS	EUR / INR
Currency exposure without hedge	+263.1	+30.0	-42.2	+12.9	-14.3	+7.6
Hedged amount (*)	-294.4	-109.8	+41.5	-12.9	+14.8	-8.0
Currency exposure including hedge	**-31.3**	**-79.8**	**-0.7**	**-0.0**	**+0.5**	**-0.4**

+ long position; - short position

(*) EUR/CHF hedged amount includes CHF -275.3 of foreign exchange forward contract and CHF -19.1 of currency options maturing within three to twelve months. USD/CHF hedged amount includes CHF -59.3 of foreign exchange forward contracts and CHF -50.5 of currency options maturing within three to twelve months. USD/ARS hedged amount includes CHF 4.6 of foreign exchange forward contracts and CHF 10.2 of currency options maturing within three to twelve months.

Sensitivity analysis

The following table summarizes the Group's sensitivity to transactional currency exposures of the main currencies. The sensitivity is based on the net exposure after hedging at June 30 and based on assumptions, which have been deemed reasonable by the management, showing the impact on income before taxes. To determine the reasonable change, the Group uses historical volatilities of the below currency pairs.

June 30, 2022

In millions of CHF	EUR / CHF	USD / CHF	SGD / CHF	CHF / MXN	USD / ARS	EUR / INR
Reasonable shift in %	5%	5%	10%	10%	20%	15%
Impact on net income if underlying currency strengthens	(3.6)	(1.7)	0.0	(0.0)	1.2	0.4
Impact on net income if underlying currency weakens	3.6	1.7	(0.0)	0.0	(1.2)	(0.4)

June 30, 2021

In millions of CHF	EUR / CHF	USD / CHF	SGD / CHF	IDR / CHF	USD / ARS	EUR / INR
Reasonable shift in %	5%	5%	10%	10%	20%	15%
Impact on net income if underlying currency strengthens	(0.9)	(2.4)	(0.1)	(0.0)	0.1	(0.1)
Impact on net income if underlying currency weakens	0.9	2.4	0.1	0.0	(0.1)	0.1

In the exposure calculations the intra-Group positions are included.

Notes to the consolidated financial statements

b) Price risk

The Group is exposed to equity and bond securities price risk because of investments held by the Group (refer to note 11). To manage its price risk arising from investments in equity and bond securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity and bond price risks at the reporting date. The equity portfolio of the Group includes a residual part of alternative investments, in liquidation. As such the sensitivity analysis cannot be based on the historical volatility as it should in normal circumstances.

If equity prices had been 5% higher/lower, the net income for the year would have increased/decreased by CHF 0.1 (2021: CHF 0.1) and the OCI would have increased/decreased by CHF 21.2 (2021: CHF 27.8).

c) Interest rate risk

Cash flow interest rate risk arises when the Group invests or borrows funds at floating rates whereas exposure to fair value interest rate risk arises when the Group invests or borrows funds at fixed rates.

The Group mainly borrows funds at fixed interest rates but also uses credit lines and other financial facilities granted by third party financial institutions at floating interest rates to finance part of its activity.

Interest rate hedging is managed in full by Group Treasury which transacts in the name and for the account of the holding company, in which the risk is located. The use of these instruments is limited to the hedging of the underlying position and no leverage is authorized.

Group Treasury is also entitled to obtain long-term credit lines from first quality financial institutions.

A fundamental reform of major interest rate benchmarks was undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). There is still some uncertainty over the timing and the methods of transition in some jurisdictions that the Group operates in.

The Group had anticipated that IBOR reform would impact its risk management. An IBOR transition project had been set up comprising the streams risk management, tax, treasury, legal, accounting and systems, to identify the potential business impacts resulting from IBOR exposures. During financial year 2022, Group Treasury monitored and managed the Group's transition to alternative rates. Contracts referencing IBOR cash flows have been amended accordingly.

Sensitivity analysis

The analysis below shows the sensitivity of the Group to interest rate changes. The sensitivity is based on the exposure at June 30 and based on assumptions, which have been deemed reasonable by the management, showing the impact on income before taxes and equity.

In millions of CHF	2022	2021
Reasonable shift in basis point (bps)	150 bps	150 bps
Impact on net income if interest rate increase	(3.0)	(1.3)
Impact on net income if interest rate decrease	3.0	1.3

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities. Credit risk is managed by affiliates and controlled on a Group basis.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Trade accounts receivable are subject to a policy of active risk management which focuses on the assessment of country risk, credit limits, ongoing credit evaluation and account monitoring procedures.

The Group is exposed to credit risk on cash and cash equivalents, fixed-term deposits and derivative financial instruments. The Group has minimized financial counterpart risk by concentrating core financing needs with high quality banks having significant experience and reputation in the field of the related deals.

There are no significant concentrations within trade accounts receivable of counter-party credit risk, due to the large number of customers that the Group deals with and their wide geographical spread. Country risk limits and exposures are continuously monitored.

Notes to the consolidated financial statements

The following table presents the Group's credit risk exposure of cash and cash equivalents and fixed-term deposits to individual financial institutions:

In millions of CHF	2022	2021
AA- to AAA	204.6	148.6
A- to A+	300.1	458.4
BBB- to BBB+	223.5	168.2
BB+ and below	0.7	-

Ratings shown are assigned by international credit-rating agencies.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and short-term financial investments, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury maintains flexibility in funding by maintaining availability under committed and uncommitted credit lines.

Group Treasury monitors and manages cash at Group level. Furthermore Group Treasury defines affiliates' cash level. Affiliates' short-term cash needs and long-term excesses are managed through the cash-pooling structure. Structural financing needs for affiliates are arranged either by using the in-house bank structure or, if not possible, by arranging local financing with banks selected by Group Treasury. There is no significant amount of cash and cash equivalents held by the Group that is not available for use.

The Group invests in short-term deposits with high quality banks and in bonds and other interest rate instruments issued by a high quality issuer, where the amount issued allows high liquidity when dealing. Furthermore, the Group is also invested in low liquidity assets, which are subject to delayed fund availability when sold. These low liquidity assets are limited to a proportion, which should not affect the global liquidity of the Group.

The following table analyzes the Group's remaining contractual maturity for the carrying amount of financial liabilities.

June 30, 2022

In millions of CHF	Up to 6 months	6 up to 12 months	1 to 5 years	More than 5 years	**Total**
Short-term bank borrowings	66.2	-			**66.2**
Trade and other payables (*)	1 044.8	-			**1 044.8**
Gross derivative financial instruments - outflows	(1 174.1)	(43.4)	(13.6)	-	**(1 231.1)**
Gross derivative financial instruments - inflows	1 175.2	39.7	6.7	-	**1 221.6**
Long-term bank borrowings and bonds			1 358.9	743.9	**2 102.8**
Redemption liabilities			99.7		**99.7**
Options			16.9		**16.9**
Total financial liabilities	**1 112.1**	**(3.7)**	**1 468.6**	**743.9**	**3 320.9**

(*) Accrued expenses that are not financial liabilities (CHF 156.4) are not included.

The undiscounted cash flows related to lease liabilities are CHF 23.0 within 6 months, CHF 22.0 within 6 to 12 months, CHF 117.4 within 1 to 5 years and CHF 52.1 thereafter.

Notes to the consolidated financial statements

June 30, 2021

In millions of CHF	Up to 6 months	6 up to 12 months	1 to 5 years	More than 5 years	Total
Short-term bank borrowings	59.8	-			**59.8**
Trade and other payables (*)	766.6	-			**766.6**
Gross derivative financial instruments - outflows	(1 209.6)	(41.7)	(11.1)	-	**(1 262.4)**
Gross derivative financial instruments - inflows	1 226.6	40.0	5.5	-	**1 272.1**
Long-term bank borrowings and bonds			1 324.0	821.0	**2 145.0**
Redemption liabilities			77.4		**77.4**
Total financial liabilities	**843.4**	**(1.7)**	**1 395.8**	**821.0**	**3 058.5**

(*) Accrued expenses that are not financial liabilities (CHF 116.9) are not included.

The undiscounted cash flows related to lease liabilities are CHF 22.1 within 6 months, CHF 19.2 within 6 to 12 months, CHF 107.2 within 1 to 5 years and CHF 55.8 thereafter.

Fair value measurements recognized in the consolidated statement of financial position

The following table presents the Group's assets and liabilities that are measured at fair value at June 30, 2022, grouped into levels 1 to 3 on the degree to which the fair value is observable:

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The redemption liabilities disclosed under level 3 are based on a valuation model considering the present value of the net cash flows expected. The cash flow projections include specific estimates for the remaining four years. The expected net cash flows are discounted using a risk-adjusted discount rate.

June 30, 2022

In millions of CHF	Notes	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS					
Non-current assets	5				
Financial investments		504.7		5.7	**510.4**
Current assets - derivatives	10				
Forward foreign exchange contract and options			13.8		**13.8**
Current financial investments	11				
Equity securities		1.9			**1.9**
FINANCIAL LIABILITIES					
Non-current liabilities					
Redemption liabilities	18			99.7	**99.7**
Options				16.9	**16.9**
Current liabilities - derivatives					
Forward foreign exchange contract and options	10		7.0		**7.0**

Notes to the consolidated financial statements

June 30, 2021

In millions of CHF	Notes	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS					
Non-current assets	5				
Financial investments		624.5		5.2	**629.7**
Current assets - derivatives	10				
Forward foreign exchange contract and options			1.8		**1.8**
Current financial investments	11				
Equity securities		2.4			**2.4**
FINANCIAL LIABILITIES					
Non-current liabilities					
Redemption liabilities	18			77.4	**77.4**
Current liabilities - derivatives					
Forward foreign exchange contract and options	10		6.5		**6.5**

There has been no significant movements in the fair value hierarchy.

Reconciliation of movements in Level 3 valuations

	Assets		Liabilities	
In millions of CHF	2022	2021	2022	2021
Opening balance	5.2	7.5	77.4	50.0
Acquisition of businesses	-	-	24.8	54.3
Gains and losses recognized in income statement	(0.1)	-	12.0	-
Reclassification	-	(2.5)	-	-
Purchases and new issues	0.7	0.3	4.7	-
Sales and settlements	-	(0.2)	-	-
Movement of redemption liabilities	-	-	(1.9)	(25.8)
Currency translation adjustment	(0.1)	0.1	(0.4)	(1.1)
Closing balance	**5.7**	**5.2**	**116.6**	**77.4**

Fair value estimation

The fair value of financial instruments traded in active markets is determined by reference to share exchange quoted selling prices at the close of business on the reporting date.

The fair value of financial instruments that are not traded in active markets is determined by reference to observable market transactions and on valuations provided by reputable financial institutions and hedge fund managers.

The carrying value less allowance for doubtful debts of trade accounts receivable and payable are assumed to approximate fair values, due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group.

The fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used in the year ended June 30, 2021.

Notes to the consolidated financial statements

Capital risk management

The objective of the Group when managing capital is to maintain the ability to continue as a going concern in order to maximize shareholder value through an optimal balance of debt and equity and to optimize the cost of capital.

We define Net Debt as the sum of short term and long term financial debt less cash, cash equivalents and short-term financial investments.

In millions of CHF	Notes	2022	2021
Short-term bank borrowings and lease liabilities	17	(105.7)	(98.0)
Long-term bank borrowings, bonds and lease liabilities	17	(2 250.3)	(2 287.5)
Cash and cash equivalents and short-term financial investments		756.1	794.6
Net debt		**(1 599.9)**	**(1 590.9)**

26. Risk assessment

Corporate management (the "Direction Générale", abbreviated "DG") is responsible for enterprise risk management, whereas the Group's Board of directors provides oversight and discusses with Corporate management the status of corporate risks on an annual basis.

According to Board of directors request, an annual risk assessment of corporate risks is led by Enterprise Risk Management ("ERM") and involves the participation of senior management ("DG", "DG-1" and selected "DG-2" levels) for all divisions and all regions. The scope of risk is a holistic view of all corporate risks that would prevent the company from reaching its strategic objectives or that would lead to losing significant assets.

Following that assessment, mitigation strategies are defined for significant risk exposures, corporate risks analysis is integrated into the strategic plans, and the annual internal audit plan is derived from the findings of the latest risk assessment.

27. Operating segments

Business segment information

For management purposes, the Group identifies two divisions as operating segments: 'Perfumery & Ingredients' and 'Taste & Beyond'. Each of these divisions is monitored based on a regular basis and allows the Executive Team to make decisions about the resources to be allocated to the division and assess its performance.

Perfumery & Ingredients

The Perfumery & Ingredients segment develops, manufactures and sells fragrances into three global business lines: fine fragrance, consumer fragrances and ingredients.

Taste & Beyond

The Taste & Beyond segment develops, manufactures and sells products used in the production of foods (savory and sweet) and beverages.

Group financing (including financial income and expenses) and income taxes are managed on a Group basis and are not allocated to operating segments.

Inter-segment sales are not significant.

Notes to the consolidated financial statements

	Perfumery & Ingredients		Taste & Beyond		Total	
In millions of CHF	2022	2021	2022	2021	2022	2021
Revenue	3 141.2	2 854.8	1 581.5	1 417.3	4 722.7	4 272.1
EBITDA (*)	**513.7**	**571.7**	**284.4**	**301.9**	**798.1**	**873.6**
Depreciation and amortization	(189.4)	(183.9)	(100.7)	(95.3)	(290.1)	(279.2)
Operating profit	**324.3**	**387.8**	**183.7**	**206.6**	**508.0**	**594.4**
Financing costs					(48.3)	(48.4)
Net other financial expenses					(13.7)	(18.9)
Remeasurement to fair value of pre-existing interest in an acquiree					23.7	-
Share of profit of jointly controlled entities and associates, net of taxes					10.3	5.7
Income before tax					**480.0**	**532.8**
Income tax expense					(83.7)	(79.6)
Net income for the period					**396.3**	**453.2**

(*) EBITDA is defined as earnings before financial income (expense), tax, depreciation and amortization. It corresponds to operating profit before depreciation, amortization and impairment losses.

Capital expenditure

Purchase of property, plant, equipment and intangibles	**163.2**	**171.0**	**46.1**	**52.8**	**209.3**	**223.8**

Geographical information

	Revenue		Non-current assets	
In millions of CHF	2022	2021	2022	2021
Switzerland	80.0	60.7	538.2	538.7
Europe	1 603.9	1 414.2	2 188.6	2 387.9
North America	1 160.3	1 085.8	1 208.4	1 080.1
Latin America	472.1	437.7	98.1	88.4
India, Middle East and Africa	533.8	481.9	222.3	216.9
South East Asia	468.5	439.4	68.9	69.8
North and East Asia	404.1	352.4	413.3	287.8
Total	**4 722.7**	**4 272.1**	**4 737.8**	**4 669.7**

No customer exceeds 10% of revenue.

28. Contingent assets and liabilities

Contingent assets

The Group has no contingent asset.

Contingent liabilities

From time to time and in varying degrees, the Group operations and earnings continue to be affected by political, legislative, fiscal and regulatory developments, including those relating to environmental protection, in the countries in which it operates. The activities in which the Group is engaged are also subject to risks of various kinds. The nature and frequency of these developments and events, not all which are covered by insurance contracts, as well as their effects on future operations and earnings are not predictable.

An entity of the Group continues to be named as a defendant in some butter flavor lawsuits brought against flavor houses in the United States. There are 115 remaining cases, involving 145 plaintiffs.

Notes to the consolidated financial statements

29. Commitments

As of June 30, 2022 the Group has several commitments resulting from contractual obligations as well as capital commitments.

Commitments resulting from contractual obligations

In millions of CHF	2022	2021
Commitments resulting from contractual obligations	3.2	4.7

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

In millions of CHF	2022	2021
Property, plant and equipment	15.2	10.6
Intangible assets	0.2	2.7
Total	**15.4**	**13.3**

30. Restrictions on the titles to assets

At the closing date, there is no material restriction on the title to assets, except those disclosed in note 5 (deferred compensation scheme).

31. Subsequent events

There is no subsequent event after the reporting period that might have a material impact on the consolidated financial statements as of June 30, 2022.

32. Exchange rates

The following major exchange rates are used to establish the consolidated financial statements:
- closing rates for the consolidated statement of financial position correspond to the exchange rates prevailing at June 30, 2022 and 2021.
- average rates for the consolidated income statement account and the statement of cash flows.

		2022		2021	
ISO code	Units	Closing rate	Average rate	Closing rate	Average rate
USD	1	0.958	0.927	0.924	0.911
EUR	1	0.996	1.052	1.098	1.085
CNY	1	0.143	0.144	0.143	0.137
SGD	1	0.688	0.683	0.688	0.676
GBP	1	1.162	1.241	1.279	1.223
JPY	100	0.704	0.799	0.835	0.857

Notes to the consolidated financial statements

33. List of main entities of the Group

The consolidated financial statements include the following main entities.

Country	Entity name	Share in percentage	Currency	Share capital in thousands
Switzerland	Firmenich International SA	100	CHF	40 500
	Firmenich SA (*)	100	CHF	30 000
	Firmenich Finance SA (*)	100	CHF	100
	Fragar (America) SA (*)	100	CHF	20 000
	Fragar Trading SA (*)	100	CHF	2 500
	Fragar (Europe) SA (*)	100	CHF	2 500
	Firmenich Trading Corporation (*)	100	CHF	12 500
Argentina	Firmenich S.A.I.C. y F.	100	ARS	5 452
Australia	Firmenich Limited	100	AUD	2 780
Austria	Firmenich Ges.m.b.H	100	EUR	37
Belgium	Firmenich Belgium SA	100	EUR	1 240
Brazil	Firmenich & Cia Ltda.	100	BRL	83 115
Bulgaria	Watt Burgas OOD KD	80	BGN	5
Canada	Firmenich of Canada Ltd.	100	CAD	1
China	Kunming Firmenich Aromatics Co. Ltd.	80	CNY	167 281
	Firmenich Aromatics (Shanghai) Co. Ltd.	100	CNY	4 139
	Firmenich Aromatics (China) Co. Ltd.	100	CNY	564 605
	Artsci Biology Technologies Co. Ltd.	90	CNY	20 000
	Hangzhou Ansai Bio.& Tech. Inc.	90	CNY	10 000
	Firmenich Aromatics (ZhangjiaGang) Co., Ltd	100	CNY	220 697
Colombia	Firmenich S.A.	100	COP	8 163 346
Denmark	Firmenich Denmark APS	100	DKK	11 625
France	Firmenich & Cie SAS	100	EUR	5 000
	Firmenich Productions SAS	100	EUR	13 600
	Firmenich Grasse SAS	100	EUR	25 756
	Alpha Beta International SAS	100	EUR	248 683
	Les Dérivés Résiniques et Terpéniques	100	EUR	19 961
	Société Béarnaise de Synthèse SASU	100	EUR	50
	Resimmo SCI	100	EUR	10
	DRT Approvisionnement Biomasse SAS	64	EUR	700
	Action Pin SA	100	EUR	1 372
Germany	Firmenich GmbH	100	EUR	6 300
	Firmenich Trostberg GmbH	100	EUR	25
India	Firmenich Aromatics Production (India) Private Ltd	100	INR	2 322 400
	VKL Seasoning Private Ltd	69	INR	12 750
	DRT-Anthea Aroma Chemicals Private Limited	50	INR	19 116
Indonesia	PT Firmenich Indonesia	85	IDR	5 305 000
	Firmenich Aromatics Indonesia	100	IDR	45 097 500
Italy	Firmenich S.p.A.	100	EUR	103
	Firmenich Holding (Italy) SPA	100	EUR	30 000
	Campus S.r.l.	100	EUR	501

(*) Direct investments of Firmenich International SA.

Notes to the consolidated financial statements

Country	Entity name	Share in percentage	Currency	Share capital in thousands
Japan	Nihon Firmenich K.K.	100	JPY	90 000
Korea	Firmenich Co. Ltd.	100	KRW	500 000
Mexico	Firmenich de Mexico S.A. de C.V.	100	MXN	104 327
	Campus Italia de Mexico S. de R.L. de C.V.	100	MXN	91 123
Nigeria	Firmenich Western Africa Limited	100	NGN	10 000
Norway	Firmenich Bjørge Biomarin AS	100	NOK	125 250
	Campus Scandinavia AS	100	NOK	100
Philippines	Firmenich (Philippines) Inc.	100	PHP	13 075
Poland	Firmenich Sp. Z.o.o.	100	PLN	2 000
Russia	Firmenich LLC	100	RUB	44 481
Singapore	Firmenich Asia Pte Ltd.	100	SGD	6 000
South Africa	Firmenich (Pty) Ltd.	100	ZAR	220 000
Spain	Firmenich S.A.	100	EUR	300
Thailand	Firmenich Thailand Ltd.	100	THB	100 000
Turkey	Firmenich Dis Ticaret Limited Sirketi	100	TRY	166
	Gulcicek Kimya ve Ucan Yaglar Sanayi ve Ticaret A.S.	87	TRY	30 000
UAE	Firmenich FZ-LLC	100	USD	400
UK	Firmenich UK Ltd.	100	GBP	7 000
	Bergère Ltd. (*)	100	USD	391
USA	Firmenich Inc.	100	USD	31 350
	Chem-Fleur Inc.	100	USD	27 641
	Intercit Inc.	100	USD	567
	MCP Food Inc.	100	USD	5 000
	Essex Laboratories LLC	75	USD	9 637
	Agilex Holdings, Inc.	100	USD	163 603
	DRT America Inc.	100	USD	97 474
	DRT America LLC	100	USD	56 232
	Pinova Inc.	100	USD	78 329
Vietnam	Firmenich Vietnam LLC	100	VND	6 308 700

(*) Direct investments of Firmenich International SA.

The consolidated financial statements recognize the following main associates and joint ventures.

Country	Entity name	Share in percentage	Currency	Share capital in thousands
France	Biomass Energy Solutions VSG SAS	37	EUR	5 718
India	Jasmine Concrete Exports Private Ltd	49	INR	17 382
USA	Essential Labs, LLC.	49	USD	170

The voting rights are the same as the share in percentage for all entities.

KPMG

Statutory Auditor's Report

To the General Meeting of Firmenich International SA, Satigny

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Firmenich International SA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2022 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 57 to 106) give a true and fair view of the consolidated financial position of the Group as at June 30, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Revenue recognition

Carrying value of goodwill

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Revenue recognition

Key Audit Matter

The Group generates revenue from contracts with customers from the sale of fragrance and flavor products. The Group has an extensive product range and a large number of customers. Additionally, revenue is one of the key performance indicators for the Group.

Revenue is recognized when control over the goods are transferred to the customer. Particular attention is required to ensure revenue is recognized in the correct accounting period. Thus, we identified timing of revenue recognition around the balance sheet dates as a key audit matter.

Our response

We obtained an understanding of the overall process over revenue recognition and tested key internal controls over the timing of revenue recognition, including controls performed by management on the timing of goods' shipment and delivery, and over the correct approval and timely recognition of credit notes. Due to the high reliance of revenue recognition on IT, we evaluated the integrity of the general IT control environment.

We used audit technology to identify sales at risk of being recognized in the incorrect accounting period around year-end, and to corroborate management's assessment. We traced a sample of sales to related underlying documents.

We sampled credit notes and sales reversals recorded after the balance sheet date and traced the selected items to sales documents.

Furthermore, we performed a monthly trend analysis of revenue by division, corroborating our understanding of each division's performance compared to the reported results.

We also considered whether disclosures over revenue recognition in the consolidated financial statements are appropriate.

For further information on revenue refer to the following:

- Note 1, Accounting information and policies – Group significant accounting policies – Revenue
- Note 27, Operating segments

Carrying value of goodwill

Key Audit Matter

As at June 30, 2022, the Group has goodwill of CHF 1,995.9 million, which is required to be tested for impairment at least on annual basis. The recoverability is dependent on achieving a sufficient level of future net cash flows.

Management apply judgment in assessing the future performance and prospects of each CGU and determining the relevant valuation assumptions.

Carrying value of goodwill is a key audit matter because the valuation process is complex. It involves a high degree of management judgment and assumptions, such as cash flow forecasts, long term growth rates and discount rates of the CGUs, being used in the Group's impairment tests.

Our response

We evaluated the accuracy of impairment tests, the reasonableness of the key assumptions used to determine the recoverable amount – including long term growth rates and discount rates based on our understanding of the related CGUs' commercial outlook – and the methodology used by management to prepare its cash flow forecasts.

We involved valuation professionals with specialized skills and knowledge who assisted in assessing the reasonableness of the discount rates and long term growth rates through testing the source information underlying their determination, and in developing a range of independent estimates and comparing those to the discount and long term growth rates applied by management.

We assessed the Group's ability to accurately prepare projections for their CGUs by comparing the projected financial performance from past period to actual figures for the same period.

We also considered the adequacy of the disclosures on impairment testing in the consolidated financial statements.

For further information on carrying value of goodwill refer to the following:

— Note 1, Accounting information and policies

  – Group significant accounting policies – Principles of consolidation

  – Critical accounting estimates and judgments – Impairment of goodwill

— Note 3, Goodwill and intangible assets

Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is 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 Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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 to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. 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.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, 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, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of 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 our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease 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 represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee 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 the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, 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 or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG SA

Martin Rohrbach
Licensed Audit Expert
Auditor in Charge

Carlos Alvarez
Licensed Audit Expert

Geneva, August 4, 2022

KPMG SA, Esplanade de Pont-Rouge 6, PO Box 1571, CH-1211 Geneva 26

Firmenich International SA, Satigny

Income statement

For the year ended June 30

In millions of CHF	Notes	2022	2021
Dividend income	1	242.2	257.1
Other operating income		0.6	0.0
Other financial income	2	67.9	35.8
Total income		**310.7**	**292.9**
Financial expenses	3	(77.4)	(78.9)
Other operating expenses	4	(50.3)	(5.9)
Direct taxes		(1.0)	(2.0)
Total expenses		**(128.7)**	**(86.8)**
Profit for the year		**182.0**	**206.1**

Firmenich International SA, Satigny

Balance sheet

As at June 30

In millions of CHF	Notes	2022	2021
Assets			
Cash and cash equivalents		402.0	428.4
Bank deposits		127.5	186.0
Derivative financial instruments with an observable market price	5	9.5	0.2
Other short-term receivables from companies in which the entity holds an investment		752.9	791.5
Prepaid expenses and accrued income	6	8.7	6.6
Total current assets		**1 300.6**	**1 412.7**
Securities listed on a stock exchange	7	395.2	395.2
Financial assets	7	4.1	3.5
Loans granted to companies in which the entity holds an investment		1 330.2	1 346.0
Investments	8	362.7	362.7
Prepaid expenses and accrued income	6	5.1	8.7
Total non-current assets		**2 097.3**	**2 116.1**
Total assets		**3 397.9**	**3 528.8**
Liabilities and Shareholders' equity			
Trade accounts payable		0.0	0.3
Short-term interest-bearing liabilities	9	352.4	460.9
Derivative financial instruments with an observable market price	5	0.0	1.9
Accrued expenses and deferred income	10	153.0	37.7
Short-term provisions		6.9	0.0
Total short-term liabilities		**512.3**	**500.8**
Long-term interest-bearing liabilities	11	1 273.5	1 347.6
Total long-term liabilities		**1 273.5**	**1 347.6**
Total liabilities		**1 785.8**	**1 848.4**
Share capital			
Registered shares	12	40.5	40.5
Legal retained earnings			
General legal retained earnings reserves		244.0	244.0
Voluntary retained earnings reserves			
Special reserve		330.0	330.0
Ordinary reserve		40.5	40.5
Available earnings			
Profit brought forward		775.1	819.3
Profit for the year		182.0	206.1
Total shareholders' equity		**1 612.1**	**1 680.4**
Total liabilities and shareholders' equity		**3 397.9**	**3 528.8**

Firmenich International SA, Satigny

Notes to the financial statements

Principles

General aspects

Firmenich International SA, Satigny, Switzerland, is the holding company of the Firmenich Group. The Group is a global supplier of fragrances and flavors. The company employs less than 250 full-time equivalents. These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32^{nd} title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

Foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange ruling at the date of the transaction. Assets and liabilities denominated in a foreign currency are translated into CHF at year-end exchange rates. All transaction gains or losses, realised and unrealised, are taken directly to the year's results, including the effects of forward contracts, with the exception of unrealised exchange gains that are carried on the balance sheet as a liability.

Exchange gains and losses are compensated by currency and the resulting net exchange gain or net exchange loss is disclosed in the disclosures to the financial statements.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances and short-term deposits at 48 hours. Bank overdrafts are shown under current liabilities.

Bank deposits

Bank deposits are composed of short-term deposits over 48 hours.

Securities listed on a stock exchange

Securities listed on a stock exchange, which are traded in liquid markets, are initially recorded at cost and subsequently carried at fair value (quoted market price). Securities listed on a stock exchange that represent strategic investments classified as long-term are valued at historical cost.
Realised and unrealised gains and losses arising from changes in the fair value are included in the income statement in the period in which they arise. A valuation adjustment reserve has not been accounted for.

All purchases and sales of marketable securities are recognised on the trade date, which is the date of the commitment to purchase, or sell the asset.

Derivative financial instruments with an observable market price

Derivative financial instruments are initially recognised in the balance sheet at fair value plus directly attributable transaction cost and subsequently remeasured at their fair value based on observable market prices at the balance sheet date. Gains and losses, realised or unrealised, from forward exchange contracts and currency options used to hedge potential exchange rate exposures are included in the year's results. Interest differentials under swap arrangements used to manage interest rate exposures are recognised by adjustments to interest expenses. A valuation adjustment reserve has not been accounted for.

Derivative financial instruments with an observable market price that is positive are classified as assets whereas derivative financial instruments with an observable market price that is negative are classified as liabilities.

Financial assets

Financial assets include securities that have no quoted market price or no other observable market price. Financial assets with no observable market price are valued at their acquisition cost adjusted for impairment losses.

Investments

Investments in companies where the entity holds an investment are valued at acquisition cost less adjustments for impairment of value.

Bonds

Bonds are valued at nominal value. Any bond premium, discount and transaction costs directly related to the issue of the bond are amortized over the duration of the bond.

Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Firmenich International SA, Satigny

Notes to the financial statements

Foregoing a cash flow statement and additional disclosures in the notes

As Firmenich International SA has prepared its consolidated financial statements in accordance with a recognised accounting standard (IFRS), it has decided to forego presenting additional information on interest-bearing liabilities and audit fees in the notes as well as a cash flow statement in accordance with the law.

In the following notes, all amounts are shown in millions of CHF unless otherwise stated.

1. Dividend income

In millions of CHF	2022	2021
Firmenich SA	127.5	151.5
Fragar (America) SA	10.2	9.2
Fragar Trading SA	5.4	0.0
Firmenich Trading Corporation	99.1	96.4
Total dividend income	**242.2**	**257.1**

2. Other financial income

In millions of CHF	2022	2021
Interest and other financial income from companies in which the entity holds an investment	22.7	24.0
Net unrealised exchange gains on derivative financial instruments	11.3	0.0
Net realised exchange gains on derivative financial instruments	23.9	0.0
Net exchange gains	3.9	8.9
Net realised exchange gains on currency spot transactions	0.0	0.6
Interest and dividend income from third parties	6.1	2.3
Total other financial income	**67.9**	**35.8**

3. Financial expenses

In millions of CHF	2022	2021
Interest to companies in which the entity holds an investment	4.0	4.8
Interest expenses	34.4	36.7
Discounts and transaction costs on bonds	2.0	2.0
Net realised exchange losses on currency spot transactions	15.9	0.0
Unrealised exchange losses	11.2	23.5
Realised exchange losses	7.4	2.6
Net market losses on securities and other financial assets	0.1	0.0
Net unrealised exchange losses on derivative financial instruments	0.0	6.8
Net realised exchange losses on derivative financial instruments	0.0	0.2
Bank fees and charges	2.4	2.3
Total financial expenses	**77.4**	**78.9**

4. Other operating expenses

In millions of CHF	2022	2021
Employee benefits	6.9	0.0
Board of Directors fees and remuneration	3.7	3.6
Professional services	39.2	1.8
Service and management fees to companies in which the entity holds an investment	0.5	0.5
Total other operating expenses	**50.3**	**5.9**

Firmenich International SA, Satigny

Notes to the financial statements

5. Derivative financial instruments with an observable market price

In millions of CHF	Nominal value	Positive fair values (assets)	Negative fair values (liabilities)
June 30, 2022			
Forward exchange contracts			
Sell USD	(50.4)	0.1	(0.0)
Sell EUR	(226.2)	9.2	0.0
Sell Other	(5.2)	0.2	0.0
	(281.7)	**9.5**	**(0.0)**
Total derivative financial instruments with an observable market price		**9.5**	**(0.0)**

In millions of CHF	Nominal value	Positive fair values (assets)	Negative fair values (liabilities)
June 30, 2021			
Forward exchange contracts			
Buy USD	6.2	0.2	0.0
Sell EUR	(281.1)	0.0	(1.7)
Sell Other	(20.0)	0.0	(0.2)
	(294.9)	**0.2**	**(1.9)**
Total derivative financial instruments with an observable market price		**0.2**	**(1.9)**

Financial assets

In millions of CHF	2022	2021
Derivative financial instruments with third parties	9.4	0.0
Derivative financial instruments with companies in which the entity holds an investment	0.1	0.2
Total derivative financial instruments with an observable market price	**9.5**	**0.2**

Financial liabilities

In millions of CHF	2022	2021
Derivative financial instruments with third parties	0.0	1.9
Total derivative financial instruments with an observable market price	**0.0**	**1.9**

6. Prepaid expenses and accrued income

In millions of CHF	2022	2021
Accrued interests from companies in which the entity holds an investment	0.5	3.4
Accrued dividend income	3.4	0.0
Bonds discounts and transaction costs	2.0	2.0
Prepaid bank fees	1.5	0.8
Other accrued income and prepaid expenses	1.3	0.4
Total short-term prepaid expenses and accrued income	**8.7**	**6.6**
Bonds discounts and transaction costs	4.5	6.6
Prepaid long-term bank fees	0.6	2.1
Total long-term prepaid expenses and accrued income	**5.1**	**8.7**

Firmenich International SA, Satigny

Notes to the financial statements

7. Securities listed on a stock exchange and Financial assets

In millions of CHF	2022	2021
Securities listed on a stock exchange	395.2	395.2
Investment funds	4.1	3.5
Total long-term financial assets	**399.3**	**398.7**

In FY20, Firmenich International SA acquired 21.8% of Robertet SA's share interests, representing circa 11.4% of voting rights. This equity instrument represents a long-term strategic investment valued at historical cost.

8. Investments

	Share capital in millions				Share in capital/voting rights in %	
Company	June 30, 2022		June 30, 2021		June 30, 2022	June 30, 2021
Firmenich SA	CHF	30.0	CHF	30.0	100	100
Fragar (America) SA	CHF	20.0	CHF	20.0	100	100
Fragar (Europe) SA	CHF	2.5	CHF	2.5	100	100
Fragar Trading SA	CHF	2.5	CHF	2.5	100	100
Firmenich Trading Corporation	CHF	12.5	CHF	12.5	100	100
Bergere Limited	CHF	0.5	CHF	0.5	100	100
Firmenich Finance SA	CHF	0.1	CHF	0.1	100	100

		Carrying value in millions of CHF	
Company	Domicile	June 30, 2022	June 30, 2021
Firmenich SA	Satigny, Switzerland	325.0	325.0
Fragar (America) SA	Satigny, Switzerland	20.0	20.0
Fragar (Europe) SA	Satigny, Switzerland	2.5	2.5
Fragar Trading SA	Satigny, Switzerland	2.5	2.5
Firmenich Trading Corporation	Satigny, Switzerland	12.0	12.0
Bergere Limited	Hamilton, Bermuda	0.6	0.6
Firmenich Finance SA	Satigny, Switzerland	0.1	0.1
Total investments		**362.7**	**362.7**

A list of main indirect Group companies held by Firmenich International SA is included in the consolidated financial statements of Firmenich International SA.

9. Short-term interest-bearing liabilities

In millions of CHF	2022	2021
Current accounts with companies in which the entity holds an investment	352.4	460.9
Total short-term interest-bearing liabilities	**352.4**	**460.9**

Firmenich International SA, Satigny

Notes to the financial statements

10. Accrued expenses and deferred income

In millions of CHF	2022	2021
Deferred unrealised exchange gains	83.6	4.7
Accrued interest	26.1	28.2
Accrued expenses for professional services	38.0	0.0
Accrued expenses for Board of Directors fees and remuneration	1.2	1.1
Accrued taxes	2.5	2.4
Other accruals	1.6	1.3
Total accrued expenses and deferred income	**153.0**	**37.7**

11. Long-term interest-bearing liabilities

In millions of CHF	2022	2021
Bonds	1 222.2	1 298.5
Due to companies in which the entity holds an investment	51.3	49.1
Total long-term interest-bearing liabilities	**1 273.5**	**1 347.6**

BONDS In millions of CHF	Face value	Issue price	Coupon	Year of issue/ maturity	2022	2021
Deeply Subordinated Fixed Rate Resettable Perpetual Notes*	EUR 750	99.429%	3.75%	2020	747.2	823.5
Public bonds	CHF 425	100.335%	1.00%	2020-2023	425.0	425.0
Public bonds	CHF 50	100.896%	1.00%	2020-2023	50.0	50.0
Total bonds					**1 222.2**	**1 298.5**

*Firmenich International SA issued EUR 750 million deeply subordinated fixed rate resettable perpetual notes on June 3, 2020 with a coupon of 3.75% payable annually at the sole discretion of the issuer until the first reset date i.e. September 3, 2025. Thereafter, the interest rate is reset every 5 years.

12. Share capital

Share capital in the amount of CHF 40.5 million consists of 729'000 registered A shares at a par value of CHF 50 each, 810'000 registered B shares at a par value of CHF 5 each.

Other information

Guarantees

Guarantees and comfort letters issued in favor of affiliated companies amount to CHF 438.8 (2021: CHF 410.0).

Bonds issuance guaranteed by Firmenich International SA:

In millions	Face value	Coupon	Year of issue/ maturity	Face value 2022	Face value 2021
ISSUER					
Firmenich Productions Participations SAS (France)	EUR 750	1.375%	2020-2026	CHF 747.2	CHF 823.5
Firmenich Productions Participations SAS (France)	EUR 750	1.750%	2020-2030	CHF 747.2	CHF 823.5
	EUR 1 500			**CHF 1 494.5**	**CHF 1 647.1**

Significant events after the balance sheet date

There are no significant events after the balance sheet date which could impact the book value of the assets or liabilities or which should be disclosed here.

Firmenich International SA, Satigny

Appropriation of available earnings

Proposal of the Board of Directors to the General Meeting of Shareholders

As at June 30, 2022

In CHF	2022
Available earnings	
Profit brought forward	775 122 771
Profit for the year	181 951 066
Total available earnings	**957 073 837**
Distribution of an ordinary dividend	
on A shares 10 %	3 645 000
on B shares 10 %	405 000
	4 050 000
Distribution of an additional dividend	
on A shares 607.28395 % (2021: 608 %)	221 355 000
on B shares 607.28395 % (2021: 608 %)	24 595 000
	245 950 000
Total appropriation of available earnings	**250 000 000**
Balance to be carried forward	**707 073 837**

The general legal retained earnings reserves exceed 20% of the share capital. As such, the first attribution is not required.

Statutory Auditor's Report

To the General Meeting of Firmenich International SA, Satigny

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Firmenich International SA, which comprise the balance sheet as at June 30, 2022, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 112 to 119) for the year ended June 30, 2022 comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. 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 financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

— Conclude on the appropriateness of the Board of 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee 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 the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the 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 or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG SA

Martin Rohrbach
Licensed Audit Expert
Auditor in Charge

Carlos Alvarez
Licensed Audit Expert

Geneva, August 4, 2022

Appendix to the Annual Report: Alternative Performance Measures (June 2022)

For the period ended 30 June 2022

Introduction

The management and Board of Directors of Firmenich International SA use a number of Alternative Performance Measures (APM) to monitor the performance of the business, in addition to the International Financial Reporting Standard (IFRS) measures.

An alternative performance measure is a financial measure of historical financial performance, financial position or cash flows other than a financial measure defined or specified in the applicable recognised accounting standards (i.e. IFRS).

In order to provide users with a comprehensive understanding of our performance, our Alternative Performance Measures are listed and defined below. They should be considered in addition to, not as a substitute for operating profit, net income, operating cash flow and other measures of financial performance and liquidity reported in accordance with IFRS.

Growth at Constant Currency (CCY)

Growth at Constant Currency is used by our management and Board of Directors to evaluate operating performance. We believe that the elimination of the effect of foreign currency variations can provide useful period-to-period comparisons of our operating performance and enable a better understanding of the underlying factors contributing to such performance.

Growth at Constant Currency is computed by comparing current period results converted at prior period foreign exchange rates to prior period results at prior period foreign exchange rates.

Growth on an Organic Basis (Organic)

Growth on an Organic Basis is used by our management and Board of Directors to evaluate operating performance. We believe that the elimination of the impact of business acquisitions and disposals can provide useful period-to-period comparisons of our operating performance and enable a better understanding of the underlying factors contributing to such performance.

Growth on an Organic Basis is calculated by excluding the impact of business acquisitions and disposals for a period of 12 months following or preceding the date of such business acquisition or disposal, respectively.

Revenue Growth on an Organic Basis at Constant Currency (OCCY)

Revenue Growth on an Organic Basis at Constant Currency is used by our management and Board of Directors to evaluate operating performance. We believe that the elimination of the impact of business acquisitions, disposals and foreign currency variations from Revenue can provide useful like-for-like period-to-period comparisons of our sales performance and enable a better understanding of the underlying factors contributing to such performance.
Revenue Growth on an Organic Basis at Constant Currency is calculated as described above in the respective sections "Growth at Constant Currency" and "Growth on an Organic Basis".

The table below provides the reconciliation of OCCY to Revenue growth is as follows:

For the period ended, in millions of CHF	June 30, 2022	June 30, 2021	Year-over-year	Year-over-year in %
Revenue	**4 722.7**	**4 272.1**		
Revenue growth			**450.6**	**10.5%**
Effect of foreign exchange rates			-29.3	-0.7%
Growth at Constant Currency (CCY)			**480.0**	**11.2%**
Effect of business acquisitions and disposals			6.4	0.1%
Revenue Growth on an Organic Basis at Constant Currency (OCCY)			**473.6**	**11.1%**

EBITDA

EBITDA is defined as earnings before financial income (expense), tax, depreciation and amortization. It corresponds to operating profit before depreciation, amortization and impairment losses.

For the period ended, in millions of CHF	June 30, 2022	June 30, 2021
Operating profit	**508.0**	**594.4**
Depreciation of property, plant and equipment	177.9	170.8
Amortization of intangible assets	106.9	102.6
Impairment losses	5.3	5.8
EBITDA	**798.1**	**873.6**

Adjusted EBITDA

Adjusted EBITDA is a measure used by our management and Board of Directors to evaluate our core operating performance.

We define Adjusted EBITDA as EBITDA adjusted to eliminate the impact of identified items of non-recurring nature and/or not directly attributable to the operating performance that may materially distort period-to-period comparisons and/or the evaluation of our on-going business performance.

The defined list of adjusted items comprises restructuring and transformation costs, acquisition and disposal-related costs, gain and loss on disposals of intangible assets and property, plant and equipment, and other items of a one-time and/or non-operating nature, which may include elements such as legal claims and settlements, or curtailments of defined benefits pension plans.
The table below discloses the adjusted items included in the EBITDA:

For the period ended, in millions of CHF	June 30, 2022	June 30, 2021
EBITDA	**798.1**	**873.6**
Restructuring and transformation costs	4.8	10.2
Acquisition and disposal related costs (*)	99.9	9.1
Loss / (gain) on disposal of intangible assets and property, plant and equipment	1.7	(46.9)
Other items of a one-time and/or non-operating nature (**)	-	(30.1)
Adjusted EBITDA	**904.5**	**815.9**

* In current year, it mainly consists of expenses and provisions related to the DSM-Firmenich merger. See note 20 of the Consolidated Financial Statements of Firmenich
** In prior year, it consists of an income related to a legal case settlement. See note 20 of the Consolidated Financial Statements of Firmenich International SA.

Free Cash Flow (FCF)

Free Cash Flow is a measure used by our management and Board of Directors to evaluate our ability to generate cash to return capital to shareholders, repay debt and fund potential acquisitions.

We define Free Cash Flow as Cash flows from operating activities less purchase of intangible assets and property plant and equipment net of disposals.

Reconciliation of Cash flows from operating activities to Free cash flow is as follows:

For the period ended, in millions of CHF	June 30, 2022	June 30, 2021
Cash flows from operating activities	**620.8**	**693.3**
Purchase of property, plant and equipment	(171.5)	(185.7)
Purchase of intangible assets	(37.8)	(38.1)
Disposal of intangible assets, property, plant and equipment	2.1	41.8
Free Cash Flow	**413.6**	**511.3**

Net Debt

Net Debt is a measure used by our management and Board of Directors to assess our financial position.

We define Net Debt as the sum of short term and long term financial debt less cash, cash equivalents and short-term financial investments. See note 25 of the Consolidated Financial Statements of Firmenich International SA. Net Debt comprises:

In millions of CHF	June 30, 2022	June 30, 2021
Short-term bank borrowings and lease liabilities	(105.7)	(98.0)
Long-term bank borrowings, bonds and lease liabilities	(2 250.3)	(2 287.5)
Cash, cash equivalents and financial investments	756.1	794.6
Net Debt	**(1 599.9)**	**(1 590.9)**

In addition, in 2020 we have issued deeply subordinated fixed rate perpetual resettable notes for CHF 795 million, which are accounted for in equity in the Group's consolidated financial statements, in accordance with IFRS as issued by the International Accounting Standards Board IASB (refer to IAS 32 – Financial Instruments: Presentation), as described in note 12 to the consolidated financial statements.

DISCLAIMER

This document and the related results contain forward-looking statements related to Firmenich International SA (the "Company") and its future business and financial performance and future events or developments, including statements regarding: trends; exchange rates; plans, strategies and objectives of management; anticipated production; capital costs and scheduling; operating costs and supply chain issues; provisions and contingent liabilities; tax and regulatory developments.

Forward-looking statements can be identified by the use of terminology such as 'intend', 'aim', 'project', 'anticipate', 'estimate', 'plan', 'believe', 'expect', 'may', 'should', 'will', 'continue', 'annualised' or similar words. These statements discuss future expectations concerning the results of operations or financial condition, or provide other forward-looking statements. These forward-looking statements are not guarantees, or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control, and which may cause actual results to differ materially from those expressed in the statements contained in this presentation. Readers are cautioned not to put undue reliance on forward-looking statements. Other than in accordance with its legal or regulatory obligations, the Company does not undertake to update or revise any forward-looking statement to reflect any changes in events, conditions or circumstances on which any such statement is based.

Non-IFRS measures have not been subject to audit or review and should not be considered as an indication of, or alternative to, an IFRS measure of profitability, financial performance or liquidity.

Nothing in this presentation should be construed as either an offer to sell, or a solicitation of an offer, to buy or sell securities in any jurisdiction, or be treated or relied upon as a recommendation or advice by the Company.

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Family owned founded in Geneva, 1895

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