Consolidated Financial Statements

SYMRISE AG, HOLZMINDEN

JANUARY 1 TO DECEMBER 31, 2021

CONSOLIDATED FINANCIAL STATEMENTS 2021

Consolidated Income Statement 62
Consolidated Statement of Comprehensive Income 63
Consolidated Statement of Financial Position 64
Consolidated Statement of Cash Flows 66
Consolidated Statement of Changes in Equity 67
Notes 68
1. General information 68
2. Accounting policies 68
3. Segment information 87
4. Sales 92
5. Cost of goods sold 92
6. Personnel expenses 93
7. Selling and marketing expenses 93
8. Research and development expenses 93
9. Administration expenses 94
10. Other operating income 94
11. Financial result 94
12. Income taxes 95
13. Amortization and depreciation 96
14. Earnings per share 96
15. Cash and cash equivalents 97
16. Trade receivables 97
17. Inventories 98
18. Assets held for sale 98
19. Intangible assets 99
20. Property, plant and equipment 101
21. Investments in companies accounted for using the equity method 103
22. Deferred tax assets/liabilities 104
23. Trade payables 105
24. Current and non-current borrowings 105
25. Leases 107
26. Other current non-financial liabilities 108
27. Other current and non-current provisions 108
28. Provisions for pensions and similar obligations 109
29. Equity 115
30. Disclosures on capital management 118
31. Additional disclosures on the consolidated statement of cash flows 119
32. Additional information on financial instruments and the measurement of fair value 121
33. Disclosures relating to financial instrument risk management 124
34. Contingent liabilities and other financial obligations 128
35. Transactions with related parties 129
36. Executive Board and Supervisory Board shareholdings 129
37. Long-term objectives and methods for managing financial risk 130
38. Audit of financial statements 130
39. List of interests in entities 130
40. Exemption from the obligation to prepare annual financial statements pursuant to Section 264 (3) of the German Commercial Code (HGB) 133
41. Corporate Governance 133
42. Events after the reporting period 133

STATEMENT OF THE EXECUTIVE BOARD 135

INDEPENDENT AUDITOR'S REPORT 136

Consolidated Income Statement

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

Consolidated Statement of Comprehensive Income

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

Consolidated Statement of Financial Position

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

Consolidated Statement of Financial Position

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

Consolidated Statement of Cash Flows

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

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

Consolidated Statement of Changes in Equity

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

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

Equity developments are explained in note 29.

Notes

1. GENERAL INFORMATION

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

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

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

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

2. ACCOUNTING POLICIES

2.1 Basis of preparation of the financial statements

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

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

2.2 Changes to accounting policies

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

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

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

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

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

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

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

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

2.3 Estimates and assumptions

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

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

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

2.4 Consolidation principles and scope of consolidation

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

Full consolidation

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

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

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

Applying the equity method

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

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

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

Scope of consolidation

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

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

Business combinations

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

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

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

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

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

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

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

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

ACQUISITION OF THE GIRAFFE FOODS GROUP

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

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

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

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

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

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

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

PURCHASE AGREEMENT FOR AN EGG PROCESSING PLANT

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

Disinvestments

SALE OF NATURAL FOOD COLOR ACTIVITIES

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

2.5 Summary of significant accounting policies

FOREIGN CURRENCY TRANSLATION

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

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

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

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

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

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

ACCOUNTING PRACTICES IN COUNTRIES WITH HYPERINFLATION

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

RECOGNITION OF SALES REVENUE

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

GOVERNMENT GRANTS

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

INCOME TAXES

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

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

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

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

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

EARNINGS PER SHARE

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

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

BUSINESS COMBINATIONS AND GOODWILL

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

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

OTHER INTANGIBLE ASSETS

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

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

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

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

RESEARCH AND DEVELOPMENT EXPENSES

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

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

LEASES

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

FINANCIAL INSTRUMENTS

General information

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

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

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

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

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

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

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

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

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

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

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

Trade receivables and other receivables

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

Cash and cash equivalents

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

Other financial assets

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

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

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

Compound financial instruments

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

ASSETS HELD FOR SALE

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

INVENTORIES

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

PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

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

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

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

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

OTHER PROVISIONS

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

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

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

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

IMPAIRMENTS

Trade receivables

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

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

Other financial assets

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

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

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

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

Non-financial assets

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

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

Goodwill

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

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

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

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

DETERMINING FAIR VALUE

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

Financial instruments – General principles

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

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

Property, plant and equipment

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

Intangible assets

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

Inventories

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

3. SEGMENT INFORMATION

REORGANIZATION OF OPERATING SEGMENTS

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

DESCRIPTION OF OPERATING SEGMENTS

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

MEASUREMENT CRITERIA FOR THE SEGMENTS

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

SEGMENT RESULTS

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

[1] Without additions from business combinations.

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

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

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

RESULT BY REGION

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

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

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

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

ADDITIONAL DISCLOSURES ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

4. SALES

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

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

The following tables show these components for the two segments:

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

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

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

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

5. COST OF GOODS SOLD

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

6. PERSONNEL EXPENSES

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

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

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

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

7. SELLING AND MARKETING EXPENSES

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

8. RESEARCH AND DEVELOPMENT EXPENSES

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

9. ADMINISTRATION EXPENSES

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

10. OTHER OPERATING INCOME

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

11. FINANCIAL RESULT

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

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

12. INCOME TAXES

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

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

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

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

RECONCILIATION OF EXPECTED TO ACTUAL TAX EXPENSE

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

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

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

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

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

13. AMORTIZATION AND DEPRECIATION

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

14. EARNINGS PER SHARE

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

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

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

ADDITIONAL DISCLOSURES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

15. CASH AND CASH EQUIVALENTS

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

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

16. TRADE RECEIVABLES

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

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

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

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

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

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

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

17. INVENTORIES

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

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

18. ASSETS HELD FOR SALE

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

19. INTANGIBLE ASSETS

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

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

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

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

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

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

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

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

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

GOODWILL ACCORDING TO SEGMENT

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

20. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

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

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

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

21. INVESTMENTS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

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

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

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

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

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

22. DEFERRED TAX ASSETS/LIABILITIES

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

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

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

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

23. TRADE PAYABLES

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

24. CURRENT AND NON-CURRENT BORROWINGS

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

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

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

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

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

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

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

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

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

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

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

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

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

25. LEASES

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

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

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

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

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

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

26. OTHER CURRENT NON-FINANCIAL LIABILITIES

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

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

27. OTHER CURRENT AND NON-CURRENT PROVISIONS

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

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

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

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

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

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

28. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

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

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

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

GERMANY

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

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

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

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

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

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

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

USA

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

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

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

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

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

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

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

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

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

The actuarial measurements are based on the following assumptions:

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

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

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

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

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

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

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

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

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

29. EQUITY

SHARE CAPITAL

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

AUTHORIZED CAPITAL

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

ACQUISITION OF TREASURY STOCK

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

CONDITIONAL CAPITAL

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

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

CAPITAL RESERVE AND OTHER RESERVES

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

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

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

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

RECONCILIATION OF EQUITY COMPONENTS AFFECTED BY OTHER COMPREHENSIVE INCOME

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

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

DIVIDENDS

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

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

NON-CONTROLLING INTERESTS

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

30. DISCLOSURES ON CAPITAL MANAGEMENT

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

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

Net debt is determined as follows:

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

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

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

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

31. ADDITIONAL DISCLOSURES ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

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

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

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

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

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

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

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

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

INFORMATION ON FINANCIAL INSTRUMENTS ACCORDING TO CATEGORY

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

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

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

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

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

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

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

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

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

NET GAINS AND LOSSES ACCORDING TO VALUATION CATEGORY

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

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

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

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

OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

33. DISCLOSURES RELATING TO FINANCIAL INSTRUMENT RISK MANAGEMENT

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

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

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

INTEREST RISK

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

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

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

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

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

CURRENCY RISK

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

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

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

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

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

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

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

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

Derivative financial instruments were used to reduce currency risk.

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

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

LIQUIDITY RISK

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

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

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

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

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

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

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

DEFAULT AND CREDITWORTHINESS RISK

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

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

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

34. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

CONTINGENT LIABILITIES

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

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

OTHER FINANCIAL OBLIGATIONS

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

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

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

35. TRANSACTIONS WITH RELATED PARTIES

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

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

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

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

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

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

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

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

36. EXECUTIVE BOARD AND SUPERVISORY BOARD SHAREHOLDINGS

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

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

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

38. AUDIT OF FINANCIAL STATEMENTS

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

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

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

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

39. LIST OF INTERESTS IN ENTITIES

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

Fully consolidated subsidiaries as of December 31, 2021

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

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

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

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

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

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

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

Joint ventures as of December 31, 2021

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

Associated companies as of December 31, 2021

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

Non-consolidated subsidiaries as of December 31, 2021

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

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

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

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

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

41. CORPORATE GOVERNANCE

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

42. EVENTS AFTER THE REPORTING PERIOD

INVESTMENT IN SWEDENCARE AB, SWEDEN

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

ACQUISITION OF SCHAFFELAARBOS B.V., NETHERLANDS

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

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

SALE OF THE VELCORIN BUSINESS

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

Holzminden, Germany, February 14, 2022

Symrise AG

The Executive Board

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

Statement of the Executive Board

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

Holzminden, Germany, February 14, 2022

Symrise AG

The Executive Board

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

Independent auditor's report

To Symrise AG

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

OPINIONS

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

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

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

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

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

BASIS FOR THE OPINIONS

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

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

1) IMPAIRMENT TESTING OF GOODWILL

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

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

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

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

Auditor's response

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

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

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

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

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

Reference to related disclosures

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

2) RECOGNITION OF REVENUE FROM THE SALE OF PRODUCTS

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

Revenue from the sale of products is recognized in the consolidated financial statements of Symrise AG when control over the goods sold has been transferred to the customers.

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

Auditor's response

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

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

Reference to related disclosures

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

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

- otherwise appears to be materially misstated.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Opinion

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

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

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

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

Basis for the opinion

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

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents

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

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

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

Group auditor's responsibilities for the assurance work on the ESEF documents

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

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

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

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

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

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

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

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

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

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

Hanover, 15 February 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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