always inspiring more …

symrise

SHARING VALUES

Unfolding Strengths

FINANCIAL REPORT

2017

Five-year Financial Overview

in € million		2013	2014	2015	2016	2017
Group – Results of operations						
Sales		1,830.4	2,120.1	2,601.7	2,903.2	2,996.3
Share of sales in emerging markets	in %	48	47	46	43	44
EBITDA [1]		373.1	464.5	572.2	625.2	630.3
EBITDA margin [1]	in %	20.4	21.9	22.0	21.5	21.0
Net income [1,2]		172.3	211.6	246.8	265.5	270.3
Earnings per share [1,2]	in €	1.46	1.69	1.90	2.05	2.08
Dividends paid		82.7	97.4	103.9	110.3	114.2 [3]
Dividend per share	in €	0.70	0.75	0.80	0.85	0.88 [3]
Group – Financial position / net assets						
Operating cash flow		274.8	343.2	375.2	338.8	396.2
Investments (without M & A)		70.7	101.3	147.2	168.4	204.9
Balance sheet total [2] (as of December 31)		2,210.4	3,999.8	4,183.8	4,752.7	4,674.6
Capital ratio [2] (as of December 31)	in %	43.0	35.8	38.0	36.4	37.8
Net debt (incl. pension provisions and similar obligations) (as of December 31)		744.8	1,640.1	1,575.7	1,970.8	1,921.6
Employees (as of December 31)	FTE [4]	5,959	8,160	8,301	8,944	9,247
Scent & Care						
Sales		960.4	980.4	1,073.7	1,311.3	1,263.1
EBITDA [5]		194.5	222.9	231.2	257.8	248.1
EBITDA margin [5]	in %	20.3	22.7	21.5	19.7	19.6
Flavor						
Sales		869.9	1,139.7	980.2	1,015.9	1,101.9
EBITDA [6]		178.6	241.6	218.9	233.8	242.9
EBITDA margin [6]	in %	20.5	21.2	22.3	23.0	22.0
Nutrition						
Sales				547.8	576.0	631.3
EBITDA				122.0	133.7	139.4
EBITDA margin	in %			22.3	23.2	22.1

1 Figures for 2014 and 2016 normalized for transaction and integration costs as well as one-off valuation effects related to business combinations
2 Figures for 2016 restated due to finalisation of Purchase Price Allocation for Nutraceutix. For further information please see Notes 2.1
3 proposal
4 not including apprentices and trainees; FTE = Full Time Equivalent
5 Figures for 2016 normalized for transaction and integration costs as well as one-off valuation effects related to business combinations
6 Figures for 2014 incl. six months Diana and normalized for transaction and integration costs as well as one-off valuation effects related to business combinations

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About This Report

This 2017 financial report contains the complete consolidated financial statements, the Group management report and all other legally required elements. Supplementary to it, a separate corporate report provides a comprehensive depiction of Symrise's performance in 2017 – both from a business perspective as well as from a sustainability standpoint. The corporate report can be viewed electronically and ordered in print form at www.symrise.com/investors.

The Symrise 2017 financial report was published simultaneously with the 2017 corporate report on March 14, 2018, and is available in German and English. The publication date of the financial report for the 2018 fiscal year is March 2019. Additional information on our company's activities can be found at www.symrise.com.

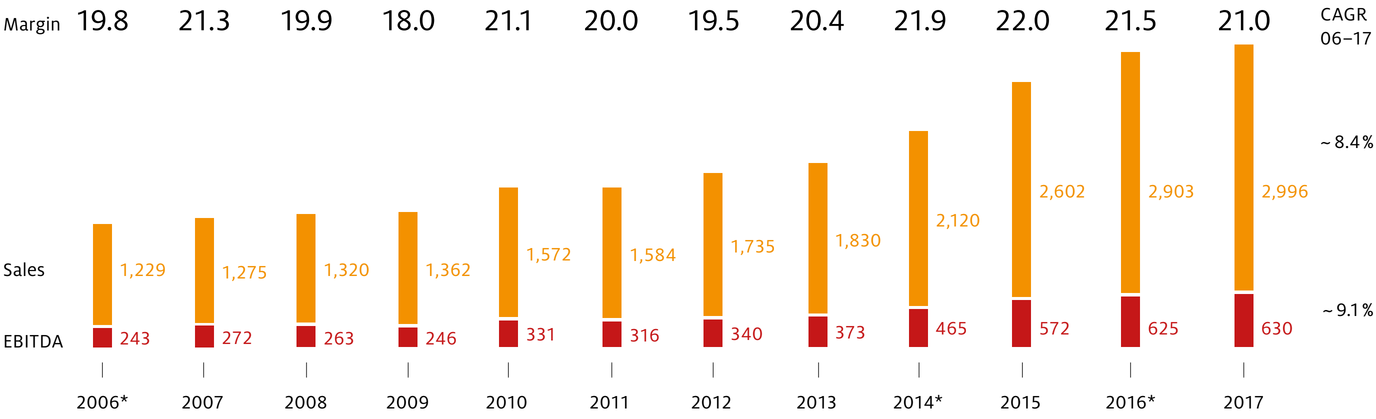
Group Management Report

January 1 to December 31, 2017

Highlights 2017

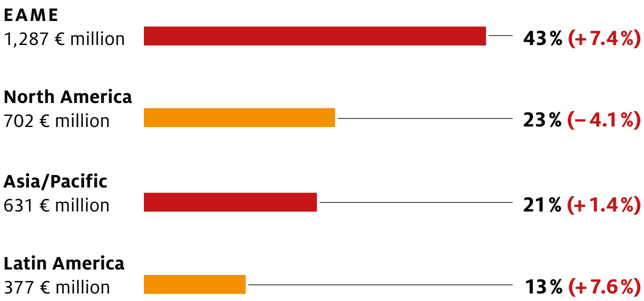
Twelve years of highly profitable sales growth

DEVELOPMENT OF SALES/EBITDA Sales in € million, EBITDA in € million, margin in %



* EBITDA adjusted for restructuring and integration expenses

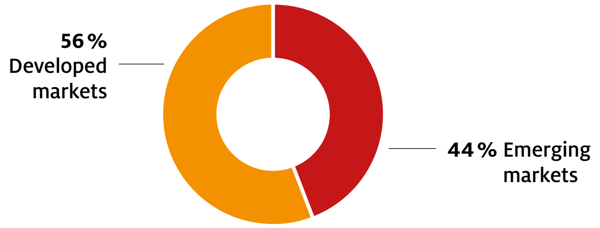
SALES BY REGION
As % of Group sales and growth in % (at reporting currency)



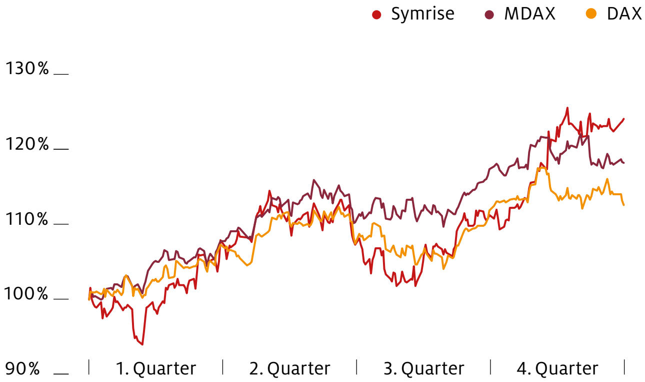
€ 2.08 Earnings per share

€ 0.88 Proposed dividend

SALES IN EMERGING MARKETS
% of Group sales



SHARE PRICE DEVELOPMENT of the Symrise stock in 2017



Overview of the 2017 Fiscal Year

Global economic growth accelerated slightly in 2017. 2017 was a successful year for Symrise. The Group generated sales of € 2,996 million in the 2017 fiscal year (2016: € 2,903 million). Sales increased 6 % organically over the previous year. Sales increased by 3 %, taking into account portfolio effects (particularly the sale of Pinova's industrial activities in December 2016 and the Nutraceutix and Cobell acquisitions) and exchange rate effects.

The share of sales generated in the emerging markets accounted for 44 % of Group sales and was therefore slightly above last year's mark of 43 %. Earnings before interest, taxes, depreciation and amortization (EBITDA) of the Symrise Group increased by 1 % to € 630 million (EBITDAN[1] 2016 : € 625 million). The Group's EBITDA margin, as based on sales, was 21.0 % and therefore below the previous year's normalized level of 21.5 %. This was mainly due to higher raw materials costs.

The **Scent & Care** segment generated sales of € 1,263 million in 2017. Sales rose organically by 4 % over the previous year. Taking into account the sale of Pinova Inc., the segment's sales were 4 % lower than in the previous year (2016: € 1,311 million), as expected. EBITDA amounted to € 248 million, which represents a decrease of 4 % compared with the normalized figure for the previous year. The EBITDA margin therefore amounted to 19.6 % in 2017, compared to 19.7 % in 2016. **Flavor** increased its sales to € 1,102 million and achieved organic growth of 9 %. EBITDA for the segment was significantly higher than last year, amounting to € 243 million in 2017 (2016: € 234 million). The EBITDA margin amounted to 22.0 %, compared to 23.0 % in the previous year. The **Nutrition** segment increased sales to € 631 million. Organic growth amounted to 7 %. The segment generated an EBITDA of € 139 million in 2017. This was € 5 million above the previous year's level (2016: € 134 million). The EBITDA margin was 22.1 %, compared to 23.2 % in 2016.

Net income for the Symrise Group rose 2 % compared to the previous year's normalized figure, totaling € 270 million for the 2017 fiscal year. Earnings per share improved from € 2.05 (normalized) in the previous year to € 2.08 in 2017. The Executive Board and Supervisory Board will propose to increase the dividend from € 0.85 to € 0.88 per share at the Annual General Meeting on May 16, 2018.

1 As part of the acquisition of the Pinova Group, acquisition and integration costs of € 18.7 million were incurred in the fiscal year 2016. Furthermore, profit of € 3.5 million resulted from the disposal of Pinova Inc. on December 9, 2016. In the following section, we use normalized results (EBITN/EBITDAN) for the 2016 fiscal year adjusted for these one-off, non-recurring specific influences. In addition, figures from the previous year have been adjusted for the finalized purchase price allocation for Nutraceutix. For further information, see note 2.1.

Cash flow from operating activities amounted to € 396 million in 2017, € 57 million more than in the previous year (€ 339 million). The Symrise Group's liquidity reduced by € 72 million to € 230 million as of December 31. Net debt (including provisions for pensions and similar obligations) decreased € 49 million to € 1,922 million as of the end of the 2017 reporting period. On an annualized basis, the ratio of net debt to EBITDA was 3.0 as of the end of the reporting period on December 31, 2017, and is thus temporarily outside of Symrise's target corridor of 2.0 to 2.5 due to acquisitions.

Basic Information on the Symrise Group

STRUCTURE AND BUSINESS ACTIVITIES

COMPANY PROFILE

Symrise is a global supplier of fragrances, flavorings, cosmetic active ingredients and raw materials, as well as functional ingredients. Its clients include manufacturers of perfumes, cosmetics, food and beverages, the pharmaceutical industry and producers of nutritional supplements and pet food.

With sales of € 3.0 billion in the 2017 fiscal year and a market share of 11 %, Symrise is one of the leading global suppliers in the flavors and fragrances market. Headquartered in Holzminden, Germany, the Group is represented in more than 90 locations in Europe, Africa, the Middle East, Asia, the United States and Latin America. The Symrise Group originally resulted from a merger between the German companies Haarmann & Reimer and Dragoco in 2003. Symrise's roots date back to 1874 and 1919, when the two companies were founded. In 2006, Symrise AG entered the stock market with its initial public offering (IPO). Since then, Symrise shares have been listed in the Prime Standard segment of the German stock exchange. With a market capitalization of about € 9.3 billion at the end of 2017, Symrise shares are listed on the MDAX® index. Currently, about 94 % of the shares are in free float.

Operational business is the responsibility of the Flavor, Nutrition and the Scent & Care segments. Every segment has its areas such as research and development, purchasing, production, quality control, marketing and sales. This system allows processes to be accelerated. We aim to simplify procedures while making them customer-oriented and pragmatic. We place great value on fast and flexible decision-making.

The Flavor segment is made up of the business units Beverages, Savory and Sweet. The Nutrition segment consists of the Diana division with the business units Food, Pet Food, Aqua and Probi. The Scent & Care segment breaks down into the

Fragrance, Cosmetic Ingredients and Aroma Molecules divisions.

The activity of the Group is also organized into four regions: Europe, Africa and Middle East (EAME), North America, Asia/Pacific and Latin America.

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

Symrise AG's headquarters are located in Holzminden, Germany. At this site, the Group's largest, Symrise employs 2,360 people in the areas of research, development, production, marketing and sales as well as in the Corporate Center. The company has regional headquarters in the USA (Teterboro, New Jersey), Brazil (São Paulo), Singapore and in France (Rennes, Brittany). Important production facilities and development centers are located in Germany, France, Brazil, Mexico, Singapore, China and the USA. Symrise has sales branches in more than 40 countries.

MANAGEMENT AND OVERSIGHT

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

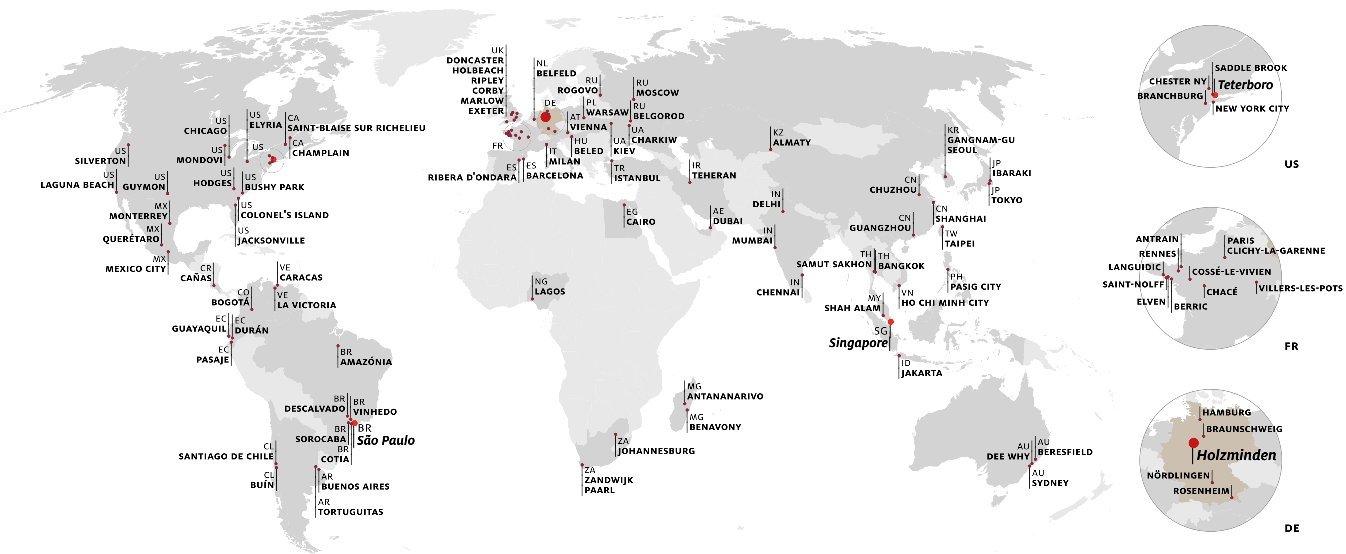
Symrise AG's Executive Board has five members: Dr. Heinz-Jürgen Bertram (CEO), Achim Daub (President Scent & Care Worldwide), Olaf Klinger (CFO), Dr. Jean-Yves Parisot (President Nutrition) and Heinrich Schaper (President Flavor). The Executive Board is responsible for managing the company with the primary aim of sustainably increasing the company's value.

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

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

SYMRISE SITES 2017

● Global headquarters ● Regional Headquarters • Symrise sites



BUSINESS ACTIVITIES AND PRODUCTS

SYMRISE'S VALUE CHAIN

Symrise manufactures about 30,000 products from around 10,000 – mostly natural – raw materials such as vanilla, citrus products or flower and plant materials. The value chain of the three segments extends across research and development, purchasing, and production as well as the sale of products and solutions. The flavors, perfume oils and active ingredients are generally central functional components in our customers' end products and often play a decisive role in consumers' purchasing decisions. Along with the typical product characteristics such as fragrance and taste, our value creation lies in the development of products with additional benefits. Examples of how flavors and perfume oils are combined with other innovative components include flavorings that enable foods' sugar or salt content to be reduced or a moisturizing cosmetic ingredient that lowers the proportion of preservatives in care products. On the basis of these products, our customers can differentiate themselves from competitors with their tailor-made end products in the rapidly changing consumer goods market. The extensive research and development (R & D) undertaken at the company, which is supplemented by a wide-reaching external network of research institutes and scientific facilities, forms the basis of our product development. Given the strong differences in sensory preferences from region to region, comprehensive consumer research is also an important part of our R & D activities.

CORPORATE STRUCTURE

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

We manufacture our flavorings and fragrances at our own production plants. In some cases, we have longer-term delivery contracts for obtaining important raw materials. We maintain close ties with our suppliers and establish uniform standards to guarantee that the quality of our base materials remains the same.

FLAVOR

Flavor's range of products consists of approximately 13,000 items, which are sold in 146 countries. The flavorings we produce are used by customers to make foods and beverages and give the various products their individual tastes. Symrise supplies individual flavorings used in end products as well as complete solutions, which, apart from the actual flavor, can contain additional functional ingredients or microencapsulated components. The segment has sites in more than 40 countries in Europe, Asia, North America, Latin America and Africa.

The **Flavor** division's flavorings and ingredients are used in three business units:

SYMRISE'S VALUE CHAIN

Raw materials
- Natural ingredients
- Petro-based raw materials

Product development
- Natural extracts
- Functional ingredients
- Compositions

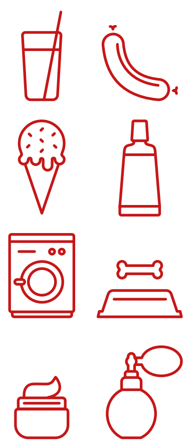
Manufacturing process
- Extraction
- Distillation
- Chemical processes
- Encapsulation technologies
- Mixes

Customers

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

Market volume
€ 28.5 billion

Consumers



SYMRISE

Segments

- FLAVOR
- NUTRITION
- SCENT & CARE

Divisions

- Flavor
- Diana
- Fragrance
- Cosmetic Ingredients
- Aroma Molecules

Business Units

- Beverages
- Food
- Fine Fragrances
- Cosmetic Ingredients
- Aroma Molecules
- Savory
- Pet Food
- Beauty Care
- Sweet
- Aqua
- Home Care
- Probi
- Oral Care

Corporate Structure, including Pinova, as of December 2017

Beverages: With global competencies in non-alcoholic, alcoholic, dried and instant beverages, Symrise is setting new standards and trends in the national and international beverage industry through the authentic, innovative tasting experiences Symrise delivers. Thanks to years of expertise, refined technologies and its comprehensive understanding of markets and consumers, the company is creating completely new prospects for the beverage industry while meeting individual customer needs.

Savory: Savory flavors are used in two categories: in the "Culinary" category with its taste solutions for soups, sauces, readymade meals, instant noodles and meat products as well as in the "Snack Food" category with seasonings for snacks. Both areas focus on creating successful concepts for customers that meet consumers' constantly growing desire for authentic flavor, naturalness and convenience. Here, Symrise can rely on its sustainable core competencies in meat and vegetables as well as its cutting-edge food technology and research.

Sweet: In the Sweet business unit, Symrise creates innovative taste solutions based on its comprehensive understanding of the markets and consumers for sweets, chocolates, chewing gum, baked goods, cereals, ice cream and milk products as well as for the health care sector. Interdisciplinary teams bring together their ingenious creativity to meet customers' specific needs. A diversified product portfolio offers consumers exciting and unique taste experiences.

NUTRITION

The Nutrition segment has 39 sites in 25 countries. The product range in the **Nutrition** segment breaks down into four business units:

Food: This unit and its food ingredients comprises natural sensory product solutions such as taste, texture, color and functionality in foods and beverages. The unit also offers products for baby foods. Diana has comprehensive backward integration processes established for vegetables, fruit, meat and seafood. Diana places quality, traceability and food safety in the foreground.

Pet Food: This unit is responsible for natural-taste and acceptance-enhancing product solutions for pet foods. The business unit maintains its own cat and dog panels for gauging progress on its work improving sensory product characteristics. Furthermore, solutions for enhancing product attractiveness for pet owners are also a focus of development.

Aqua: The Aqua business unit develops and produces sustainable marine ingredients for aquacultures with a focus on nutritional physiology and animal health.

Probi: All activities having to do with probiotics are pooled in this business unit. These activities are largely handled by the Swedish Symrise holding Probi. Probi develops probiotics for foods, beverages and nutritional supplements with health-promoting benefits.

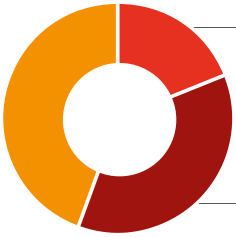
SCENT & CARE

The Scent & Care segment has sites in more than 30 countries and markets its nearly 15,000 products in 124 countries. **Scent & Care** is divided into three global divisions: Fragrance, Cosmetic Ingredients and Aroma Molecules. Their products are used in the following business units:

Fragrance: Our creative and composition business comprises the four global business units Fine Fragrances, Beauty Care, Home Care and Oral Care. Perfumers combine aromatic raw materials like aroma chemicals and essential oils to make complex fragrances (perfume oils). Symrise's perfume oils are used in perfumes (Fine Fragrances business unit), in personal care products (Beauty Care business unit) and household products (Home Care business unit). Symrise also offers the entire product range of mint flavors and their intermediate products for use in toothpaste, mouthwash and chewing gum (Oral Care business unit). The objective of the division is to provide everyone who uses our products with "fragrances for a better life." The division employs more than 70 highly talented and respected perfumers of 14 different nationalities, who work at 11 creative centers around the world. Their combined experience adds up to more than 1,300 years of perfumery expertise.

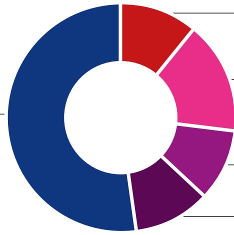
Cosmetic Ingredients: Symrise is a leading company in the world's markets for premium cosmetic ingredients – ingredients used in everything from cosmetic products with multifunctional benefits to sun protection solutions. The Cosmetic Ingredients division is a recognized innovation leader that has received 31 innovation awards for new substances over the last ten years. In the same period, it has submitted numerous patent applications for new substances. In 2017 alone, the division submitted seven new patent applications. The products manufactured by Cosmetic Ingredients are used in skin and hair care products, sunscreens, men's care products, shower gels, wash lotions, anti-dandruff shampoos and deodorants. Products with nurturing characteristics as well as alternative preservatives and colors are another focal point for the division.

RELEVANT AFF MARKET SIZE 2017
in € billion (approx. € 28.5 billion overall)



Sources: IAL (10th Edition, December 2016), TechNavio/Infiniti (2016), GIA (2015)

MARKET SHARE AFF MARKET 2017
in % (Market volume approx. € 28.5 billion)



Source: corporate data and internal estimates

Aroma Molecules: The division comprises the business units Menthols, Special Fragrance & Flavor Ingredients, Sensory & Terpene Ingredients and Fine Aroma Chemicals. In the Menthols business unit, Symrise manufactures nature-identical menthol, which is primarily used in manufacturing oral care products, chewing gum and shower gels. Special Fragrance & Flavor Ingredients and Fine Aroma Chemicals manufacture aroma chemicals (intermediate products for perfume oils) of particular quality. These aroma chemicals are used both in Symrise's own production of perfume oils as well as marketed to companies in the consumer goods industry and other companies in the fragrance and flavor industry. The Sensory & Terpene Ingredients business unit comprises the US company Renessenz LLC, acquired and integrated in 2016, and its terpene-based products made from renewable and sustainable raw materials.

MARKET AND COMPETITION

MARKET STRUCTURE

The Symrise Group is active in many different markets around the world. These include the traditional market for flavorings and fragrances (F & F market), whose volume amounted to € 23.3 billion in 2017, according to calculations made by the IAL Consultants market research institute (10th issue, December 2016). In addition, with the Cosmetic Ingredients and Aroma Molecules divisions, the company is active in the market for aroma chemicals and cosmetic ingredients, which, according to the reports from TechNavio/Infiniti (December 2016 issue) and Global Industry Analysts (GIA; 2015 edition), achieved sales of approximately € 5.2 billion. The markets have many trends and characteristics in common. The market relevant for Symrise therefore has a total volume of € 28.5 billion and is achieving average long-term growth of between 3 to 4 % per year according to our own estimates.

More than 500 companies are active in the market worldwide. The four largest providers, which include Symrise, together have a market share of about 50 %.

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

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

SYMRISE'S MARKET POSITION

Symrise is one of the largest companies in the F & F industry. In relation to the relevant market of € 28.5 billion, Symrise's market share is roughly 11 % in terms of 2017 sales. Symrise has expanded the traditional segments to include even more applications: for instance, with cosmetic ingredients in Scent & Care and pet foods and food ingredients within the Diana division of the Nutrition segment. On the basis of these more complex product solutions, greater value creation can be achieved. In submarkets such as food supplements, sun protection filters or other cosmetic ingredients, Symrise also stands in competition with companies or product segments of these companies that do not belong to the traditional F & F industry.

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

GOALS AND STRATEGY

GOALS

In the long term, we want to strengthen our market position and ensure Symrise's independence. At the same time, we recognize our responsibility toward the environment, our employees and society at large. By increasing our sustainability regarding our footprint, innovation, sourcing and care, we minimize risk and promote Symrise's continued economic success.

- Market position: With long-term growth of 5 to 7 % per year at local currency (CAGR), our sales growth should exceed the long-term growth of the market, which is expanding by between 3 to 4 % per year on average. In this way, we will gradually increase the distance between us and smaller competitors and gain market share.

- Value orientation: We want to consistently be counted among the most profitable companies in the industry. We aim to achieve a sustainable EBITDA margin of 19 to 22 %.

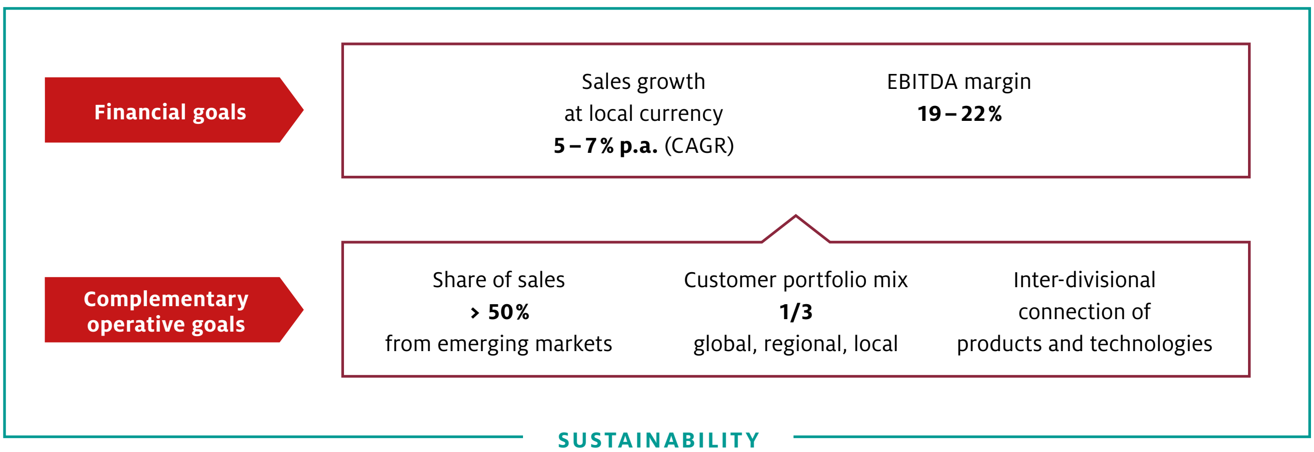
Performance results are described in greater detail in the corporate development section. We ensure that our shareholders have an appropriate share in the company's success. Our dividend policy is oriented toward the company's profitability.

STRATEGY

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

- Growth: We strengthen our cooperation with our strategic customers around the world and expand our business in the emerging markets. We make sure that we remain innovation leaders in our core competencies. This ensures our continued growth.

GOALS FOR 2020



- Efficiency: We constantly work to improve our processes and concentrate on products with a high level of value creation. With backward integration for key raw materials, we ensure a consistent, high-quality supply of these materials in sufficient quantities and at set conditions. We work cost-consciously in every division. This ensures our profitability.

- Portfolio: We enhance our product portfolio and tap into new markets and segments. We continue to expand our expertise outside the traditional flavor and fragrances industry. This ensures our prominent market position.

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

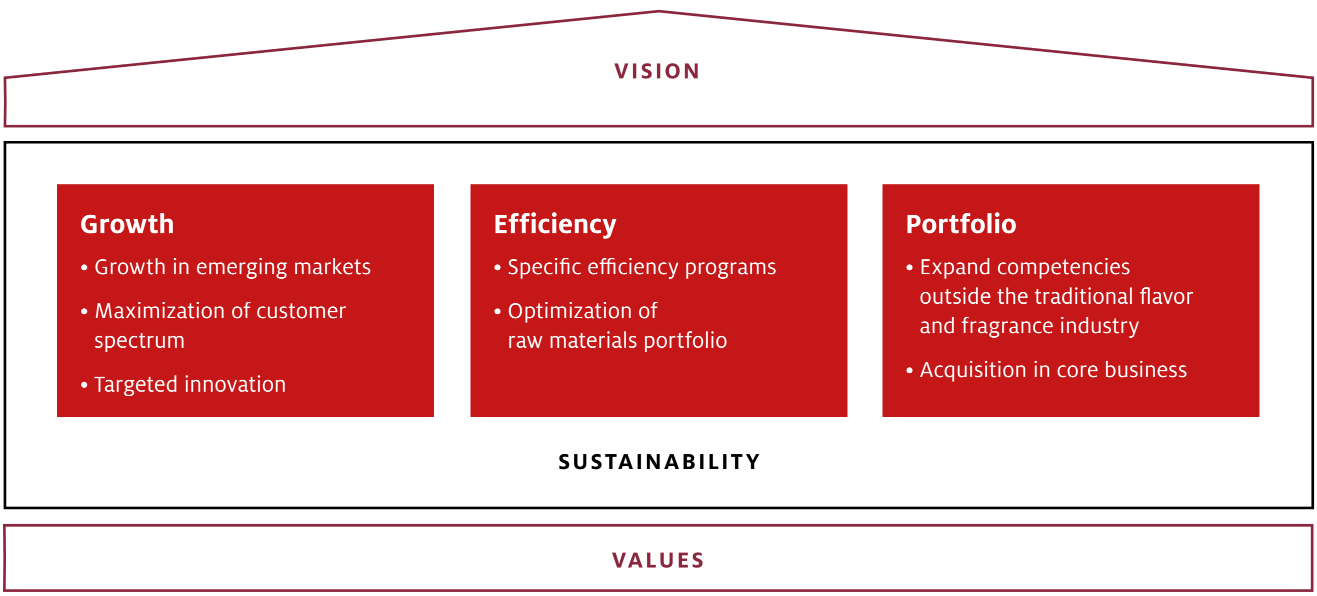
VALUE-ORIENTED MANAGEMENT

Different variables are at play within the framework of value-oriented corporate governance. The EBITDA margin, for which we have defined an strategic target value of 19 to 22 % on average, serves as an indicator of the company's profitability. Increasing the value of the company is accounted for in the remuneration system for the Executive Board and selected managerial staff. In addition, we attach great importance to the company's financial stability. Management's focus, therefore, is guided by these financial control parameters. Non-financial benchmarks in the areas of environment, procurement, employees and innovation are covered separately in our Corporate Report.

RESEARCH AND DEVELOPMENT

GUIDELINES AND FOCUS AREAS

In research and development (R & D), Symrise aims to connect the individual components of product development, such as market and consumer research, R & D and creation, throughout the Group. Through the close linkup of R & D with marketing and business units, purchasing and manufacturing, product development, quality assurance and regulatory issues, we check early on to see whether new products and technologies can be implemented and if they are profitable in addition to assessing their sustainability aspects. External cooperations and networks (Open Innovation) bring a considerable amount of additional approaches and ideas into the development process. Along with ideas from Open Innovation, Symrise also maintains a global project network with industrial and academic partners that covers every step of the innovative process. Furthermore, all R & D activities are geared to the guidelines of megatrends, consumer needs, customer requirements, naturalness & authenticity, sustainability, innovation and cost efficiency. The capitalization rate for research and development activities remained immaterial in 2017 as in the previous year as the conditions for capitalization are generally only met at the conclusion of a project. This meant that a majority of the development costs incurred were recognized with effect on profit or loss.



The R & D strategy of the **Scent & Care segment** concentrates on five research platforms in the areas of cosmetic ingredients, encapsulation and release systems, green chemistry, malodor management and oral care. Supporting platforms in the areas of sensory and analytical research, natural raw materials and byproducts, performance and receptor research form the basis for our capabilities and constant innovation process.

Exemplary research programs and product launches include our backward integration projects in Madagascar and the Brazilian Amazon region, which have the goal of producing high-quality natural products from sustainably grown raw materials while also fostering local community development. The products manufactured there are either marketed directly, used in new fragrance and active ingredient compositions with an improved efficacy profile or serve as natural starting materials for the manufacture of new, sustainable products. In addition, Symrise has developed EVERTRAIL, a new, unique olfactometer for detecting the development of fragrances in perfume oils and raw materials. Alongside comprehensive research programs that are aimed at the specific innovation requirements of the segments' respective business units, there are supplementary programs at Symrise that generate competitive advantages by expanding the company's portfolio of expertise. One example of this is Beauty+, which creates added value through the systematic, synergistic development of active cosmetic ingredients, fragrances and oral care solutions. Another example is hair care: In 2017, our Hair Care Innovation Center in São Paulo, Brazil, presented two new hair care products designed to protect the outer layer of hair and protect the hair's keratin at the In Cosmetics Brasil. In cooperation with Probi, we are working on new probiotic applications in oral care products. With the acquisition of Renessenz, Fragrance Research has access to new raw materials from renewable sources.

With the intelligent and mutually complementary combination of technical innovations and sensory research – performed in close cooperation with Diana – we managed to notably enhance the acceptance of product solutions for masking malodors in pet food.

The **Flavor segment** handles the following topics based on certain technology platforms while maintaining special focus on sustainability:

- Development of novel product platforms to support declaration-friendly food concepts.
- Formulation technologies for the delivery and stabilization of flavors with reduced energy consumption, optimized substance-related loading and targeted release. In addition, these technologies are evaluated and systematically adapted to new food-grade carriers.
- Development of new and improved processes for using valuable natural resources including targeted biocatalysis and fermentation technologies. At the same time, waste and by-pass flows are reduced with support from life cycle analyses. The work is supplemented by consumer-oriented processing technologies.
- Development and validation of innovative methods to prove the authenticity and origin of natural raw materials. One example is genotyping through DNA profiling of botanical raw materials or processed products.
- Scientifically sound selection and analytically supported cultivation of suitable varieties of selected botanical raw materials (vanilla, onion, red beet) on our own fields or with

CORE FUNCTIONS OF RESEARCH AND DEVELOPMENT AT SYMRISE

Basic research
- Products
- Technologies

Applied innovations
- Comprehensive product solutions

Application and process technologies
- Pilot scale

SUSTAINABILITY ASPECTS

cooperation partners. Here, a deep understanding of the composition and content of the quality-determining ingredients is sought by means of non-invasive analytical methods (phenotyping) and statistical data analysis.

- Experiments on cultivating crops not previously grown in the field to obtain innovative raw materials for the development of flavoring solutions that optimize sweet tastes.

A further focus is the sustainable design of natural and labeling-friendly product solutions with excellent sensory properties. Creation expertise was significantly expanded in the reporting year via newly developed, statistically based model calculations for optimizing aroma-profile-focused recipes based on analytical data and sensory results. This method is particularly suited for combining and optimizing natural raw materials with complex sensory characteristics (i.e. essential oils and extracts) as a way to refine a product's sensory profile.

For many years, our research activities have also included flavor systems and technologies to increase the health benefits of foods – for instance, protein-rich foods and foods with reduced sugar, fat or salt. Particularly significant progress was made in the area of technologies for improving the taste of sugar-reduced beverages. They are based on the development of novel, sweet taste-optimizing flavoring substances that are natural or based on natural raw materials.

An important key to the successful implementation of the Flavor division's research strategy is the ability to successfully combine further developed traditional tools in analytics, sensory, synthesis, food technology and process technology with new and enhanced instrumental, biological and biotechnical methods and processes (receptor biology, biotransformation, new enzymes, metabolomics, phenotyping, DNA profiling) as well as processes based on computer-aided, semantic/ontological search algorithms and methods using chemoinformatics/bioinformatics. Here, new structures in the area of flavoring substances with taste modulating properties were identified via in-silico screening and structure-activity relationships (TasteCycle®). In agricultural practice and process technology, statistical analysis plays an important role in combination with robust production or field-compatible rapid analysis methods – as does their evaluation and the planning of experiments for the development and optimization of sustainable processes and flavor compositions ("Design of Experiments", DoE).

The **Nutrition segment** comprises the business units Diana Food, Diana Pet Food, Diana Aqua, Probi as well as the incubator Diana Nova. In its R & D strategy, the Food business unit focuses on platforms that concentrate its scientific expertise on product attributes that make a real difference to consumers around the world. These include:

- Culinary food ingredients with a high taste intensity, authenticity and complexity

- Highly pigmented natural colors and coloring foods for a wide range of applications

- Functional extracts with proven health benefits, supported by a deep understanding of how they work

Consumers are increasingly looking for products that they can trust and that are produced responsibly from simple, traceable ingredients. Among other things, this requires new ways of using natural raw materials. In cooperation with colleagues from other Symrise business units, new technologies are being developed and implemented that transform important manufacturing processes – such as those used in the new meat production facility in the USA.

Another important area of research is intestinal health. Both science and consumers are increasingly realizing that intestinal health is of central importance for general health. For this reason, the Food business unit is researching the interactions between natural extracts and probiotics together with researchers from Probi. The Food R & D teams benefit not only from the Symrise Group's strong scientific performance, but also from external partnerships – like those with King's College, London, or the Institute of Nutraceuticals and Functional Foods (INAF) in Canada.

The Pet Food business unit focuses its research on product solutions for pet food that improve taste and acceptance. The business unit maintains its own cat and dog panels for gauging progress on its work improving sensory product characteristics. Furthermore, solutions for enhancing product attractiveness for pet owners are also a focus of research.

For basic research in the Pet Food business unit, one of the main objectives is to create in vitro tools that mimic an animal's nose and/or tongue. This significantly increases the testing possibilities for molecules while reducing product development times. Many of the research projects are carried out with academic or business partners. This year, for example, the Pet Food business unit and its partner B.R.A.I.N. have discovered several novel molecules thanks to their access to high-throughput screening technologies. A new program for dogs was launched with academic partners working on Olfactory Receptors (OR) and Olfactory Binding Protein (OBP) to develop a screening platform for the selection of fragrances preferred by dogs.

The Pet Food business unit has a vast worldwide scientific network with more than 50 active research collaborations. Its research activities always place an emphasis on the aspect of sustainability. The R & D teams focus on the procurement of alternative raw materials and sustainable process optimization in order to develop eco-design products. For instance, some exploratory studies with insects and algae were carried out and a first environmental impact assessment was made. Pet Food's innovations led to three new patent families and twelve new patents in 2017.

The Aqua business unit concentrates its R & D activities on three platforms, all of which contribute to the development of a sustainable aquaculture and use of marine resources:

- Application of enzymatic hydrolysis on marine co-products to increase the yield from raw materials
- Improving the growth rate, feed conversion and survival rate
- Characterization of the operative mechanisms of our products by analysis of certain biomarkers in animal metabolism

The Nova division serves as an incubator within the Diana Group to remove organizational barriers, make expertise and competencies available across divisions and accelerate development processes. Its activities are bundled in three platforms:

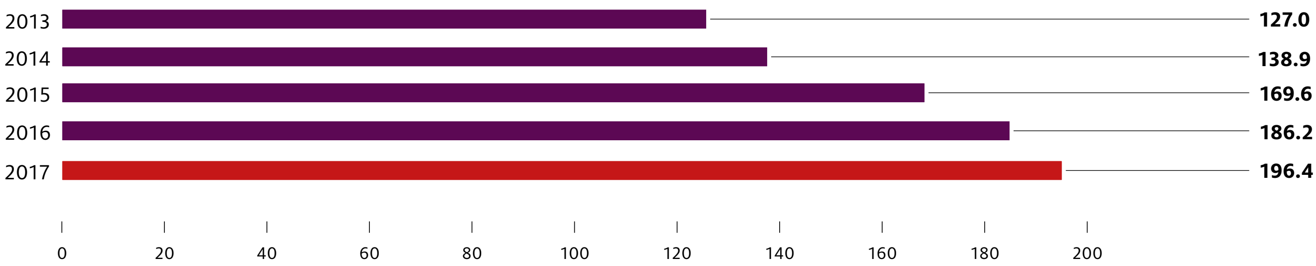
- The platform Nutritional Health develops new or improved offers to promote health in a natural and sustainable way. Here, customer-specific products and services are researched in clinical trials and scientific studies.
- In Food Preservation, novel methods are being developed to improve the shelf life of foods in a natural way.
- The Microbiotic Solutions platform focuses on health-promoting microbiotic adaptations to food for humans and animals.

ORGANIZATION

Symrise's three segments each manage their own R & D activities due to the varying requirements of their respective markets and customers. At the same time, technologies, processes and findings are made available to all segments in order to achieve synergies. Multiple R & D centers around the world ensure that the regional activities of the segments are optimally supported. The R & D activities of the Scent & Care segment in Holzminden are primarily focused on researching fragrances and cosmetic ingredients as well as oral hygiene products in addition to implementing the principles of green chemistry in developing fragrances and cosmetic ingredients. Research in the Flavor segment in Holzminden focuses on the development of novel concepts for optimizing the taste of sugar-reduced foods and beverages. Another focus is on the development of natural substances and preparations with flavoring properties. In this context, natural and biotechnological processes for generating valuable substances, sustainable backward-integrated procurement of raw materials and the effective and energy-efficient formulation technologies are of the utmost importance. Furthermore, there is a focus on developing new functional ingredients for application in foods. We also have development and application technologies for the segments in Teterboro (USA), Singapore, Tokyo (Japan), Chennai (India), Paris (France) and São Paulo (Brazil). In the Nutrition segment, R & D activities are organized according to the business units Food, Pet Food, Aqua and Probi. Most of the segment's R & D activities are concentrated in France. Focus areas for development in the Nutrition segment include the development of product solutions for foods and beverages for healthy nutrition as well as improving pets' acceptance of pet foods, particularly for cat food.

To network further within the scientific community, Symrise representatives participated in numerous scientific events, presenting the company's latest research. Examples include a presentation by representatives of the Scent & Care segment at the National Beauty Science Institute conference in New York to around 400 students and representatives of the cosmetics industry on sustainable chemistry ("green chemistry"), as well as new findings and product solutions in connection with the influence of environmental factors, such as solar radiation and pollution, on skin aging. New results from cosmetic research were presented at other scientific congresses such as the IFSCC (International Federation of the Society of Cosmetic Chemists) conference in Seoul/Korea, the ESDR (European Society of Dermatology Research) conference in Salzburg and the Hairs' 2017 conference in Dresden. The presentation by the Symrise hair researchers from São Paulo at the Hairs' 2017 conference was honored with the "Best Lecture Award" due to its high scientific quality. At the FoChin in Münster and the Summer School on Sustainable Chemistry in Lüneburg, lectures were given on sustainable chemistry via renewable raw materials and green chemistry. At the world-renowned

R & D EXPENSES, in € million



Weurman Symposium for Aroma Research in Graz, Austria, as well as at the American Chemical Society's Fall Conference in Washington, D. C., USA, the latest results on the identification and authentication of natural flavors and ingredients were presented.

In 2017, Symrise's research was once more recognized for its high level of innovation with five awards from international trade shows. Symrise received two awards at the PCHI China for a new product to protect skin against the damaging effects of pollution and for a new product that produces a warming effect on the skin. Symrise's cosmetic research also received innovation awards, including for a new natural skin lightening agent, at the In Cosmetics trade show in London and at the Cosmetorium trade show in Barcelona.

Symrise participates in numerous scientific research projects that are supported by the German Federal Ministry of Education and Research (BMBF), the German Federal Ministry for Nutrition and Agriculture (BMEL), the German Society for International Cooperation (GIZ) or other public and private funding institutions. Here, subjects like sustainability, the targeted development of informational sources on the effect of plant raw materials, raw material sourcing and biotechnological processing, improving food ingredients as well as providing adding value in terms of health play an essential role. As part of funding from the Research Association of the German Food Industry (FEI) via the German Federation of Industrial Research Associations (AiF), Symrise is a leading partner in a number of projects, for instance on identifying and reducing the bad taste of plant-based proteins or creating added value from byproducts in the Brazilian fruit industry.

From idea to marketable product, the innovation process at Symrise is organized around a uniform, stage gate process with decision filters, which has been implemented across the company. A business plan containing exact project descriptions, including the project's costs, sustainability parameters and resource usage, is developed for every project. The research and development projects are regularly evaluated based on criteria from the four pillars of the sustainability strategy (FISC) and prioritized accordingly.

Along with a high number of patent submissions, with 42 new applications in 2017, an external IP (intellectual property) assessment is also included when evaluating the innovation results and quality. The Patent Asset Index™ from PatentSight® evaluates global coverage and competitive impact. Symrise's IP portfolio continues to be the most competitive position in the entire industry. With a share of about 34 % of the IP index, Symrise considerably outperforms its market share.

RESEARCH AND DEVELOPMENT EXPENSES

Total R & D expenditures amounted to € 196 million in the 2017 fiscal year (previous year: € 186 million), comprising 6.6 % of sales (previous year: 6.4 %). The expenses for R & D should remain at this level moving forward in order to further enhance Symrise's innovative strength.

EMPLOYEES

STRUCTURE OF THE WORKFORCE

As of December 31, 2017, the Symrise Group employed 9,247 people worldwide (not including trainees and apprentices). In comparison to December 31, 2016 (8,944), this represents an additional 303 employees. The largest increase in employees was in the Flavor segment (+129), which employs 36 % of all

Group employees. This was particularly influenced by the acquisition of Cobell in the UK. 28 % of employees work in the Scent & Care segment, 26 % in the Nutrition segment. About 10 % of the Group's employees work in Corporate Services and the Corporate Center as well as in the separate Group companies Symotion and Tesium, which also occasionally provide services for third parties in such areas as technology, energy, safety, environmental issues and logistics. The number of apprentices and trainees was slightly below the previous year at 140 (previous year: 148 apprentices and trainees). In particular, they are being trained as chemical lab technicians and chemists, industrial clerks and business students (dual training with a Bachelor of Business Administration degree) as well as industrial mechanics.

From a functional perspective, the majority (46 %) of the Symrise Group's workforce is employed in the area of production and technology. 23 % of employees work in the Sales & Marketing. This group grew by 110 employees in 2017, which was the largest growth in the Group. 18 % of employees work in Research & Development.

Of the Group's 9,247 employees, about 29 % work at sites in Germany, while the EAME region as a whole accounts for 51 % of the workforce. 18 % of our employees work in the Latin America region, 16 % in Asia/Pacific and 15 % in North America.

In terms of age range, employees between the ages of 30 and 49 dominate the workforce at the Symrise Group, with a share of 58 %. We continually review the demographic development of our workforce. Development of demographics will be very steady over the next ten years. The annual reduction of the workforce due to retirement will be around 1 to 2 % per year until 2022.

39 % of the Symrise Group's employees have been with the company for at least ten years – at German sites, this group accounts for 65 % of the workforce. Our employee turnover rate remained very low in Germany, totaling 1.6 % in 2017. Globally, the figure was 5.0 %.

PERSONNEL STRATEGY

Personnel development and career goals

Symrise sensitizes its managers to set personnel development and career goals with their employees on an annual basis. The discussion of performance or performance targets should be on an equal footing with the employee's personal development goals. A growing company needs employees with growing competencies. This includes reflecting on one's own strengths and development issues as well as on one's career path. Specific measures are then derived and implemented based on these reflections.

Our guiding principle is: The main person responsible for career planning is the employee. They must ask themselves 'How do I want to develop, what are my career goals?' The next person responsible is the manager. They need to ask: 'What recommendations can I make to the employee and which employees with what competences will I need in the future to be successful?' On the third level, Human Resources has the task of providing the necessary tools and methods for personnel development and to be available to management and employees in an advisory role. The aim is to ensure that all employees in key positions have a clear career plan in mind.

Further expansion of career opportunities in Sales

Symrise developed a new career concept for Sales based on the assumption of customer and management responsibility: from junior account managers and key account managers to

NUMBER OF EMPLOYEES BY SEGMENT

	December 31, 2016	December 31, 2017	Change in %
Flavor	3,164	3,293	+ 4
Nutrition	2,295	2,374	+ 3
Scent & Care	2,562	2,613	+ 2
Corporate functions and services	923	967	+ 5
Total (not including trainees and apprentices)	**8,944**	**9,247**	**+ 3**
Trainees and apprentices	148	140	– 5
Total	**9,092**	**9,387**	**+ 3**

Basis: Full-time equivalents (FTE), not including temporary workers

NUMBER OF EMPLOYEES BY FUNCTION

	December 31, 2016	December 31, 2017	Change in %
Production & Technology	4,164	4,216	+1
Sales & Marketing	2,053	2,163	+5
Research & Development	1,577	1,659	+5
Administration	748	786	+5
Service companies	402	423	+5
Total	**8,944**	**9,247**	**+3**

Basis: Full-time equivalents (FTE), not including apprentices, trainees and temporary workers

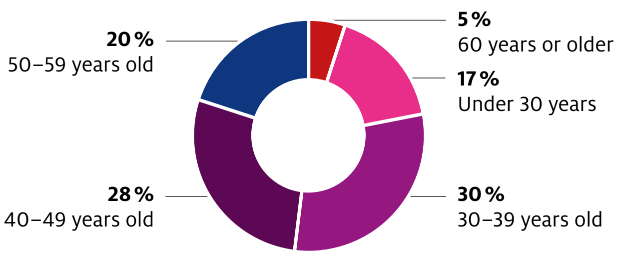
NUMBER OF EMPLOYEES BY REGION

	December 31, 2016	December 31, 2017	Change in %
Germany	2,586	2,669	+3
EAME not including Germany	1,876	2,063	+10
North America	1,339	1,358	+1
Asia/Pacific	1,424	1,441	+1
Latin America	1,719	1,716	–0
Total	**8,944**	**9,247**	**+3**

Basis: Full-time equivalents (FTE), not including apprentices, trainees and temporary workers

the assumption of leadership responsibility for a sales team in the role of sales director or the management of a global client as a global account director. Various career options are available to sales representatives. We are committed to promoting their respective potentials and strengths. For some, taking on a leading role is very attractive. Others prefer the internationality of customer responsibility, while still others find both aspects enticing. With this framework, we offer our sales employees clear prospects.

AGE STRUCTURE OF THE WORKFORCE 2017 in %



Regulatory and research careers

Symrise has also developed career paths for regulatory and research employees with a master's degree or doctorate with the following seniority levels: Junior – Expert – Senior – Master. Specialist know-how in the regulatory and research field is a key factor in the company's success. Regulatory requirements are constantly increasing. It is an essential concern of ours to retain skilled workers and enable them to develop within the company.

Education

Symrise's personnel policy relies on the strength of its internal training and education. As of December 31, 2017, a total of 140 apprentices and trainees were employed at our sites in Germany. This corresponds to a training rate of around 5.2 %.

Depending on the course, training takes about 2 to 3 years. All trainees are taken on at least temporarily after completing their training if they meet our minimum requirements regarding the material learned. With our investment in training, we are meeting the demand for future specialists in chemical production and in the laboratories as well as in commercial, marketing and sales functions.

Every year, about 46 young people begin their training at Symrise. Of them, 24 are trained for chemical-technical professions, another 10 for technical and logistics occupations and 12 young people for commercial occupations. In addition to initial training, we open up new perspectives by offering dual studies in both business administration (5 employees are working toward a Bachelor of Business Administration) and in the chemical-technical field (3 employees working toward a Bachelor of Science). In this way, we account for the demographic change in our company.

In addition, we qualify our employees via comprehensive training measures. Lifelong learning is a matter of course for us. For instance, we offer English courses for our production employees to help them comprehend international work instructions. In the international range of training courses offered, occupational safety training and the handling of hazardous substances were given a wide scope of attention. Management training courses are also offered in all regions. In 2017, around 1,600 employees were trained in internal and external training courses. Globally, the total number of hours for training courses amounted to around 6,700 hours (both figures do not include the Diana Group). In addition to the traditional training content, we also train our employees via international assignments – currently 125 employees are deployed outside their home country – and via on-the-job training, which is accompanied by coaches and mentors.

We spend about € 2.8 million annually on training and personnel development measures worldwide.

At our flavorist and perfumer school, we are constantly training experts who can be quickly and successfully inserted into our product development teams. Furthermore, our employees have many opportunities to earn a bachelor's degree, master's degree or even a doctorate thanks to our cooperation with colleges, academies and institutes. In 2017, 29 Symrise employees were supported in such qualification measures.

Health Management and Demographic Change

In addition to the statutory occupational safety and environmental protection measures, caring for the health of our employees is part of our strategy as a "preferred employer" and an important element of our sustainability strategy. Within the scope of our in-house health management, we offer courses with relaxation exercises and special massages particularly aimed at our shift workers. Furthermore, topics such as "healthy nutrition", spinal column screening, "healthy management styles" and time management are also covered by our corporate health management.

Influenza vaccinations, which we offer worldwide at most of our company's sites, serve as preventive health protection. While we are convinced that our health management cannot prevent illnesses, we are equally certain that it can make a valuable contribution to alleviating the physical and mental strain on our employees at work.

PERSONNEL MEASURES

Remuneration and Wage Agreements

Symrise's remuneration policy follows a simple principle: Wherever wage agreements are the norm, these are applied at Symrise. Wage agreements apply to about 65 % of our workforce worldwide. In places where no wage agreements apply, we use a globally standardized job grade concept. This ensures that every employee receives fair and competitive remuneration.

In Germany, Symrise uses the pay rates for the chemical industry. Accordingly, wages increased 1.6 % as of October 1, 2017. For the application of this increase at Symrise, we took into account our pioneering site safeguard agreement, which will remain in effect through the year 2020, and provides for salary reductions of 0.7 percentage points compared to the collective tariff.

In addition, in 2017, we were able to grant our employees covered by wage agreements in Germany a profit-sharing option of € 1,400 for full-time work (proportionately for part-time work). Employee performance should pay off at Symrise. With this profit-sharing scheme, outstanding performance at the German site was acknowledged.

Symrise's standardized job grade concept remuneration model has been applied to all regions over the last years. It is structured according to the function of the position and its respective contribution of value. It also includes a bonus concept. Job grades make remuneration transparent and highlight career possibilities within the company. The Symrise job grade concept includes specialist and manager tracks and allows for movement between both paths. In 2017, we trained our managers on communicating classification and remuneration decisions via extensive training courses.

In addition, a separate Global Performance Bonus Plan ensuring that company goals are reached by means of variable remuneration geared toward results and performance applies to about 80 managers with global or regional responsibilities. In addition, our creative employees are also included in this management and incentive system.

Measures to Safeguard Competitiveness

The existing company wage agreement between Symrise and IG BCE (Mining, Chemical and Energy Industrial Union) makes an important contribution toward securing the company's competitive position. The agreement was extended until 2020 at the beginning of 2012. The essential elements of the agreement on the company's side are a guarantee of location and employment as well as investment commitments of around € 220 million for the German sites until 2020. At the same time, the agreement forms the basis for qualification measures and considerable cost savings through the retention of a working week of 40 hours and the gradual takeover of the IG BCE union wage rates with clearly defined reductions of currently 0.7 percentage points per year until 2020. The implementation of qualification measures, which foster and enhance the innovative ability of our employees, is an essential pillar of our personnel policy. With these concessions, the workforce is making a decisive contribution to internationally competitive personnel costs at our German sites. A key element of the collective bargaining agreement is the return of these discounts to employees if Symrise loses its independence. In this case, the chemical industry's general wage agreement automatically comes into effect six months after Symrise is acquired by a third party. This does not affect the site guarantee and the waiver of terminations for business reasons through 2020.

Economic Report

GLOBAL ECONOMIC AND INDUSTRY-RELATED CONDITIONS

GLOBAL ECONOMIC CONDITIONS

Global economic growth accelerated in 2017. According to International Monetary Fund (IMF) estimates from January 2018, global economic output grew 3.7 % following growth of 3.2 % in the previous year. The upswing was boosted by the industrialized countries, whose average growth rate rose from 1.7 % in 2016 to 2.3 % in 2017. At 2.4 %, the economies of the eurozone grew significantly more strongly than in the previous year (1.8 %). According to preliminary calculations from the Federal Statistical Office, Germany's gross domestic product (GDP) rose by 2.2 % in 2017, with private consumption and investment making the strongest contributions to growth. Economic growth in the USA (2.3 %), Canada (3.0 %) and Japan (1.8 %) also reached higher levels in 2017 than in the previous year.

Economic growth in the emerging and developing countries accelerated from 4.4 % in 2016 to 4.7 % in 2017. At 6.5 %, Asia once again recorded the highest growth rate of all the world's regions, with China growing 6.8 % and India posting 6.7 % growth. Russia (1.8 %) and Brazil (1.1 %) were able to increase their economic output somewhat in 2017, after suffering a decline in GDP in the previous year. In total, some 120 economies worldwide, which account for about three-quarters of global economic output, recorded an acceleration in their economic growth in 2017.

When viewed as an isolated factor, overall economic development has varying influence on the course of business of Symrise:

- In the developed markets, economic fluctuations have very little effect on the demand for end products containing Symrise products if they cover basic needs – for example, in the nutrition, personal care or household segments.
- The demand for products in the "luxury segments" of Fine Fragrances and Personal Care is significantly more dependent on the disposable income of private households.
- In the emerging markets, there is higher demand for products refined with flavorings and fragrances, in keeping with the dynamically increasing standard of living of the population.
- Symrise customer companies manage production and warehousing so that as little capital as possible is tied up. Uncertainties about future sales development lead to adjustments, including those that affect the amount of products purchased from Symrise.

Symrise benefited from its favorable market position in the emerging markets as well as a broadly diversified customer portfolio in the 2017 fiscal year.

DEVELOPMENT OF ESSENTIAL SALES MARKETS

The relevant market for the Symrise Group is growing between 3 – 4 % annually over the long term according to our own estimates. In 2017, the global market volume amounted to € 28.5 billion. The flavors and fragrances market segment as well as the market segment for aroma chemicals also showed a similar development over the past fiscal year.

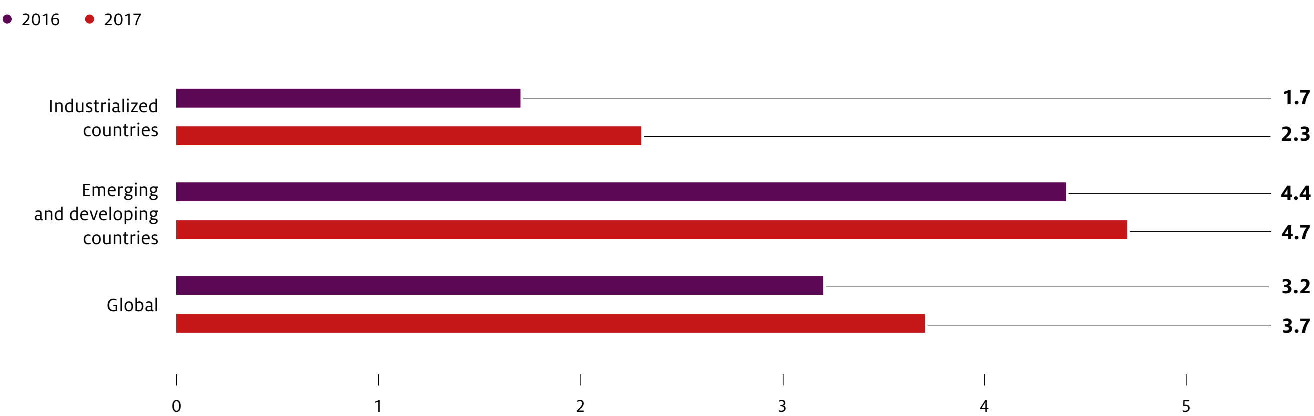
PRICE DEVELOPMENT AND AVAILABILITY OF RAW MATERIALS

Symrise uses about 10,000 different raw materials in production. Important examples are natural vanilla and citrus derivatives (juices, essential oils, etc.), citral and terpene derivatives and base chemicals derived from crude oil that are used in Symrise's value chain as menthol intermediate products, solvents as well as raw materials for sun protection filters and special aromatic substances. As part of the integration of Renessenz LLC, the raw materials palette for Fragrance added a large number of sustainably produced raw materials based on crude sulphate turpentines (CST) and gum turpentines (GT) in 2016. In general, individual raw materials comprise only a very small part of the total requirement. Procurement costs for a large number of raw materials remained relatively stable in the period under review. This was supported in part by the favorable development of the USD/EUR exchange rate for the EAME region. Significant price increases were experienced, however, with vanilla and citrus-based raw materials such as juice concentrates and rind extracts. With regards to important natural oils, which are used to manufacture fragrances and oral care products, the supply and cost situations remained tense in 2017. For the majority of the base chemicals, such as solvents, the supply situation intensified in the final quarter of 2017 compared with the previous year. The REACH regulation for the EU causes both lower availability and rising prices for a large number of chemical raw materials due to the scarcity and costs of tests to be carried out by producers in the context of chemical registration.

Overall, the prices of raw materials rose for all three segments in the 2017 fiscal year. The supply of crucial raw materials for the Scent & Care segment has also been affected by several factors since the second half of 2017. New environmental regulations imposed by the government have caused Chinese producers to withdraw to a great extent from the raw materials market for perfume ingredients and their intermediate chemical products. The resulting shortage in the market has been further exacerbated by a fire-related interruption of services at a key supplier to the fragrance industry. This has negatively impacted the supply of certain fragrance ingredients and intermediate chemical products. The effects of this raw material crisis on the entire perfume industry cannot yet be estimated. Some of the raw materials required are now produced by Symrise itself. Here, our acquisition of the US company Renessenz (now Symrise Jacksonville) proved to be very advantageous. For natural raw materials, volatility remained high with substantial price distortions occurring due to shifting market environments, regulatory requirements (such as the EU directive on natural materials) and weather impacts on harvests, such as the hurricane in Florida and the typhoon in Madagascar. Similarly, the limited availability of adequate qualities and quantities of vanilla beans, both inside and outside of Madagascar, had a strong impact on the cost situation of the Flavor segment. For many years now, Symrise has been dedicated to a strategy of establishing and maintaining long-term collaborations to enhance supply security for important products. Examples of this are the collaboration with LANXESS in manufacturing synthetic menthols and the backward integration of vanilla with the inclusion of local farmers in Madagascar, the most importance source country for bourbon vanilla.

As part of the ongoing process optimizations of the Diana Group, purchasing activities were optimized via joint purchasing and bilateral sourcing in 2017. This provides both increased long-term supply security and cost advantages in raw materials sourcing.

GDP DEVELOPMENT 2016 / 2017 in %



Source: IMF

GENERAL POLITICAL AND REGULATORY CONDITIONS

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

In the Global Regulatory unit, the implementation of a culture of constant improvement was continued in 2017 to meet the challenge of continually bettering the service we offer our global customers.

The Flavor segment's products are primarily used in foods, beverages and pharmaceutical applications. The products in the Food and Probi business units in the Nutrition segment are also used in the same areas. Furthermore, the Pet Food business unit, which belongs to the Nutrition segment, supplies products for the pet food market. In the Scent & Care segment, perfume oils and substances are mainly manufactured for use in the cosmetics industry and household products. In 2017, the continuous monitoring of regulatory requirements continued to be a focal point of activities in this area to secure competitive advantages. The pace of change further accelerated as additional countries expanded their chemical inventories and the corresponding control mechanisms require particular precision to ensure compliance along the entire development process. Particular care must be taken when implementing the appropriate control mechanisms to ensure compliance with requirements throughout the entire development process and supply chain. The constantly changing regulatory environment and increasing customer requirements mean challenges and opportunities for the Regulatory Affairs Team.

In 2015, the agreement on the Nagoya Protocol was adopted into European law. The Protocol governs access to genetic resources and provides for the balanced distribution of advantages resulting from their use. This resulted in a new dimension of compliance for our research and development activities. Symrise keeps a close eye on developments in this field and works with nongovernmental organizations that have practical know-how in this area to ensure continued compliance.

In the EU, changes have been made to the list of flavoring substances. Restrictions on the use of 20 flavoring substances have been imposed under Directive (EU) 2017/378 and one substance (4,5-epoxydec-2 (trans)-enal) has been removed from the list by Directive (EU) 2017/1250. Symrise implemented these changes on time and provided customers with comprehensive information.

As part of the assessment of animal feed additives, the first 150 or so flavoring substances have been included in the EU's new positive list. The mandatory labeling of substances exceeding the recommended maximum dosage in feed by August 2017 has also been implemented on time in the internal regulatory systems so that customers obtain this information on labels and documents.

The reporting obligations in connection with the reform of the US Toxic Substances Control Act (TSCA), which is modeled on the European chemicals directive REACH, are an example of the strong global increase in chemical control regulations. This trend will continue over the next few years as more and more countries and regions introduce control systems for the safe handling of chemicals.

Customer demand for transparency initiatives increased in 2017. Our customers are expected to disclose the ingredients of their products. This is forcing the fragrance industry, which has traditionally kept its recipes secret, to rethink. Symrise has played a pioneering role at both the organizational level and directly with customers. With its proactive transparency policy, introduced in 2015, Symrise has achieved a leading position with customers. We have strengthened our partnerships with customers via our flexible, economically and ecologically sensitive approach to recipes and process transparency.

Symrise's Regulatory Affairs team is constantly adapting to changes in the regulatory environment and changing customer requirements. It is always seeking new and efficient ways to support our customers while meeting global requirements.

DIFFERENTIATED EFFECTS ON SYMRISE

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

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

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

CORPORATE DEVELOPMENT

CURRENT DEVELOPMENTS WITHIN THE GROUP

Changes to the Portfolio

Symrise announced the acquisition of the British company Cobell in May 2017. Cobell was founded in 1999 and is the largest supplier for vegetable and fruit juices in the UK. With this strategic acquisition, Symrise strengthens its local presence in the British beverage market, which enhances its customer proximity. Cobell generates annual sales of around GBP 50 million (€ 58 million). Cobell's product range includes juices, purees, syrups and concentrates for non-alcoholic and alcoholic beverages. The transaction was successfully completed on July 1, 2017.

In November 2017, Symrise entered into an agreement with the owner of Citratus to acquire all shares in Citratus Fragrâncias. Citratus is a manufacturer of perfume oils with a development and production facility in Vinhedo near São Paulo and distribution centers throughout Brazil. With the acquisition of Citratus, Symrise will further strengthen its presence in the emerging markets and become the market leader for smaller and medium-sized customers in Brazil. In 2016, Citratus generated sales of around USD 12 million (€ 10 million) and employed 86 people. The transaction was completed on January 17, 2018.

New Innovation Centers in Singapore and Mumbai

Symrise opened its new innovation and technology center for aromas in Singapore on May 23, 2017, concluding the first phase of expansion for the regional center. Around SGD 30 million (€ 20 million) has been invested into the project. Through the innovation and technology center, Symrise aims to enhance the potential of regional and local food manufacturers and support Singapore's vision of becoming Asia's hub for regional food and nutrition. As part of the next stage of development, a new center for consumer research in fragrances and care will be established, which will develop economically successful brand campaigns.

In June 2017, Symrise opened its second creative and development center in Mumbai, India. It houses a modern development laboratory for fragrances and cosmetic ingredients with the most advanced technologies for analyzing and evaluating market research data. With this strategic investment, Symrise can strengthen its relationships with local partners, consumers and customers while benefiting from the dynamic development of the Indian economy.

Sustainable Recognition

As part of the DQS Sustainability Conference held in Düsseldorf on May 17, 2017, Symrise AG was recognized with the German Award for Excellence for international social commitment. Symrise impressed the jury with its social commitments in developing and emerging markets such as Madagascar and Ecuador. In cooperation with international and regional aid organizations, other companies and government agencies, Symrise promotes stable living conditions, education and health for the people and the preservation of biological diversity on site. The awards are conferred in 15 different categories for corporate social and environmental responsibility. The goal is to encourage a greater commitment to sustainability among businesses.

In September 2017, Symrise was once again certified as a "Green Company" by DQS CFS GmbH (the German Association for Sustainability). Symrise is therefore allowed to continue to use the "Green Company" label over the next three years. DQS recognizes companies that actively and demonstrably minimize the effects of their economic activities on the environment as "Green Companies." DQS awarded the "Green Company" label to Symrise for the first time back in 2013

Symotion Begins Operations at New Logistics Center
In the summer of 2017, Symrise completed its new logistics center at Altenwerder's Freight Village (GVZ) and has been operating its warehouse in the rented 7,100 m² unit since October 2017. The modern facility features a high-quality logistics area, a number of loading bays as well as offices and meeting spaces. The highest sustainability standards were taken into account for the building's design, such as the German Federal Water Act (Wasserhaushaltsgesetz – WHG). In addition to the modern equipment of the logistics property, Symrise benefits from the well-developed logistics infrastructure of the Altenwerder freight village. The use of the new space has already relieved other warehouses and generated cost advantages. Utilization is to be further expanded in the course of 2018.

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

The Symrise Group generated sales of € 2,996 million in the 2017 fiscal year. Sales increased 3.2 % in the reporting currency over the previous year. Excluding portfolio effects, organic sales growth amounted to 6.3 %. The share of sales generated in the emerging markets accounted for 43.5 % of Group sales and was therefore slightly above last year's mark of 43.0 %. Earnings before interest, taxes, depreciation and amortization on property, plant and equipment and intangible assets (EBITDA) at the Group level increased by 1 % from € 625 million (normalized)[2] to € 630 million. This corresponds to an EBITDA margin of 21.0 % (normalized EBITDA margin previous year: 21.5 %).

Net income for 2017 was up compared to the normalized previous year, increasing by € 5 million to € 270 million. Earnings per share amounted to € 2.08 (normalized 2016: € 2.05). Given this positive development, Symrise AG's Executive Board will, in consultation with the Supervisory Board, propose raising the dividend from € 0.85 in the previous year to € 0.88 per share for the 2017 fiscal year at the Annual General Meeting on May 16, 2018.

A COMPARISON BETWEEN THE ACTUAL AND FORECAST COURSE OF BUSINESS

At the start of 2017, we expressed our goal of posting sales growth at local currency well beyond the average market growth rate (around 3 %) in all three segments (Flavor, Nutrition and Scent & Care).

2 As part of the acquisition of the Pinova Group, acquisition and integration costs of € 18.7 million were incurred in the fiscal year 2016. Furthermore, profit of € 3.5 million resulted from the disposal of Pinova Inc. on December 9, 2016. In the following section, we use normalized results (EBITN/EBITDAN) for the 2016 fiscal year adjusted for these one-off, non-recurring specific influences. In addition, figures from the previous year have been adjusted for the finalized purchase price allocation for Nutraceutix. For further information, see note 2.1.

We anticipated an EBITDA margin of about 20 % under the assumption that raw material prices would remain at the level of 2016 and exchange rates would not change significantly from 2016. Our debt, as measured in terms of the key figure net debt (including provisions for pensions and similar obligations) to EBITDA, should remain between 2.5 and 2.8. In the medium term, we are aiming for a return to the debt range of 2.0 to 2.5.

Achievement of Targets in 2017
With sales growth of 6.3 % (excluding portfolio effects and currency translation effects), we have significantly exceeded our sales goals. The EBITDA margin of 21.0 % was above the expected value for 2017. A net debt ratio to EBITDA of 3.0 was slightly higher than our expectations.

RESULT OF OPERATIONS

Group Sales
For 2017 as a whole, the Symrise Group generated sales of € 2,996 million. Compared to the previous year, sales increased 3.2 % in the reporting currency. Adjusted for portfolio effects (additions of NutraCanada, NutraCeutix and Cobell as well as the sale of Pinova Inc.) and exchange rate effects, Group sales in the reporting year organically increased 6.3 %.

Regions: Business in the **EAME** region developed positively, increasing by 7.4 % compared to the previous year. In **North America**, sales were 4.1 % lower than in the previous year due to the sale of Pinova Inc. in 2016. The **Asia/Pacific** region achieved moderate sales growth of 1.4 % compared to the previous year. Sales development in **Latin America** was dynamic and recorded an increase of 7.6 % compared to the previous year.

Sales in emerging markets exceeded the previous year's figures by 4.3 %. The share of total sales for these markets increased from 43.0 % in the previous year to 43.5 % in 2017.

Flavor Sales
The **Flavor** segment generated sales of € 1,102 million in the 2017 fiscal year. Compared to the previous year, this represents an increase of 8.5 % in the reporting currency. Adjusted for portfolio changes and exchange rate effects, this corresponds to organic growth of 9.3 %. All regions and business units were able to significantly expand sales in the past fiscal year.

Growth was particularly strong in the EAME region. The segment achieved organic growth in the double-digit percentage range here, mainly from applications for sweet and savory products in Western Europe, North Africa and the Middle East.

ACHIEVEMENT OF TARGETS IN 2017

	Target at the Beginning of the Fiscal Year	Figure Achieved
Sales growth (at local currency)	Notably above market growth rate of 2 to 3 %	6.3 % (excluding portfolio and currency translation effects)
EBITDA margin	About 20.0 %	21.0 %
Net debt (incl. provisions for pensions and similar obligations / EBITDA	Between 2.5 and 2.8	3.0

The Beverages business unit also performed well in this region, posting solid organic growth, particularly in Germany, Ireland, Austria and the Middle East. In the Asia/Pacific region, Japan, Vietnam and Australia posted particularly dynamic growth with a considerable increase being seen in the Sweet and Savory business units. Sales development in North America was also positive. The Flavor segment was able to generate strong growth in the Sweet and Beverages business units.

In Latin America, the segment continued the successful development of recent years and achieved growth in the double-digit percentage range. The Beverages business unit in particular achieved notable growth due to new business with vanilla aromatization. The Brazilian market, on the other hand, was not quite able to build on the strong momentum of the previous year.

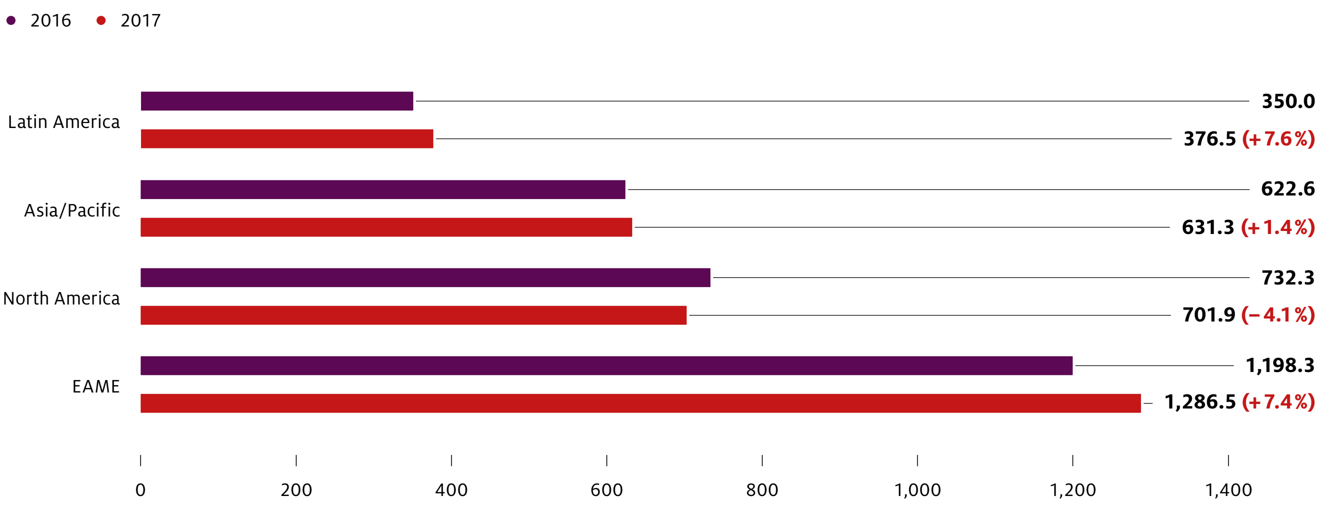
Nutrition Sales

In the 2017 fiscal year, the **Nutrition** segment generated sales of € 631 million. Compared to the previous year, this represents an increase of 9.6 %. Excluding portfolio and currency translation effects, organic sales growth amounted to 6.5 %.

The largest growth stimulus came from the Pet Food business unit, which achieved high single-digit or even low double-digit sales growth in all four regions at local currency. The Food business unit also recorded strong growth. Here, the regions of Latin America and Asia/Pacific showed particularly notable growth.

In the Probi business unit, sales increased significantly with the acquisition of the American company Nutraceutix. Adjusting for the acquisition effect, the previous year's level could not be reached due to a temporary reduction in demand from a major customer.

SALES BY REGION in € million



Scent & Care Sales

The **Scent & Care** segment posted sales of € 1,263 million in the fiscal year 2017, 3.7 % lower than in the previous year due to the sale of Pinova Inc. in December 2016. Adjusting for the portfolio effect of the Pinova sale and exchange rate effects, the segment grew 3.9 % organically.

The Cosmetic Ingredients division significantly increased its sales compared with the previous year. Demand was particularly strong in the Asia/Pacific and EAME regions. China, Japan and South Korea posted especially strong sales figures along with Germany, Italy and Poland.

Adjusted for the Pinova portfolio effect, good growth was also achieved in the Aroma Molecules division. Positive impulses came primarily from the USA, Japan and China. The integration of Pinova's fragrance business strengthened the division with a broader portfolio of unique, natural ingredients.

By contrast, the Fragrance division recorded moderate growth with a noticeable recovery in the second half of the year. Country markets such as the UK, the Philippines, Argentina and Italy recorded solid performances. In the Home Care business unit, the Latin America region achieved strong growth on a local-currency basis, particularly in Colombia and Brazil. The Beauty Care business unit benefited from growing demand in the second half of the year. However, the high sales level of the previous year was not quite reached. The Oral Care business unit achieved moderate growth. Particularly in EAME and North America, sales increased significantly. In Asia/Pacific and Latin America, business with oral care products was still below the previous year's level. The Fine Fragrance business unit grew dynamically, particularly in Latin America. Sales in Brazil and Argentina grew here by double-digit percentages on a local-currency basis. In addition, business in the Asia/Pacific region was further expanded in Indonesia, China and India.

Development of Material Line Items in the Income Statement

On the whole, earnings performance was good in the 2017 fiscal year. The **cost of goods sold** rose 4 % in 2017 to € 1,772 million and therefore increased somewhat disproportionately to sales. This was primarily due to increased raw material costs. **Gross profit** increased by 2 % and amounted to € 1,224 million (2016: € 1,196 million)[3]. The **gross margin** was 40.9 %, which puts its 0.3 percentage points lower than in the previous year (41.2 %). **Selling and marketing expenses** grew 2 % over the previous year and totaled € 478 million (2016: € 467 million). The share of selling and marketing expenses in Group sales amounted to 16.0 % after 16.1 % in the previ-

3 As part of the acquisition of the Pinova Group, acquisition and integration costs of € 18.7 million were incurred in the fiscal year 2016. Furthermore, profit of € 3.5 million resulted from the disposal of Pinova Inc. on December 9, 2016. In the following section, we use normalized results (EBITN/EBITDAN) for the 2016 fiscal year adjusted for these one-off, non-recurring specific influences. In addition, figures from the previous year have been adjusted for the finalized purchase price allocation for Nutraceutix. For further information, see note 2.1.

INCOME STATEMENT IN SUMMARY

€ million		2016 *Normalized and adjusted*[4]	2017	Change in %
Sales		2,903.2	2,996.3	3
Cost of goods sold		– 1,707.4	– 1,771.8	4
Gross profit		**1,195.8**	**1,224.5**	**2**
Gross margin	in %	41.2	40.9	
Selling and marketing expenses		– 467.3	– 478.1	2
Research and development expenses		– 186.0	– 196.4	6
Administration expenses		– 149.3	– 154.7	4
Other operating income		31.6	38.4	22
Other operating expenses		– 2.5	– 2.1	– 16
Income from operations/EBIT		**422.3**	**431.6**	**2**

4 As part of the acquisition of the Pinova Group, acquisition and integration costs of € 18.7 million were incurred in the fiscal year 2016. Furthermore, profit of € 3.5 million resulted from the disposal of Pinova Inc. on December 9, 2016. In the following section, we use normalized results (EBITN/EBITDAN) for the 2016 fiscal year adjusted for these one-off, non-recurring specific influences. In addition, figures from the previous year have been adjusted for the finalized purchase price allocation for Nutraceutix. For further information, see note 2.1.

ous year. **R & D expenses** rose 6 % to € 196 million (2016: € 186 million). The R & D rate therefore amounted to 6.6 % (previous year: 6.4 %) of sales. **Administration expenses** were 4 % higher than in the previous year at € 155 million (2016: € 149 million). Administration expenses as a share of Group sales amounted to 5.2 % in the reporting year and therefore up slightly from 5.1 % in the previous year.

Earnings Situation

Group: Earnings before interest, taxes, depreciation and amortization (EBITDA) were up 1 % in 2017 to € 630 million (2016 EBITDAN: € 625 million). The **EBITDA margin** was 21.0 % in the reporting year, compared to a normalized EBITDA margin of 21.5 % from the previous year.

Scent & Care: Scent & Care generated an EBITDA of € 248.1 million in 2017, which was below the normalized previous year figure of € 257.8 million (– 4 %), mainly due to the sale of Pinova Inc. and higher raw material and research costs. The EBITDA margin therefore amounted to 19.6 %, compared to 19.7 % normalized in 2016.

Flavor: EBITDA for the Flavor segment was notably higher than last year at € 242.9 million in 2017 (2016: € 233.8 million). The **EBITDA margin** of 22.0 % was below the previous year's high level (2016 EBITDA margin: 23.0 %), mainly due to the inclusion of Cobell.

Nutrition: The Nutrition segment generated an EBITDA of € 139.4 million in 2017. This represents a 4 % increase on the previous year (2016: € 133.7 million). The excellent EBITDA margin of 22.1 % was still somewhat below the high level of the previous year (2016 EBITDA margin: 23.2 %).

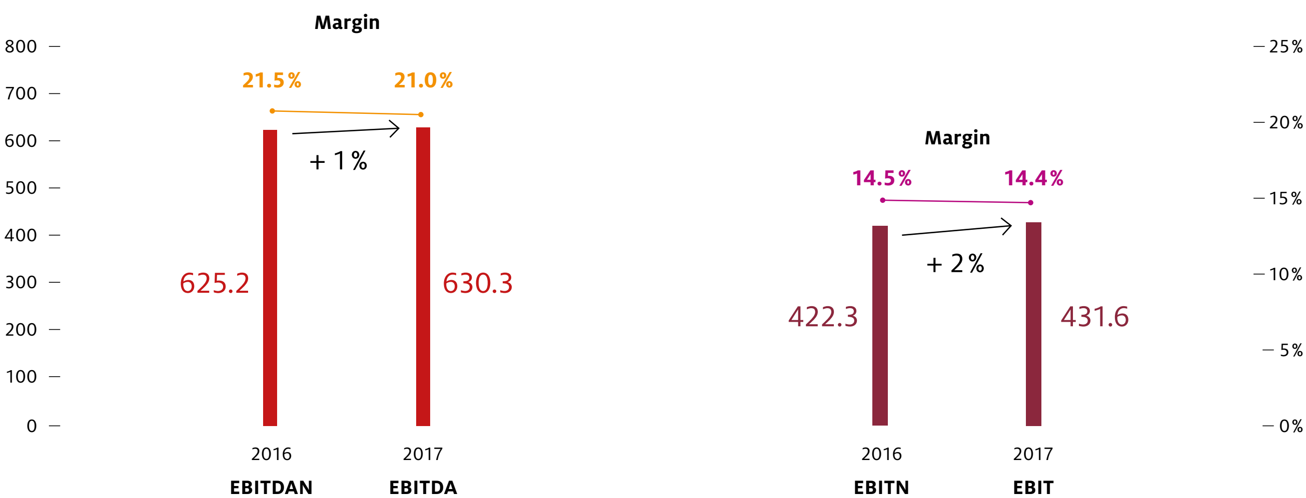
Financial result: The financial result of € – 56.1 million for 2017 is € 10.2 million lower than the result from 2016. While the net interest result improved by € 0.9 million from € – 49.4 million in the previous year to € – 48.5 million, the item other financial result decreased from € 3.5 million to € – 7.6 million, mainly due to negative currency translation effects of € – 7.3 million (previous year: positive currency translation effects of € 8.8 million).

Taxes: In the 2017 fiscal year, tax expenses amounted to € 99.8 million (2016: EUR 97.2 million). The resulting tax rate of 26.6 % was down slightly compared with the previous year (27.2 %). An adequate provision for tax risk was made, as in previous years.

Net income and earnings per share: Net income amounted to € 270 million and therefore was € 5 million or 2 % higher than the figure from the previous year (adjusted for specific influences). Earnings per share rose by € 0.03 to € 2.08 (2016 normalized: € 2.05).

Dividend proposal for 2017: The Executive Board and Supervisory Board of Symrise AG will propose the distribution of a

OVERVIEW OF EARNINGS, in € million / in %



dividend of € 0.88 per share for the 2017 fiscal year at the Annual General Meeting on May 16, 2018. Symrise aims to continually achieve high yields for its shareholders and to enable shareholders to participate in the company's success by means of an appropriate dividend.

FINANCIAL POSITION

Financial Management

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

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

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

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

With an equity ratio of 38 % as of December 31, 2017, Symrise has a solid foundation for driving future business development forward in a sustained manner.

Financing structure: The Symrise Group covers its financial needs from its strong cash flow from operating activities and via long-term financing. In addition to the existing financing, Symrise issued a € 400 million convertible bond in June 2017, which was mainly used to repay the € 300 million Eurobond due in October 2017 and € 60 million in bilateral borrowings. The convertible bond has a term of seven years until June 20, 2024, a fixed interest rate of 0.2375 % and can regularly be converted into Symrise AG shares at a conversion price of € 91.8595 at present after five years. If no conversion occurs, the bond will be redeemed at 100 % to the investors.

Symrise fulfilled all of the contractual obligations resulting from loans (covenants) in the 2017 fiscal year.

In addition to the credit facility mentioned, bilateral bank credit lines for € 41 million exist in the Group to cover short-term payment requirements. The interest rates agreed on for the credit facility are at the accepted market rate.

Cash Flow and Liquidity Analysis

OVERVIEW OF CASH FLOW

€ million	2016	2017
Cash flow from operating activities	338.8	396.2
Cash flow from investing activities	– 311.0	– 219.3
Cash flow from financing activities	1.8	– 219.1
Cash and cash equivalents (Dec. 31)	301.6	**229.5**

Cash flow from operating activities amounted to € 396.2 million, € 57.4 million more than in the previous year (€ 338.8 million). Higher earnings and a lower increase in working capital are the main reasons for this improvement. The operating cash flow rate relative to sales was therefore 13.2 %.

Cash outflow from investing activities declined by about € 91.7 million to € – 219.3 million. It was primarily used for investments in property, plant and equipment. In addition, the acquisition of Cobell Ltd. accounted for € 10 million.

In the 2017 fiscal year, a cash outflow from financing activities of € – 219.1 million resulted on a net basis. A cash inflow of € 1.8 million was posted in the previous year. Key components include the 2017 dividend paid out to shareholders for

2016 amounting to € 113.4 million, net repayments on bank borrowings and capital market liabilities in the amount of € 65.6 million and interest payments to financial institutes totaling € 38.4 million (previous year: € 38.4 million).

All payment obligations were fulfilled in the fiscal year. There were no shortfalls in liquidity during the year nor are any expected in the foreseeable future. The company has sufficient credit lines available, e.g., in the form of a revolving credit facility totaling € 300 million that was extended for an additional year in May 2016 and that will now remain available until May 2021. Only € 45 million of this line has been utilized as of December 31, 2017.

Investments and Acquisitions

The Symrise Group invested € 205 million in intangible assets and property, plant and equipment in the 2017 fiscal year, after spending € 168 million in the previous year.

€ 19 million were spent on intangible assets (2016: € 17 million). Here, the focus was on the registration of chemicals according to the European chemical directive (REACH) as well as investments in software and patents. Investments in property, plant and equipment amounted to approximately € 186 million (previous year: € 151 million). The largest investment projects consisted of the production capacity expansions in all divisions and the new research and development center in Singapore. All of the projects were funded through operating cash flow. As of December 31, 2017, the Group had obligations to purchase property, plant and equipment amounting to € 58.1 million (December 31, 2016: € 65.5 million). This mainly relates to production facilities, hardware and office equipment. Most will come due during the course of 2018.

Symrise announced the acquisition of the British company Cobell in May 2017. Cobell was founded in 1999 and is the largest supplier for vegetable and fruit juices in the UK. With this strategic acquisition, Symrise strengthens its local presence in the British beverage market, which enhances its customer proximity. Cobell generates annual sales of around GBP 50 million (€ 58 million). Cobell's product range includes juices, purees, syrups and concentrates for non-alcoholic and alcoholic beverages. The transaction was successfully completed on July 1, 2017.

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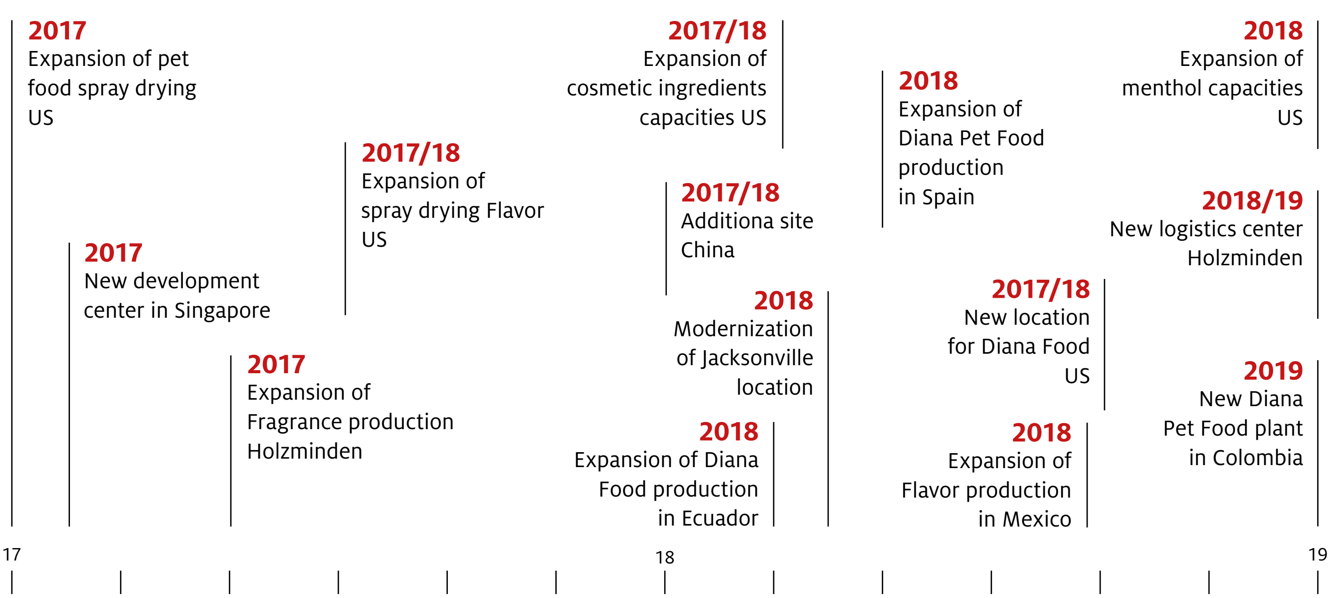
INVESTMENTS 2017 TO 2019



NET ASSETS

Select Line Items in the Statement of Financial Position[5]

Total assets as of December 31, 2017, decreased by € 78 million to € 4,675 million compared to the previous year (December 31, 2016: € 4,753 million).

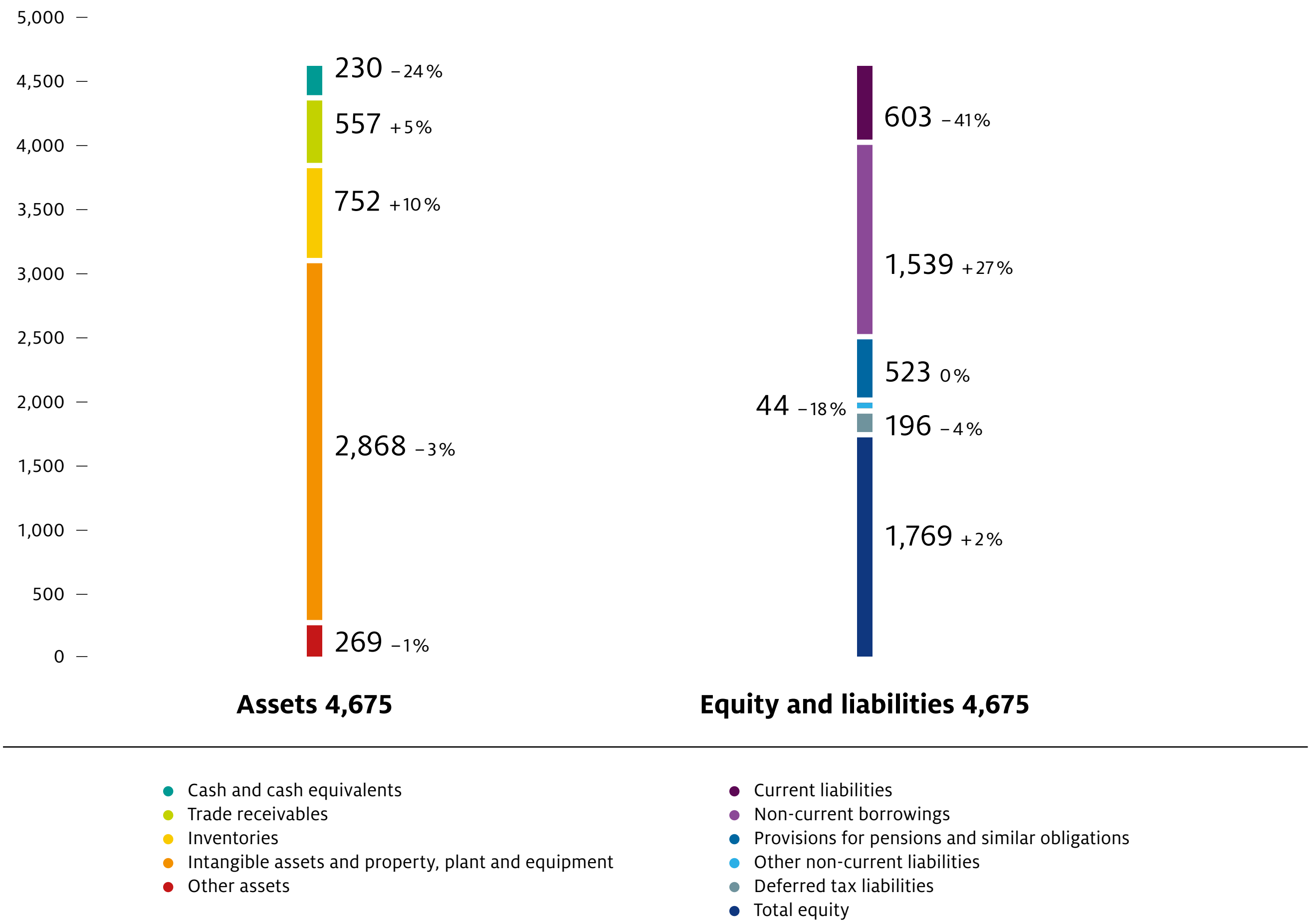
On the assets side, the decline resulted from the lower level of **intangible assets** due to scheduled depreciation and amortization (December 31, 2017: € 1,966 million; December 31, 2016: € 2,112 million) and from lower **cash and cash equivalents** (December 31, 2017: € 230 million; December 31, 2016: € 302 million), which had increased significantly in the previous year due to the sale of Pinova Inc. in December 2016. This development was partially offset by an increase in **trade receivables** (December 31, 2017: € 557 million; December 31, 2016: € 528 million), **inventories** (December 31, 2017: € 752 million; December 31, 2016: € 680 million) and **property, plant and equipment** (December 31, 2017: € 902 million; December 31, 2016: € 857 million).

5 The figures from the previous year have been adjusted for the finalized purchase price allocation for Nutraceutix. For further information, see note 2.1.

Intangible assets account for 42 % of total assets and comprise € 1,183 million of goodwill (December 31, 2016: € 1,222 million) and € 783 million of recipes and technologies, customer bases, trademarks, software, patents and other rights (December 31, 2016: € 891 million). They resulted almost entirely from business combinations.

The decrease in liabilities was mainly due to the repayment of **financial liabilities**, as the proceeds from the issue of the convertible bond were offset by higher repayments of the pre-

OVERVIEW OF THE STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2017 in € million
(Change compared to previous year's reporting date, in %)[5]



5 The figures from the previous year have been adjusted for the finalized purchase price allocation for Nutraceutix. For further information, see note 2.1.

vious financing (December 31, 2017: € 1,628 million; December 31, 2016: € 1,750 million). On the other hand, **trade payables** increased compared to the previous year (December 31, 2017: € 276 million; December 31, 2016: € 254 million). With only a slight increase in the interest rate for pension commitments granted in Germany from 1.6 % in 2016 to 1.7 % in 2017, **provisions for pensions and similar obligations** amounted to € 523 million, as in the previous year. Overall, **current liabilities** decreased significantly (December 31, 2017: € 603 million; December 31, 2016: € 1,028 million), while **non-current liabilities** increased slightly (December 31, 2017: € 2,302 million; December 31, 2016: € 1,993 million).

Equity attributable to shareholders of Symrise AG as of December 31, 2017, amounted to € 1,713 million (December 31, 2016: € 1,672 million). A dividend of € 110 million was paid out in 2017 for the 2016 fiscal year. As of December 31, 2017, the equity ratio, including minority interests, was 37.8 % (December 31, 2016: 36.4 %).

Net Debt

€ million	2016	2017
Borrowings	1,749.8	1,627.7
Cash and cash equivalents	– 301.6	– 229.5
Net debt	**1,448.2**	**1,398.2**
Provisions for pensions and similar obligations	522.6	523.4
Net debt including provisions for pensions and similar obligations	**1,970.8**	**1,921.6**

The evaluation of compliance with the leverage covenants for the current and non-current borrowings is performed on the basis of the specifications in the various credit agreements. The evaluation to determine the leverage covenants uses the ratio of net debt to the EBITDAN of the last 12 months. This results in a net debt/EBITDAN ratio of 2.2, which is relevant for loan agreements. The ratio of net debt including provisions for pensions and similar obligations/EBITDAN amounts to 3.0.

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

Significant obligations not reflected on the balance sheet exist in the form of obligations for the purchase of goods amounting to € 147.4 million (2016: € 150.0 million) and obligations regarding the purchase of property, plant and equipment amounting to € 58.1 million (2016: € 65.5 million).

Symrise AG has service contracts with various providers regarding the outsourcing of its internal IT. Some service contracts already existed in previous years. The remaining total obligation toward these service providers amounts to € 34.7 million (December 31, 2016: € 55.5 million), accounting for extraordinary termination rights.

Miscellaneous other financial obligations amounted to € 21.1 million as of December 31, 2017 (December 31, 2016: € 16.6 million) and are mostly obligations from consulting, service and cooperation contracts (€ 13.6 million; December 31, 2016: € 8.0 million).

SUSTAINABILITY

For Symrise, business success and responsibility for the environment, its employees and society are inextricably linked. Symrise's corporate strategy therefore incorporates aspects of sustainability at all levels in order to enhance the company's

CAPITAL STRUCTURE

€ million	2016	*in % of total equity and liabilities*	2017	*in % of total equity and liabilities*	Change in %
Equity	1,731.5	36	1,769.3	38	+ 2
Current liabilities	1,028.0	22	603.4	13	– 41
Non-current liabilities	1,993.3	42	2,301.9	49	+ 15
Liabilities	3,021.3	64	2,905.3	62	– 4
Total assets	**4,752.7**	**100**	**4,674.6**	**100**	**– 2**

value over the long term and minimize risks. Symrise's business activity involves the interests of many different stakeholder groups. Through active dialogue with these stakeholders, we discuss their expectations and requirements and incorporate them at every stage of value creation in order to develop successful solutions. This allows us to create value for all our stakeholders.

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

The successive, strategic integration of sustainability into our core and supporting processes is managed by a global, cross-business team – the Symrise Sustainability Board. It consists of senior management representatives, defines common goals and ensures both the development and implementation of issues relevant for sustainability across the entire extended value chain as well as the consideration of the interests of key stakeholders. Implementation of the sustainability objectives set by the Sustainability Board lies directly with the segments. For this reason, the Executive Board and Sustainability Board have appointed sustainability officers to be responsible for coordinating sustainability efforts in the Flavor, Nutrition and Scent & Care segments. Direct responsibility for strategy lies with the Chief Executive Officer of Symrise AG. We manage sustainability in corporate processes using our Integrated Management System. It is based on the international standards on quality (ISO 9001), environmental protection (ISO 14001), work safety (OHSAS 18001), sustainability (ISO 26000), energy (ISO 50001), social responsibility (SA 8000), the generally accepted audit standards of the Global Food Safety Initiative (GFSI) and other recognized local standards.

Symrise once again received external recognition of its sustainability efforts in 2017. In the period under review, Symrise achieved a Leadership Rating from the CDP (formerly Carbon Disclosure Project) in all three categories for the first time and is the only company in the fragrance and flavor industry to have managed this feat. In the categories Forests and Water, Symrise was listed among the best and received a very good rating of A-. In the category Climate, Symrise was included in the Climate Change A list for the third time in a row with a top rating of A. Symrise's inclusion on the Ethibel Sustainability Index (ESI) Excellence Global was also confirmed for the fourth time in a row. Furthermore, the rating agency EcoVadis awarded Symrise the Gold status in recognition of its corporate social responsibility for the third time in a row. Symrise has now received external recognition for its sustainability report, which was awarded "Green Company" certification by DQS in 2017, for more than four years in a row. Symrise also received two DQS Excellence Awards in 2017: Society Engagement International and the Audience Award for the most convincing sustainability film. In our sustainability reporting,

OUR SUSTAINABILITY AGENDA

Minimize our environmental footprint along the value chain	Maximize positive social & environmental impacts of our products	Maximize the sustainability of our supply chain and raw materials	Improve well-being in our stakeholder communities

we comply with the guidelines of the Global Reporting Initiative (GRI) from the version GRI Standards (2016). In doing so, we conform to the highest application level "In accordance – Comprehensive," which means that we fully account for all the material topics. All information has been externally audited in accordance with the AA1000 Assurance Standard. Further information can be found in our separate non-financial report in the Corporate Report. The non-financial statement in accordance with Section 289b of the German Commercial Code (HGB) is published on the Symrise AG website. It can be found at: **http://cr2017.symrise.com/sustainability/sustainability-and-responsibility**.

Opportunities and Risk Report

PRINCIPLES

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

As part of our risk management, Group companies periodically assess their risks. The risk report documents these risks accordingly and includes their evaluation, probability of occurrence and the measures taken to reduce or eliminate risk. To minimize the financial effects of remaining risks, we acquire insurance if this is deemed economically sensible.

The effectiveness of implemented measures is checked as part of corporate internal audits.

The following describes the opportunities and risks that could have a material impact on the Symrise Group's net assets, financial position and results of operations in greater detail. If no segment is explicitly highlighted, the reporting of opportunities and risks applies to all three segments equally.

OPPORTUNITIES MANAGEMENT

The Symrise corporate culture attaches importance to entrepreneurial thinking and acting. We value a high degree of responsibility in our employees. Therefore, we encourage all Symrise employees, including but also beyond the Executive Board, regardless of their area and scope of responsibility, to continuously seek and take advantage of opportunities. Group companies are urged to identify opportunities on an operative level which, for example, arise within the framework of operational activities or due to improved market conditions, and to realize these opportunities with the aim of achieving results that go beyond the scope of planning. Strategic opportunities are recorded in all segments and in the Corporate Center. They are evaluated and plans are made to take advantage of them. Symrise's Executive Board is also responsible for discussing strategic opportunities on a regular basis. With the established risk and rewards management system, the rewards observed in the various segments of the Group and integrated into strategic actions are systematically analyzed alongside the company risks. The taking advantage of and reporting on opportunities benefit the network of officials within the Group who have already been reporting the opportunities and risks in their segments for years as part of the opportunities and risk management system.

OPPORTUNITY REPORT

Opportunities for Symrise arise from various factors. Employees from every Group company can, for instance, submit suggestions within the scope of ideas management, which includes TPM (Total Productive Maintenance), that aim to improve work processes and procedures. Opportunities for generating additional orders arise from the know-how transfer between all divisions. An example of this is a Group-wide project database in which all activities are documented and tracked. As a result, points of contact can be created easily and advantages from synergies clearly recognized.

Developments in the company's business environment that are particularly attributable to social and economic changes open up numerous strategic opportunities. In developed nations, there is a trend toward healthier and more conscious nutrition habits, due, among other things, to the increasing life expectancies in these countries. End consumers' personal care requirements are also constantly growing. As a basic principle, a company has to continually provide its customers with innovative products in order to be competitive. Symrise positions itself accordingly with new divisions and business units, for example. Intensive market research and comprehensive R & D activities are the basis for Symrise's own developments for improving existing products or introducing new ones. In emerging and developing countries, there is mounting demand for products containing Symrise flavorings and fragrances. To take advantage of these opportunities, we are continuously expanding activities in these countries.

Similar to earnings, the cost side of the companies in the Symrise Group also contains potential savings opportunities that the companies already know about but have yet to completely materialize within the Group's budgets and plans. Further cost advantages could arise from the consolidation of markets and products as well as the further optimization of manufacturing, storage and delivery methods.

In individual cases where the respective risks are more than fully compensated for, established measures for controlling risk can also lead to possible revenue not currently provided for in the budget due to commercial prudence. Even measures against the risk of losing business can contain opportunities. The business plans for the various Symrise Group companies reflect the possibility of losing business with key customers. The business plans also contain new business to compensate for such losses. If the expected losses do not occur, the new business is an opportunity that goes beyond the originally planned volumes.

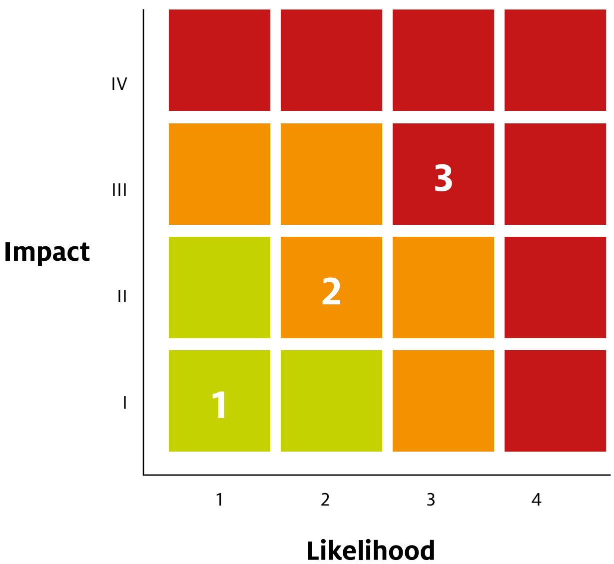
Strategic opportunities also arise from the completed acquisitions and the development of new, more attractive business units from the cooperation with Probi AB. To strategically broaden our expertise, we are continually looking for suitable partners. We also see opportunities arising from cooperative ventures with universities and companies. Bundling expertise can, for example, speed up product development and generate innovative products.

RISK MANAGEMENT

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

The Group-wide coordination of risk assessment occurs in the Corporate Center within the Risk Management department. Risk reports are drawn up for the individual companies and are then compiled to provide a current overview of the risk situation at the Group level. This Group risk report is submitted and presented to the Executive Board and Supervisory Board of Symrise AG twice a year. There, potential risks are identified and classified according to their effect on profit (net method) as well as the probability of their occurrence.

Two aspects are used to determine whether a risk should be considered "low," "medium" or "high": on the one hand, the classification of all individual risks for each company in terms of their effect on the sales or "impact" ("low," "medium," "high" or "very high") and, on the other, the probability of their occurrence or "likelihood" (also "low," "medium," "high" or "very high"). The classes for "impact" break down as follows: An effect of less than 10 % of the reporting unit's annual sales is



Impact

I	– low	< 10 % of sales
II	– medium	10 – < 20 % of sales
III	– high	20 – < 40 % of sales
IV	– very high	from 40 % of sales

Likelihood

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

classified as “low,” 10 to less than 20 % of sales as “medium,” 20 to less than 40 % of sales as “high” and from 40 % of sales as “very high.” Similarly, their “likelihood” is classified as “low” if its probability of occurrence is determined to be between 0 and 24 %, “medium” if it is between 25 and 49 %, “high” if it is between 50 and 74 % and “very high” if it is 75 % or higher.

The chart shows how risks are finally classified (either as “low,” “medium” or “high”) depending on their “impact” and “likelihood.” For example, the risk represented in field 1 would receive an overall classification of “low” as its impact is below 10 % of sales and its likelihood below the 25 % threshold. A risk in field 2 would receive a “medium” classification as it has an impact between 10 and under 20 % of sales and a likelihood between 25 and 49 %. However, a risk in field 3 would receive a “high” classification as it has an impact between 20 and under 40 % of sales and a likelihood between 50 and 74 %. The chart testifies of a high risk awareness and commercial prudence with the greatest number of fields being designated as high risks. Only 0.5 % of the risks from across the Group listed in the current risk report are classified as “high” risks at the level of the individual company, and only 5.0 % are classified as “medium” at the level of the individual company.

Alongside the purely mathematical classification, identified risks are also classified qualitatively according to their risk type as well as by business unit and activities affected. Furthermore, suitable measures for minimizing or eliminating risk are presented. As a result, the risk report also forms the basis for managing risks, which is also something examined by the Group’s Corporate Internal Audit. Additionally, the risk assessment is compared with the company’s strategy and the goals it derived from that strategy. The Executive Board informs the Supervisory Board or the auditing committee of the Supervisory Board and decides on additional measures for handling risks. Reporting thresholds for risks are oriented toward the financial effects on Group companies as well as the probability of the risk occurring. If a risk exceeds a certain reporting threshold, the Executive Board is informed immediately. These are risks that appear suddenly and have at least a medium to high probability of negatively impacting a Group company’s earnings by at least € 5 million or its annual sales by at least 20 %. Similarly, a “hazard alert” is declared, for example, if a legal risk or compliance risk is discovered that was not previously contained in the regular risk reports submitted to Symrise AG’s Executive Board.

RISK REPORT

BUSINESS ENVIRONMENT AND INDUSTRY RISKS

Fierce competition continues in the industries served by Symrise. Accordingly, it remains probable that the trend toward the consolidation of the customer base for Symrise products will continue. As a result, there is the risk that Symrise could lose customers and thus market share. We react to this, in particular, with increased marketing of innovations and products from our divisions that offer added benefits compared to competitors’ products. Risks resulting from consolidations at the level of our suppliers exist inasmuch as the loss of a supplier’s business can have a negative impact on our relations with customers. Symrise is exposed to political risks in the form of trade embargoes in certain countries from which raw materials are obtained and/or to which products are exported. Obstacles to trade can only partially be compensated for by turning to other regions. In certain countries, the possible risk of politically related default is continually observed. A dialogue with banks and customers serves to limit this risk. Political risks that arise in export countries, which mainly relate to losses of receivables, are countered through corresponding financial controls. Political unrest in countries and regions in which Symrise operates is observed very closely, particularly to protect the safety of the staff. Nevertheless, a temporary loss of production and thus sales can occur in unfavorable cases.

CORPORATE STRATEGIC RISKS

Corporate strategic risks can result, for example, from acquisitions. The acquisitions made in the last few years have contributed to the Group’s growth and all are now integrated. Acquisitions are also inherently liable to risks as, in the course of the integration process, there is the threat of business interruptions or a loss of knowledge and resources due to employees leaving the company. We counter these risks by means of a clearly defined integration process and corresponding responsibilities. Negative consequences for the company’s development could result from inaccurate assessments regarding growth, profitability, supply security of raw materials and the product portfolio. The breakdown of raw material deliveries, particularly the loss of exclusive suppliers or a reduction of raw material supplies stemming from natural disasters, generally represents a high risk. In the case of a lacking ability to market new products, development expenditure is not offset by adequate income. Intensive market research is carried out to guarantee that our products remain marketable.

Strategic risks also include possible removal from the core lists of our important customers and the danger of not being put on such a list against our expectations. We counter these risks by maintaining close contact with our customers. Further central factors for remaining or being included on core lists are pricing, reliable delivery, innovative strength and product quality. In these areas, we continually strive to be among the best companies in the industry and to remain known in the industry for an outstanding level of quality.

ECONOMIC PERFORMANCE RISKS

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

Changes in a customer's technology can result in a situation where individual products can no longer be offered to this customer. Symrise has a diversified customer portfolio to reduce this risk. Patent violations by competitors also pose a risk to our products. This is countered by means of adequate patent management.

Procurement risks: The purchase of raw materials, intermediate products, manufacturing plants and services is continuously exposed to the risk of unplanned price development, fluctuating quality or insufficient availability. While purchase prices can rise, particularly due to more expensive raw materials or unfavorable exchange rates, the availability of goods and services can also partially depend on legal regulations. The main suppliers of Symrise are bound by long-term basic agreements. Procurement alternatives are also developed, in part together with important suppliers, to minimize the risk of not meeting the latest technological, market or legal requirements. Furthermore, suppliers' creditworthiness is continuously examined. Finally, the initiatives in the area of backward integration help stabilize and reduce risk associated with raw material supply. Our suppliers are bound to constantly upholding Symrise's Code of Conduct. It is expected that the high ethical requirements that Symrise has imposed upon itself, which are aimed at increasing business success while taking into account available resources, all employees and society, will be respected.

Risks regarding product safety, health, occupational safety and the environment as well as the integrity of our main suppliers are regularly assessed based on internationally recognized standards. The number of suppliers that are evaluated as part of this risk profile is continually being expanded. Supplier audits are also performed, and the business relationship is terminated if this seems necessary for reducing corresponding risk.

The supply of crucial raw materials for the Scent & Care segment has been affected by several factors since the second half of 2017. New environmental regulations imposed by the government have caused Chinese producers to withdraw to a great extent from the raw materials market for perfume ingredients and their intermediate chemical products. The resulting shortage in the market has been further exacerbated by a fire-related interruption of services at a key supplier to the fragrance industry. This has partially negatively impacted the supply of certain fragrance ingredients and intermediate chemical products. The effects of this raw material crisis on the entire perfume industry cannot yet be estimated. Symrise has established a crisis team to find solutions with customers regarding those raw materials for which there is a risk that they will not be supplied to a sufficient extent by established and alternative suppliers. Some of the raw materials required are now produced by Symrise itself. Here, our acquisition of the US company Renessenz (now Symrise Jacksonville) proved to be very advantageous. Additionally, a strategy for the partial or complete replacement of crucial raw materials is being applied within the framework of regulatory and olfactory possibilities, in close consultation with our customers.

Operating risks: Technical disturbances can interrupt the Group's continuous operations and lead to a loss of revenue and corresponding income. The causes thereof can lie in the safety of the energy supply, of the equipment and processes, in fire safety, in the quality and safety of materials and in their correct classification as well as the qualifications of the operational personnel. In addition, increasing demands and new country-specific labor regulations and environmental regulations as well as natural disasters can lead to interruptions in operations. We reduce such risks through maintenance, investments, occupational health and safety measures, insurance and corresponding guidelines, instructions and training courses. Changes in country-specific environmental regulations can result in fines or the temporary closure of production sites. For this reason, we continuously observe regulatory developments in the countries in which Symrise operates. Interruptions in operations can also arise due to errors in the course of operations, for example, due to foreign bodies that are contained in raw materials or that are introduced into intermediate or end products during processing, as well as due to incidents resulting from the usage of work equipment. Symrise minimizes these kinds of risks through appropriate guidelines (for example, foreign body policy), robust procedures (Total

Productive Maintenance), training courses, emergency plans, alternative production sites, exchange on best practices and continuous improvements to operational processes.

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

FINANCIAL RISKS

Credit risk: The risk of default arises if a customer or contract partner fails to meet its financial obligations and this results in a financial loss for Symrise. These represent less than 2 % of the overall risks Group-wide. To minimize this risk, the creditworthiness of new customers is analyzed. In addition, every year both the creditworthiness and the supply conditions of all customers are examined. Apart from this method of risk prevention, Symrise introduced a procedure for valuation allowances for receivables. This valuation allowance consists of an individual write-down and a general allowance component. Symrise tries to limit the risk of nonpayment due to bank boycott by engaging in continuous dialogue with banks and customers. Symrise manages financial crises in export countries with corresponding financial controls.

Liquidity risk: Liquidity risk describes the danger of Symrise not being in a position to fulfill financial obligations to third parties. In the case of a deterioration in business development, there is the additional risk of not fulfilling obligations for existing credit covenants. Symrise carries out continuous liquidity planning in order to recognize liquidity shortfalls early on. Parallel to this, the company possesses sufficient credit lines to cover payment claims. The company's development is continuously monitored and corresponding emergency plans to avoid liquidity problems exist. With these plans, we ensure that we have sufficient means to fulfill our payment obligations as they become due, even under difficult conditions. We do not currently see a refinancing risk.

Interest and currency risks: Currency risks exist in economic areas where Symrise sells its products on a foreign-currency basis (USD, for example) but when at least some of these products were produced in a different currency area (the eurozone, for example). A fluctuation in the value of the USD can result in corresponding changes to our material prices. Symrise counters this risk by negotiating corridors in its contracts. The material prices can be renegotiated later outside these parameters. Symrise also often purchases raw materials in euros. The remaining currency risk was reduced in 2017 through currency forward contracts.

The following currency forward contracts existed as of the reporting date with nominal values of:

- USD 1.1 million (December 31, 2016: USD 42.1 million) for hedging USD/SEK
- USD 38.2 million (December 31, 2016: USD 21.0 million) for hedging EUR/USD
- USD 3.0 million (December 31, 2016: USD 6.0 million) for hedging USD/JPY
- AUD 6.1 million (December 31, 2016: AUD 2.1 million) for hedging EUR/AUD
- CNY 75.0 million (December 31, 2016: CNY 0.0 million) for hedging EUR/CNY
- GBP 6.7 million (December 31, 2016: GBP 0.0 million) for hedging EUR/GBP
- USD 1.5 million (December 31, 2016: USD 0.0 million) for hedging AUD/USD
- USD 0.9 million (December 31, 2016: USD 0.0 million) for hedging GBP/USD
- JPY 1,311 million (December 31, 2016: JPY 0.0 million) for hedging EUR/JPY

In order to avoid fluctuations in the financial result due to changes in measurement, the currency transactions were classified as cash flow hedges in terms of hedge accounting.

Interest risks arise because rising interest rates can increase interest expenditure contrary to planning and thus have an adverse effect on the Group's result of operations. Overall, the ratio of fixed-rate debt amounted to 91 % of overall debt as of December 31, 2017. Symrise counters the remaining risk stemming from interest rates by means of contracted interest hedges, if necessary.

Tax risk: Symrise is also exposed to tax risk. Due to structural changes at our worldwide sites, the local financial authorities have in some cases not been able to examine certain income tax-related matters to date and subsequently provide an overall assessment. In some cases, we made provisions for these risks in preparation for additional tax obligations. On the whole, we feel that the necessary precautions have been taken for all tax risks we are aware of.

PERSONNEL RISKS

Symrise counters personnel risks, which arise fundamentally from turnover of personnel in key positions, by means of suitable incentive systems, continuing professional development and programs advancing junior employees as well as a targeted succession planning.

Personnel risks are generally summed up in employees' potential to leave the company and the corresponding loss of competence as well as possible noncompliance with company guidelines, legal requirements or agreements made with employee representatives. Compliance with local laws and company guidelines is monitored via internal audits. Further, compliance with these requirements, which are based on international standards, is checked at regular intervals by external auditors. The initial training of new employees, together with later training sessions, ensures that every employee observes corporate guidelines such as the Code of Conduct. Career development opportunities and regular succession planning help prevent the loss of personnel, particularly in key positions. The constant contact with employee representatives also helps to avoid strikes and the related interruptions to operations.

LEGAL RISKS

Currently, the Group considers its legal risks to be relatively minor. These risks typically result from the areas of product liability, warranty claims and environmental law. To counter these risks in an appropriate way and early on, we analyze potential risks comprehensively by incorporating our legal department and, if necessary, by engaging external specialists. Despite these measures, the outcome of current or future legal proceedings cannot be predicted with certainty. At present, only a few Group companies are affected by ongoing legal proceedings. Therefore, we will only make reference to one type of legal procedure here: In the USA, the Group company Symrise Inc., along with many other companies, has been accused of selling flavors which, when industrially processed, can release harmful vapors if safety instructions are not adhered to. In none of these proceedings has a concrete monetary claim been made so far. Symrise believes that it can continue to rebut these legal accusations. Furthermore, it is not expected that the results of the individual proceedings will have a significant effect on the consolidated earnings.

COMPLIANCE RISKS

In our compliance management system, we differentiate between "technical compliance" and "legal compliance". Technical compliance activities focus on quality, environmental protection, health, work safety, energy, product safety and food safety. In nearly all of these areas, Symrise's products are subject to strict government supervision worldwide. It is a matter of course for us that our products and processes comply with local regulations around the world. Legal compliance activities concentrate on competition and antitrust law, the prevention of corruption and money laundering, and export controls. Here, the focus of activity is on education and prevention. The implementation and further development of Group guidelines on these topics also fall into this category.

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

IT RISKS

IT risks arise from damage to the Group stemming from data misuse and potential interruptions in the exchange and processing of data, which can lead to an interruption of operational processes. Symrise maintains a number of IT and telecommunications systems whose data and programs are saved and further developed on different storage media. Established protective measures are continuously updated and extended to guarantee the security of IT processes and data. Despite these protective measures, there is still a remaining risk, however, that attacks on our data network from authorities or other third parties go unnoticed.

OVERALL ASSESSMENT OF OPPORTUNITY AND RISK SITUATION

In comparison to other sectors of industry and companies, Symrise's business model and that of the companies acquired in the past fiscal years, have an above-average potential for opportunities thanks in part to the increase in private consumption and wealth across the globe. Many products serve to fulfill various basic human needs and desires, such as "health" and "youthful appearance," which exist in every part of the world. The dynamic growth and high profitability of Symrise show that these opportunities have been successfully taken advantage of. We will continue to follow this strategy in the future.

All relevant risks and rewards are uniformly evaluated across the Group from a quantitative and qualitative perspective in the dimensions of their degree of the impact on business operations, the Group's financial position and results of operations and their probability of occurrence.

The evaluation and the handling of the risks are performed at the level of the individual company, as this corresponds to the decentralized business and management model of the Symrise Group. For the Group risk assessment, we have aggregated risks at the level of the respective categories and assigned the following amounts to the qualifications "low," "medium" and "high":

- "Low" corresponds to an amount up to € 20 million
- "Medium" corresponds to an amount between over € 20 million up to € 100 million
- "High" corresponds to an amount greater than € 100 million

These bandwidths are to be understood as the product of sales impact, probability of occurrence and EBITDA margin of risks, which corresponds to the methods described in the Risk Management section with respect to risks at the level of the individual companies.

The following risk profile for the Symrise Group in 2017 was established from the existing risk report and according to the methodology described:

Risk profile	Group risk classification
Business environment and industry risks	**Low**
Corporate strategic risks	**Low**
Economic performance risks	**Medium**
Product risks	Low
Procurement risks	Medium
Operating risks	Low
Financial risks	**Low**
Credit risk	Low
Liquidity risk	Low
Interest and currency risks	Low
Tax risk	Low
Personnel risks	**Low**
Legal risks	**Low**
Compliance risks	**Low**
IT risks	**Low**

Based on the information currently available, we see no risk that could pose a threat to the continued existence of the company. Since the existing risk reporting and the Integrated Management System were supplemented by a system of integrated internal controls and effectiveness checks, the company expects to continue to meet all requirements in the future business environment and in view of changing legal regulations.

Essential Features of the Accounting-Related Internal Control and Risk Management System

MAIN FEATURES AND OBJECTIVES

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

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

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

ORGANIZATION AND PROCESS

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

The ICS is monitored regularly with respect to the up-to-dateness of documentation and the suitability and functionality of controls. Further, any weaknesses in the control system are identified and evaluated.

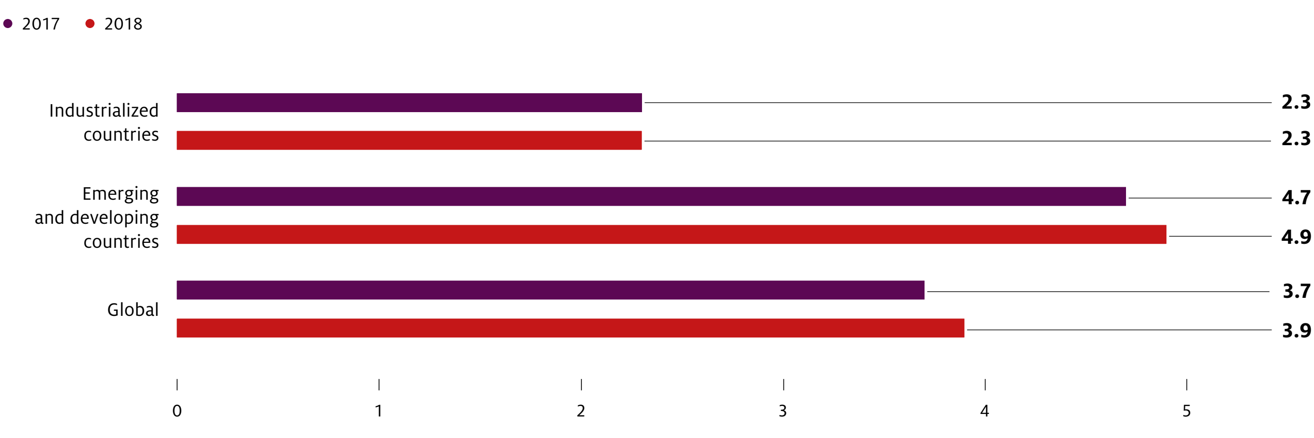
- **Accounting-related risk management:** Using a risk-oriented approach, the companies and processes which are essential for accounting are first of all identified. On the basis of the results, specific minimum requirements and objectives are defined to counteract the risks of financial reporting. The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

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

Subsequent Report

In November 2017, Symrise entered into an agreement with the owner of Citratus to acquire all shares in Citratus Fragrâncias. Citratus is a manufacturer of perfume oils with a development and production facility in Vinhedo near São Paulo and distribution centers throughout Brazil. With the acquisition of Citratus, Symrise will further strengthen its presence in the emerging markets and become the market leader for smaller and medium-sized customers in Brazil. In 2016, Citratus generated sales of around USD 12 million (€ 10 million) and employed 86 people. The transaction was completed on January 17, 2018.

GDP DEVELOPMENT 2017/2018, in %



Source: IMF

General Statement on the Company's Economic Situation

The Executive Board regards the Symrise Group's economic situation as positive. In 2017, the Group managed to once again substantially increase its sales with sustained high profitability. The company's financing is ensured for the medium term. Pending the passing of the resolution at the Annual General Meeting, Symrise AG shareholders will participate in the company's success by receiving a higher dividend than in the previous year.

Outlook

FUTURE GENERAL CONDITIONS

The International Monetary Fund (IMF) expects the economic upturn to continue in 2018. This development could lead to positive effects for Symrise's business performance. International economic growth is expected to increase from 3.7 % in the previous year to 3.9 % in 2018. The economy is expected to be propped up primarily by greater momentum in the industrialized countries. Investment activity is expected to benefit from the recovery in demand and currently favorable financing conditions. Countries with strong exports will particularly benefit from this. Against this backdrop, the IMF has raised its estimate for economic growth in Germany to 2.3 %. In addition, the tax reform in the USA is expected to have a positive impact that will also affect neighboring countries.

Economic growth in emerging and developing countries is expected to also be higher in 2018 at 4.9 % compared to 2017 (+4.7 %). The highest growth rates here continue to be recorded in India (+ 7.4 %) and China (+ 6.6 %). For the Middle East, North Africa, Afghanistan and Pakistan, the relatively weak economic development in 2017 is expected to lead to higher growth again, driven in particular by the recovery in oil prices. In addition, the economic situation in a number of larger countries such as Brazil, Mexico and Nigeria should improve again. Contrary to the general trend, the IMF expects Venezuela's economic situation to deteriorate further.

The AFF market relevant for Symrise reached a volume of € 28.5 billion in 2017. Of this amount, the submarket for flavorings and fragrances accounts for about € 23.3 billion according to the most recent estimates by IAL Consultants (10th edition, December 2016) while, according to the latest reports from TechNavio/Infiniti and Global Industry Analysts, the submarket for aroma chemicals and cosmetic ingredients accounts for about € 5.2 billion.

Symrise's long-term estimate is for an annual, average growth rate of between 3 to 4 % for the submarkets for flavorings and fragrances. In view of the strong economic output of some countries in the Asia/Pacific region, demand for flavors and fragrances should rise sharply here according to IAL estimates (10th Edition, December 2016). This region will be followed by Latin America, North America and the EAME region.

For the 2018 fiscal year, Symrise expects a significant increase in raw material costs. Generally, raw materials in the company can be broken down into natural, agricultural, and petroleum-based raw materials. With regard to natural raw materials, Symrise expects higher costs due to rising demand. The higher oil price and the currently available lower capacities for some product groups will also lead to some significantly higher costs for petroleum-based, synthetic raw materials. The company's strategic focus is on natural and renewable raw materials. For important natural raw materials, the Group continues to pursue its backward integration approach. This means that Symrise cooperates closely with the growers of key agricultural-based products like vanilla, onions, beets and fruits. The goal is to achieve a consistently high quality and planning security via long-term agreements. The acquisition of Renessenz LLC is yet another milestone in the expansion of our raw materials basis via backward integration. For menthols, Symrise relies on its leading market position and long-term supplier loyalty with multinational brand manufacturers.

For the 2018 fiscal year, another moderate development in energy costs is expected. The reasons for this are low gas purchasing costs and the fact that the electricity supplied by the combined heat and power plant at the Holzminden site covers a large part of the electricity needs. These measures have reduced oil consumption substantially; the same is true for CO_2 emissions. Additionally, producing our own energy also reduces energy costs. The oil price trend bottomed out at the end of 2016. The price continues to increase and, at present, a noticeable price decline cannot be expected for 2018.

With energy prices, when it comes to the baseline amount still being used, the slightly higher procurement prices on the EEX energy exchange are coupled with an EEG tax that is still rising. Therefore, an increase is expected.

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

Impacts from the Brexit Referendum

Symrise does not expect the withdrawal of the United Kingdom from the European Union to have a significant impact on the Group as the Group companies based in the United Kingdom have their own production facilities and primarily sell their products to local customers.

In addition, the acquisition of the Cobell Group has strengthened Symrise's presence in the British beverages market and opened up greater potential for British customers.

All key financing contracts are made with Symrise AG and are not subject to British law.

Impacts of the tax reform in the USA

Symrise currently expects moderately positive tax effects stemming from the recent tax reform in the USA.

FUTURE CORPORATE DEVELOPMENT

For 2018, Symrise is reaffirming its long-term growth and profitability goals. The Group remains confident that it will continue to grow at a faster pace than the relevant market for fragrances and flavors. According to our own estimates and corporate data, the AFF market is expected to grow by 3 to 4 % worldwide in the current year. All segments, Scent & Care, Flavor and Nutrition, continue to expect sales growth at local currency notably above the market rate.

The disciplined cost management and focus on high-margin business will be continued to further increase earnings. This includes initiatives to reduce complexity of processes and workflows and the development of innovative, sustainable products and technologies. Assuming rising raw material costs and in view of the current strength of the euro against the US dollar, the Group again expects to achieve an EBITDA margin of around 20 % in all segments in 2018. Without the effects from possible acquisitions, the ratio of net debt (including provisions for pensions and similar obligations) to EBITDA should be somewhere between 2.5 and 2.8 at the end of 2018. In the medium term, the company is aiming for a return to the debt range of 2.0 to 2.5.

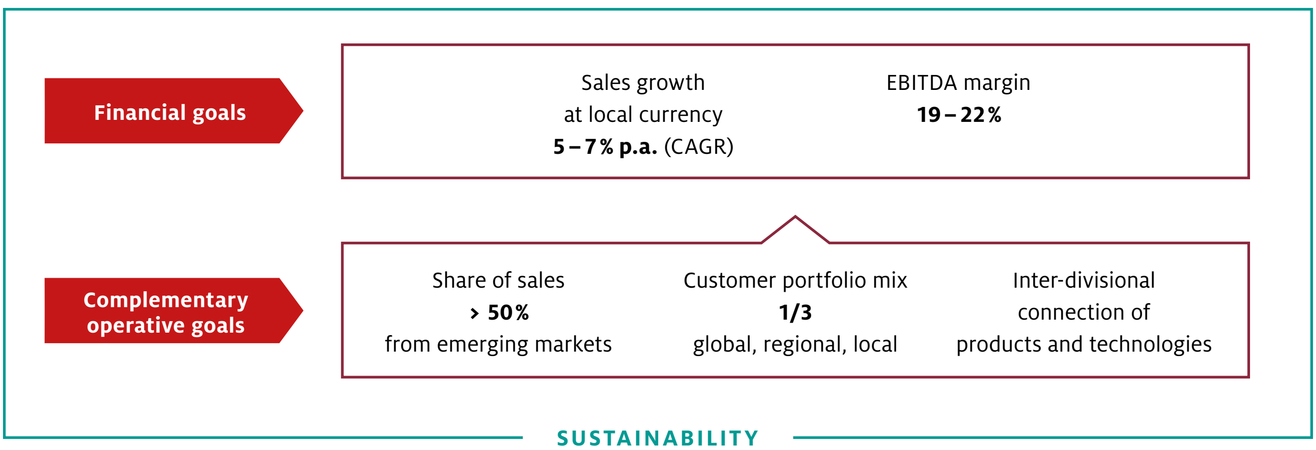
The company will continue its earnings-oriented dividend policy and give its shareholders an appropriate share in the company's success.

GENERAL STATEMENT ON THE COMPANY'S EXPECTED DEVELOPMENT

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

- **Growth:** Close cooperation with select customers, particularly as a way to further expand the share of sales in emerging markets.
- **Efficiency:** The continuous improvement of processes and the expansion of backward integration with renewable raw materials.

GOALS FOR 2020



- **Portfolio:** Tapping into new markets and market segments beyond flavors and fragrances.

In July 2017, Symrise acquired the company Cobell, a British producer of raw materials for the beverage industry. The acquisition strengthens Symrise's presence in the United Kingdom. The acquisition of the Brazilian company Citratus in January 2018 will allow Symrise to expand its position in the Fragrance division and further strengthen its presence in the emerging markets. Symrise aims to grow primarily organically, however. Where it is sensible and creates added value, the Group will make acquisitions or forge strategic alliances to ensure access to new technologies, new markets and customers and ensure that it can obtain sustainable, renewable raw materials.

Remuneration Report

The remuneration report explains the guidelines applicable for setting total remuneration for the Executive Board members and describes the structure and amount of the Executive Board members' remuneration. Furthermore, the guidelines and amounts of the remuneration for the Supervisory Board members are also described.

REMUNERATION OF THE EXECUTIVE BOARD

Pursuant to the Appropriateness of Executive Board Remuneration Act (VorstAG) and according to Section 1 (3) of the rules of procedure of the Supervisory Board of Symrise AG, the full Supervisory Board meeting advises and determines the remuneration system for the Executive Board and regularly monitors its implementation. It does this upon request of the Personnel Committee. The current remuneration system was last approved by a majority of the shareholders at the 2015 Annual General Meeting. It fulfills all of the recommendations of the German Corporate Governance Code in its version from February 7, 2017.

The system and amount of the Executive Board's remuneration are regularly reviewed by the Supervisory Board. The last review took place during the Supervisory Board meeting in March 2017.

APPROPRIATENESS OF EXECUTIVE BOARD REMUNERATION

The appropriateness of the remuneration depends upon the responsibilities and personal achievements of the individual Executive Board member as well as the economic situation and market environment of the company as a whole. Further, the customary level of remuneration at peer companies and the internal Symrise remuneration structure are also considered. The Supervisory Board is of the opinion that remuneration for Executive Board members should be appropriate and that their set goals should be ambitious.

The average remuneration of an Executive Board member, consisting of the fixed remuneration, an annual variable component and a long-term variable component, corresponds to approximately 22 times the average remuneration of Symrise employees in Germany or globally and around 19 times that of the highest collective wage group in Germany.

For the variable remuneration, the goals and criteria for assessing goal attainment are in general more ambitious for Executive Board members than those applied to other managers. For instance, the bonus payment is completely voided if less than 85 % of the set goal is achieved (threshold). For managers, this threshold is set at 60 %.

FIXED REMUNERATION AND SUPPLEMENTARY PAYMENTS

Every Executive Board member receives their annual fixed remuneration in equal monthly payments. Supplementary payments mainly contain fringe benefits in the form of nonmonetary benefits from the use of a company car and payments for insurance such as a group insurance.

ANNUAL VARIABLE REMUNERATION (BONUS)

The annual variable remuneration is comprised of an annual bonus that is dependent upon the company's success in the past fiscal year, particularly the attainment of certain financial goals (EBITDA, EBITDA margin and EPS) as well as a qualitative corporate goal. The annual variable remuneration is limited by a cap and can only reach a maximum of 150 % of the contractually agreed annual bonus. If the threshold of 85 % for a specific goal is not attained, the entire variable component for that goal is not paid out.

The goals for the annual variable remuneration were set by the Supervisory Board at the beginning of the 2017 calendar year. Corresponding goals are also applied to the levels below the Executive Board along with other goals. This ensures the consistent pursuit of corporate goals adopted by the Supervisory Board within the company. The annual variable remuneration for the 2017 calendar year will be paid out in the following year (2018) dependent on the degree of attainment on the basis of the approved consolidated financial statements for 2017. The Supervisory Board may consider extraordinary, unforeseen developments when assessing the achievement of targets, at its discretion. The payout cap of 150 % must not be exceeded.

MULTI-YEAR VARIABLE REMUNERATION (LONG-TERM INCENTIVE PLAN)

Multi-year remuneration (long-term incentive plan/LTIP) is a revolving variable cash remuneration based on the long-term success of the company and is dependent upon the attainment of the goals subsequently listed over a period of three years.

Regarding the incentive plans for 2015 – 2017, 2016 – 2018 and 2017 – 2019, performance is measured via a share-based index composed of listed companies in the fragrance and flavor industry as well as supplier companies in the food and cosmetics industry. The key indicator for measuring performance within the index peer group is the share price development plus dividends or other payments (total investor return). Symrise's development compared to the companies in the index is represented in the form of a percentile ranking. In order to ensure the best possible objectivity and transparency, the composition of the index and the determination of the percentile ranking are performed by an external consulting firm (Obermatt, Zurich).

For all three current incentive plans, a bonus will only be paid (threshold) if Symrise performs better than 50 % of the peer companies (at least a 50^{th} percentile rank in the peer group) over three performance years. If this threshold is not met, the bonus is forgone without replacement or substitution. 100 % goal attainment (target amount) would correspond to a 60^{th} percentile rank.

If the Symrise share performs better than all of the companies represented in the index, meaning that Symrise had a 100^{th} percentile rank for each of the three years, this would be rewarded with a doubling of the 100 % goal attainment bonus. In this sense, there is a cap of 200 %.

For the LTIP offered in 2017, the multi-year variable remuneration awarded for 100 % attainment of targets amounted to € 665,000 for Dr. Heinz-Jürgen Bertram. For Achim Daub and Olaf Klinger, it amounts to € 455,000 each. For Dr. Jean-Yves Parisot and Heinrich Schaper it is € 400,000 each.

If an Executive Board member leaves the company at their own request before the performance period has ended, the member has no entitlement to the ongoing Long-Term Incentive programs, nor an entitlement to a pro rata payout.

For the 2015 – 2017 and 2016 – 2018 LTIP programs, provisions of € 334,347 for Dr. Heinz-Jürgen Bertram and € 228,764 for Mr. Daub from the previous year were reversed as of the end of the reporting period due to a failure to achieve the lower performance threshold. For the same reason, no provisions have been made for the 2017 – 2019 LTIP program.

Heinrich Schaper had been granted a long-term incentive bonus of € 276,000 (= 100 %) in 2015 before his appointment to the Executive Board. The performance criteria for this corresponds to those of a member of the Executive Board. However, due to a shortfall in the minimum target achievement, this will not be paid out.

Dr. Jean-Yves Parisot was granted a bonus of € 150,000 (= 100 %) as part of a Diana Long-Term Incentive Program in 2015, which was also prior to his appointment as a member of the Executive Board. Payment was contingent on the achievement of the targets from the Diana medium-term planning 2015 – 2017. These targets were 100 % achieved.

INDIVIDUAL REMUNERATION IN ACCORDANCE WITH THE RECOMMENDATION FROM NO. 4.2.5 (3) OF THE GERMAN CORPORATE GOVERNANCE CODE

The remuneration received by the Executive Board members Dr. Bertram, Mr. Daub, Mr. Klinger, Dr. Parisot and Mr. Schaper for the 2017 fiscal year correspond to those set by the resolution of the Supervisory Board and were reviewed in the meeting on March 9, 2017. Accordingly, the remuneration of the Executive Board members is determined against the background of the tasks and performance of the Executive Board members in addition to the general economic situation and the development of Symrise.

With effect from November 1, 2017, Dr. Bertram's remuneration was increased to an annual fixed salary of € 735,000 and an annual bonus of € 630,000 for a further five years as part of his reappointment (resolution of the Supervisory Board at the meeting on December 6, 2016). With effect from April 1, 2017, the remuneration of Mr. Olaf Klinger was reassessed to an annual fixed salary of € 455,000 and an annual bonus of € 390,000 (resolution of the Supervisory Board at the meeting on March 9, 2017).

Table of Financial Contributions in the 2017 Fiscal Year

The following table of financial contributions in the 2017 fiscal year is based on the recommendations of the German Corporate Governance Code in its version from February 7, 2017. Here, values are provided for the minimum and maximum amount of remuneration that can be achieved.

ACTING EXECUTIVE BOARD MEMBERS IN THE 2017 FISCAL YEAR

	Dr. Heinz-Jürgen Bertram CEO since 2009				Olaf Klinger CFO since January 2016			
Financial Contributions €	**FY 2016**	**FY 2017**	**FY 2017 (Min)**	**FY 2017 (Max)**	**FY 2016**	**FY 2017**	**FY 2017 (Min)**	**FY 2017 (Max)**
Fixed remunerations*	665,000	676,670	676,670	676,670	400,000	441,255	441,255	441,255
Supplementary payments**	21,013	21,813	21,813	21,813	21,359	21,713	21,713	21,713
Total	**686,013**	**698,483**	**698,483**	**698,483**	**421,359**	**462,968**	**462,968**	**462,968**
Annual variable remuneration***	570,000	630,000	0	945,000	300,000	390,000	0	585,000
Multi-year variable remuneration (total)****	665,000	665,000	0	1,330,000	400,000	455,000	0	910,000
LTIP 2016 (covering 2016 to 2018)	665,000	–	–	–	400,000	–		
LTIP 2017 (covering 2017 to 2019)	–	665,000	0	1,330,000		455,000	0	910,000
Total	**1,921,013**	**1,993,483**	**698,483**	**2,973,483**	**1,121,359**	**1,307,968**	**462,968**	**1,957,968**
Service costs*****	31,017	35,330	35,330	35,330	0	0	0	0
Total remuneration (DCGK)	**1,952,030**	**2,028,813**	**733,813**	**3,008,813**	**1,121,359**	**1,307,968**	**462,968**	**1,957,968**

	Achim Daub President Scent & Care since 2006				Dr. Jean-Yves Parisot President Diana since October 2016			
Financial Contributions €	**FY 2016**	**FY 2017**	**FY 2017 (Min)**	**FY 2017 (Max)**	**FY 2016**	**FY 2017**	**FY 2017 (Min)**	**FY 2017 (Max)**
Fixed remunerations*	455,000	455,000	455,000	455,000	100,000	400,000	400,000	400,000
Supplementary payments**	20,610	24,377	24,377	24,377	5,057	137,707	137,707	137,707
Total	**475,610**	**479,377**	**479,377**	**479,377**	**105,057**	**537,707**	**537,707**	**537,707**
Annual variable remuneration***	390,000	390,000	0	585,000	75,000	300,000	0	450,000
Multi-year variable remuneration (total)****	455,000	455,000	0	910,000	0	400,000	0	800,000
LTIP 2016 (covering 2016 to 2018)	455,000	–	–	–	–	–		
LTIP 2017 (covering 2017 to 2019)	–	455,000	0	910,000	–	400,000	0	800,000
Total	**1,320,610**	**1,324,377**	**479,377**	**1,974,377**	**180,057**	**1,237,707**	**537,707**	**1,787,707**
Service costs*****	0	0	0	0	0	0	0	0
Total remuneration (DCGK)	**1,320,610**	**1,324,377**	**479,377**	**1,974,377**	**180,057**	**1,237,707**	**537,707**	**1,787,707**

	Heinrich Schaper President Flavor since October 2016			
Financial Contributions €	**FY 2016**	**FY 2017**	**FY 2017 (Min)**	**FY 2017 (Max)**
Fixed remunerations*	100,000	400,000	400,000	400,000
Supplementary payments**	5,448	22,630	22,630	22,630
Total	**105,448**	**422,630**	**422,630**	**422,630**
Annual variable remuneration***	75,000	300,000	0	450,000
Multi-year variable remuneration (total)****	0	400,000	0	800,000
LTIP 2016 (covering 2016 to 2018)	–	–		
LTIP 2017 (covering 2017 to 2019)	0	400,000	0	800,000
Total	**180,448**	**1,122,630**	**422,630**	**1,672,630**
Service costs*****	20,471	22,868	22,868	22,868
Total remuneration (DCGK)	**200,919**	**1,145,498**	**445,498**	**1,695,498**

* Increase of the fixed remuneration for Dr. Heinz-Jürgen Bertram effective November 1, 2017, and for Olaf Klinger effective April 1, 2017 based on Supervisory Board decisions on December 6, 2016 and March 9, 2017.

** Supplementary payments include non-monetary benefits, for example, from the use of a company car and payments for insurances, such as group accident insurance, for all Executive Board members. For Dr. Jean-Yves Parisot, the corresponding amount includes statutory social security contributions (employer contributions) to French social security.

*** Annual variable remuneration contains the value for 100 % goal attainment. The "FY 2016 (max)" column shows the values for achieving the theoretical maximum bonus value of 150 %. For Dr. Jean-Yves Parisot and Heinrich Schaper, the previous year amounts include the pro rata bonus.

**** Multi-year variable remuneration contains the payments granted by the Supervisory Board in the respective fiscal year for 100 % goal attainment in the long-term incentive program. The "FY 2017 (max)" column shows the values for achieving the theoretical maximum bonus value of 200 %.

***** Service costs contain expenses pursuant to IAS 19 without interest expenses according to the recommendation of the German Corporate Governance Codex.

Table of Accrued Payments in the 2017 Fiscal Year

The following table shows the accrual of remuneration in or for the 2017 fiscal year. This is comprised of fixed remuneration, supplementary payments, annual variable remuneration and multi-year variable remuneration, differentiated according to the respective reference years and service costs. Contrary to the table above, this table contains the actual value of multi-year variable remuneration for Executive Board appointments earned from previous years and paid out in the 2017 fiscal year.

ACTING EXECUTIVE BOARD MEMBERS IN THE 2017 FISCAL YEAR

Accruals €	Dr. Heinz-Jürgen Bertram CEO since 2009 FY 2016	Dr. Heinz-Jürgen Bertram CEO since 2009 FY 2017	Olaf Klinger CFO since January 2016 FY 2016	Olaf Klinger CFO since January 2016 FY 2017	Achim Daub President Scent & Care since 2006 FY 2016	Achim Daub President Scent & Care since 2006 FY 2017
Fixed remunerations*	665,000	676,670	400,000	441,255	455,000	455,000
Supplementary payments**	21,013	21,813	21,359	21,713	20,610	24,377
Total	**686,013**	**698,483**	**421,359**	**462,968**	**475,610**	**479,377**
Annual variable remuneration***	601,578	855,000	324,390	561,000	397,137	450,000
Multi-year variable remuneration (total)****	643,500	0	0	0	367,868	0
LTIP 2014 (covering 2014 to 2016)	643,500	0	0	0	367,868	0
LTIP 2015 (covering 2015 to 2017)	0	0	0	0	0	0
Other*****	0	0	0	0	0	0
Total	**1,931,091**	**1,553,483**	**745,749**	**1,023,968**	**1,240,615**	**929,377**
Service costs******	31,017	35,330	0	0	0	0
Total remuneration (DCGK)	**1,962,108**	**1,588,813**	**745,749**	**1,023,968**	**1,240,615**	**929,377**

Accruals €	Dr. Jean-Yves Parisot President Diana since October 2016 FY 2016	Dr. Jean-Yves Parisot President Diana since October 2016 FY 2017	Heinrich Schaper President Flavor since October 2016 FY 2016	Heinrich Schaper President Flavor since October 2016 FY 2017
Fixed remunerations*	100,000	400,000	100,000	400,000
Supplementary payments**	5,057	137,707	5,448	22,630
Total	**105,057**	**537,707**	**105,448**	**422,630**
Annual variable remuneration***	77,700	297,390	79,553	450,000
Multi-year variable remuneration (total)****	0	0	0	0
LTIP 2014 (covering 2014 to 2016)	0	0	0	0
LTIP 2015 (covering 2015 to 2017)	0	0	0	0
Other*****	0	150,000	0	50,000
Total	**182,757**	**985,097**	**185,001**	**922,630**
Service costs******	0	0	20,471	22,868
Total remuneration (DCGK)	**182,757**	**985,097**	**205,472**	**945,498**

* Increase of the fixed remuneration for Dr. Heinz-Jürgen Bertram effective November 1, 2017, and for Olaf Klinger effective April 1, 2017 based on Supervisory Board decisions on December 6, 2016 and March 9, 2017.

** Supplementary payments include non-monetary benefits, for example from the use of a company car and payments for insurances, such as group accident insurance, for all Executive Board members. For Dr. Jean-Yves Parisot, the corresponding amount includes the statutory social security contributions (employer) for French social security.

*** Annual variable remuneration contains the accruals for the bonus corresponding to the respective fiscal year.

**** Multi-year variable remuneration contains the accrued payments for the respective fiscal year from the respective long-term incentive program based on actual goal attainment.

***** This line includes the accruals from the Diana long-term incentive plan, as laid out in the remuneration report. In addition, the line includes a special bonus for the conclusion of a significant customer contract.

****** Service costs contain expenses pursuant to IAS 19 without interest expenses according to the recommendation of the German Corporate Governance Codex.

DISCLOSURES PURSUANT TO SECTION 315E OF THE GERMAN COMMERCIAL CODE (HGB)

ACTING EXECUTIVE BOARD MEMBERS IN THE 2017 FISCAL YEAR

	Fixed components		Performance-based components		
€	Fixed remuneration	Supplementary payments*	Annual variable remuneration without long-term incentives**	Multi-year variable remuneration with long-term non-share-based incentives***	Total remuneration pursuant to Section 314 (1) no. 6a HGB
Dr. Heinz-Jürgen Bertram					
2017	**676,670**	**21,813**	**855,000**	**0**	**1,553,483**
2016	665,000	21,013	601,578	643,500	1,931,091
Olaf Klinger					
2017	**441,255**	**21,713**	**561,000**	**0**	**1,023,968**
2016	400,000	21,359	324,390	0	745,749
Achim Daub					
2017	**455,000**	**24,377**	**450,000**	**0**	**929,377**
2016	455,000	20,610	397,137	367,868	1,240,615
Dr. Jean-Yves Parisot					
2017	**400,000**	**137,707**	**297,390**	**150,000**	**985,097**
Oct. through Dec. 2016	100,000	5,057	77,700	0	182,757
Heinrich Schaper					
2017	**400,000**	**22,630**	**500,000**	**0**	**922,630**
Oct. through Dec. 2016	100,000	5,488	79,553	0	185,041

* Supplementary payments include non-monetary benefits, for example from the use of a company car and payments for insurances, such as group accident insurance, for all Executive Board members. For Dr. Jean-Yves Parisot, the corresponding amount includes the statutory social security contributions (employer) for French social security.
** One-year variable remuneration includes bonus provisions for the current year and bonus payments from the previous year where this deviates from the previous year amount, and for Heinrich Schaper, this includes the granting of a special bonus for the conclusion of a significant customer contract.
*** Multi-year variable remuneration contains the provisions as of 12/31/2017, for the LTIP program 2015 – 2017 and as of 12/31/2016, for the LTIP program 2014 – 2016 as well as the Diana LTIP for Dr. Parisot.

PENSIONS

Company-financed pensions are not granted by Symrise in new Executive Board member contracts. However, all members of the Executive Board have the possibility of accumulating deferred compensation benefits by converting their salaries. In 2017, Dr. Bertram, Mr. Klinger and Mr. Schaper made use of this option. There is no company contribution similar to the regulations applied to non-tariff employees and managers in connection with this “deferred compensation” arrangement.

In order to service future entitlements for the Executive Board members as part of a deferred compensation plan, Symrise made allocations to provisions for Dr. Bertram amounting to € 128,909 (previous year: € 336,456) as well as € 139,638 (previous year: € 145,829) for Mr. Klinger and € 118,550 (previous year: € 103,488) for Mr. Schaper based on actuarial computations in 2017.

Due to their prior employment contracts with Symrise, pension commitments exist for Dr. Bertram and Mr. Schaper, which were also offered to all other employees of the former Haarmann & Reimer GmbH. For these benefit obligations, the allocation to the provision for Dr. Bertram amounted to € 35,330 (previous year: € 31,017) while provision expenses of € 22,868 (previous year: € 20,471) (past service cost pursuant to IAS 19) was allocated to the provision for Mr. Schaper in the 2017 fiscal year.

As of December 31, 2017, the present value of the provisions for pensions or deferred compensation obligations for Dr. Bertram amount to € 2,363,788 (previous year: € 2,211,907), € 285,467 for Mr. Klinger (previous year: € 145,829) and € 1,206,715 for Mr. Schaper (previous year: € 1,054,496).

No provisions for pensions or deferred compensation obligations exist for Mr. Daub or Dr. Parisot.

CHANGE OF CONTROL

The employment contracts that form the basis for all Executive Board appointments include identical commitments for payments in case of an early termination of the Executive Board position resulting from a change of control.

In the case of a change of control, all Executive Board members have the right to terminate their employment contract.

In the case of a change of control and a corresponding termination by the employer or early recall by the Supervisory Board, all Executive Board members are to receive compensation for the remaining terms of their contracts with severance equal to at least three years' pay. The overall limit of payments to be made is set at 150 % of the severance payment cap for all Executive Board members according to the provisions of the German Corporate Governance Code of February 7, 2017 – in other words a maximum of three year's remuneration including supplementary payments.

Further, all the long-term incentive plans (LTIP) contain a special clause for the case of a change of control. If a member of the Executive Board is recalled as part of a change of control, this Executive Board member would receive all ongoing and not yet due multi-year variable remuneration paid out at the level of 100 % target attainment.

EARLY TERMINATION AND EXPIRATION OF EMPLOYMENT CONTRACTS

The members of the Executive Board do not receive any special remuneration upon expiration of their contracts and do not receive any termination benefits. In the event of retirement or permanent disability, the long-term incentive programs running at the time of departure are paid out on a pro rata basis.

No termination benefits are provided if the termination of an Executive Board contract is done consensually upon the request of the Executive Board member.

A post-employment non-compete clause was agreed upon with all Executive Board members for twelve months, which the company may waive. In the event that it is utilized, the member concerned shall receive 50 % of his or her fixed remuneration for these twelve months as compensation.

D & O INSURANCE

While observing all legal requirements, Symrise AG took out a professional indemnity insurance (D & O insurance) for the members of the Executive Board with an appropriate deductible pursuant to Section 93 (2) sentence 3 of the German Stock Corporation Act (AktG).

REMUNERATION OF THE SUPERVISORY BOARD

The members of the Supervisory Board have received an annual remuneration amounting to € 60,000 since the 2013 fiscal year. The Chairman of the Supervisory Board receives an additional annual remuneration amounting to € 60,000. The Vice Chairperson of the Supervisory Board and the Chairperson of the Auditing Committee both receive an additional annual remuneration of € 30,000 respectively.

Furthermore, the members of the Supervisory Board receive a stipend of € 1,000 for their participation in Supervisory Board sessions and those of its committees. This is, however, limited to a maximum of € 1,500 per calendar day. Supervisory Board members whose inclusion on the Board comprised less than a full year are to receive one-twelfth of their appointed remuneration for every commenced month of activity. This also applies to members of Supervisory Board committees.

Remuneration shall be paid upon the completion of the Annual General Meeting, which is formally responsible for discharging the members of the Supervisory Board for the respective fiscal year for which remuneration is due.

The company shall reimburse Supervisory Board members of reasonable expenses upon presentation of receipts. Value-added tax is to be reimbursed by the company insofar as the members of the Supervisory Board are authorized to separately invoice the company for value-added tax and exercise this right. A breakdown of the total remuneration for each Supervisory Board member is shown in the following table.

€	Remuneration	Stipends	Total remuneration as of December 31, 2017	Total remuneration as of December 31, 2016
Dr. Thomas Rabe (Chairman)	120,000	6,000	126,000	127,500
Regina Hufnagel (Vice Chairperson)	90,000	9,500	99,500	102,000
Dr. Michael Becker	90,000	8,500	98,500	100,500
Ursula Buck (from May 11, 2016)	60,000	8,500	68,500	46,500
Harald Feist	60,000	9,500	69,500	70,000
Horst-Otto Gerberding	60,000	6,000	66,000	67,500
Dr. Peter Grafoner (until May 11, 2016)	0	0	0	28,000
Jeannette Kurtgil (from May 11, 2016)	60,000	5,000	65,000	44,000
Christiane Jarke (until May 11, 2016)	0	0	0	27,500
André Kirchhoff (from May 11, 2016)	60,000	5,000	65,000	44,000
Gerd Lösing (until May 11, 2016)	0	0	0	27,000
Prof. Dr. Andrea Pfeifer	60,000	6,000	66,000	66,000
Dr. Winfried Steeger	60,000	7,500	67,500	70,500
Helmut Tacke (until May 11, 2016)	0	0	0	27,000
Dr. Ludwig Tumbrink (from May 11, 2016)	60,000	5,000	65,000	44,000
Peter Winkelmann	60,000	9,500	69,500	71,500
	840,000	**86,000**	**926,000**	**963,500**

D & O INSURANCE

In conformity with the German Corporate Governance Code, a professional indemnity insurance (D & O insurance) with an appropriate deductible was also taken out for the members of the Supervisory Board.

Disclosures Pursuant to Section 315a of the German Commercial Code (HGB)

- The share capital of Symrise AG remains unchanged at € 129,812,574. It is divided into no-par-value shares with a nominal value of € 1. The associated rights and duties are set forth in the relevant provisions of the German Stock Corporation Act (AktG). There are no different types of shares with different rights and obligations. Nor do any special rights or rights of control exist for any shareholders.

- The announcement dated March 27, 2017, was made in connection with the declaration of independence of the Massachusetts Financial Services Company (MFS) and its subsidiaries made by Sun Life Financial Inc. of Toronto, Canada, in its own name and on behalf of its subsidiaries. Massachusetts Financial Services Company (MFS) and its subsidiaries continue to manage a stake in Symrise AG.

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

- The Executive Board is authorized, subject to the consent of the Supervisory Board, to increase the share capital of the company until May 11, 2020, by up to € 25,000,000 through one or more issuances of new, no-par-value shares against contribution in cash and/or in kind. The new shares may be underwritten by one or more financial institutions determined by the Executive Board in order for such shares to be offered to the shareholders (indirect subscription right). The Executive Board is authorized, subject to the consent of the Supervisory Board, to exclude the subscription rights of existing shareholders in the following instances:

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

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

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

  d) To exclude fractional amounts from subscription rights

  e) In the case of capital increases against payment in cash, if, at the time of the final determination of the issue price by the Executive Board, the issue price of the new shares is not materially – within the meaning of Section 203 (1) and (2) of the German Stock Corporation Act (AktG) and Section 186 (3), Sentence 4 of the German Stock Corporation Act – less than the stock market price of shares already traded on the stock exchange of the same type and with the same attributes and the aggregate amount of the new shares for which subscription rights are excluded does not exceed 10 % of the share capital either at the time this authorization comes into force or at the time this authorization is exercised. This restriction is to include shares that were or will be sold or issued without subscription rights during the period of validity of this authorization, up to the time of its exercise, by reason of other authorizations in direct or corresponding application of Section 186, (3) Sentence 4 of the German Stock Corporation Act (AktG).

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

  The company's share capital has been conditionally increased by up to € 20,000,000.00 through the issue of up to 20,000,000 new no-par value bearer shares. The conditional capital increase shall only be implemented to the extent that the holders of convertible bonds issued for cash or of warrants from option bonds issued for cash by the company or a Group company up until May 16, 2022, on the basis of the authorization granted to the Executive Board by the Annual General Meeting of May 17, 2017, exercise their conversion or option rights, or fulfill their obligations for exercising the option/conversion rights, or the company exercises its right to grant bondholders shares in the company in full or partial settlement of the cash amount that has become due, and as long as no other forms of settlement are used (conditional capital 2017). The new shares shall participate in the profits from the start of the fiscal year in which they are issued.

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

- Furthermore, the Executive Board is authorized to purchase treasury shares amounting up to 10 % of the current share capital until May 11, 2020. The purchased shares together with other treasury shares that are held by the company or are attributed to it according to Section 71 a et seqq. of the German Stock Corporation Act (AktG) may not at any time exceed 10 % of the share capital. The authorization must not be used for the trade of treasury shares.

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

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

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

  bb) If the acquisition is made in the form of a published purchase offer, or in the form of a published request for tender of a purchase offer, the purchase price offered per share, or the limits of the purchase price spread per share (excluding ancillary acquisition costs), may not exceed or undercut the average closing price quoted on the XETRA trading system (or a comparable replacement system) on the last three stock exchange trading days before the date of publication of the offer, or respectively, the date of publication of a request for tender of a purchase offer, by more than 10 %. If, following publication of the purchase offer, or respectively, following publication for tender of a purchase offer, significant fluctuations occur in the applicable reference price, then an adjustment may be made to the offer, or respectively, to the request for tender of such an offer. In such circumstances, reference will be made to the average price of the last three stock exchange trading dates before publication of any potential adjustment. The purchase offer, or respectively, the request for tender of such an offer may include further conditions. Inasmuch as the offer is oversubscribed, or respectively, in the case of a request for tender of an offer, inasmuch as not all equivalent offers can be accepted, then acceptance must occur on a quota basis. Preferential acceptance of small quantities of up to 100 shares on offer is permissible.

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

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

  bb) The shares may also be sold by means other than through the stock exchange or an offer to the shareholders if the shares are disposed of against payment in cash at a price that is not significantly less than the quoted stock exchange price at the time of disposal for shares of the same type.

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

d) The authorizations listed under paragraph c) subparagraphs aa) to cc) above also cover the disposition of company shares that are acquired pursuant to Section 71 d sentence 5 of the German Stock Corporation Act (AktG).

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

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

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

- The employment contracts for the members of the Executive Board at Symrise AG contain a change of control clause. The clause provides that Executive Board members, who are recalled without serious cause or mutually agree to resign from their Executive Board positions after a change of control, but before the end of their contract term, are entitled to a settlement for the time remaining on their employment contracts or at least termination benefits amounting to three years' worth of remuneration. Severance and settlement must not exceed the overall limit of 150 % of the severance payment cap pursuant to the provisions of the German Corporate Governance Codex from February 7, 2017, published in the official section of the Federal Gazette by the German Federal Ministry of Justice on April 24, 2017, and amended on May 19, 2017.
- A change of control resulting from a takeover bid could possibly have an impact on some of the long-term financing contracts of Symrise AG, which contain agreements on a change of control. These are standard change of control clauses, which may grant creditors the right to terminate their contracts prematurely in the event of a change of control.

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

Corporate Governance Statement

The Corporate Governance Statement has been made available on Symrise AG's website at www.symrise.com/investors/corporate-governance/corporate-governance-statement-and-corporate-governance-report.

Consolidated Income Statement for the fiscal year 2017 compared to the adjusted and normalized previous year

T€	2016 adjusted[6]	2016 normalized[7]	2017
Sales	2,903,187	2,903,187	2,996,294
Cost of goods sold	– 1,718,170	– 1,707,396	– 1,771,825
Gross profit	**1,185,017**	**1,195,791**	**1,224,469**
Selling and marketing expenses	– 469,555	– 467,294	– 478,129
Research and development expenses	– 186,152	– 185,980	– 196,432
Administration expenses	– 158,312	– 149,322	– 154,658
Other operating income	35,090	31,568	38,408
Other operating expenses	– 2,475	– 2,475	– 2,072
Income from operations/EBIT	**403,613**	**422,287**	**431,586**
Financial income	4,186	4,186	6,843
Financial expenses	– 50,059	– 47,835	– 62,981
Financial result	**– 45,873**	**– 43,649**	**– 56,138**
Earnings before income taxes	**357,740**	**378,638**	**375,448**
Income taxes	– 97,160	– 104,901	– 99,799
Net income	**260,580**	**273,737**	**275,649**
of which attributable to shareholders of Symrise AG	252,363	265,520	270,270
of which attributable to non-controlling interests	8,217	8,217	5,379
Earnings per share (€)	**1.94**	**2.05**	**2.08**

6 The figures from the previous year have been adjusted for the finalized purchase price allocation for Nutraceutix. For further information, see note 2.1.
7 In the 2016 fiscal year, one-time non-recurring specific influences from transaction and integration costs as well as one-time valuation effects related to the Pinova acquisition were normalized. Furthermore, amortization on an investment was normalized in financial expenses. The special influences had an impact on the Scent & Care segment in the amount of T€ 18,674 and T€ 2,224 on the Nutrition segment.

Consolidated Financial Statements

January 1 to December 31, 2017

CONSOLIDATED FINANCIAL STATEMENTS 2017

Consolidated Income Statement – January 1 to December 31, 2017

T€	Notes	2016 adjusted*	2017
Sales	4	2,903,187	2,996,294
Cost of goods sold	5	– 1,718,170	– 1,771,825
Gross profit		**1,185,017**	**1,224,469**
Selling and marketing expenses	7	– 469,555	– 478,129
Research and development expenses	8	– 186,152	– 196,432
Administration expenses	9	– 158,312	– 154,658
Other operating income	10	35,090	38,408
Other operating expenses		– 2,475	– 2,072
Income from operations/EBIT		**403,613**	**431,586**
Financial income		4,186	6,843
Financial expenses		– 50,059	– 62,981
Financial result	**11**	**– 45,873**	**– 56,138**
Earnings before income taxes		**357,740**	**375,448**
Income taxes	12	– 97,160	– 99,799
Net income		**260,580**	**275,649**
of which attributable to shareholders of Symrise AG		252,363	270,270
of which attributable to non-controlling interests		8,217	5,379
Earnings per share (€)	**14**		
basic		1.94	2.08
diluted		1.94	2.06

* Regarding the details of the adjustment, please refer to note 2.1.

Consolidated Statement of Comprehensive Income

T€	Notes	2016 adjusted*	2017
Net income		**260,580**	**275,649**
of which attributable to shareholders of Symrise AG		252,363	270,270
of which attributable to non-controlling interests		8,217	5,379
Items that may be reclassified subsequently to the consolidated income statement			
Exchange rate differences resulting from the translation of foreign operations	2.5		
Exchange rate differences that occurred during the fiscal year	26	– 3,847	– 152,297
Gains/losses from net investments		5,679	– 6,978
Reclassification to the consolidated income statement		1,878	0
Financial assets available for sale			
Change in the fair value of financial assets available for sale		5	17
Cash flow hedge (currency hedges)	26		
Gains/losses recorded during the fiscal year		– 1,553	2,691
Reclassification against goodwill		507	0
Reclassification to the consolidated income statement		882	– 1,462
Income taxes payable on these components	12	– 2,830	1,771
Items that will not be reclassified to the consolidated income statement			
Remeasurement of defined benefit pension plans and similar obligations	25	– 63,869	8,576
Income taxes payable on these components	12	18,625	– 5,726
Other comprehensive income		**– 44,523**	**– 153,408**
Total comprehensive income		**216,057**	**122,241**
of which attributable to shareholders of Symrise AG		207,531	122,738
of which attributable to non-controlling interests		8,526	– 497

* Regarding the details of the adjustment, please refer to note 2.1.

Consolidated Statement of Financial Position

T€	Notes	December 31, 2016 adjusted*	December 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents	15	301,648	229,505
Trade receivables	16	528,353	557,436
Inventories	17	680,431	751,511
Other non-financial assets and receivables		71,992	77,507
Financial assets		29,147	24,012
Income tax assets		23,567	25,538
		1,635,138	**1,665,509**
Non-current assets			
Intangible assets	18	2,112,411	1,965,890
Property, plant and equipment	19	857,378	901,620
Other non-financial assets and receivables		19,001	27,809
Financial assets		23,575	7,623
Investments in associated companies		2,000	0
Deferred tax assets	20	103,221	106,170
		3,117,586	**3,009,112**
TOTAL ASSETS		**4,752,724**	**4,674,621**

* Regarding the details of the adjustment, please refer to note 2.1.

Consolidated Statement of Financial Position

T€	Notes	December 31, 2016 adjusted*	December 31, 2017
LIABILITIES			
Current liabilities			
Trade payables	21	254,383	276,229
Borrowings	22	536,336	88,974
Other non-financial liabilities	23	152,785	155,921
Other provisions	24	14,394	12,432
Other financial liabilities		12,510	7,186
Income tax liabilities		57,590	62,639
		1,027,998	**603,381**
Non-current liabilities			
Borrowings	22	1,213,545	1,538,764
Other non-financial liabilities		6,932	5,673
Other provisions	24	22,462	21,073
Provisions for pensions and similar obligations	25	522,552	523,368
Other financial liabilities		11,846	5,198
Deferred tax liabilities	20	203,956	195,861
Income tax liabilities		11,967	11,967
		1,993,260	**2,301,904**
TOTAL LIABILITIES		**3,021,258**	**2,905,285**
EQUITY	**26**		
Share capital		129,813	129,813
Capital reserve		1,375,957	1,405,085
Reserve for remeasurements (pensions)		– 181,633	– 178,783
Cumulative translation differences		– 62,537	– 213,838
Accumulated profit		407,764	567,234
Other reserves		2,316	3,235
Symrise AG shareholders’ equity		**1,671,680**	**1,712,746**
Non-controlling interests	27	59,786	56,590
TOTAL EQUITY		**1,731,466**	**1,769,336**
LIABILITIES AND EQUITY		**4,752,724**	**4,674,621**

* Regarding the details of the adjustment, please refer to note 2.1.

Consolidated Statement of Cash Flows

T€	Notes	2016 adjusted*	2017
Net income		**260,580**	**275,649**
Income taxes	12	97,160	99,799
Interest result	11	49,362	48,496
Depreciation, amortization and impairment of non-current assets	18, 19	202,941	198,718
Increase (+)/decrease (–) in other non-current liabilities		347	4,150
Increase (–)/decrease (+) in other non-current assets		– 2,944	619
Other non-cash expenses and income		– 13,400	14,846
Cash flow before working capital changes		**594,046**	**642,277**
Increase (–)/decrease (+) in trade receivables and other current assets		– 50,900	– 58,752
Increase (–)/decrease (+) of inventories		– 88,043	– 106,652
Increase (+)/decrease (–) in trade payables and other current liabilities		3,941	36,390
Income taxes paid		– 120,273	– 117,079
Cash flow from operating activities		**338,771**	**396,184**
Payments for business combinations plus acquired cash equivalents, for subsequent contingent purchase price components as well as for investments in associated companies	29	– 261,870	– 22,290
Payments received from the sale of a subsidiary minus cash sold	29	114,049	6,527
Payments for investing in intangible assets		– 12,696	– 17,710
Payments for investing in property, plant and equipment		– 152,920	– 185,457
Payments for investing in non-current financial assets		– 593	– 2,775
Proceeds from the disposal of non-current assets		2,990	2,428
Cash flow from investing activities		**– 311,040**	**– 219,277**
Proceeds from (+)/redemption of (–) bank borrowings		– 43,779	– 162,182
Proceeds from (+)/redemption of (–) other borrowings		162,306	– 300,484
Issue of a convertible bond less transaction costs		0	397,062
Interest paid		– 39,640	– 40,445
Interest received		1,242	2,077
Dividends paid	29	– 108,118	– 113,427
Payments from minority interests from capital increases after transaction costs and taxes		30,664	0
Payments for finance lease liabilities		– 921	– 1,707
Cash flow from financing activities		**1,754**	**– 219,106**
Net change in cash and cash equivalents		29,485	– 42,199
Effects of changes in exchange rates		– 6,015	– 29,944
Total changes		**23,470**	**– 72,143**
Cash and cash equivalents as of January 1		278,178	301,648
Cash and cash equivalents as of December 31	15	**301,648**	**229,505**

* Regarding the details of the adjustment, please refer to note 2.1.

The consolidated statement of cash flows is explained in note 29.

Consolidated Statement of Changes in Equity

T€	Share capital	Capital reserve	Reserve for remeasure-ments (pensions)	Cumulative translation differences	Accumu-lated profit	Other reserves	Symrise AG share-holders' equity	Non-controlling interests	Total equity
January 1, 2016	**129,813**	**1,375,957**	**– 136,389**	**– 62,707**	**259,210**	**2,448**	**1,568,332**	**19,903**	**1,588,235**
Net income	–	–	–	–	252,363	–	**252,363**	8,217	**260,580**
Other comprehensive income	–	–	– 45,244	544	–	– 132	**– 44,832**	309	**– 44,523**
Total comprehensive income	**–**	**–**	**– 45,244**	**544**	**252,363**	**– 132**	**207,531**	**8,526**	**216,057**
Dividends paid	–	–	–	–	– 103,850	–	**– 103,850**	– 4,268	**– 108,118**
Other changes	–	–	–	– 374	41	–	**– 333**	35,625	**35,292**
December 31, 2016 adjusted*	**129,813**	**1,375,957**	**– 181,633**	**– 62,537**	**407,764**	**2,316**	**1,671,680**	**59,786**	**1,731,466**

* Regarding the details of the adjustment, please refer to note 2.1.

T€	Share capital	Capital reserve	Reserve for remeasure-ments (pensions)	Cumulative translation differences	Accumu-lated profit	Other reserves	Symrise AG share-holders' equity	Non-controlling interests	Total equity
January 1, 2017	**129,813**	**1,375,957**	**– 181,633**	**– 62,537**	**407,764**	**2,316**	**1,671,680**	**59,786**	**1,731,466**
Net income	–	–	–	–	270,270	–	**270,270**	5,379	**275,649**
Other comprehensive income	–	–	2,850	– 151,301	–	919	**– 147,532**	– 5,876	**– 153,408**
Total comprehensive income	**–**	**–**	**2,850**	**– 151,301**	**270,270**	**919**	**122,738**	**– 497**	**122,241**
Dividends paid	–	–	–	–	– 110,341	–	**– 110,341**	– 3,086	**– 113,427**
Other changes	–	29,128	–	–	– 459	–	**28,669**	387	**29,056**
December 31, 2017	**129,813**	**1,405,085**	**– 178,783**	**– 213,838**	**567,234**	**3,235**	**1,712,746**	**56,590**	**1,769,336**

Equity developments are explained in note 26.

Notes

1. GENERAL INFORMATION

Symrise Aktiengesellschaft (Symrise AG, hereafter also referred to as “Symrise” or “we”) 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 registration number HRB 200436. Symrise is a global supplier of fragrances and flavorings, cosmetic active ingredients and raw materials as well as functional ingredients and solutions that enhance the sensory properties and nutrition of various products.

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 are listed in the MDAX®.

The consolidated financial statements and the Group management report of Symrise AG for the fiscal year ending December 31, 2017, were prepared by the Executive Board on February 15, 2018, 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 statement of financial position and the consolidated income statement 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, which are measured at fair value and recognized with effect on profit or loss, as well as financial assets available for sale, which are measured at fair value with no effect on profit or loss.

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

The purchase price allocation for the Nutraceutix business combination, which took place at the beginning of October 2016, was completed in the first half of 2017 (see note 2.4). Pursuant to IFRS 3.45, the provisional amounts set out in the consolidated financial statements as of December 31, 2016, are to be corrected retrospectively and the new information taken into account as if they had already been known at the time of the acquisition. The changes resulted from the amortization on the intangible assets that were retrospectively recognized for the fourth quarter of 2016 after the deduction of taxes. The consolidated income statement and consolidated statement of financial position were adjusted as follows:

CONSOLIDATED INCOME STATEMENT

T€	December 31, 2016 published	Changes	December 31, 2016 adjusted
Cost of goods sold	– 1,717,718	– 452	– 1,718,170
Gross profit	**1,185,469**	**– 452**	**1,185,017**
Selling and marketing expenses	– 468,791	– 764	– 469,555
Administration expenses	– 158,492	180	– 158,312
Income from operations/EBIT	**404,649**	**– 1,036**	**403,613**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

T€	December 31, 2016 published	Changes	December 31, 2016 adjusted
ASSETS			
Non-current assets	**3,117,959**	**– 373**	**3,117,586**
Intangible assets	2,113,200	– 789	2,112,411
Goodwill	1,272,883	– 51,104	1,221,779
Recipes with definite useful lives	183,882	9,831	193,713
Other intangible assets with definite useful lives	635,262	40,484	675,746

The translation of the adjusted financial statement from the reporting currency of US Dollar to the Group currency of the Euro resulted in slight currency translation effects. The same applies to further adjustments and changes to be made in the presentation of the opening balance. Cash flow from operating activities was not affected by this adjustment in total.

2.2 Changes to Accounting Policies

The accounting policies adopted are generally consistent with those applied in the previous year. The new or revised standards and interpretations to be applied from the 2017 fiscal year onwards had no effect with the following exception:

The **“Amendments to IAS 7 – Disclosure Initiative”** have the objective of improving information provided about changes to a company’s liabilities. Pursuant to these, a company must provide disclosures on changes in liabilities arising from financial activities as well as corresponding financial assets whose payments made and received are recognized in the statement of cash flows under cash flow from financing activities. The disclosures are to become mandatory in the fiscal year beginning on or after January 1, 2017. In order to meet the new disclosure requirements, changes in these liabilities arising from financial activities are shown as a reconciliation between the opening and closing balance in note 29.

The following accounting standards published by the IASB are not yet mandatory:

- **IFRS 9 "Financial Instruments"** harmonizes the requirements for the classification and measurement of financial assets and financial liabilities and introduces a new model for the impairment of financial assets. In addition, the new regulations on hedge accounting already published in November 2013 were adopted in the final version of IFRS 9. IFRS 9 was endorsed into EU law with the directive (EU) 2016/2067 from November 22, 2016, and is to be applied for the first time in fiscal years that begin on or after January 1, 2018. These replace the existing requirements from IAS 39.

  The financial assets and liabilities, which are currently measured at amortized cost, continue to meet the criteria for measurement at amortized cost according to our assessment. Bonds held to maturity at the end of the reporting period are also to be measured at amortized cost in the future. Under IFRS 9, financial assets and liabilities held for trading purposes are still to be accounted at fair value through profit or loss. The above-mentioned changes have no effect on the consolidated financial statements. Fund shares classified as available-for-sale are still recognized in the statement of financial position at fair value, but any changes in measurement must now be recognized in profit or loss. The amount recognized in other comprehensive income as of December 31, 2017, totaled T€ 17. With regard to the new impairment model, we choose the simplified accounting approach for trade receivables, where impairment is calculated based on the lifetime expected credit loss. We do not see any need for adjustment following our review of the actual allowances made, as the approach adopted in the past coincides with a lifetime expected credit loss. For the other financial assets, we do not anticipate any credit defaults that will result in default events in the next 12 months as of the end of the reporting period on December 31, 2017. The "Expected Loss Model" defined in IFRS 9 therefore has no impact on our financial statements at initial application. The hedging transactions designated in hedge accounting under IAS 39 at the end of the reporting period also meet the requirements for hedge accounting under IFRS 9. The scope of currency hedging transactions is insignificant from the Group's point of view (market value on December 31, 2017: T€ 534), which is why the resulting effects are currently negligible (T€ 5). The changes resulting from the application of the new standards are applied retrospectively, but do not result in any adjustment to the opening balance sheet figures as of January 1, 2018, as described above. This excludes all hedging relationships designated in accordance with IAS 39 as of December 31, 2017, since they meet the hedge accounting definition under IFRS 9 as of January 1, 2018, and are therefore classified as current hedging relationships. IFRS 9 is applied prospectively in this context.

- **IFRS 15 "Revenue from Contracts with Customers"** regulates the recognition of sales and replaces IAS 11 "Construction Contracts," IAS 18 "Revenue" and all other related interpretations. IFRS 15 was endorsed into EU law with the directive (EU) 2016/1905 from September 22, 2016, and is to be applied for the first time in fiscal years that begin on or after January 1, 2018. The standard contains a five-step model for recognizing sales revenue that has to be applied to all contracts with customers. It determines the point in time (or period) in which and the amount of sales revenue to be recognized. The standard is accompanied by new, comprehensive disclosures in the notes. Our review has shown that, due to the nature of our customer contracts and our business model, the first-time application of IFRS 15 as of the end of the reporting date on December 31, 2017, does not have a material impact on the consolidated financial statements at initial application: Sales revenue is currently recognized when the significant rewards and risks of ownership of the merchandise or products sold are transferred to the buyer. In the majority of cases, this is the point in time at which effective control is transferred to the buyer. At this point in its analysis, Symrise has not found any discrepancies between the transfer of control and the transfer of rewards and risks. Expected variable price components such as discounts granted are already currently recognized as a reduction in sales revenue. Under the new provisions, contractual liabilities from advance payments received from customers are generally to be disclosed separately. As of December 31, 2017, these contractual liabilities amounted to T€ 404 and are therefore not significant. We will therefore disclose these within other financial liabilities on the statement of financial position. The application of this new accounting standard is based on the modified retrospective approach, meaning that the cumulative effect of the first-time application of IFRS 15 is recognized in equity as an adjustment to the opening balance sheet values as of January 1, 2018, for contracts that have not yet been fulfilled as of January 1, 2018. As described above, there are no deviations in the date of the recognition of sales revenue or sales revenue amounts, so no such adjustment is required.

- **IFRS 16 "Leases"** replaces IAS 17 and its corresponding interpretations and introduces a unified accounting model where leases are generally to be recognized in the lessee's statement of financial position. IFRS 16 was endorsed into EU law with the directive (EU) 2017/1986 from October 31, 2017, and is to be applied for the first time for fiscal years that begin on or after January 1, 2019. With IFRS 16, accounting for lessees is based on a right-of-use model. According to this, a lease exists when a contract stipulates the right to control the use of an identified asset for a specific period in exchange for a consideration. The lessee is to recognize in the statement of financial position right-of-use assets for the leased property and liabilities for the payment obligations received. Furthermore, more comprehensive qualitative and quantitative disclosures will also be required in the future.

  Symrise mainly concludes contracts classified as operating leases. Under the new rules, the minimum lease payments from such contracts previously recognized as part of financial obligations will lead to an increase in non-current assets due to the recognition of rights of use and a corresponding increase in borrowings. The previously straight-line expenses for operating leases are replaced by a depreciation for the rights of use and interest expenses for the liabilities from the lease. In addition, IFRS 16 requires the repayment portion of lease payments to be shown as part of the cash flow from financing activities, which will result in an improvement for the cash flow from operating activities. We have set up a Group-wide project to implement IFRS 16. The quantitative effects cannot yet be stated precisely. For an estimate of the volume involved, please refer to note 32.

The other published, revised standards and interpretations, which partly have not yet been endorsed by the EU, are not expected to have a material impact on the Group's net assets, financial position and results of operations. Should the EU endorse these standards, which are to be applied to future fiscal years, Symrise does not expect to embrace early application.

2.3 Key Judgments and Estimates as well as Sources of Estimation Uncertainty

Preparation of the consolidated financial statements in accordance with IFRS makes it necessary for the Executive Board to make judgments, 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 liabilities are disclosed at the end of the reporting period, as well as income and expenses. Our judgments, estimates and assumptions are based on historical information and planning data as well as information on economic conditions in the industries and regions where we and our customers actively operate. Changes to these factors could adversely impact our estimates. Our estimates and the assumptions they are based on are regularly reviewed. Although we believe our estimates of future developments to be reasonable in consideration of the underlying uncertainties, actual results can vary from the estimates and assumptions we provide. 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.

In the following sections we list the discretionary decisions made most often and accounting policies affected by judgments, estimates and assumptions that can have a material impact on the figures presented in the report. Recognizing these uncertainties is necessary for a clear assessment of the net assets, financial position and results of operations.

ASSESSING IMPAIRMENT OF GOODWILL

Goodwill itself is not amortized on a scheduled basis. At least once a year, Symrise tests whether goodwill is impaired. This requires an estimate of the recoverable amounts of the cash-generating units to which goodwill is allocated. In order to estimate the recoverable amount, the Symrise Group has to estimate expected future cash flows deriving from these cash-generating units and also choose a suitable discount rate in order to calculate the present value of these cash flows. To do this, 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. These can be influenced by a number of factors, for example, through changes to our internal forecasts or the weighted average cost of capital (WACC). 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 we believe that our assumptions and estimates made in the past were reasonable, differing assumptions and estimates could substantially impact our 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. Further information can be found in note 2.5.

DETERMINING THE USEFUL LIFE OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

All intangible assets (excluding goodwill) and property, plant and equipment (excluding land) have a definite useful life. That is why acquisition cost is to be systematically allocated over the respective useful life of intangible assets and property, plant and equipment. Discretionary judgment is required for determining the useful life of an intangible asset or property, plant or equipment since Symrise estimates the period in which the asset will likely provide economic value. The amortization period affects the expenses for amortizations recognized in the individual periods. Further information can be found in note 2.5.

RECOGNITION OF INTERNALLY GENERATED INTANGIBLE ASSETS FROM DEVELOPMENT ACTIVITIES

Intangible assets generated internally through development are capitalized according to the accounting principles presented in note 2.5. The decision as to whether an internally generated intangible asset is to be recognized as an intangible asset in the statement of financial position is connected with considerable discretion. Particularly important are the decisions as to whether the activities are to be considered research or development activities and whether the conditions for classification as an intangible asset have been met. This requires assumptions regarding market conditions, customer demand and other future developments. The decision as to 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. Further information can be found in note 18.

RECOGNITION OF CURRENT INCOME TAXES AND DEFERRED TAXES

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. Our ordinary business also consists of transactions where the final tax effects are uncertain, for example, regarding transfer prices and cost allocation contracts between Symrise 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 our global income tax provisions. We have reasonably estimated the development of uncertain taxation assessments based on current tax laws and our interpretation of them. These discretionary judgments can have substantial impact on our income tax expense, income tax provisions and our profit after tax.

Every year, we assess whether it is likely that the tax loss carried forward can be used and offset with future tax gains in a reasonable period. Whenever this is not possible, deferred tax assets are diminished. This requires that we make estimates, judgments and assumptions about the tax gains of every Group company. In determining our ability to use our deferred tax assets, we consider 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 our estimates and assumptions can result in an adjustment to the balance of our deferred tax assets. Further information can be found in note 20.

PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

The expenses deriving from defined benefit pension plans and the obligation to provide additional post-employment healthcare benefits are determined on the basis of actuarial calculations. 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 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. External advisors are regularly consulted for the complex actuarial calculations. Further information can be found in note 25.

MEASUREMENT OF TRADE RECEIVABLES

Determining the likelihood of collecting receivables involves making estimates and judgments that are based on the financial standing of the respective customer, current economic developments and the analysis of historical defaults on a portfolio basis. These factors are subject to considerable changes. This applies to both individual receivables as well as the entire portfolio. In this manner, we must judge whether it is probable that a default will occur and whether the default amount can be reliably estimated. The determination of general individual valuation allowances for the remaining receivables on the basis of previous default is associated with significant discretion since the past is not necessarily representative of future developments. Changes to our estimates in relation to the valuation allowances on doubtful receivables can have considerable impact on the assets and expenses recognized in our consolidated financial statements.

RECOGNITION OF PROVISIONS FOR LITIGATION

The determination of provisions is associated with estimates to a substantial degree. Symrise is confronted with legal action in various jurisdictions and regulatory suits. These suits can lead to criminal or civil sanctions, fines or disgorgements for Symrise. We monitor the status of every case at least once every quarter and determine the potential financial and business risk. It requires significant judgment to determine whether a provision 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.

LONG-TERM REMUNERATION PROGRAMS

Symrise guarantees long-term remuneration programs with cash compensation. In estimating the fair value of our share-based programs, we rely on assumptions 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 our expenses for long-term remuneration programs. Changes to these factors can significantly influence fair value estimates and future payments. Further information can be found in the remuneration report of the management report.

ASSUMPTIONS AND ESTIMATES REGARDING OTHER ITEMS ON THE STATEMENT OF FINANCIAL POSITION

Assumptions and estimates are also necessary for the measurement of other contingent liabilities, other provisions and derivatives.

The assumptions and their corresponding estimates are explained in note 2.5. 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 will then need to be made.

2.4 Principles Determining the Inclusion of Subsidiaries and Associated Companies in the Consolidated Financial Statements and Development of the Scope of Consolidation

PRINCIPLES DETERMINING THE INCLUSION OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Full Consolidation

All subsidiaries are 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.

Additionally, 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 AG gains a controlling interest. Inclusion in the consolidated financial statements ceases on the date when the parent's controlling influence ends. Assets, liabilities and contingent liabilities deriving from business combinations are generally recognized at fair value at the time of acquisition. 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. 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.

The Equity Method of Accounting

Investments in associated companies are accounted for using the equity method. Associated companies are companies over which Symrise AG exercises significant influence over business and financial policies but that are not subsidiaries or joint ventures.

These investments are initially recognized at cost including transaction costs. After the acquisition date, the share of the net profit or loss of the associated company is recognized in the consolidated income statement. The share of any changes to equity that do not impact profit or loss is recognized directly in other comprehensive income under Group equity. Any accumulated post-acquisition changes accordingly increase or decrease the carrying amount of the investment in the associated company. Goodwill arising from the initial consolidation is disclosed in the carrying amount of the investment in the associated company and not amortized. If the corresponding indicators arise, carrying amounts for associated companies accounted for using the equity method are subjected to an impairment test. Profits and losses deriving from transactions between the Symrise Group and associated companies are eliminated in proportion to the share of the profit or loss of the associated company. If the financial statements for an associated company are not available in time, the carrying amount of the investment in the associated company is updated according to the best possible estimate.

SCOPE OF CONSOLIDATION

In addition to Symrise AG as parent, the scope of consolidation includes all domestic and foreign companies that Symrise AG directly or indirectly controls or where it has significant influence over their activities. In the 2017 fiscal year, the scope of consolidation developed as follows:

	December 31, 2016	Additions	Disposals	December 31, 2017
Fully consolidated subsidiaries				
Domestic	10	–	–	**10**
Foreign	88	6	3	**91**
Associated companies				
Foreign	2	–	1	**1**
Total	**100**	**6**	**4**	**102**

In the 2017 fiscal year, two companies were founded and three companies were added as part of a business combination. The stake in the previously associated company Octopepper SAS was increased from 26.28 % to 57.93 % of the shares. As a result, there was a change in status from associated company to subsidiary. As a result of mergers, the number of fully consolidated companies decreased by three companies. Due to these changes, the number of fully consolidated companies increased to 101 while the number of associated companies decreased to one company. We did not separately disclose our investment in the associated company Therapeutic Peptides Inc. (USA) due to a lack of materiality.

Business Combinations

NUTRACEUTIX

The transaction was described in the previous consolidated financial statements in the notes under note 2.4 (Scope of Consolidation). Therefore, the following merely shows the changes from the previous description.

The final transaction volume remained unchanged at USD 106.5 million. The payment to be made in advance consisted of an underlying component, which was adjusted on the acquisition date by contractually fixed items in the statement of financial position. At the time of payment, preliminary figures underlay the amount. Based on the now final figures, the purchase price slightly increased by TUSD 22. This amount has already been paid, so that no outstanding payment remains as of the reporting date of December 31, 2017, with the exception of the installment of USD 5.3 million held in the fiduciary account.

The purchase price allocation for this transaction has since been completed. The preliminary goodwill of USD 87.6 million recognized in the consolidated financial statements as of December 31, 2016, changed by the intangible assets identified. Furthermore, there were still adjustments and changes to be made in the presentation of the opening balance. These, however, had only a minor impact on the whole. More exact information on business development that had already taken place by the acquisition date but that was not yet fully known to us as of reporting date for the consolidated financial statements of December 31, 2016, made adjustments necessary. The recognized goodwill is fully deductible for tax purposes.

The acquired assets and liabilities including contingent liabilities are recognized at the following fair values:

TUSD	Recognized fair value as of the acquisition date
Trade receivables	5,079
Inventories	6,605
Intangible assets	58,362
Property, plant and equipment	4,306
Other assets	227
Other liabilities	– 1,748
Acquired net assets	**72,831**
Consideration transferred for acquiring the interests	**106,473**
Goodwill	**33,642**

COBELL GROUP

With the contract dated May 12, 2017, Symrise Limited entered into a purchase agreement to acquire 100 % of the shares in Cobell International Limited, as the parent of two operating companies, Cobell Limited and Frut Drinks Limited, all located in the UK. The closing of this transaction and the acquisition of control occurred on July 1, 2017. The Cobell Group is the largest supplier of fruit and vegetable juices in the UK and is one of the leading suppliers in Europe. Cobell complements the activities of Symrise in the Flavor segment, increases its local presence and provides greater proximity to its customers.

The purchase price consists of an underlying component of GBP 12.0 million that was to be adjusted to contractually stipulated figures in the statement of financial position as of the acquisition date. At the closing, preliminary figures underlay the amount (GBP 11.2 million). Based on the now final figures, the purchase price was increased to a total of GBP 11.4 million. This amount was fully remunerated in cash, with no outstanding payment remaining at the end of the reporting date on December 31, 2017. The purchase price allocation for this transaction was finalized in December 2017. The preliminary fair values at the acquisition date recognized as carrying amounts in the interim report from June 30, 2017, were replaced with the now final fair values of the assets and liabilities including contingent liabilities as of the acquisition date:

TGBP	Recognized fair value as of the acquisition date
Cash and cash equivalents	17
Trade receivables	10,112
Inventories	4,123
Intangible assets	5,392
Property, plant and equipment	2,079
Other assets	202
Borrowings	– 3,864
Trade payables	– 6,201
Other liabilities	– 2,806
Acquired net assets	**9,054**
Consideration transferred for acquiring the interests	**11,375**
Goodwill	**2,321**

Trade receivables cover gross amounts of TGBP 10,189, of which TGBP 77 were classified as presumably unrecoverable at the date of acquisition. The goodwill results from synergy and earning potential that are expected from the integration of the operating business into the Symrise Group. Of the recognized goodwill, none is deductible for tax purposes. No notable ancillary acquisition costs were incurred for this acquisition.

Under the assumption that the purchase of the Cobell Group had taken place as of January 1, 2017, Group sales would have been € 3,023.4 million and consolidated net income € 270.9 million.

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 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, irrespective of whether they have been hedged or not. Expenses and income are translated at the average rate for the period. 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 the 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 income statement at the time of the disposal or redemption of the net investment.

Equity components are translated at the historical rates of exchange 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 or interest is reduced through sale, capital reduction or liquidation, the “cumulative translation differences,” which had been recognized directly in other comprehensive income, will be (proportionately) reclassified to the income statement in the same period.

Transactions designated in foreign currencies are translated by us into the respective functional currency of our subsidiaries at the exchange rate valid on the day of the transaction. Monetary assets and liabilities that are designated in foreign currencies are measured using the closing rate. 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, 2016	December 31, 2017	2016	2017
Brazilian Real	BRL	3.437	3.971	3.855	3.606
Chinese Renminbi	CNY	7.325	7.833	7.347	7.624
British Pound	GBP	0.859	0.887	0.820	0.877
Mexican Peso	MXN	21.842	23.607	20.678	21.336
US Dollar	USD	1.056	1.199	1.107	1.130

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, which are measured using acquisition cost or amortized cost, as well as those amounts recognized in the 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). In these cases, all line items on the statement of financial position and those amounts recognized in the income statement are recalculated based on the closing rate.

RECOGNITION OF SALES REVENUE

Revenue from the sale of merchandise and products is recognized at the fair value of the amount received or expected to be received less any returns, trade discounts and rebates. Sales revenue is recognized when the significant rewards and risks of ownership of the merchandise or products sold have been transferred to the buyer and the amount of sales revenue realized can be reliably measured. No sales revenue is recognized if significant risk exists relating to receipt of consideration or relating to possible return of the goods. The transfer of rewards and risks to the buyer is determined in accordance with INCOTERMS.

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.

LEASES

A lease is an agreement whereby the lessor assigns to the lessee the right to use an asset for an agreed period of time in return for a payment or series of payments. Leases are classified as either finance leases or operating leases. Leasing transactions that substantially transfer all rewards and risks incidental to ownership of the leased asset to the lessee are classified as finance leases. All other leases are classified as operating leases.

Where Symrise is the lessee in a finance lease, the leased asset is recognized in the statement of financial position at the lower of the fair value of the leased asset or the present value of the minimum lease payments at the commencement of the lease term and simultaneously recognized in financial liabilities. The minimum lease payments essentially comprise finance costs and the principal portion of the remaining obligation, which is determined according to the effective interest method. The leased asset is depreciated on a straight-line basis over its assumed useful life or the term of the lease, whichever is shorter. Payments Symrise makes as a lessee for operating leases are recognized as expenditure in the consolidated income statement on a straight-line basis over the term of the lease agreement.

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.

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 and 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.

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.

As a result of the convertible bond issue in 2017, diluted earnings differ from the basic earnings. For the calculation of diluted earnings per share, the average number of shares issued is adjusted by the number of all dilutive potential shares. In this case, the maximum number of ordinary shares that are to be issued if all conversion rights are exercised from the convertible bond are taken into account. The consolidated net income attributable to the shareholders of Symrise AG is adjusted for the impact on earnings arising in connection with the 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 reorganization 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. Goodwill is not subject to amortization. At least one impairment test is performed each 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. Ancillary acquisition costs incurred are recognized with effect on profit or loss.

BORROWING COSTS

In accordance with IAS 23, borrowing costs are included in the cost of an asset as far as the requirements for qualifying non-current assets are met, meaning assets for which a substantial period of time is required to prepare them for their intended use or sale. Borrowing costs also include any supplementary costs incurred from the borrowing of funds, in addition to interest.

OTHER INTANGIBLE ASSETS

Intangible assets are measured at cost for the purpose of 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. 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, cost is amortized in the consolidated income statement on a straight-line basis over the term of useful life:

Intangible assets	Useful life
Software	2–10 years
Recipes	5–25 years
Trademarks	6–40 years
Customer base	6–15 years
Patents and 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 in the hope 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, if the product is both technically and financially feasible and if future 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 were recognized with effect on profit or loss and the amount of capitalized costs was relatively small. Subsequent reclassification of expenses already recognized through profit or loss is not permitted.

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 they 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

Land is not depreciated insofar as it does not concern land used as part of a leasehold. 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.

FINANCIAL INSTRUMENTS

General Information

A financial instrument is a contract that simultaneously gives rise to a financial asset for one contractual partner and to a financial liability or an equity instrument for the other contractual partner.

Financial assets particularly include cash and cash equivalents, trade receivables, loans receivable and equity instruments for 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 Symrise has a contractual right to receive cash or other financial assets from another party. This means that normal market purchases or sales of financial assets, i.e., purchases or sales for which delivery of the financial asset must be made within the period stipulated by conventions or the market in which trading takes place, are accounted for on the date of trading. 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, trade payables and liabilities from finance lease agreements. These are recognized in the consolidated statement of financial position if a contractual obligation exists to transfer cash or other financial assets to another party. Non-derivative financial liabilities are initially recognized at the fair value of the return service received or at the value of the cash received minus transaction costs incurred, if applicable.

Financial instruments are classified into the categories “loans and receivables (LaR),” “financial asset or financial liability at fair value through profit or loss (aFVtPL),” “financial assets held to maturity (HtM),” “financial assets available for sale (AfS)” and “financial liabilities at amortized cost (FLAC).” In principle, Symrise does not take advantage of the option to classify financial assets and liabilities at fair value through profit or loss (the fair value option) upon initial recognition. 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 recognized through other comprehensive income or in the income statement. 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 risks and rewards. Financial liabilities are derecognized if the contractual obligations are settled, eliminated or expired.

Derivative Financial Instruments

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. Instruments that are not to be used for hedging purposes are classified by the company as "held for trading (HfT)" in accordance with IAS 39. Derivative financial instruments are measured at fair value through profit or loss and recognized as financial assets or as financial liabilities. The fair value of traded derivative financial instruments corresponds to their market value. If no market values exist, the present value is determined using recognized financial models. Derivative financial instruments are neither held nor issued for speculative purposes.

Cash Flow Hedge

Symrise employs derivative financial instruments to hedge currency risks resulting from its operating business and financing activities. Selected future cash flows from receivables and trade payables already recognized in the statement of financial position as well as selected future cash flows from highly probable planned transactions are hedged against currency risk through forward contracts. The hedging of currency risk occurs on a rolling basis over a period of up to nine months up to a maximum hedging ratio of 75 % of the open currency items of a company.

Insofar as the requirements of IAS 39 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 influences the net profit or loss for the period. Measurement gains/losses from the derivative financial instrument will be reclassified to sales or 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.

Cash flow hedges are applied to mitigate the impact of exchange rate effects. The requirements of IAS 39 for 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. If Symrise initiates the hedging measure with the economic goal of acquiring business operations, 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.

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 that can be converted into a fixed amount at any time and are subject to only insignificant fluctuations in value. Cash and cash equivalents are principally measured at amortized cost.

Financial Assets Available for Sale

Financial assets available for sale (AfS) are non-derivative financial instruments that were designated as available for sale or that cannot be classified in any other valuation category. They are recognized at fair value plus any directly attributable transaction costs. After their initial recognition, they are recognized at fair value if this can be directly ascertained based on market data. Otherwise the measurement occurs at amortized cost. Unrealized gains and losses are recognized in other comprehensive income taking into account deferred taxes. The reclassification of changes in measurement not recognized in the income statement to net income occurs at the time of disposal. If the fair value of financial assets available for sale falls below acquisition cost significantly or over a longer period of time, the impairment loss is immediately recognized through profit or loss. If the reasons for the impairment cease to exist, the reversal of the impairment loss is recognized in the subsequent periods. Financial assets available for sale are recognized as either current or non-current assets according to management's plans regarding the sale.

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 contained in the carrying amount of the liability and are amortized over the term of the convertible bond using the effective interest method.

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 or 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 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 healthcare benefits.

In the case of 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 (defined benefit obligation, DBO). The discount rate is determined as the yield at the end of the reporting period on high-quality corporate bonds that have maturity dates that approximate to the payment terms of the Group's obligations and that are denominated in the same currency as the pension benefits are expected to be paid. The computation is performed annually by an actuary using the projected unit credit method. 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 net 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 immediately 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. Non-current provisions are recognized at the present value of the expected obligation amounts as of the end of the reporting period. Regularly updated interest rates for safe investments are used for discounting. 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

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. We create a general bad debt allowance for impairment considerations for a portfolio of receivables when we are of the opinion that the age of the receivables represents an indicator that it is probable that a loss has occurred or that we will not collect some or all of the amounts due.

Information used to establish an objectively verifiable impairment can include 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.

Impairments of trade receivables are partially performed by applying value allowance accounts. The decision as to whether a default is covered by an allowance account or through a direct reduction of the receivable depends on the degree of reliability with which the risk situation can be assessed. Impairments are recognized under selling and marketing expenses. Due to differing operating segments and differing regional conditions, this decision is made by the individual financial expert responsible.

Other Financial Assets

Financial assets are measured at each reporting date to determine whether there is any objective evidence of impairment. An impairment loss is recorded for financial assets if objective indications exist 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 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 held as available for sale 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.

Gains and losses deriving from the measurement of financial assets that are classified as available for sale are generally recognized in other comprehensive income. As far as an indication of an impairment for assets classified as available for sale exists, the cumulative loss is reclassified from other comprehensive income to the consolidated income statement. Impairment losses for equity instruments classified as available for sale that were once recognized in the consolidated income statement are not reversed but recognized in other comprehensive income. Any gains or losses previously recognized in other comprehensive income are reclassified to the consolidated income statement at the time of disposal.

Non-financial Assets

At the end of each reporting period, the Group 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 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. Three separate segments and cash-generating units were identified within the Symrise Group: Scent & Care, Flavor and Nutrition.

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. The fair value less its costs to sell corresponds to the amount obtainable from the sale of an asset at normal market conditions, less its costs to sell, and is determined by Symrise on the basis of the estimated future cash flow using a discounted cash flow method. The value in use is generally determined on the basis of the estimated future cash flows from the use and disposal of an asset using a discounted cash flow method. 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 2018 to 2022. A growth rate of 1.0 % (previous year: 1.0 %) was assumed for the measurement of perpetual annuity. The cash flows determined in this manner were discounted with a weighted average cost of capital factor of 6.54 % for Scent & Care, 6.25 % for Flavor and 6.58 % for Nutrition (2016: 7.03 % for Scent & Care, 6.86 % for Flavor and 6.86 % for Nutrition). 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 cost of equity and borrowing costs. There were no indications of impairment for the fiscal year. In performing the impairment test, we have carried out various sensitivity analyses for reasonably 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.

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.

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 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:

- 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, customer bases and trademark rights, acquired as a result of a business combination is based on the discounted estimated royalty payments that were avoided as a result of the recipe becoming owned or is based on the discounted cash flows that are expected to derive from use of these assets.

Inventories

The fair value for inventories resulting from a business combination are determined on the basis of 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

DESCRIPTION OF REPORTABLE SEGMENTS

For internal reporting purposes, we present our business activities in a number of different ways, 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. Operating segments are divided into divisions. The organization of the three reportable segments, Scent & Care, Flavor and Nutrition, is based on our products. 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 **Flavor** segment develops, produces and sells flavors and functional ingredients used in the production of foods (savory and sweet foods as well as milk products), beverages and health products. Alongside functional ingredients, the **Nutrition** segment develops, produces and sells tailored solutions from natural raw materials. These are found in foods and beverages, pet foods, aquacultures and cosmetics. 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. Transactions are only conducted between the segments to an immaterial extent. These are transacted at market prices and have not been separately disclosed for materiality reasons. External sales represent the sales of the three 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 three segments Scent & Care, Flavor and Nutrition 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 tax is reported combined to give the consolidated earnings. Capital investments made by a segment comprise all expenditure incurred during the reporting period for the purpose of acquiring property, plant and equipment and intangible assets. 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 18.

SEGMENT RESULTS

2016 T€	Scent & Care	Flavor	Nutrition adjusted*	Segment total = Group total
External sales	1,311,302	1,015,856	576,029	**2,903,187**
Cost of goods sold	– 813,294	– 545,611	– 359,265	**– 1,718,170**
Gross profit	**498,008**	**470,245**	**216,764**	**1,185,017**
Selling and marketing expenses	– 194,761	– 176,070	– 98,724	**– 469,555**
Research and development expenses	– 89,730	– 65,953	– 30,469	**– 186,152**
Administration expenses	– 58,961	– 51,212	– 48,139	**– 158,312**
Other operating income	11,783	7,355	15,952	**35,090**
Other operating expenses	– 631	– 1,480	– 364	**– 2,475**
Income from operations/EBIT	**165,708**	**182,885**	**55,020**	**403,613**
Amortization and impairment of intangible assets	35,620	20,112	57,523	**113,255**
Depreciation and impairment of property, plant and equipment	37,758	30,809	21,119	**89,686**
EBITDA	**239,086**	**233,806**	**133,662**	**606,554**
Financial result				**– 45,873**
Earnings before income taxes				**357,740**
Income taxes				**– 97,160**
Net income				**260,580**
Other segment information				
Investments1)				
Intangible assets	10,460	2,967	3,261	**16,688**
Property, plant and equipment	61,151	55,586	34,353	**151,090**

1) Excluding additions related to the scope of consolidation; for further information please see note 2.4.
* Regarding the details of the adjustment, please refer to note 2.1.

2017 T€	Scent & Care	Flavor	Nutrition	Segment total = Group total
External sales	1,263,066	1,101,916	631,312	**2,996,294**
Cost of goods sold	– 755,361	– 615,205	– 401,259	**– 1,771,825**
Gross profit	**507,705**	**486,711**	**230,053**	**1,224,469**
Selling and marketing expenses	– 192,141	– 180,191	– 105,797	**– 478,129**
Research and development expenses	– 94,812	– 70,805	– 30,815	**– 196,432**
Administration expenses	– 49,834	– 53,297	– 51,527	**– 154,658**
Other operating income	15,381	7,370	15,657	**38,408**
Other operating expenses	– 391	– 1,500	– 181	**– 2,072**
Income from operations/EBIT	**185,908**	**188,288**	**57,390**	**431,586**
Amortization and impairment of intangible assets	29,742	20,077	58,799	**108,618**
Depreciation and impairment of property, plant and equipment	32,405	34,533	23,162	**90,100**
EBITDA	**248,055**	**242,898**	**139,351**	**630,304**
Financial result				**– 56,138**
Earnings before income taxes				**375,448**
Income taxes				**– 99,799**
Net income				**275,649**
Other segment information				
Investments[1]				
Intangible assets	11,140	4,636	3,299	**19,075**
Property, plant and equipment	69,671	55,213	60,934	**185,818**

1) Excluding additions related to the scope of consolidation

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

RESULT BY REGION

	Sales by region (point of delivery)		Investments[1]	
T€	2016	2017	2016	2017
EAME	1,198,347	1,286,539	82,760	77,586
North America	732,261	701,899	40,146	85,608
Asia/Pacific	622,566	631,328	29,663	23,857
Latin America	350,013	376,528	15,209	17,842
Total	**2,903,187**	**2,996,294**	**167,778**	**204,893**

1) Investments in intangible assets and property, plant and equipment do not include additions from business combinations. For further information, please refer to note 2.4.

Sales of € 272.7 million (2016: € 262.0 million) were generated in Germany and € 670.5 million (2016: € 697.0 million) in the USA. Non-current assets – excluding financial instruments and deferred tax assets – of € 2,895.3 million (December 31, 2016: € 2,990.8 million) are mainly located in Germany with € 1,234.3 million (December 31, 2016: € 1,162.8 million).

ADDITIONAL DISCLOSURES ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

4. SALES

Sales revenue results primarily from the sale of products. Please refer to the segment reporting information for a presentation of sales by segment and region (see note 3).

5. COST OF GOODS SOLD

Cost of goods sold mainly consists of expenses for raw materials as well as production costs. Amortization and impairment for recipes, technologies, other production-related intellectual property and currency translation effects are also included. Please refer to the segment reporting information for a presentation of cost of goods sold by segment (see note 3).

6. PERSONNEL EXPENSES

T€	2016	2017
Wages and salaries	– 468,529	– 494,444
Social security expenses	– 96,710	– 106,396
Pension expenses (excluding interest expenses)	– 15,032	– 17,291
Other personnel expenses	– 7,163	– 3,461
Total	**– 587,434**	**– 621,592**

The rise in wages and salaries as well as social security expenses compared to the previous year is primarily due to the increase in the number of employees. Social security expenses include social security contributions that the organization is required to make by law. These include defined contribution plan benefits of € 19.8 million (2016: € 19.3 million).

Other personnel expenses include expenses for termination benefits. In the previous year, expenses for the multi-year performance-based remuneration of the Executive Board and selected employees were also included. 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)	2016	2017
Manufacturing & Technology	4,150	4,213
Sales & Marketing	2,052	2,148
Research & Development	1,564	1,642
Administration	736	770
Service companies	395	415
Number of employees	**8,897**	**9,188**
Apprentices and trainees	135	128
Total	**9,032**	**9,316**

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 bases and trademarks recognized as assets. The increase compared to the previous year primarily relates to increased personnel, freight and storage costs as well as the inclusion of the Cobell Group in the consolidated financial statements. 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

In addition to the costs of Symrise's own research departments, this item also includes costs for external research and development services and trial activities. Along with basic research, activities in this area 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. The increase compared with the previous year is mainly due to higher personnel and trial costs as a result of expanded research and development activities – particularly in the Flavor and Scent & Care segments. 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, finances and human resources as well as for factory security, work safety and administration buildings. In the previous year, this figure included a one-time effect of € 9.0 million from the acquisition of the Pinova Group. Excluding this, administration expenses increased compared with the previous year, mainly due to higher expenses for information technology as a result of the expansion of the network and related services.

10. OTHER OPERATING INCOME

T€	2016	2017
Income from government subsidies	7,838	9,990
Income from the reversal of provisions and liabilities	8,933	6,700
Income from service companies	5,120	5,276
Income from the disposal of Pinova Inc.	3,522	4,457
Miscellaneous other income	9,677	11,985
Total	**35,090**	**38,408**

Government subsidies were mainly granted in France to promote research projects. These refer to tax credits granted by the French government on research expenses (Crédit d'impôt recherche, CIR) as well as for competitiveness and employment (Crédit d'impôt pour la compétitivité et l'emploi, CICE). Income from the reversal of provisions and liabilities affects such obligations where utilization is no longer expected or where it is certain it will not be utilized. Income from service companies results from services rendered by Group companies for third parties in the areas of logistics, technology and security. There was a subsequent purchase price payment in the 2017 fiscal year in connection with the sale of Pinova Inc. in December 2016. At the conclusion of the transaction, provisional values were used for a variable purchase price component, which was calculated and settled on the basis of final values in the 2017 reporting year.

The item of miscellaneous other income comprises various individually immaterial cases that are not related to the sale of products.

11. FINANCIAL RESULT

T€	2016	2017
Interest income from bank deposits	2,772	3,256
Other interest income	1,213	2,151
Interest income	**3,985**	**5,407**
Other financial income	201	1,436
Financial income	**4,186**	**6,843**
Interest expenses from bank borrowings	– 4,520	– 2,928
Interest expenses from other borrowings	– 35,716	– 36,372
Other interest expenses	– 13,111	– 14,603
Interest expenses	**– 53,347**	**– 53,903**
Other financial expenses	3,288	– 9,078
Financial expenses	**– 50,059**	**– 62,981**
Financial result	**– 45,873**	**– 56,138**
of which interest result	– 49,362	– 48,496
of which other financial result	3,489	– 7,642

Interest expenses for liabilities from the Eurobond, the US private placement, the promissory note loan and the convertible bond are recognized under the interest expenses from other borrowings. Other interest expenses mainly comprise the compounding of provisions for pensions amounting to € 9.1 million (2016: € 11.2 million). Other financial expenses comprise predominantly currency translation effects. These mainly result from internal Group lending granted to foreign subsidiaries. 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.

T€	2016 adjusted*	2017
Current income taxes	**– 115,412**	**– 122,084**
Deferred tax expense/income from losses carried forward	– 16,598	– 16,932
Deferred tax expense/income from temporary differences	34,850	39,217
Deferred tax expense/income	**18,252**	**22,285**
Income taxes	**– 97,160**	**– 99,799**

* Regarding the details of the adjustment, please refer to note 2.1.

Income taxes in the year under review increased by € 2.6 million to € 99.8 million. The tax rate decreased slightly from the previous year, amounting to 26.6 % (2016: 27.2 %).

The increase in current income taxes of € 6.7 million to € 122.1 million resulted from increases in the operating result. The change to deferred tax income primarily resulted from the scheduled amortization of intangible assets.

DERIVATION OF THE EFFECTIVE TAX RATE

The income taxes disclosed in the year reported, amounting to € 99.8 million (2016 adjusted: € 97.2 million), can be reconciled to 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 Group earnings before income taxes according to IFRS:

T€	2016 adjusted*	2017
Earnings before income taxes	**357,740**	**375,448**
Expected tax expense at local tax rates	– 86,672	– 106,303
Tax effect from previous periods	– 13,590	– 14,914
Tax effect from tax-free income	19,855	17,737
Tax effect from non-deductible expenses and taxable income	– 16,522	– 10,598
Non-recoverable withholding tax	– 4,252	– 4,594
Tax effect from value adjustments to deferred tax assets	– 491	2,629
Tax effect from change in tax rate	6,034	14,842
Other tax effects	– 1,522	1,402
Income tax expense	**– 97,160**	**– 99,799**

* Regarding the details of the adjustment, please refer to note 2.1.

The resulting theoretical expected tax expense increased compared to the previous year. This mainly resulted from the relatively high profit shares in countries with higher nominal tax rates. Tax effects from previous years resulted primarily from adjustments related to ongoing tax audits and the consideration of effects from continuing risk assessment. The tax effect from non-deductible expenses mainly arose from commercial tax additions in Germany, the inclusion of effects from dividends received and other income-related local taxes. The previous year's effect was influenced by the recognition of a taxable income from a disposal. The effect of value adjustments to deferred tax assets resulted, among other causes, from the first-time utilization of losses at a Latin American company. The positive effect from changes in the tax rate resulted in particular from the remeasurement of deferred taxes in the USA due to the tax reform resolved at the end of 2017 as well as from remeasurements in France due to the reduction of the tax rate, which becomes effective January 1, 2019. The proposed dividend for the 2017 fiscal year (see note 26) will not have any income tax consequences for Symrise. Future income and withholding taxes resulting from planned distributions of Group companies will be recognized under deferred tax liabilities.

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

	2016 adjusted*			2017		
T€	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Exchange rate differences resulting from the translation of foreign operations	3,710	– 2,872	838	– 159,275	2,230	– 157,045
Financial assets available for sale	5	0	5	17	0	17
Cash flow hedge (currency hedges)	– 164	45	– 119	1,229	– 356	873
Remeasurement of defined benefit pension plans	– 63,869	18,625	– 45,244	8,576	– 2,534	6,042
Change in tax rate	0	– 3	– 3	0	– 3,295	– 3,295
Other comprehensive income	**– 60,318**	**15,795**	**– 44,523**	**– 149,453**	**– 3,955**	**– 153,408**
of which current taxes		– 893			1,933	
of which deferred taxes		16,688			– 5,888	

* Regarding the details of the adjustment, please refer to note 2.1.

13. AMORTIZATION AND DEPRECIATION

Amortization of intangible assets and depreciation of property, plant and equipment are shown in the movement summary in notes 18 and 19.

14. EARNINGS PER SHARE

	Unit	2016 adjusted*	2017
Consolidated net income attributable to shareholders of Symrise AG	T€	252,363	270,270
Weighted average number of ordinary shares	shares	129,812,574	129,812,574
Basic earnings per share	**€**	**1.94**	**2.08**

	Unit	2016 adjusted*	2017
Consolidated net income attributable to shareholders of Symrise AG	**T€**	**252,363**	**270,270**
Impact on net income from the convertible bond, after taxes	T€	0	2,061
Adjusted consolidated net income attributable to shareholders of Symrise AG	**T€**	**252,363**	**272,331**
Weighted average number of shares issued	shares	129,812,574	129,812,574
Dilutive potential shares	shares	0	4,354,476
Weighted average number of shares for diluted earnings	shares	129,812,574	132,122,865
Diluted earnings per share	**€**	**1.94**	**2.06**

* Regarding the details of the adjustment, please refer to note 2.1.

ADDITIONAL DISCLOSURES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

15. CASH AND CASH EQUIVALENTS

T€	December 31, 2016	December 31, 2017
Cash	193,801	214,843
Cash equivalents	107,847	14,662
Total	**301,648**	**229,505**

In the course of selling Pinova Inc. in December 2016, higher cash equivalents were available over that year end.

16. TRADE RECEIVABLES

T€	December 31, 2016 adjusted*	December 31, 2017
Trade receivables	547,358	571,538
Allowance	– 19,005	– 14,102
Total	**528,353**	**557,436**

* Regarding the details of the adjustment, please refer to note 2.1.

Trade receivables are not secured. The company therefore bears the risk of receivable defaults. However, only insignificant cases of default have arisen with individual customers in the past. The carrying amount of the trade receivables approximately represents their fair value.

The maturity dates for trade receivables as of the end of the reporting period therefore have developed as follows:

T€	December 31, 2016 adjusted*	December 31, 2017
Carrying amount (gross)	**547,358**	**571,538**
Not overdue and no allowance set up	452,079	483,007
Overdue with partial allowance set up	68,719	64,551
Overdue for 1–30 days	39,242	41,769
Overdue for 31–90 days	12,846	11,307
Overdue for 91–360 days	6,989	3,949
Overdue for more than 1 year	9,642	7,526
Not overdue but with a partial allowance set up	26,560	23,980
Specific allowance set up	**– 19,005**	**– 14,102**
Specific bad debt allowance	– 10,646	– 2,452
General bad debt allowance	– 8,359	– 11,650
Total	**528,353**	**557,436**

* Regarding the details of the adjustment, please refer to note 2.1.

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:

T€	2016	2017
January 1	**13,701**	**19,005**
Changes to the scope of consolidation	27	118
Allowances set up	7,127	6,977
Utilized in the reporting year	– 1,103	– 3,230
Reversals	– 1,391	– 8,120
Exchange rate differences	644	– 648
December 31	**19,005**	**14,102**

The risk of default for trade receivables is limited due to the large number of customers and their widely diversified activities in different markets. The expenses deriving from the setup of allowances for doubtful trade receivables and debt writeoffs are disclosed under selling and marketing expenses.

17. INVENTORIES

T€	December 31, 2016	December 31, 2017
Raw materials	259,204	278,610
Unfinished products	199,000	214,452
Finished products	250,560	277,131
Allowance	– 28,333	– 18,682
Total	**680,431**	**751,511**

The cost of goods sold includes material costs without currency translation effects amounting to € 1,264.4 million (2016: € 1,207.2 million).

Inventories are solely subject to reservations of titles that are standard in the industry.

18. INTANGIBLE ASSETS

T€	Goodwill	Recipes[1] with definite useful lives	Other intangible assets[2] with definite useful lives	Capitalized development costs	Advance payments and intangible assets in development	Total
Costs						
January 1, 2016	**1,169,426**	**722,508**	**837,147**	**21,285**	**10,530**	**2,760,896**
Additions from business combinations	105,454	34,374	127,645	1,949	101	**269,523**
Disposals of subsidiaries	– 13,299	– 22,189	– 40,291	– 1,906	0	**– 77,685**
Additions from acquisitions	0	0	4,794	0	10,237	**15,031**
Additions from internal development	0	0	0	1,657	0	**1,657**
Disposals	0	0	– 2,283	0	– 102	**– 2,385**
Transfers	0	0	3,487	433	– 3,920	**0**
Exchange rate differences	6,313	5,043	2,386	– 222	24	**13,544**
December 31, 2016 adjusted*	**1,267,894**	**739,736**	**932,885**	**23,196**	**16,870**	**2,980,581**
Accumulated amortization and impairment losses						
January 1, 2016	**– 45,035**	**– 508,146**	**– 185,956**	**– 16,270**	**0**	**– 755,407**
Disposals of subsidiaries	0	1,490	2,681	142	0	**4,313**
Scheduled amortization for the fiscal year	0	– 35,609	– 74,831	– 1,648	0	**– 112,088**
Impairment	0	0	0	– 1,167	0	**– 1,167**
Disposals	0	0	1,558	0	0	**1,558**
Exchange rate differences	– 1,080	– 3,758	– 591	50	0	**– 5,379**
December 31, 2016 adjusted*	**– 46,115**	**– 546,023**	**– 257,139**	**– 18,893**	**0**	**– 868,170**
Carrying amounts						
January 1, 2016	1,124,391	214,362	651,191	5,015	10,530	**2,005,489**
December 31, 2016 adjusted*	**1,221,779**	**193,713**	**675,746**	**4,303**	**16,870**	**2,112,411**
of which finance leases	0	0	1,821	0	0	**1,821**

1) Recipes mainly consist of production recipes and technologies.
2) Other intangible assets mainly contain customer bases, trademarks, software, patents and other rights, as well as own IT developments.
* Regarding the details of the adjustment, please refer to note 2.1.

T€	Goodwill	Recipes[1] with definite useful lives	Other intangible assets[2] with definite useful lives	Capitalized development costs	Advance payments and intangible assets in development	Total
Costs						
January 1, 2017	**1,267,894**	**739,736**	**932,885**	**23,196**	**16,870**	**2,980,581**
Additions from business combinations	6,761	3,138	2,999	1,606	135	**14,639**
Additions from acquisitions	0	0	7,744	0	9,585	**17,329**
Additions from internal development	0	0	0	1,598	148	**1,746**
Disposals	0	0	– 1,689	– 7,817	– 106	**– 9,612**
Transfers	0	0	8,100	0	– 8,100	**0**
Exchange rate differences	– 48,937	– 30,808	– 29,563	– 189	326	**– 109,171**
December 31, 2017	**1,225,718**	**712,066**	**920,476**	**18,394**	**18,858**	**2,895,512**
Accumulated amortization and impairment losses						
January 1, 2017	**– 46,115**	**– 546,023**	**– 257,139**	**– 18,893**	**0**	**– 868,170**
Additions from business combinations	0	0	0	– 772	0	**– 772**
Scheduled amortization for the fiscal year	0	– 33,702	– 73,528	– 1,388	0	**– 108,618**
Disposals	0	0	1,689	7,817	0	**9,506**
Exchange rate differences	3,094	24,534	10,824	– 20	0	**38,432**
December 31, 2017	**– 43,021**	**– 555,191**	**– 318,154**	**– 13,256**	**0**	**– 929,622**
Carrying amounts						
January 1, 2017	1,221,779	193,713	675,746	4,303	16,870	**2,112,411**
December 31, 2017	**1,182,697**	**156,875**	**602,322**	**5,138**	**18,858**	**1,965,890**
of which finance leases	0	0	1,477	0	0	**1,477**

1) Recipes mainly consist of production recipes and technologies.
2) Other intangible assets mainly contain customer bases, trademarks, software, patents and other rights, as well as own IT developments.

Please refer to note 2.4 for the additions from business combinations. The additions from acquisitions mostly relate to advance payments for software, primarily SAP applications, and to the registration of chemicals according to the European chemicals directive (REACH).

Capitalized development costs, including those currently in progress, amounted to € 5.4 million as of the end of the reporting period (December 31, 2016: € 4.2 million).

The amortization of recipes is allocated to production and is therefore included in the cost of goods sold. Amortization on customer bases and trademark rights 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

T€	December 31, 2016 adjusted*	December 31, 2017
Scent & Care	245,488	224,408
Flavor	539,932	530,610
Nutrition	436,359	427,679
Total	**1,221,779**	**1,182,697**

* Regarding the details of the adjustment, please refer to note 2.1.

19. PROPERTY, PLANT AND EQUIPMENT

T€	Land and buildings	Plants and machinery	Equipment	Assets under construction	Total
Costs					
January 1, 2016	**476,988**	**616,459**	**211,040**	**91,708**	**1,396,195**
Additions from business combinations	26,436	102,720	1,132	7,338	**137,626**
Disposals of subsidiaries	– 9,335	– 23,346	– 1,374	– 6,022	**– 40,077**
Other additions	4,877	17,200	16,199	112,814	**151,090**
Disposals	– 1,890	– 7,830	– 6,086	– 585	**– 16,391**
Transfers	18,891	45,626	12,391	– 76,908	**0**
Exchange rate differences	5,510	9,868	4,613	1,834	**21,825**
December 31, 2016 adjusted*	**521,477**	**760,697**	**237,915**	**130,179**	**1,650,268**
Accumulated depreciation and impairment losses					
January 1, 2016	**– 195,083**	**– 370,711**	**– 139,996**	**– 270**	**– 706,060**
Additions from business combinations	– 564	– 4,050	– 71	0	**– 4,685**
Disposals of subsidiaries	507	2,124	234	0	**2,865**
Scheduled depreciation for the fiscal year	– 18,954	– 51,222	– 18,207	0	**– 88,383**
Impairment	0	– 605	– 698	0	**– 1,303**
Disposals	1,553	6,835	5,818	270	**14,476**
Transfers	26	– 2	– 24	0	**0**
Exchange rate differences	– 2,030	– 5,120	– 2,650	0	**– 9,800**
December 31, 2016 adjusted*	**– 214,545**	**– 422,751**	**– 155,594**	**0**	**– 792,890**
Carrying amounts					
January 1, 2016	281,905	245,748	71,044	91,438	**690,135**
December 31, 2016 adjusted*	**306,932**	**337,946**	**82,321**	**130,179**	**857,378**
of which finance leases	5,917	1,759	31	0	**7,707**

* Regarding the details of the adjustment, please refer to note 2.1.

T€	Land and buildings	Plants and machinery	Equipment	Assets under construction	Total
Costs					
January 1, 2017	**521,477**	**760,697**	**237,915**	**130,179**	**1,650,268**
Additions from business combinations	1,563	501	320	0	**2,384**
Other additions	8,244	16,029	16,164	145,381	**185,818**
Disposals	– 1,444	– 5,315	– 10,509	– 270	**– 17,538**
Transfers	31,713	51,482	16,643	– 99,838	**0**
Exchange rate differences	– 22,119	– 41,297	– 13,364	– 11,955	**– 88,735**
December 31, 2017	**539,434**	**782,097**	**247,169**	**163,497**	**1,732,197**
Accumulated depreciation and impairment losses					
January 1, 2017	**– 214,545**	**– 422,751**	**– 155,594**	**0**	**– 792,890**
Additions from business combinations	0	0	– 14	0	**– 14**
Scheduled depreciation for the fiscal year	– 19,730	– 49,808	– 20,420	0	**– 89,958**
Impairment	0	– 112	– 30	0	**– 142**
Disposals	1,336	5,052	10,192	0	**16,580**
Transfers	92	– 51	– 41	0	**0**
Exchange rate differences	8,818	19,723	7,306	0	**35,847**
December 31, 2017	**– 224,029**	**– 447,947**	**– 158,601**	**0**	**– 830,577**
Carrying amounts					
January 1, 2017	306,932	337,946	82,321	130,179	**857,378**
December 31, 2017	**315,405**	**334,150**	**88,568**	**163,497**	**901,620**
of which finance leases	3,370	1,458	17	0	**4,845**

Please refer to note 2.4 for the additions from business combinations. Other additions contain investments in capacity expansions such as in spray drying in the USA and the new research and development center in Singapore. Additions contain capitalized borrowing costs amounting to € 1.2 million (December 31, 2016: € 0.7 million). The underlying capitalization rate amounts to 2.32 % (December 31, 2016: 2.71 %).

20. DEFERRED TAX ASSETS/LIABILITIES

	December 31, 2016 adjusted*			December 31, 2017		
T€	Tax assets	Tax liabilities	Income (+)/ Expenses (–)	Tax assets	Tax liabilities	Income (+)/ Expenses (–)
Intangible assets	3,825	219,981	26,184	6,708	187,372	36,089
Property, plant and equipment	9,204	72,423	– 1,134	8,185	59,017	12,387
Financial assets	1,157	8	– 6	1,011	8	– 146
Inventories	18,108	313	1,081	15,712	264	– 2,347
Trade receivables, prepayments and other assets	4,089	17,011	– 5,543	15,439	6,089	22,329
Provisions for pensions	85,782	0	1,725	79,524	0	4,329
Other provisions and other liabilities	41,621	2,851	12,543	23,293	19,647	– 35,124
Interests in subsidiaries	0	3,700	0	0	2,000	1,700
Losses carried forward	51,766	0	– 16,598	34,834	0	– 16,932
Sub-total	**215,552**	**316,287**	**18,252**	**184,706**	**274,397**	**22,285**
Offsetting	– 112,331	– 112,331	0	– 78,536	– 78,536	0
Total	**103,221**	**203,956**	**18,252**	**106,170**	**195,861**	**22,285**

* Regarding the details of the adjustment, please refer to note 2.1.

Deferred tax income amounted to € 22.3 million in 2017 in contrast to a deferred tax income of € 18.3 million in 2016. The change to deferred tax income primarily resulted from the scheduled amortization of intangible assets and the use of loss carryforwards. In addition, the remeasurement of deferred taxes, particularly in the USA and France, led to a net deferred tax income. Deferred tax income relating to trade receivables, prepayments and other assets is influenced by the changes to an internal borrowing in US Dollars and the corresponding currency valuation. With regard to the change in provisions for pensions and the related change in deferred taxes, please see note 12. Overall, corporation tax losses carried forward amounting to € 150.4 million (December 31, 2016: € 176.6 million) existed as of the end of the reporting period. Of the corporation tax losses, € 0.4 million are subject to time limits. The increased use of tax losses carried forward compared with the previous year led to an increase in deferred tax expenses. The use of tax losses carried forward and therefore the measurement of the corresponding deferred tax assets are substantiated through tax planning. The change in the nonrecognition of deferred tax assets amounts to € – 2.6 million as of the reporting date (December 31, 2016: € 0.5 million).

The calculation of foreign income taxes is based on the particular country's legal regulations. The tax rates of the individual companies range between 0 % and 40 %.

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 undistributed profits from domestic and foreign subsidiaries. No deferred tax liabilities were recognized on these temporary differences of € 335.0 million in 2017 and € 223.0 million in 2016 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. As of December 31, 2017, deferred tax liabilities from shares in subsidiaries were recognized for planned dividend distributions of € 2.0 million (December 31, 2016: € 3.7 million).

21. TRADE PAYABLES

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

22. CURRENT AND NON-CURRENT BORROWINGS

	December 31, 2016			December 31, 2017		
T€	Current	Non-current	Total	Current	Non-current	Total
Bank borrowings	227,085	45,683	**272,768**	81,245	23,907	**105,152**
Other borrowings	300,404	1,167,650	**1,468,054**	950	1,514,519	**1,515,469**
Accrued interest	8,847	212	**9,059**	6,779	338	**7,117**
Total	**536,336**	**1,213,545**	**1,749,881**	**88,974**	**1,538,764**	**1,627,738**

The obligations from the loan from the European Investment Bank (hereafter: EIB), the loan from the Kreditanstalt für Wiederaufbau (hereafter: KfW) and the utilization of the revolving credit facility are part of the bank borrowings. Other borrowings primarily include liabilities from the Eurobond, the US private placement, the promissory note loan and the convertible bond agreed on in 2017.

The decrease in borrowings is mainly due to the repayment of the Eurobond maturing in 2017 (carrying amount as of December 31, 2016: € 299.5 million) and the term loans maturing in 2017 (total carrying amount as of December 31, 2016: € 179.9 million), which are offset by the convertible bond issued in the past fiscal year (carrying amount as of December 31, 2017: € 365.7 million).

On June 20, 2017, via private placement with institutional investors, Symrise issued a convertible bond with a total nominal value of € 400.0 million, a nominal interest rate of 0.2375 % and a maturity of seven years. Initial conversion is generally planned for after five years. Under certain conditions, which are not at the discretion of the issuer and the convertible bond holder, early conversion of the bond is possible. If the conversion right is not exercised, the convertible bond will be repaid at its nominal value on June 20, 2024. Interest will be paid annually on June 20 until the conversion right is exercised or the borrowing is repaid. The effective interest rate of the financial liability at the time of receipt is 1.5376 % per annum. The detailed breakdown of the nominal volume and the transaction costs to liabilities and equity is shown below:

T€	
Nominal value convertible bond	400,000
of which liability component at date of issue	365,737
of which equity component	34,263
Transactions costs	– 2,938
of which liability component at date of issue	– 2,687
of which equity component	– 251
Net revenue	**397,062**
of which liability component at date of issue	363,050
of which equity component	34,012

T€	December 31, 2017
Liability component at date of issue	363,050
Interest growth and amortized transaction costs	2,668
Liability component at the end of the reporting period	**365,718**

The equity component is recognized as part of the capital reserve (see note 26).

In this fiscal year, loans with a nominal value of € 45.0 million (December 31, 2016: € 5.0 million) were drawn from the revolving credit facility EUR. Its volume remains € 300.0 million with a residual term of four years. To date, no use has been made of the option to increase the volume to € 500.0 million.

In addition to this credit line, other bilateral credit lines exist with various banks to cover short-term payment requirements. Accordingly, as of December 31, 2017, Symrise had unutilized lines of credit available totaling € 267.5 million (December 31, 2016: € 307.5 million) and USD 34.6 million (December 31, 2016: USD 40.0 million).

As part of the revolving credit facility, the KfW loan, the US private placement and the EIB loan, Symrise has entered into an obligation to keep the relationship between net debt and a contractually defined EBITDA (leverage covenant, see note 28) within defined limits. This ratio is reviewed on a quarterly basis for compliance and was consistently observed as in the previous year.

Borrowings contain carrying amounts in foreign currencies (USD, CAD) totaling € 205.8 million (December 31, 2016: € 251.3 million).

	Maturity date	Nominal interest rate		Nominal amount in issue currency (T)
Symrise AG				
Revolving credit facility EUR*	May 2021	0.45%	Euribor + 0.45%	45,000 EUR
EIB loan	April 2020	2.59%	fixed	40,909 USD
KfW loan	September 2019	1.45%	fixed	5,866 EUR
Eurobond 2014	July 2019	1.75%	fixed	500,000 EUR
Convertible bond	June 2024	0.24%	fixed	400,000 EUR
US private placement	November 2020	4.09%	fixed	175,000 USD
Promissory note loan (5Y)	December 2020	0.91%	fixed	122,500 EUR
Promissory note loan (5Y)	December 2020	0.70%	Euribor + 0.70%	38,500 EUR
Promissory note loan (7Y)	December 2022	1.34%	fixed	224,000 EUR
Promissory note loan (7Y)	December 2022	0.85%	Euribor + 0.85%	37,500 EUR
Promissory note loan (10Y)	December 2025	1.96%	fixed	67,500 EUR
Promissory note loan (10Y)	December 2025	1.10%	Euribor + 1.10%	10,000 EUR
Probi AB, Sweden				
Revolving credit facility USD*	June 2019	3.09%	Libor + 1.40%	21,500 USD
Ecuaprotein SA, Ecuador				
Shareholder loan	September 2020	5.00%	fixed	3,988 USD
Term loan	December 2018	8.00%	fixed	301 USD
Diana Food Inc., Canada (previously Nutra Canada Inc.)				
Promotional loan	April 2023	0.00%	fixed	2,606 CAD
Symrise Inc., USA				
Revolving credit facility USD*	January 2018	4.75%	Libor + 1.50%	2,159 USD
Diana US Inc., USA				
Promotional loan	June 2019	0.00%	fixed	995 USD
Scelta Umami BV, Netherlands				
Term loan	September 2029	5.50%	fixed	667 EUR
Octopepper SAS, France				
Promotional loan	January 2022	4.90%	fixed	264 EUR
Term loan	December 2020	2.40%	fixed	279 EUR
Spécialités Pet Food SAS, France				
Promotional loan	June 2025	0.00%	fixed	503 EUR
Other borrowings				364 EUR

*The respective credit line used is stated as the nominal amount.

23. OTHER CURRENT NON-FINANCIAL LIABILITIES

T€	December 31, 2016 adjusted*	December 31, 2017
Employee-related liabilities	78,382	78,553
Other taxes	20,838	20,638
Liabilities to customers	21,638	20,259
Taxes on wages/salaries, social security contributions and other social benefits	15,049	15,965
Miscellaneous other liabilities	16,878	20,506
Total	**152,785**	**155,921**

* Regarding the details of the adjustment, please refer to note 2.1.

Employee-related liabilities mainly contain annual bonuses and other bonuses as well as accruals for unused vacation time. Other taxes mainly consist of obligations for value-added taxes. Liabilities to customers contain accruals for rebates and bonuses as well as credits to customers.

Miscellaneous other current liabilities mainly derive from diverse administration, selling and marketing expenses that arise during the normal course of operations.

24. OTHER CURRENT AND NON-CURRENT PROVISIONS

T€	Personnel provisions	Provisions for restoration obligations	Provisions for litigation	Miscellaneous other provisions	Total
January 1, 2017	**25,268**	**3,782**	**2,721**	**5,085**	**36,856**
of which non-current	14,483	3,633	1,865	2,481	**22,462**
Change to the scope of consolidation	107	–	–	–	**107**
Increases	1,529	1,475	2,545	1,226	**6,775**
Utilization	– 4,888	–	– 506	– 1,390	**– 6,784**
Reversals	– 949	– 110	– 459	– 854	**– 2,372**
Interest expenses	487	105	107	8	**707**
Exchange rate differences	– 687	– 448	– 360	– 289	**– 1,784**
December 31, 2017	**20,867**	**4,804**	**4,048**	**3,786**	**33,505**
of which non-current	11,966	4,773	2,955	1,379	**21,073**

The personnel provisions mainly comprise those for jubilees (€ 12.0 million; December 31, 2016: € 12.2 million) and for termination benefits (€ 3.9 million; December 31, 2016: € 3.8 million). The jubilee obligations were discounted using an interest rate of 1.7 % in the fiscal year compared to 1.6 % last 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 originated. We generally assume 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 in Latin America and France. All of these legal disputes are minor and will have no significant influence on Symrise AG's economic situation.

Miscellaneous other provisions do not contain any material items, which is why a separate disclosure was not provided. We expect that the cash outflow for all current provisions will take place within the next few months and by the end of the year 2018 at the very latest.

25. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Individual companies have established pension plans that are either financed directly 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, and 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, onwards. 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 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 onwards 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 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, onwards, 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 onwards. Under the terms of this arrangement, the employee pays 2 % of his remuneration in the form of deferred gross compensation to the RPK (mandatory contribution); the organization makes a top-up contribution of the same amount. Voluntary contributions are also possible and are also made in the same amount by the organization. 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. 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, 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:

	Present value of defined benefit obligations		Fair value of plan assets		Net defined benefit liability	
T€	2016	2017	2016	2017	2016	2017
January 1	**486,554**	**566,425**	**– 41,902**	**– 43,873**	**444,652**	**522,552**
Recognized in income statement						
Current service cost	15,032	17,291	–	–	15,032	17,291
Interest expense (+)/interest income (–)	12,652	10,504	– 1,417	– 1,444	11,235	9,060
Recognized in other comprehensive income						
Remeasurements						
Actuarial gains/losses						
arising from changes in demographic assumptions	1,068	– 4,512	–	–	1,068	– 4,512
arising from changes in financial assumptions	59,169	2,777	–	–	59,169	2,777
arising from experience-based adjustments	4,459	– 2,926	–	–	4,459	– 2,926
Return on plan assets (excluding amounts included in net interest)	–	–	– 827	– 3,915	– 827	– 3,915
Exchange rate differences	2,032	– 9,139	– 1,486	5,228	546	– 3,911
Other						
Employer contributions	–	–	– 548	– 1,477	– 548	– 1,477
Benefits paid	– 14,541	– 14,783	2,307	3,212	– 12,234	– 11,571
December 31	**566,425**	**565,637**	**– 43,873**	**– 42,269**	**522,552**	**523,368**
of which pension plans	553,776	554,095	– 43,873	– 42,269	509,903	511,826
of which post-employment healthcare benefits	12,649	11,542	–	–	12,649	11,542

As of the end of the year under review, the entire present value of the defined benefit obligation contains T€ 315,304 for active employees (December 31, 2016: T€ 323,955), T€ 48,483 for former employees with vested claim entitlements (December 31, 2016: T€ 50,658) and T€ 201,850 for retirees and their dependents (December 31, 2016: T€ 191,812). From this entire present value of the defined benefit obligation, T€ 554,346 (December 31, 2016: T€ 554,420) is allocated to vested claims, while the remaining T€ 11,291 (December 31, 2016: T€ 12,005) relates to non-vested claims.

The average weighted term for the present value of the defined benefit obligation from defined benefit plans amounts to a total of 20.0 years (December 31, 2016: 19.5 years). It breaks down with 24.5 years for active employees, 23.5 years for former employees with vested claim entitlements and 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 T€ 56,349 (December 31, 2016: T€ 61,090) 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 T€ 42,269 (December 31, 2016: T€ 43,873) are mainly used for provisions for pensions in the USA (T€ 36,625; December 31, 2016: T€ 38,070) and are invested in pooled separate accounts at the Massachusetts Mutual Life Insurance Company. 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 (fair value hierarchy Level 2). Plan assets also exist in Japan (T€ 5,345; December 31, 2016: T€ 5,517) and India (T€ 299; December 31, 2016: T€ 286). The assets in Japan are deposited at the Japan Master Trust Bank, which invested the assets in Japanese and foreign bonds and shares as of the end of 2017 – 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 effect of this is insignificant (T€ 90) and recognized under remeasurements within return on plan assets. The plan assets in India are deposited in a life insurance policy for which there is no active market for estimating the price. In 2018, Symrise expects contribution payments of T€ 113 (expectation in 2016 for 2017: T€ 141) into the plan assets.

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

T€	December 31, 2016	December 31, 2017
EAME	488,089	493,013
North America	29,106	24,985
Latin America	4,056	4,146
Asia/Pacific	1,301	1,224
Total	**522,552**	**523,368**

The actuarial measurements are based on the following assumptions:

%	2016	2017
Discount rate		
Germany	1.60	1.70
USA	4.02	3.64
Other countries	2.11	2.28
Salary trends		
Germany	2.25	2.25
Other countries	2.99	3.25
Pension trends		
Germany	1.50	1.70
Other countries	2.01	2.01
Medical cost trend rate		
USA	7.20	6.70
Other countries	8.25	8.76

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 2005 G by Prof. Dr. Klaus Heubeck. The Mass Mutual Plan in the USA is based on the reference table RP 2014 employee and retiree mortality. All other actuarial measurements outside of Germany are based on country-specific mortality tables.

The present value of the defined benefit obligation is dependent on the previously mentioned actuarial assumptions. The following table shows what the present value as of the respective reporting date 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	
T€	2016	2017	2016	2017
Discount rate	– 98,788	– 102,232	130,645	134,085
Salary trends	15,749	19,991	– 14,507	– 17,666
Pension trends	70,573	68,427	– 58,545	– 56,869
Medical cost trend rate	1,624	1,410	– 1,334	– 1,162

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 to the mortality rate results in an increase of life expectancy and is dependent 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 T€ 21,614 (December 31, 2016: T€ 21,236). In comparison, a 10.0 % reduction results in an increase of the present value of the defined benefit obligation by T€ 23,743 (December 31, 2016: T€ 23,604).

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	
T€	2016	2017	2016	2017
Medical cost trend rate	84	76	– 67	– 61

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.

26. EQUITY

SHARE CAPITAL

The share capital of Symrise AG continues to amount to € 129,812,574 and is fully paid in. It is divided into 129,812,574 no-par-value shares, each with a calculated nominal share value of € 1.00 per share.

AUTHORIZED CAPITAL

The Executive Board is authorized, subject to the consent of the Supervisory Board, to increase the share capital of the company until May 11, 2020, by up to € 25,000,000 through one or more issuances of new, no-par-value shares against contribution in cash and/or in kind. The new shares may be underwritten by one or more financial institutions determined by the Executive Board in order for such shares to be offered to the shareholders (indirect subscription right). The Executive Board is authorized, subject to the consent of the Supervisory Board, to exclude the subscription rights of existing shareholders in the following instances:

- In the case of capital increases in return for assets in kind to grant shares for the purpose of acquiring companies, parts of companies or share interests in companies;

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

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

- To exclude fractional amounts from subscription rights;

- In the case of capital increases against cash contribution, if, at the time of the final determination of the issue price by the Executive Board, the issue price of the new shares is not significantly – within the meaning of Section 203 (1) and (2) of the German Stock Corporation Act (AktG) and Section 186 (3), Sentence 4 of the German Stock Corporation Act – lower than the stock market price of shares already traded on the stock exchange of the same type and with the same attributes and the aggregate amount of the new shares for which subscription rights are excluded does not exceed 10 % of the share capital either at the time this authorization comes into force or at the time this authorization is exercised. This restriction is to include shares that were or will be sold or issued without subscription rights during the period of validity of this authorization, up to the time of its exercise, by reason of other authorizations in direct or corresponding application of Section 186 (3) sentence 4 of the German Stock Corporation Act.

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

ACQUISITION OF TREASURY STOCK

The Executive Board is authorized until May 11, 2020, to purchase treasury shares amounting up to 10 % of the current share capital. The purchased shares together with other treasury shares that are held by the company or are attributed to it according to Section 71a et seqq. of the German Stock Corporation Act may not at any time exceed 10 % of the share capital existing at the time of the resolution. The authorization must not be used for the trade of treasury shares.

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

- The Executive Board has the choice of making the acquisition either through the stock exchange or in the form of a published purchase offer, or respectively, in the form of a published request for tender of such an offer.
  - If the acquisition of shares is made through the stock exchange, the consideration per share paid by the company (excluding ancillary acquisition costs) may not exceed or undercut the opening auction price quoted on the Xetra trading system (or a comparable replacement system) on the day of the stock exchange trading by more than 5 %.
  - If the acquisition is made in the form of a published purchase offer, or in the form of a published request for tender of a purchase offer, the purchase price offered per share, or the limits of the purchase price spread per share (excluding ancillary acquisition costs), may not exceed or undercut the average closing price quoted on the Xetra trading system (or a comparable replacement system) on the last three stock exchange trading days before the date of publication of the offer, or respectively, the date of publication of a request for tender of a purchase offer by more than 10 %. If, following publication of the purchase offer, or respectively, following publication for tender of a purchase offer, significant fluctuations occur in the applicable reference price, then an adjustment may be made to the offer, or respectively, to the request for tender of such an offer. In such circumstances, reference will be made to the average price of the last three stock exchange trading dates before publication of any potential adjustment. The purchase offer, or respectively, the request for tender of such an offer may include further conditions. Inasmuch as the offer is oversubscribed, or respectively, in the case of a request for tender of an offer, inasmuch as not all equivalent offers can be accepted, then acceptance must occur on a quota basis. Preferential acceptance of small quantities of up to 100 shares on offer is permissible.

- The Executive Board is authorized to use company shares that are acquired on the basis of this authorization for all permitted legal purposes but especially for the following purposes:
  - The shares may be redeemed without the necessity of the redemption or its execution being authorized by a further resolution of a general meeting of shareholders. In a simplified procedure, they may be redeemed without a formal reduction in capital by adjustment of the proportional amount applicable to the remaining no-par-value shares making up the company's share capital. The redemption may be limited to only a portion of the shares acquired. The authorization for redemption of shares may be invoked repeatedly. If the redemption is performed using the simplified procedure, then the Executive Board is authorized to adjust the number of no-par-value shares contained in the company's articles of incorporation.
  - The shares may also be sold by means other than through the stock exchange or an offer to the shareholders if the shares are disposed of against cash contribution at a price that is not significantly lower than the quoted stock exchange price at the time of disposal for shares of the same type.
  - The shares may be sold in consideration for contributions in kind, particularly in connection with the acquisition of other entities, parts of entities or investments in entities as well as in connection with business mergers.

- The authorizations listed also cover the disposition of company shares that are acquired pursuant to Section 71d sentence 5 of the German Stock Corporation Act.

- The authorizations listed may be made use of singly or repeatedly, wholly or partly, individually or jointly; the authorizations may also be made use of by entities dependent on the company, or by entities that are owned in the majority by the company, or for their account, or for the account of third parties acting on behalf of the company.

- Shareholder subscription rights in respect of this treasury stock are excluded to the extent that these shares are disposed of in accordance with the aforementioned authorization.

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

CONDITIONAL CAPITAL

The company's share capital has been conditionally increased by up to € 20,000,000 through the issue of up to 20,000,000 new no-par value bearer shares. The conditional capital increase shall only be implemented to the extent that the holders of convertible bonds issued for cash or of warrants from option bonds issued for cash by the company or a Group company up until May 16, 2022, on the basis of the authorization granted to the Executive Board by the Annual General Meeting of May 17, 2017, exercise their conversion or option rights, or fulfill their obligations for exercising the option/conversion rights, or the company exercises its right to grant bondholders shares in the company in full or partial settlement of the cash amount that has become due, and as long as no other forms of settlement are used (conditional capital 2017). The new shares shall participate in the profits from the start of the fiscal year in which they are issued.

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

CAPITAL RESERVE AND OTHER RESERVES

Previously, the capital reserve mainly comprised the share premium that arose at the time of the capital increase that was carried out as part of the initial public offer as well as the two capital increases performed in the 2014 fiscal year. It increased from € 1,375,957,215 to € 1,405,084,800 as a result of the convertible bond issue on December 31, 2016. The change resulted from the equity component of € 34,263,319 less the transaction costs of € 251,683 and the related taxes of € 72,988. In addition, the equity component recognized in the capital reserves decreases by the amount of deferred tax liabilities of € 4,957,039, which is attributable to the temporary difference.

Included in the reserve for remeasurements (pensions) are actuarial gains and losses from the change in present value of the defined benefit obligation, 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 fiscal year 2017, there were significant effects from the translation of US Dollars into Euros. The adjustment to the financial statements required by IAS 29 for companies whose functional currency is one from a country with hyperinflation is also included in cumulative translation differences. The subsidiary in Venezuela was specifically affected by the adjustments pursuant to IAS 29. The financial statements for this company are mainly based on the concept of historical cost. In 2017, these again needed to be adjusted due to changes in the general purchasing power of the functional currency and are therefore expressed in the measuring unit valid at the end of the reporting period. As in the previous year, no official inflation rates had been published as of December 31, 2017. For the preparation of the consolidated financial statements, we have therefore once again used the information from the "International Monetary Fund (IMF) – World Economic Outlook," which we consider to be the best estimate available. Accordingly, a change in general purchasing power of 652.7 % is assumed for 2017. The effect of the adjustment on the income statement is negligible. No adjustments were necessary in Argentina during the past fiscal year. However, we continue to keep a close eye on developments on the situation.

Other reserves contain the revaluation reserve, the fair value reserve and the cash flow hedge reserve. The revaluation reserve results from acquisitions in stages made in the past. The fair value reserve comprises changes in the value of financial instruments that have been allocated to the "financial assets available for sale" category. 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 profit or loss for the period did not occur in 2017.

RECONCILIATION OF EQUITY COMPONENTS AFFECTED BY OTHER COMPREHENSIVE INCOME

2016 adjusted* T€	Reserve for remeasurements (pensions)	Cumulative translation differences	Other reserves	Total other comprehensive income of Symrise AG shareholders	Non-controlling interests	Total other comprehensive income
Exchange rate differences resulting from the translation of foreign operations						
Exchange rate differences that occurred during the fiscal year	–	– 4,141	–	**– 4,141**	294	**– 3,847**
Gains/losses from net investments	–	2,807	–	**2,807**	–	**2,807**
Reclassification to the consolidated income statement	–	1,878	–	**1,878**	–	**1,878**
Financial assets available for sale	–	–	5	**5**	–	**5**
Cash flow hedge (currency hedges)						
Gains/losses recorded during the fiscal year	–	–	– 1,118	**– 1,118**	15	**– 1,103**
Reclassification against goodwill	–	–	507	**507**	–	**507**
Reclassification to the consolidated income statement	–	–	477	**477**	–	**477**
Remeasurement of defined benefit pension plans	– 45,244	–	–	**– 45,244**	–	**– 45,244**
Change in tax rate	–	–	– 3	**– 3**	–	**– 3**
Other comprehensive income	**– 45,244**	**544**	**– 132**	**– 44,832**	**309**	**– 44,523**

* Regarding the details of the adjustment, please refer to note 2.1.

2017 T€	Reserve for remeasurements (pensions)	Cumulative translation differences	Other reserves	Total other comprehensive income of Symrise AG shareholders	Non-controlling interests	Total other comprehensive income
Exchange rate differences resulting from the translation of foreign operations						
Exchange rate differences that occurred during the fiscal year	–	– 146,445	–	**– 146,445**	– 5,847	**– 152,292**
Gains/losses from net investments	–	– 4,753	–	**– 4,753**	–	**– 4,753**
Financial assets available for sale	–	–	17	**17**	–	**17**
Cash flow hedge (currency hedges)						
Gains/losses recorded during the fiscal year	–	–	1,824	**1,824**	151	**1,975**
Reclassification to the consolidated income statement	–	–	– 922	**– 922**	– 180	**– 1,102**
Remeasurement of defined benefit pension plans	6,042	–	–	**6,042**	–	**6,042**
Change in tax rate	– 3,192	– 103	–	**– 3,295**	–	**– 3,295**
Other comprehensive income	**2,850**	**– 151,301**	**919**	**– 147,532**	**– 5,876**	**– 153,408**

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 unappropriated profit calculated in accordance with the rules of German Commercial Code (HGB) and presented in the annual financial statements of Symrise AG. At the Annual General Meeting held on May 17, 2017, a resolution was passed to distribute a dividend for the 2016 fiscal year of € 0.85 for each ordinary share with a dividend entitlement (2015: € 0.80); the total amount of the dividend was T€ 110,341 (2015: T€ 103,850).

The Executive Board and the Supervisory Board recommend a dividend of € 0.88 per share based on Symrise AG's unappropriated net profit under commercial law as of December 31, 2017. This amounts to dividends of T€ 114,235.

NON-CONTROLLING INTERESTS

This item contains the shareholdings of third parties in Group companies. The changes in other comprehensive income relating to non-controlling interests stem mostly from currency translation.

27. NON-CONTROLLING INTERESTS

The non-controlling interests mainly relate to the Probi Group. As of the end of the reporting period, Symrise holds 51.40 % of the shares of Probi Group, i.e., the shares attributable to non-controlling interests amount to 48.60 %. Their proportion of net income in 2017 amounted to T€ 2,876 (2016 adjusted: T€ 5,414); the carrying amount as of December 31, 2017, was T€ 44,654 (December 31, 2016 adjusted: T€ 48,106). Dividends of T€ 575 were distributed to the non-controlling interests in 2017 (2016: T€ 468). The following table contains the summarized financial information on the Probi Group:

T€	December 31, 2016 adjusted*	December 31, 2017
Current assets	30,446	35,309
Non-current assets	107,681	87,592
Current liabilities	32,605	26,782
Non-current liabilities	7,038	1,866
Sales	46,406	63,546
Net income	11,141	6,681
Other comprehensive income	275	– 5,753

* Regarding the details of the adjustment, please refer to note 2.1.

28. 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, 2017.

With an equity ratio (equity attributable to shareholders of Symrise AG in relation to total equity and liabilities) of 36.6 % (December 31, 2016: 35.2 %), Symrise has a solid capital structure. One of Symrise's fundamental principles 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:

T€	December 31, 2016	December 31, 2017
Borrowings	1,749,881	1,627,738
Cash and cash equivalents	– 301,648	– 229,505
Net debt	**1,448,233**	**1,398,233**
Provisions for pensions and similar obligations	522,552	523,368
Net debt including provisions for pensions and similar obligations	**1,970,785**	**1,921,601**

The evaluation of compliance with the leverage covenants for the current and non-current borrowings is performed on the basis of the specifications in the various credit agreements. The evaluation to determine the leverage covenants uses the ratio of net debt to the contractually defined EBITDA of the last 12 months. This results in a ratio of net debt/EBITDA of 2.2. The non-relevant leverage for the credit agreements regarding net debt including provisions for pensions and similar obligations/EBITDA amounts to 3.0.

We focus on a capital structure that allows us to cover our future potential financing needs at reasonable conditions by way of the capital markets. This provides us with a guaranteed high level of independence, security and financial flexibility. We will continue our attractive dividend policy and give our shareholders an appropriate share in the company's success. Furthermore, it should be ensured that solid financing options exist for acquisition opportunities.

The average interest rate for liabilities (including provisions for pensions and similar obligations) was 2.1 % (2016: 2.3 %).

Neither the company itself nor its subsidiaries are subject to externally imposed capital requirements.

29. ADDITIONAL DISCLOSURES ON THE STATEMENT OF CASH FLOWS

In accordance with IAS 7, the consolidated statement of cash flows for the reporting year 2017 and the previous year shows the development of cash flows separated into cash inflows and outflows deriving from operating, investing and financing activities. Cash flows 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."

CASH FLOW FROM OPERATING ACTIVITIES

Other non-cash expenses and income mainly contain non-cash currency translation effects.

CASH FLOW FROM INVESTING ACTIVITIES

In addition to subsequent purchase price payments of T€ 8,186 for the Pinova Group acquired in 2016, payments for business combinations (T€ 22,290) include the purchase price components due immediately for the 2017 acquisition of the Cobell Group amounting to TGBP 11,375 (T€ 12,946) and the acquisition of further shares in the formerly associated company Octopepper SAS amounting to T€ 1,929 minus cash and cash equivalents acquired (T€ 771).

The proceeds from the sale of a subsidiary (T€ 6,527) relate to the sale of Pinova Inc. in December 2016 and result from the subsequent adjustment of a variable purchase price component (TUSD 5,035 or T€ 4,445), which is based on a working capital clause, as well as from the transfer of a first installment of the balance held in the fiduciary account (TUSD 2,500 or T€ 2,082).

CASH FLOW FROM FINANCING ACTIVITIES

Dividends of T€ 110,341 were paid to the shareholders of Symrise AG (2016: T€ 103,850), the remaining amount (T€ 3,086; 2016: T€ 4,268) was paid to non-controlling interests of subsidiaries.

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

T€	Current borrowings	Non-current borrowings	Lease liabilities	Total liabilities from financing activities
January 1, 2017	**536,336**	**1,213,545**	**7,143**	**1,757,024**
Cash-effective change	– 497,932	362,637	– 1,707	**– 137,002**
Non-cash-effective change	50,570	– 37,418	411	**13,563**
Change to the scope of consolidation	3,956	1,068	130	**5,154**
Transfers	16,616	– 16,616	0	**0**
Accrued interest	34,485	4,267	283	**39,035**
Exchange rate differences	– 4,487	– 26,137	– 2	**– 30,626**
of which with effect on other comprehensive income	– 733	– 689	– 2	**– 1,424**
of which with effect on profit or loss (financial result)	– 3,754	– 25,448	0	**– 29,202**
December 31, 2017	**88,974**	**1,538,764**	**5,847**	**1,633,585**

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

INFORMATION ON FINANCIAL INSTRUMENTS ACCORDING TO CATEGORY

		Value recognized under IAS 39			
December 31, 2016 adjusted* T€	Carrying amount	Amortized cost	Fair value in other comprehensive income	Fair value in profit or loss	Fair value
TOTAL ASSETS					
Loans and receivables (LaR)	**866,826**	**866,826**	**–**	**–**	**866,826**
Cash and cash equivalents	299,396	299,396	–	–	299,396
Trade receivables	528,353	528,353	–	–	528,353
Other financial assets	39,077	39,077	–	–	39,077
Financial assets available for sale (AfS)	**14,549**	**–**	**14,549**	**–**	**14,549**
Cash and cash equivalents	2,252	–	2,252	–	2,252
Securities	12,283	–	12,283	–	12,283
Other financial assets	14	–	14	–	14
Financial assets held for trading (FAHfT)	**1,233**	**–**	**–**	**1,233**	**1,233**
Derivative financial instruments without hedge relationship	1,233	–	–	1,233	1,233
Derivative financial instruments with hedge relationship (n.a.)	**115**	**–**	**115**	**–**	**115**
LIABILITIES AND EQUITY					
Financial liabilities at amortized cost (FLAC)	**2,019,770**	**2,019,770**	**–**	**–**	**2,067,637**
Trade payables	254,383	254,383	–	–	254,383
Borrowings	1,749,881	1,749,881	–	–	1,797,748
Other financial liabilities	15,506	15,506	–	–	15,506
Financial liabilities held for trading (FLHfT)	**966**	**–**	**–**	**966**	**966**
Derivative financial instruments without hedge relationship	966	–	–	966	966
Derivative financial instruments with hedge relationship (n.a.)	**741**	**–**	**741**	**–**	**741**
Liabilities from finance leases (n.a.)	**7,143**	**–**	**–**	**–**	**7,638**

* Regarding the details of the adjustment, please refer to note 2.1.

December 31, 2017 T€	Carrying amount	Amortized cost	Fair value in other comprehensive income	Fair value in profit or loss	Fair value
		Value recognized under IAS 39			
TOTAL ASSETS					
Loans and receivables (LaR)	**811,009**	**811,009**	**–**	**–**	**811,009**
Cash and cash equivalents	229,505	229,505	–	–	229,505
Trade receivables	557,436	557,436	–	–	557,436
Other financial assets	24,068	24,068	–	–	24,068
Financial assets available for sale (AfS)	**5,465**	**–**	**5,465**	**–**	**5,465**
Securities	3,765	–	3,765	–	3,765
Other financial assets	1,700	–	1,700	–	1,700
Financial assets held for trading (FAHfT)	**1,560**	**–**	**–**	**1,560**	**1,560**
Derivative financial instruments without hedge relationship	1,560	–	–	1,560	1,560
Derivative financial instruments with hedge relationship (n.a.)	**542**	**–**	**542**	**–**	**542**
LIABILITIES AND EQUITY					
Financial liabilities at amortized cost (FLAC)	**1,909,557**	**1,909,557**	**–**	**–**	**2,004,299**
Trade payables	276,229	276,229	–	–	276,229
Borrowings	1,627,738	1,627,738	–	–	1,722,480
Other financial liabilities	5,590	5,590	–	–	5,590
Financial liabilities held for trading (FLHfT)	**939**	**–**	**–**	**939**	**939**
Derivative financial instruments without hedge relationship	939	–	–	939	939
Derivative financial instruments with hedge relationship (n.a.)	**8**	**–**	**8**	**–**	**8**
Liabilities from finance leases (n.a.)	**5,847**	**–**	**–**	**–**	**6,110**

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.

Securities classified as available-for-sale are allocated to Level 1 and other financial assets to Level 3. Other financial assets mainly include an investment acquired in 2017, the fair value of which amounts to T€ 1,686 as of the reporting date. The valuation and thus the present value of the expected benefit from this investment is based on a discounted cash flow calculation. Non-observable input factors were based on a weighted average cost of capital of 9.6 % and a long-term growth rate of 1.0 %. Due to a lack of materiality, a sensitivity analysis was not performed.

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 of borrowings and liabilities arising from finance leases 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). These fair values are therefore classified in Level 2 of the fair value hierarchy.

Due to the fact that most of the financial instruments are short-term in nature, their carrying amounts, except for borrowings and liabilities from finance leases, are only immaterially different from their fair values.

There were no transfers between Levels 1 and 2 during the period under review. The determination of fair values is unchanged.

In the first half of 2017, a financial asset that had been completely written-off as of December 31, 2016, was sold. This resulted in a gain from the sale amounting to T€ 217 , which was recognized under other financial income.

NET GAINS AND LOSSES ACCORDING TO VALUATION CATEGORY

T€	2016	2017
Loans and receivables (LaR)	11,994	– 24
Financial assets and liabilities held for trading (FAHfT and FLHfT)	– 1,323	2,983
Financial assets available for sale (AfS)	– 1,359	41
Financial liabilities at amortized cost (FLAC)	– 50,405	– 13,759
Total	**– 41,093**	**– 10,759**

Changes in the value of assets categorized as loans and receivables, which were measured at amortized cost, are primarily due to exchange rates. The same applies to financial liabilities measured at amortized cost. In addition to the development of the Egyptian Pound, the main reason for these changes was the development of the US Dollar.

The net interest result of the two categories named above, e.g. for financial assets and liabilities that were not recognized at fair value through profit or loss, amounted to € – 31.3 million in 2017 (2016: € – 38.4 million).

OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and liabilities, which were 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.

As in the previous year, the amounts offset in connection with recognized financial instruments are immaterial, due to the large variety of transactions with various counterparties.

31. 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 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 product 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 have 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:

2016	Nominal	of which fixed	of which variable	of which unhedged	1.0 percentage point increase
T€	1,495,573	1,284,573	211,000	211,000	2,110
TUSD	263,543	238,543	25,000	25,000	250

2017	Nominal	of which fixed	of which variable	of which unhedged	1.0 percentage point increase
T€	1,452,943	1,321,651	131,292	131,292	1,313
TUSD	244,852	221,193	23,659	23,659	237

An increase to all relevant interest rates of one percentage point would have resulted in T€ 1,511 less net income as of December 31, 2017 (December 31, 2016: T€ 2,347). A further decline in the interest rates would have had no material effect on net income due to provisions on negative interest rates stipulated in the credit agreements. The sensitivity of equity toward interest rate changes is of an immaterial extent.

CURRENCY RISK

Due to its global activities, Symrise is exposed to two types of currency risk. **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.

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 translation of items recognized in the statement of financial position of these companies that are caused by currency fluctuations are disclosed in Group equity. The resulting risks are not hedged.

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. We use currency forward contracts to hedge currency risk resulting from primary financial instruments and from planned transactions primarily in US Dollars.

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 equity. 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 resulted primarily in relation to the US Dollar, both for this fiscal year and the previous year. The foreign currency risk before hedging transactions amounted to USD 76.7 million as of the reporting date (December 31, 2016: USD 109.0 million). The decrease mainly resulted from a lower level of internal Group borrowings in US Dollars, which were largely secured via currency forward contracts.

T€	2016	2017
Sensitivity from a value increase/decrease in the EUR as compared to the USD of +/− 10%		
Impact on profit/loss	+/− 6,188	+/− 5,387
Impact on equity	−/+ 2,057	−/+ 2,709
Total	**+/− 4,131**	**+/− 2,678**

Derivative financial instruments were used to reduce currency risk.

Currency forward contracts with positive market values amounted to T€ 2,102 as of the end of the reporting period (December 31, 2016: T€ 1,348), while currency forward contracts with negative market values totaled T€ 99 (December 31, 2016: T€ 1,083).

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 30 as well as in the notes on liquidity risk.

Symrise does not expect the withdrawal of the United Kingdom from the European Union to have a significant impact on the Group as the Group companies based in the United Kingdom have their own production facilities and primarily sell their products to local customers. In addition, the acquisition of the Cobell Group has strengthened Symrise's presence in the British beverages market and opened up greater potential for British customers. All key financing contracts are made with Symrise AG and are not subject to British law.

LIQUIDITY RISK

The liquidity risk – i.e., 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 12-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 22.

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:

2016 adjusted* T€	Carrying amount	Expected outgoing payments	Maturity dates for expected payments: up to 1 year	over 1 year to 5 years	over 5 years
Borrowings	1,749,881	1,857,270	565,997	941,778	349,495
Trade payables	254,383	254,383	254,383	0	0
Other non-derivative financial obligations	15,506	15,506	10,038	5,468	0
Liabilities from finance leases	7,143	7,143	1,380	3,454	2,309

* Regarding the details of the adjustment, please refer to note 2.1.

2017 T€	Carrying amount	Expected outgoing payments	Maturity dates for expected payments: up to 1 year	over 1 year to 5 years	over 5 years
Borrowings	1,627,738	1,736,407	106,463	1,144,956	484,988
Trade payables	276,229	276,299	276,299	0	0
Other non-derivative financial obligations	5,590	5,590	5,152	438	0
Liabilities from finance leases	5,847	5,847	1,087	3,074	1,686

The fair value and the expected incoming and outgoing payments from derivative financial assets and liabilities are presented in the following table. The terms of the currency forward contracts generally cover twelve months. The interest and currency swaps have terms lasting until September 2018 at the latest.

T€	2016	2017
Currency forward contracts		
Assets	1,348	2,102
Liabilities	1,083	99
Expected incoming payments	71,370	69,410
Expected outgoing payments	71,105	67,407
Interest and currency swaps		
Liabilities	624	848
Expected incoming payments	30,062	19,436
Expected outgoing payments	30,556	20,257

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 his 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. Due to 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.

We only enter into financial contracts for cash investments with banks with an investment grade and that we consistently monitor. 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 the financial assets represent the maximum credit risk.

32. LEASE AGREEMENTS

OPERATING LEASE AGREEMENTS AS LESSEE

Payment obligations for operating leases mainly relate to agreements that were concluded for land and buildings as well as vehicles. They occasionally contain renewal options or price escalation clauses but rarely include purchase options and no contingent rent. In the current fiscal year, payments for leases recognized as expenses amount to € 21.8 million (2016: € 19.0 million).

The future net cash outflows from operating leases are phased as follows:

T€	2016	2017
Up to one year	15,773	18,314
Longer than one year and up to five years	38,443	44,679
Longer than five years	24,546	27,880
Total	**78,762**	**90,873**

FINANCE LEASE AGREEMENTS AS LESSEE

The net carrying amount of the assets accounted for as of the reporting date was € 6.3 million (December 31, 2016: € 9.5 million; see notes 18 and 19) and mainly contains buildings as well as land used as part of leaseholds. Details on the future minimum lease payments for the finance lease agreements are shown in the following table arranged according to maturity:

			2016
T€	Minimum lease payments	Interest	Present value of minimum lease payments
Up to one year	1,625	245	1,380
Longer than one year and up to five years	4,227	773	3,454
Longer than five years	2,436	127	2,309
Total	**8,288**	**1,145**	**7,143**

			2017
T€	Minimum lease payments	Interest	Present value of minimum lease payments
Up to one year	1,306	219	1,087
Longer than one year and up to five years	3,682	608	3,074
Longer than five years	1,726	40	1,686
Total	**6,714**	**867**	**5,847**

The terms of the lease agreements are between four and twelve years. No agreements on contingent rent were made. For more information on fair value, see note 30.

33. 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 diverse 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. We set up provisions for such cases where we see a probability of an obligation arising 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, we have set up a provision of € 4.0 million. We are currently of the opinion that all the lawsuits and proceedings brought against us, both individually and as a whole, will have no material negative influence on our business operations, net assets, financial position and results of operations. The recognized provisions are neither individually nor collectively material. 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 our insurance services and that could therefore have material effects on our business and its results. Many of our processes are, however, covered by insurance benefits relating to our product liability insurance.

OTHER FINANCIAL OBLIGATIONS

As of December 31, 2017, the Group has obligations to purchase property, plant and equipment amounting to € 58.1 million (December 31, 2016: € 65.5 million). This mainly relates to production facilities and laboratory and office equipment. Most are due during the course of 2018. Other obligations amounting to € 147.4 million (December 31, 2016: € 150.0 million) exist from not yet fulfilled commitments for purchases of goods.

Symrise AG has service contracts with various providers regarding the outsourcing of its internal IT. Some service contracts already existed in previous years. The remaining total obligation toward these service providers amounts to € 34.7 million (December 31, 2016: € 55.5 million), accounting for extraordinary termination rights. Miscellaneous other financial obligations amounted to € 21.1 million as of December 31, 2017 (December 31, 2016: € 16.6 million) and are mostly obligations from consulting, service and cooperation contracts (€ 13.6 million; December 31, 2016: € 8.0 million).

34. TRANSACTIONS WITH RELATED PARTIES

Consolidated companies 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 were purchased from associated companies in 2017. 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 remuneration report of the management report. In the 2017 fiscal year, members of the Executive and Supervisory Board received the following remuneration:

			2016			2017
T€	Executive Board	Supervisory Board	Total	Executive Board	Supervisory Board	Total
Short-term benefits	3,274	964	**4,238**	5,265	926	**6,191**
Other long-term benefits	429	0	**429**	0	0	**0**
Post-employment benefits	51	0	**51**	58	0	**58**
Total	**3,754**	**964**	**4,718**	**5,323**	**926**	**6,249**

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

T€	2016	2017
Total remuneration for active members		
Executive Board	4,285	5,415
Supervisory Board	964	926
Total remuneration for former members and their surviving dependents		
Executive Board	306	314

Provisions for current pensions and pension entitlements contain contributions of € 12.1 million (December 31, 2016: € 12.0 million) for former members of the Executive Board and € 3.9 million (December 31, 2016: € 3.4 million) for current members of the Executive Board.

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

35. 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, 2017, was more than 1 %. Of the 6.24 % of shares in Symrise AG held by members of the Executive and Supervisory Boards, 6.01 % is held by members of the Supervisory Board while 0.23 % is held by members of the Executive Board.

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

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

37. AUDIT OF FINANCIAL STATEMENTS

The Annual General Meeting of Symrise AG, held on May 17, 2017, appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as auditor for the 2017 fiscal year.

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

T€	2016 KPMG AG	2017 E & Y GmbH
Audit of financial statements	826	718
Other audit assurance services	24	0
Tax advisory services	393	53
Other services	0	57
Total	**1,243**	**828**

A total of € 2.1 million was incurred worldwide in connection with the audit of the financial statements.

38. LIST OF INTERESTS IN ENTITIES

Fully Consolidated Subsidiaries as of December 31, 2017

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 %
Symotion GmbH, Holzminden	100.00 %
Symrise Beteiligungs GmbH, Holzminden	100.00 %
Symrise BioActives GmbH, Hamburg	100.00 %
Symrise IP-Verwaltungs GmbH, Holzminden	100.00 %
Symrise US-Beteiligungs GmbH, Holzminden	100.00 %
Tesium GmbH, Holzminden	100.00 %
France	
Aromatics SAS, Clichy-la-Garenne	100.00 %
Arôme de Chacé SAS, Chacé	100.00 %
Diana Food SAS, Antrain	100.00 %
Diana SAS, Saint Nolff	100.00 %
Diana Trans, Saint Nolff	100.00 %
DianaNova SAS, Rennes	100.00 %
Octopepper SAS, Bordeaux	57.93 %
Société de Protéines Industrielles SNC, Berric	100.00 %
Spécialités Pet Food SAS, Elven	100.00 %
Symrise SAS, Clichy-la-Garenne	100.00 %
Villers SAS, Villers Les Pôts	100.00 %
Rest of Europe	
Cobell International Limited, UK	100.00 %
Cobell Limited, UK	100.00 %
Diana Food Limited, UK	100.00 %
Frut Drinks Limited, UK	100.00 %
OOO Symrise Rogovo, Russia	100.00 %
Probi AB, Sweden	51.40 %
Probi Feed AB, Sweden	51.40 %
Probi Food AB, Sweden	51.40 %
Scelta Umami BV, Netherlands	60.00 %
SPF DIANA Espana SLU, Spain	100.00 %
SPF Hungary Kft, Hungary	99.67 %
SPF RUS, Russia	100.00 %
SPF UK Ltd., UK	60.00 %
Symrise Group Finance Holding 1 BVBA, Belgium	100.00 %
Symrise Group Finance Holding 2 CV, Belgium	100.00 %
Symrise Holding Limited, UK	100.00 %
Symrise Iberica S.L., Spain	100.00 %
Symrise IP-Holding GCV, Belgium	100.00 %
Symrise Kimya Sanayi Ticaret Ltd., Sirketi, Turkey	100.00 %

Rest of Europe (Continuation from page 121)	
Symrise Limited, UK	100.00%
Symrise Luxembourg S.a.r.l., Luxembourg	100.00%
Symrise Spółka z ograniczoną odpowiedzialnością, Poland	100.00%
Symrise S.r.l., Italy	100.00%
Symrise US Holding B.V., Netherlands	100.00%
Symrise Vertriebs GmbH, Austria	100.00%

North America	
Diana Food Canada Inc., Canada	100.00%
Diana Natural Inc., USA	100.00%
Diana US Inc., USA	100.00%
Probi US, Inc., USA	51.40%
SPF Canada – Group Diana Inc., Canada	100.00%
SPF North America Inc., USA	100.00%
SPF USA Inc., USA	100.00%
Symrise Holding Inc., USA	100.00%
Symrise Holding II Inc., USA	100.00%
Symrise Inc., USA	100.00%
Symrise US LLC, USA	100.00%

Latin America	
Aquasea Costa Rica, Costa Rica	100.00%
Confoco SA, Ecuador	100.00%
Diana Food Chile SpA, Chile	100.00%
Diana Pet Food Colombia, Colombia	100.00%
Ecuaprotein SA, Ecuador	53.00%
Spécialités Pet Food SA de CV, Mexico	100.00%
SPF Argentina, Argentina	99.97%
SPF Do Brazil Industria e Comércio Ltda, Brazil	99.99%
Symrise Aromas e Fragrâncias Ltda., Brazil	100.00%
Symrise C.A., Venezuela	100.00%
Symrise Ltda., Colombia	100.00%
Symrise S. de R.L. de C.V., Mexico	100.00%
Symrise S.A., Chile	100.00%
Symrise S.R.L., Argentina	100.00%

Asia and Pacific	
Diana Group Pte Ltd, Singapore	100.00%
Diana Naturals Private Ltd, India	100.00%
P.T. Symrise, Indonesia	100.00%
Probi Asia-Pacific Pte Ltd, Singapore	51.40%
SPF (Chuzhou) Pet Food Co., Ltd, China	100.00%
SPF (Qingdao) Trading Co., Ltd, China	100.00%
SPF Diana (Thailand) Co Ltd, Thailand	51.00%
SPF Diana Australia PTY Ltd, Australia	100.00%
Symrise (China) Investment Co. Ltd., China	100.00%
Symrise Asia Pacific Pte. Ltd., Singapore	100.00%
Symrise Flavors & Fragrances (Nantong) Co. Ltd., China	100.00%
Symrise Holding Pte. Limited, Singapore	100.00%

Asia and Pacific (Continuation from page 122)	
Symrise Inc., Philippines	100.00 %
Symrise K.K., Japan	100.00 %
Symrise Limited, South Korea	100.00 %
Symrise Ltd., Thailand	100.00 %
Symrise Private Limited, India	100.00 %
Symrise Pte. Ltd., Singapore	100.00 %
Symrise Pty. Ltd., Australia	100.00 %
Symrise SDN. BHD, Malaysia	100.00 %
Symrise Shanghai Limited, China	100.00 %

Africa and Middle East	
Futura Labs International S.A.E., Egypt	100.00 %
Origines S.a.r.L., Madagascar	100.00 %
Spécialités Pet Food South Africa (RSA), South Africa	100.00 %
Symrise (Pty) Ltd., South Africa	100.00 %
Symrise Middle East Limited, Dubai	100.00 %
Symrise Nigeria Limited, Nigeria	100.00 %
Symrise Parsian, Iran	100.00 %
Symrise S.A.E., Egypt	100.00 %
Symrise S.a.r.L., Madagascar	100.00 %

Associated Companies as of December 31, 2017

Name and registered office of the entity	Share
Therapeutic Peptides Inc., USA	20.00 %

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

Busiris Vermögensverwaltung GmbH, DrinkStar GmbH, Symrise IP-Verwaltungs GmbH, Symotion GmbH, Symrise US-Beteiligungs GmbH and Tesium GmbH 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 separate annual financial statements pursuant to Section 264 (3) of the German Commercial Code (HGB).

40. CORPORATE GOVERNANCE

The Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG) has been submitted for 2017 and has been made available to shareholders on an ongoing basis through our website www.symrise.com.

41. EVENTS AFTER THE REPORTING PERIOD

BUSINESS COMBINATION OF CITRATUS

With the contract signed on November 24, 2017, Symrise Aromas e Fragrâncias Ltda., Brazil, finalized a purchase agreement for the acquisition of all shares in Citratus Fragrâncias Industria e Comércio Ltda., also a Brazilian company. The closing of this transaction and the acquisition of control occurred on January 17, 2018. Inclusion of the company in the Symrise consolidated financial statements will therefore first occur in the 2018 fiscal year.

Citratus is a manufacturer of perfume oils with development and production facilities in Vinhedo near São Paulo and distribution centers throughout Brazil. With the acquisition of Citratus, Symrise will further strengthen its presence in the emerging markets and become the market leader for smaller and medium-sized customers in Brazil in the Scent & Care segment.

The preliminary purchase price amounts to BRL 92.0 million or € 23.3 million and consists of three components: In addition to the amount due on closing in cash and an amount deposited in a fiduciary account for guarantees and warranties, a variable remuneration component was agreed upon based on EBITDA and on sales generated with selected customers.

The fair value of the assets and liabilities obtained (including contingent liabilities) was not available for this financial statement 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, the following difference results:

TBRL	Carrying amount as of the acquisition date
Cash and cash equivalents	3,003
Trade receivables	6,636
Inventories	6,055
Property, plant and equipment	15,487
Other assets	858
Trade payables	– 2,377
Other liabilities	– 4,835
Acquired net assets	**24,827**
Consideration transferred for acquiring the interests	**91,964**
Goodwill	**67,137**

None of the trade receivables are estimated to be unrecoverable, so that the carrying amount corresponds to the value of the gross amounts due. The goodwill results from synergy and earning potential that are expected from the integration of the operating business into the Symrise Group. No notable transaction costs were incurred for this acquisition in 2017.

Holzminden, Germany, February 15, 2018

Symrise AG

The Executive Board

Dr. Heinz-Jürgen Bertram
Achim Daub
Olaf Klinger

Dr. Jean-Yves Parisot
Heinrich Schaper

Statement of the Executive Board

To the best of our knowledge and in accordance with the applicable reporting principles for financial reporting, 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 15, 2018

Symrise AG

The Executive Board

Dr. Heinz-Jürgen Bertram

Achim Daub

Olaf Klinger

Dr. Jean-Yves Parisot

Heinrich Schaper

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 for the fiscal year from 1 January 2017 to 31 December 2017, and the consolidated statement of financial position as at 31 December 2017, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from 1 January 2017 to 31 December 2017, 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 2017 to 31 December 2017.

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 ["Handelsgesetzbuch": German Commercial Code] 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 2017, and of its financial performance for the fiscal year from 1 January 2017 to 31 December 2017, 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.

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 2017 to 31 December 2017. 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. Since October 2016, the Group has been operated with the segments "Scent & Care," "Flavor" and "Nutrition." This is in line with internal management and the distribution of responsibilities within the Executive Board.

The result of the impairment test performed as of 30 September 2017 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 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. In doing so, we analyzed the planning process and tested the operating effectiveness 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. Our assessment of the results of the impairment tests as of 30 September 2017 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.

We 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 Key Judgments and Estimates as Well as Sources of Estimation Uncertainty" and in note 18 "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 the opportunities and risks associated with ownership of the products have been transferred to the buyer and the amount of revenue to be recognized can be measured reliably. This is usually the case when risks have been transferred on the basis of the agreed Incoterms.

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 IAS 18, 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 the significant opportunities and risks passed to the buyers upon the sale of the products. We analyzed the process implemented by the Executive Board of Symrise AG and the recognition and measurement policies for the recognition of product sales. We tested the operating effectiveness of the controls relating to revenue recognition and the correct cut-off of revenue. We examined whether the significant revenue items for fiscal year 2017 correlate with the corresponding trade receivables and payments received and, based on analytical procedures defined group-wide, analyzed whether the revenue for fiscal year 2017 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 IAS 18 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.

3) ISSUE OF A CONVERTIBLE BOND

Reasons why the matter was determined to be a key audit matter
On 20 June 2017, Symrise AG issued a convertible bond with a nominal value of EUR 400m in units of EUR 0.1m. The bond has a term of seven years and is generally eligible for conversion after a five-year period. Under certain conditions, holders of the convertible bond may be entitled to convert the bond at an earlier date. The holders of the bond receive an annual coupon of 0.2375 %. In accordance with the provisions of IAS 32, the convertible bond was split into equity and debt portions.

Given the materiality of the transaction for the consolidated financial statements, the use of judgment and the complexity of the accounting, we consider the issue of the convertible bond to be a key audit matter in fiscal year 2017.

Auditor's response
During our audit, we considered, based on the criteria defined in IAS 32, the recognition and measurement requirements applied in the consolidated financial statements of Symrise AG in accounting treatment for the convertible bond. Our response primarily addressed the question whether the criteria of IAS 32 are met with regard to the splitting of the convertible bond into debt and equity portions. In particular, we examined whether at the issue date the type and number of equity instruments to be delivered and their amount on the conversion date are fixed and thus the central criterion for presentation as equity under IAS 32 is met. In addition, we obtained an understanding of the Company's assumptions about the conversion date. We subsequently checked the calculation of the amounts recognized in accordance with IAS 32. We also considered the accounting treatment of the transaction costs incurred in connection with the issue of the bond in accordance with IAS 32 and deferred taxes in accordance with IAS 12.

Overall, our procedures relating to the issue of the convertible bond did not lead to any reservations.

Reference to related disclosures
With regard to the recognition and measurement policies applied for the issue of the convertible bond, refer to the disclosure in note 22 "Current and Non-current Borrowings" in the "Additional Disclosures on the Consolidated Statement of Financial Position" section of the notes to the financial statements.

OTHER INFORMATION

The Supervisory Board is responsible for the Report of the Supervisory Board; the executive directors are responsible for all other information. Other information comprises the following information obtained on or before the date of this auditor's report

- the responsibility statement pursuant to Sec. 297 (2) Sentence 4 HGB and Sec. 315 (1) Sentence 6 HGB contained in the "Statement of the Executive Board" section of the 2017 financial report,
- in the "Corporate Governance" section of the 2017 financial report

and in the other sections of the 2017 financial report and in the 2017 corporate report, except for the consolidated financial statements, the Group management report and our related auditor's report.

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

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as Group auditor by the annual general meeting on 17 May 2017. We were engaged by the Supervisory Board on 13 October 2017. 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).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Dr. Christian Janze.

Hanover, 16 February 2018

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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

Corporate Governance

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

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

Pursuant to the currently valid version of no. 3.10 of the German Corporate Governance Codex from February 7, 2017 ("DCGK 2017"), published in the official section of the Federal Gazette by the German Federal Ministry of Justice on April 24, 2017, and amended on May 19, 2017, the Corporate Governance Report, which is required to be issued annually by the Executive Board and the Supervisory Board, must be published together with the Corporate Governance Statement.

Due to the similarity of content between the Corporate Governance Report and the Corporate Governance Statement, we have once more decided to integrate the Corporate Governance Report in the meaning of no. 3.10 of the Corporate Governance Codex 2017 into the Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code in order to simplify orientation for the reader. By contrast, the remuneration report pursuant to no. 4.2.5 of the Corporate Governance Codex 2017 is no longer part of the Corporate Governance Report. The remuneration report is now part of the management report included on pages 43 to 49 of the 2017 Financial Report.

The Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code is published on the Symrise website, together with the integrated Corporate Governance Report of the Executive Board and Supervisory Board. It can be found at **http://www.symrise.com/investors/corporate-governance/corporate-governance-statement-and-corporate-governance-report**.

DECLARATION OF COMPLIANCE PURSUANT TO SEC. 161 OF THE GERMAN STOCK CORPORATION ACT FROM DECEMBER 2017

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

WORDING OF THE DECLARATION

On the basis of their deliberations, the Executive Board and the Supervisory Board of Symrise AG issued a new declaration of compliance on December 6, 2017, pursuant to Sec. 161 of the German Stock Corporation Act. The declaration is worded as follows:

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

Symrise AG has fully complied with all recommendations made by the Government Commission on the Corporate Governance Codex (version: February 7, 2017) published by the German Federal Ministry of Justice on April 24, 2017, in the official part of the Federal Gazette (Bundesanzeiger) and amended on May 19, 2017, without exception and will continue to do so in the future."

The Declaration of Compliance has also been made publicly available on Symrise AG's website. It can be found at **http://www.symrise.com/investors/corporate-governance/declaration-of-compliance**.

RELEVANT INFORMATION ON COMPANY PRACTICES

This part of the Corporate Governance Statement provides relevant information on corporate governance practices beyond the scope of legal requirements.

OUR CODE OF CONDUCT

In order to ensure uniform and exemplary actions and conduct within the company, a Code of Conduct was devised in 2006 that applies as a binding guiding principle equally to all Symrise employees in Germany and other countries, i.e., to the Executive Board and the Supervisory Board, as well as to

Group managerial staff and employees. This Code of Conduct was fundamentally revised in 2016 and adapted to the latest developments. The Code of Conduct defines minimum standards and sets out behavior enabling all employees to cooperate in meeting these standards. The purpose of the Code is to help all employees cope with the ethical and legal challenges of their everyday work and provide them with guidance in conflict situations. In the interest of all employees and the Group, noncompliance with standards will be investigated and their causes remedied. This means that misconduct will be consistently prosecuted in accordance with national laws.

Our Code of Conduct provides the framework for interactions with our key stakeholders: employees and colleagues, customers and suppliers, shareholders and investors, neighbors and society, national and local governments as well as government agencies, media and the public.

The Code of Conduct is based on our values and principles. By following it, we guarantee that every person is treated fairly and with respect, while ensuring that our behavior and business activities remain transparent, honest and consistent throughout the world. Our Code of Conduct has been made permanently available on the Symrise website. It can be found at **http://www.symrise.com/newsroom/publications/code-of-conduct**.

OUR COMPLIANCE MANAGEMENT SYSTEM

INTRODUCTION

At Symrise, we understand "compliance" as an integrated organizational model ensuring adherence to legal regulations as well as intercompany guidelines and the corresponding processes and systems. This is considered an important management and monitoring task. Symrise has an integrated compliance management system that combines sustainable, risk- and value-oriented, and legal and ethical aspects and rules; we have made this into a fundamental principle for everything we do in business. We act on the basis of our understanding and conviction that adherence to these fundamental rules is an inalienable and non-negotiable component of our Symrise identity. Only a clearly defined and transparent framework of what type of conduct is allowed and what type of conduct is not allowed guarantees the success and sustainability of our business. At Symrise, compliance is a matter of course. Compliance concerns the attitude of each individual at Symrise.

The following guideline applies to all our employees in all countries: "A deal that can't be reconciled with our ground rules is not a deal for Symrise."

The Group Compliance Officer as well as Internal Auditing report directly to the CFO. This ensures their independence and authority. The Group Compliance Officer and Internal Auditing report to the Auditing Committee of the Supervisory Board regularly at each of the committee's meetings.

TECHNICAL COMPLIANCE AND LEGAL COMPLIANCE

In our compliance management system, we differentiate between "technical compliance" and "legal compliance". Technical compliance activities focus on quality, environmental protection, health, work safety, energy, product safety and food safety. In nearly all of these areas, Symrise's products are subject to strict government supervision worldwide. It is a matter of course for us that our products and processes comply with local regulations around the world. Legal compliance activities concentrate on competition and antitrust law, the prevention of corruption and money laundering, and export controls. Here, the focus of activity is on education and prevention. The implementation and further development of Group guidelines on these topics also fall into this category.

The results and insights from every area of compliance are collected by the Group Compliance Officer and reported to the Executive Board and the Auditing Committee of the Supervisory Board. As a result, any measures that may arise will now be coordinated more efficiently. Compliance violations are immediately remedied, their causes identified and corrective measures implemented if necessary.

The Executive Board of Symrise has explicitly expressed – in both internal and external contexts – its refusal to accept any form of compliance infringement. Infringements will not be tolerated at Symrise. Sanctions will be imposed upon involved employees wherever necessary and legally possible.

OUR INTEGRITY HOTLINE

As early as the summer of 2008, Symrise's Group Compliance Office installed an Integrity Hotline to ensure that Symrise employees can anonymously report violations of both legal regulations and internal company guidelines from anywhere in the world. By means of this hotline, all our employees are able to contact the Group Compliance Office using toll-free telephone numbers that have been specially set up in the individual countries. An intermediary service operator ensures that employees can retain anonymity where required and communicate in their native language. By entering an access code, employees can leave a message with the Group Compliance Office. They receive a number that enables them to call back later and listen to the answer left for them by the Group Compliance Office. This procedure can be continued as long as one likes, enabling intensive communication between the Group Compliance Office and the person providing the information while preserving the latter's anonymity. At the same time, abuses can be prevented through targeted queries. Since the fall of 2009, employees have been able to additionally contact Group Compliance Office staff anonymously and leave messages via the online service of the Symrise Integrity Hotline.

As a result, it is no longer absolutely necessary to communicate with the Group Compliance Office over the phone. Of course, all employees can also contact the Group Compliance Office directly and personally at any time. In this way, we ensure that every case is processed and answered immediately.

In 2017, three cases were reported via the Integrity Hotline worldwide. A further four cases of irregularities were reported directly to the Group Compliance Office. In all cases, investigations were initiated and corrective measures were applied on a case-by-case basis pursuant to the applicable legal system and Group-internal regulations. In one case, labor law sanctions were imposed. No material damage to third parties or to our company resulted from these cases.

TRAINING COURSES ON COMPLIANCE ISSUES

In order to ensure compliance with all compliance requirements on an ongoing basis, the need for training is regularly identified and suitable training courses are held in both the areas of "Technical Compliance" and "Legal Compliance." In addition to training courses where employees are present on site, internet-based training is also offered. This allows us to reach more employees in a shorter period. It also gives employees greater flexibility in terms of where and when they complete their training. Subsequent tests confirm not only that a training course has been completed, but that its content has also been understood.

In addition to the requirements of their position, new Symrise employees are given comprehensive training when they join the company on the fundamental principles of our Code of Conduct. All employees then take part in rolling training courses based on pre-defined schedules. Depending on whether they are basic, refresher or specialized training courses, these schedules cover a period of between one and three years.

CORPORATE GOVERNANCE

Corporate Governance at Symrise is based on the German Corporate Governance Code 2017, which has established itself as guideline and standard for good corporate governance in Germany. Today, we are convinced more than ever before that good corporate governance is a prerequisite and indispensable basis for the success of a company. This success depends especially on the trust of our business partners, financial markets, investors, employees and the public. Confirming and further strengthening this trust is a prioritized objective at Symrise. Achieving this objective calls for responsible leadership along with corporate management and control focused on creating sustainable value.

In the past, we have oriented ourselves toward internationally and nationally acknowledged standards of good and responsible corporate governance and will continue to do so in the future. In the 2017 fiscal year, the Executive and Supervisory Boards dealt intensively with all corporate governance issues on numerous occasions across all areas.

DESCRIPTION OF THE WORKING METHODS OF THE EXECUTIVE AND SUPERVISORY BOARDS

This part of the Corporate Governance Statement focuses on the working methods of the Executive Board, the Supervisory Board and of the committees formed by the Supervisory Board. The composition of these committees will also be briefly discussed. The Executive Board has not formed any committees.

DUAL MANAGEMENT SYSTEM

Symrise AG is a company under German law, which is influenced by the Corporate Governance Codex 2017. One of the fundamental principles of German stock corporation law is the dual management system involving two bodies, the Executive Board and the Supervisory Board, each of which is entrusted with independent competencies. Symrise AG's Executive Board and Supervisory Board cooperate closely and in a spirit of trust in managing and overseeing the company.

EXECUTIVE BOARD

The Executive Board of Symrise AG currently has five members. All members of the Executive Board are appointed by the Supervisory Board. The Executive Board is responsible for managing the company's business operations in the interest of the company with a view to creating sustainable value.

The Executive Board develops the company's strategic direction, approves it with the Supervisory Board and is responsible for its implementation. The Executive Board provides the Supervisory Board with regular, prompt and comprehensive reports on all relevant issues of corporate planning and strategic development, on company performance, on the state of the Group, including a risk profile, and on risk management. The reporting of the Executive Board also covers the compliance management system, i.e., the measures for adherence to legal regulations and internal corporate guidelines. The articles of incorporation specify reservations of consent of the Supervisory Board for significant business transactions. These reservations of consent are contained in identical form in rules of procedure for the Executive Board.

These provisions are available to the public on our website at **http://www.symrise.com/investors/corporate-governance/executive-board**.

The Act on the Equal Participation of Women and Men in Management Positions in Private Economy and Public Service, which was passed by the German Bundestag on February 6, 2015, and the Bundesrat on March 27, 2015, has the aim of increasing the share of female managers holding upper management positions at companies and contributing gender equality in the long term. Against the backdrop of the current situation at Symrise and the remaining terms on the existing employment contracts for the members of the Executive Board, the Supervisory Board decided on a target figure of “zero” regarding the targeted share of women in the Executive Board by June 30, 2017. At least one member of the Executive Board is to be a female by 2020.

Symrise is a globally operating company with several high-level management positions outside of Germany. The basis for Symrise’s quota for female managers is therefore the global management structure at Symrise. The share of women at the first level of management beneath the Executive Board has amounted to at least 16 % since June 30, 2017. The second level of management amounted to at least 22 %. If one limits Symrise’s management structure to its managers in Germany, the share of women at the first two levels of management beneath the Executive Board has been at least 12 % since June 30, 2017. Symrise aims to achieve a higher quota here in the longer term.

SUPERVISORY BOARD

The Supervisory Board advises and oversees the Executive Board in the management of the company. It is involved in strategy and planning as well as all other decisions of fundamental significance to the company. The chairman of the Supervisory Board coordinates the work in the Supervisory Board, chairs its meetings and externally represents the concerns of the body. An extraordinary Supervisory Board meeting may be convened if required when events of particular relevance occur. In the course of preparing for the Supervisory Board meetings, the representatives of shareholders and employees meet separately, if necessary. The Supervisory Board has adopted rules of procedure that find corresponding application in the committees of the Supervisory Board.

These rules have been made available on our website at **http://www.symrise.com/investors/corporate-governance/supervisory-board**.

COMPOSITION OF THE SUPERVISORY BOARD

In accordance with the articles of incorporation, Symrise AG’s Supervisory Board has twelve members, with six representatives elected by the shareholders and six by the employees. The period of office is identical for all members. In accordance with the recommendations of the German Corporate Governance Code 2017, the shareholder representatives are elected individually at the Annual General Meeting. The term of office for all Supervisory Board members ended with the conclusion of the Annual General Meeting on May 11, 2016. Shareholders therefore elected six shareholder representatives to the Supervisory Board at the Annual General Meeting on May 11, 2016. The elections for the Supervisory Board were conducted by separate votes. The six employee representatives were chosen from among the German staff on February 24, 2016, in compliance with the legally prescribed election process.

The following shareholder representatives were elected to the Supervisory Board for the period lasting until the end of the Annual General Meeting that will decide on discharges for the 2020 fiscal year:

Dr. Thomas Rabe, Chief Executive Officer of Bertelsmann Management SE, Berlin; Ursula Buck, Managing Director of Top Management Consulting BuckConsult, Possenhofen; Horst-Otto Gerberding, Managing Partner at Gottfried Friedrichs (GmbH & Co.) KG, Holzminden; and Prof. Dr. Andrea Pfeifer, Chief Executive Officer of AC Immune S. A., St. Légier, Switzerland. Due to reaching the age limit according to Section 8 (4) of the articles of incorporation, Dr. Michael Becker, retired, Darmstadt, was elected to the Supervisory Board for a term that runs until the end of the Annual General Meeting that will decide on discharges for the 2017 fiscal year. Also due to reaching the age limit, Dr. Winfried Steeger, Managing Director of Jahr Holding GmbH & Co. KG, Hamburg, was elected to the Supervisory Board for a term that runs until the end of the Annual General Meeting that will decide on discharges for the 2019 fiscal year.

In accordance with item 5.4.3 sentence 3 of the German Corporate Governance Codex 2017, mention was made of the intention to propose Dr. Thomas Rabe as a candidate for Chairman of the Supervisory Board in the event of his reelection.

The following employee representatives were elected to the Supervisory Board for the period lasting until the end of the Annual General Meeting that will decide on discharges for the 2020 fiscal year:

Regina Hufnagel, Chairperson of the works council and Chairperson of the general works council of Symrise AG, Holzminden; Harald Feist, Vice Chairman of the works council and Vice Chairman of the general works council of Symrise AG, Holzminden; André Kirchhoff, independent member of the works council at Symrise AG, Bevern; Dr. Ludwig Tumbrink, Vice President Compounding Flavor EAME at Symrise AG, Höxter; Jeannette Kurtgil, IG BCE trade union secretary for the North region, Burgdorf; and Peter Winkelmann, Regional Head of the IG BCE district Alfeld, Alfeld.

When nominating candidates for election to the Supervisory Board, particular attention was paid to the knowledge, skills and professional experience required for the duties to be performed, as well as to the principle of diversity among the Supervisory Board's members. The current Supervisory Board at Symrise AG includes eight independent members and four women: Ms. Buck, Ms. Hufnagel, Ms. Kurtgil and Prof. Dr. Pfeifer. The Supervisory Board will continue to attempt to implement the regulations specified in the Act on the Equal Participation of Women and Men in Management Positions in Private Economy and Public Service, which was passed by the German Bundestag on February 6, 2015, and the Bundesrat on March 27, 2015, in so far as it concerns the composition of the Supervisory Board and with the support of corresponding nominations regarding the election of the shareholder representatives by the Annual General Meeting and the election of employee representatives by the staff.

As in previous years, no former Executive Board members are serving on the Supervisory Board in order to ensure its neutral and independent consulting and monitoring of the Executive Board. At least one independent member has expertise in accounting or auditing.

OBJECTIVES OF THE SUPERVISORY BOARD IN RELATION TO ITS COMPOSITION

The Supervisory Board is to name specific goals for its composition pursuant to No. 5.4.1 (2) sentence 1 of the Corporate Governance Code 2017, that, in keeping with the company's specific situation, take account of (i) the company's international activity, (ii) potential conflicts of interest, (iii) the number of independent Supervisory Board members, (iv) an age limit for Supervisory Board members to be defined, (v) a maximum period for membership in the Supervisory Board to be determined and (vi) diversity, among other things.

With the support of corresponding nominations, the Supervisory Board seeks to ensure that in its future composition at least 30 % of its members are female. The "Act for the Equal Participation of Women and Men in Management Positions," passed by the German Bundestag on February 6, 2015, and the Bundesrat on March 27, 2015, was implemented in 2017.

Generally, at least seven independent members should always be represented in the Supervisory Board. Members of the Supervisory Board who are employed by Symrise AG are not regarded as independent members of the Supervisory Board. The necessary independence is particularly lacking when a Supervisory Board member has a personal or business relationship with Symrise AG, its corporate bodies, a controlling shareholder or an affiliated company which may give rise to a material, and not merely temporary, conflict of interest. This goal is currently being met. The independent members are: Dr. Thomas Rabe, Dr. Michael Becker, Ursula Buck, Horst-Otto Gerberding, Jeannette Kurtgil, Prof. Dr. Andrea Pfeifer, Dr. Winfried Steeger and Peter Winkelmann.

Furthermore, the Supervisory Board strives to ensure that the share of Supervisory Board members from other nations does not fall below one-third. With regard to Symrise, this means that nationality is not the only focus. Rather, the decisive factor is that at least one-third of the members of the Supervisory Board have gained substantial experience in globally active groups in Germany and abroad. This goal is also being currently met.

The term of office for a Supervisory Board member must end at the conclusion of the Annual General Meeting following the member's 70th birthday. The maximum limit for membership in the Supervisory Board is four terms of office. These two goals are currently being met. Concerning future nominations, it will be ensured that the goals defined by the Supervisory Board continue to be fulfilled.

THE COMPETENCE PROFILE OF THE SUPERVISORY BOARD

Pursuant to section 5.4.1 (1) of the Corporate Governance Codex 2017, the Supervisory Board is to be composed in such a way that its members as a whole have the knowledge, skills and professional experience required for the proper performance of their duties. In accordance with section 5.4.1 (2) sentence 1 of the Corporate Governance Codex 2017, the Supervisory Board has prepared a competence profile for the entire Board, which was used for its current composition and will be applied in future election proposals to the Annual General Meeting to guarantee the competence profile of the entire Board. The competence profile of the Symrise Supervisory Board includes various parameters. Each of these parameters on its own is significant in the competence profile of the entire Board. However, it is only by interlocking and complementing all parameters that the competence profile of the entire Board, which is necessary to support Symrise's business success, can be guaranteed. Skills are required in the areas of accounting, auditing, risk management, information technology, issues regarding the remuneration of the Executive Board and compliance. Furthermore, expertise in the fragrance and flavor industry is required. This comprises the production of flavors, food ingredients, fragrances and cosmetic ingredients. The required competencies also include experience in the chemical, consumer goods and food industries. Here, the focus is on knowledge of the respective markets, products, customer and supplier relationships. Expertise in production, research and development are also of paramount importance.

Other important parameters of the competence profile of the Symrise Supervisory Board are sufficient availability of time, a lack of conflicts of interest, the ability to work in a team, as well as management and development experience with regard to large organizations. This competence profile of the Symrise Supervisory Board is currently being fulfilled by the entire Board.

SUPERVISORY BOARD COMMITTEES

As in the past, the Supervisory Board formed a total of four committees to fulfill its responsibilities more efficiently. These committees draft the Supervisory Board's resolutions and prepare the agenda items to be addressed in the full meetings. To the extent that this is legally admissible, in individual cases the Supervisory Board delegates decision-making to its committees. The Supervisory Board established an Auditing Committee, an Arbitration Committee pursuant to Section 27 (3) of the Codetermination Act (MitbestG), a Personnel Committee and a Nominations Committee as permanent committees. The task of the latter is to recommend suitable candidates to represent the shareholders when new Supervisory Board elections are coming up. The Chairman of the Supervisory Board chairs all of the committees with the exception of the Auditing Committee. In the full meetings, the chairmen of the committees report regularly and comprehensively on the content and results of the committee meetings.

The Personnel Committee is responsible for matters pertaining to the Executive Board. These matters particularly include making resolution recommendations at the full Supervisory Board meetings regarding the appointment of Executive Board members or regarding components of Executive Board members' employment contracts. This committee is also responsible for succession planning at the Executive Board level. The Personnel Committee deals with the development of the Executive Board remuneration system – specifying the amount of remuneration and the related target agreements and making corresponding recommendations at the full Supervisory Board meetings. The Personnel Committee additionally resolved to incorporate the criterion of diversity when appointing future Executive Board members, striving in particular to give appropriate consideration to women. The Personnel Committee currently has six members, of which three members are chosen by the shareholder representatives and three are chosen by the employee representatives in the Supervisory Board. The members are: Dr. Thomas Rabe (Chairman), Harald Feist, Horst-Otto Gerberding, Regina Hufnagel, Prof. Dr. Andrea Pfeifer and Peter Winkelmann. The Personnel Committee convened twice in the 2017 fiscal year. The Personnel Committee does not have its own rules of procedure. The rules of procedure of the Supervisory Board are applied accordingly.

The Auditing Committee mainly focuses on matters relating to the annual financial statements and consolidated financial statements, which includes monitoring the accounting process, the effectiveness of the internal controlling system, the risk management system, the internal auditing system and the audit of annual accounts. It also monitors the independence and qualifications of the auditor as well as additional services provided by the auditor. Furthermore, the Auditing Committee discussed the interim reports in detail and approved them before they were published. The Auditing Committee prepares the Supervisory Board's decision on the approval of the annual financial statements and its approval of the consolidated financial statements. To this end, it is responsible for pre-auditing the annual financial statements, the consolidated financial statements, the management reports and the proposal regarding appropriation of earnings. The regular agenda items also include the receipt of the reports from Internal Auditing and the Group Compliance Office as well as the risk report. At least one member of the Auditing Committee must be independent and possess expertise in accounting or auditing. The Auditing Committee currently has six members. Three members are shareholder representatives on the Supervisory Board and three are employee representatives on the Supervisory Board. The members are: Dr. Michael Becker (Chairman), Ursula Buck, Harald Feist, Regina Hufnagel, Dr. Winfried Steeger and Peter Winkelmann. The Auditing Committee convened five times in the 2017 fiscal year.

The Auditing Committee prepared the Supervisory Board's proposal to the Annual General Meeting to nominate Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Hanover as the new auditor. Furthermore, the Auditing Committee solicited a statement of independence from the auditor. It commissioned the auditor, established the main focuses of the audit and determined the auditing fees. The Auditing Committee does not have its own rules of procedure. The rules of procedure of the Supervisory Board are applied accordingly. Additionally, the Auditing Committee drew up its own regulation regarding its concrete procedure.

Shareholders and employees are equally represented on the Arbitration Committee pursuant to Section 27 (3) of the Codetermination Act. It currently consists of four members: Dr. Thomas Rabe (Chairman), Ursula Buck, Regina Hufnagel and Dr. Ludwig Tumbrink. Once again, it was not necessary to convene the Arbitration Committee during the 2017 fiscal year. The Arbitration Committee does not have its own rules of procedure. The rules of procedure of the Supervisory Board are applied accordingly.

The Nominations Committee consists exclusively of shareholder representatives from the Supervisory Board in accordance with the German Corporate Governance Code 2017. Its task is to recommend shareholder representatives to the Annual General Meeting who would be suitable Supervisory Board members for upcoming Supervisory Board elections. The current three members are: Dr. Thomas Rabe (Chairman), Horst-Otto Gerberding and Prof. Dr. Andrea Pfeifer. It was not necessary to convene the Nominations Committee during the 2017 fiscal year. The Nominations Committee does not have its own rules of procedure. The rules of procedure of the Supervisory Board are applied accordingly.

TRANSPARENCY

Pursuant to Section 19 of the EU Market Abuse Directive (previously Section 15a of the German Securities Trading Act), which came into force on July 3, 2016, the members of the Executive and Supervisory Boards of Symrise AG, as well as certain employees with management duties and persons with whom they have a close relationship, must disclose the purchase or sale of Symrise shares and related financial instruments. This duty of disclosure applies if the value of the transactions undertaken by one of the aforementioned persons reaches or exceeds the sum of € 5,000. Symrise immediately publishes disclosures on such transactions on its website and transmits this information to the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) and the company register for retention. All of the reports received by Symrise AG as of December 31, 2017, are published on our website at **http://www.symrise.com/investors/corporate-governance/directors-dealings**. This includes all such reports since the IPO in December 2006, including any persons who have meanwhile left the Executive Board or the Supervisory Board.

CONFLICTS OF INTEREST

As in the previous year, conflicts of interest involving members of the Executive Board, which have to be disclosed to the Supervisory Board without delay, did not occur in fiscal year 2017. The only consultant or service agreements or other exchange contracts between members of the Supervisory Board and the company in the 2017 fiscal year involved Mr. Horst-Otto Gerberding and Ms. Ursula Buck.

Mr. Horst-Otto Gerberding is entitled to a pension from Symrise AG stemming from an employment and supply contract between him and the company that existed through the end of September 2003. The total sum is € 25,505 per month.

Ursula Buck was appointed member of the Fine Fragrance/Prestige Beauty Advisory Council of the Scent & Care segment from January 1, 2017, to December 31, 2017. This advisory council is composed of renowned industry experts from Germany and abroad. The members of this advisory council are specialized in the fields of lifestyle, fashion, perfume & cosmetics, luxury and prestige products. These are highly qualified opinion leaders who are to provide new and unexpected causes for thought. This activity is remunerated at a flat rate of € 25,000 (net) per year.

The direct or indirect total holding of shares in Symrise AG by all members of the Executive and Supervisory Boards as of December 31, 2017, was more than 1 %. Of the 6.24 % of shares in Symrise AG held by members of the Executive and Supervisory Boards, 6.01 % is held by members of the Supervisory Board while 0.23 % is held by members of the Executive Board (values are rounded).

A summary of the respective mandates outside of the Symrise Group for the members of the Executive Board and the Supervisory Board can be found on pages 152 to 153 of the 2017 Financial Report.

A report on relationships to related companies and parties can be found on pages 119 to 120 of the 2017 Financial Report.

RISK MANAGEMENT

Dealing with risks of all kinds responsibly has the utmost importance for the success of a company. For this reason, a comprehensive risk management system is a mandatory element of suitable corporate governance. The Executive Board ensures appropriate risk management and risk controlling throughout the Group. The risk management system is constantly being developed and adapted to changing conditions. A Group-wide survey, assessment and classification of potential risks takes place at least twice a year – performed by the officers assigned to each risk class. These surveys are consolidated at the Group level and flow into the risk report, which is the subject of the Auditing Committee's deliberations at least twice a year, and is presented to the Supervisory Board at least once a year in detail. The risk management system at Symrise AG, its security mechanisms, internal guidelines and monitoring instruments are checked by the internal Group auditors without prior notice. Risks identified in this manner are immediately reported to the Executive Board.

The early recognition system for risk in accordance with Sec. 91 (2) of the German Stock Corporation Act is monitored by auditors in Germany and abroad. Along with the audit of annual accounts and monitoring of accounting procedures, the Auditing Committee set up by the Supervisory Board also undertakes regular auditing and monitoring of the effectiveness of the internal control and risk management systems. This also includes, for example, regular reporting by Internal Auditing and Symrise's Group Compliance Office.

This overlapping mechanism allows risks to be identified and assessed at an early stage. The Executive Board regularly and in an on-going manner informs the Supervisory Board and Auditing Committee of existing risks and their development via the risk report. Specific measures are proposed and implemented right from this early stage to neutralize the identified risks.

The Group's internal auditors also check on the implementation of these new measures and the results are given a critical assessment. The risk profile is thereby constantly monitored and measures necessary to mitigate risks are introduced. Specific staff members are assigned responsibility for this and held accountable in their performance review.

SHAREHOLDERS AND ANNUAL GENERAL MEETING

Symrise shareholders exercise their codetermination and control rights at the Annual General Meeting, which takes place at least once each year. The Meeting makes decisions on all statutory matters that are binding for all shareholders and the company. For every decision, each share is entitled to one vote. All shareholders that register within the specified period are entitled to participate in the Annual General Meeting. Shareholders who are not able to attend the Meeting in person are entitled to have their voting rights exercised by a bank, a shareholder association, a voting proxy of Symrise who is bound by its instruments or another proxy of their own choosing.

Shareholders also have the possibility of voting online in the run-up to the Annual General Meeting or authorizing the voting proxy provided by the company on the web. Instructions on how voting rights are to be exercised may be given to a voting proxy before and during the Annual General Meeting on May 16, 2018, up until the end of the general debate. It is possible to transfer the voting rights to a voting proxy electronically up until 6:00 p.m. on the evening of May 15, 2018. The invitation to the Annual General Meeting and the reports and information required for the decisions are published according to stock corporation law and made available on Symrise's website in German and English.

It is our intention to provide our shareholders with quick, comprehensive and effective information before and during the Annual General Meeting and to make it easy for them to exercise their rights. The Corporate Report, the Financial Report and the invitation to the Annual General Meeting provide shareholders with comprehensive information on the past fiscal year and the individual agenda items for the upcoming Annual General Meeting. All documents and information pertaining to the Annual General Meeting are available on our website. The registration and legitimation process for the Annual General Meeting is simple, with the 21st day before the Meeting representing the deadline for shareholder registration. Subsequent to the Annual General Meeting, we also publish the attendance figures and voting results on our website.

INFORMATION SERVICE FOR OUR SHAREHOLDERS

Corporate communication is undertaken with the objective of guaranteeing the greatest possible transparency and equality of opportunities through timely and equal information to all target groups. All major press and capital market releases by Symrise are also published on the company's website in German and in English. The articles of incorporation as well as rules of procedure for the Executive and Supervisory Boards, the annual and consolidated financial statements and quarterly results can also be found on our website along with the annual and half-yearly financial reports.

We inform company shareholders, analysts, shareholder associations and the public of all important recurring dates through a financial calendar. This is published in the Corporate and Financial Report, the half-yearly financial report and the quarterly reports as well as on the company's website. Regular meetings with analysts and institutional investors are part of our investor relations activities. This includes an annual analysts' conference as well as conference calls for analysts and investors coinciding with the publication of our quarterly and half-yearly figures.

The most important presentations prepared for these and other events, such as the Annual General Meeting and investor conferences, can also be viewed online. The locations and dates for investor conferences can also be found on our website at **http://www.symrise.com/investors/finan-calendar/2018**.

OUR AUDITOR

With regard to the consolidated financial statements and the interim reports at Symrise, our accounting in the 2017 fiscal year was again based on the International Financial Reporting Standards (IFRS) as required to be applied in the European Union. The legally prescribed individual accounts of Symrise AG that are decisive for the payment of dividends have been prepared in accordance with the regulations of the German Commercial Code. Here, the 2017 annual financial statements, management report and consolidated annual financial statements of Symrise AG as well as the 2017 Group management report were audited by our auditors Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Hanover. An agreement is also in place with the auditors to promptly notify the chairman of the Auditing Committee of any grounds for disqualification or prejudice that are identified during the audit, insofar as such circumstances cannot immediately be rectified. The auditors are instructed to report without delay all findings and incidents of significance for the duties of the Supervisory Board that are identified during the audit to the Executive Board and the Supervisory Board. Moreover, the auditors are required to notify the Supervisory Board and make a note in the audit report if circumstances are identified during the audit that are incompatible with the Declaration of Compliance issued by the Executive Board and Supervisory Board in accordance with Section 161 of the German Stock Corporation Act.

DIVERSITY CONCEPT FOR THE EXECUTIVE BOARD AND SUPERVISORY BOARD

Sections 289f (2) no. 6 and 315d of the German Commercial Code require Symrise for the first time to provide a description of the concept of diversity that is pursued with regard to the composition of the Executive Board and Supervisory Board in terms of aspects such as age, gender, educational or professional background, as well as the objectives of this concept of diversity, the manner in which it is implemented and the results achieved in the respective fiscal year. Symrise already has such a diversity concept due to the mandatory statutory regulations already in force for Symrise and the fact that all recommendations of the Corporate Governance Code 2017 have been implemented without exception. Consequently, Sections 289f (2) no. 6 and 315d of the German Commercial Code have no further independent significance for Symrise. For a better understanding, we have summarized our concept of diversity in the following:

The "Act for the Equal Participation of Women and Men in Management Positions," passed by the German Bundestag on February 6, 2015, and the Bundesrat on March 27, 2015, was implemented in 2017. It seeks to increase the number of female executives in leading positions in business and to reach across-the-board gender equality in the long term, among other aims. Against the backdrop of the current situation at Symrise and the remaining terms on the existing employment contracts for the members of the Executive Board, the Supervisory Board decided on a target figure of "zero" regarding the targeted share of women in the Executive Board by June 30, 2017. At least one member of the Executive Board is to be a female by 2020. Symrise is a globally operating company with several high-level management positions outside of Germany. The basis for Symrise's quota for female managers is therefore the global management structure at Symrise AG. The share of women at the first level of management beneath the Executive Board has amounted to at least 16 % since June 30, 2017. The second level of management amounted to at least 22 %. If one limits Symrise's management structure to its managers in Germany, the share of women at the first two levels of management beneath the Executive Board has been at least 12 % since June 30, 2017. Symrise aims to achieve a higher quota here in the longer term.

The Supervisory Board named specific goals for its composition pursuant to No. 5.4.1 (2) sentence 1 of the Corporate Governance Codex 2017, that, in keeping with the company's specific situation, take account of (i) the company's international activity, (ii) potential conflicts of interest, (iii) the number of independent Supervisory Board members, (iv) an age limit for Supervisory Board members to be defined, (v) a maximum period for membership in the Supervisory Board to be determined and (vi) diversity, among other things.

Generally, at least seven independent members should always be represented in the Supervisory Board. Members of the Supervisory Board who are employed by Symrise AG are not regarded as independent members of the Supervisory Board. The necessary independence is particularly lacking when a Supervisory Board has a personal or business relationship with Symrise AG, its corporate bodies, a controlling shareholder or an affiliated company which may give rise to a material, and not merely temporary, conflict of interest. This goal is currently being met. Furthermore, the Supervisory Board strives to ensure that the share of Supervisory Board members from other nations does not fall below one-third. With regard to Symrise, this means that nationality is not the only focus. Rather, the decisive factor is that at least one-third of the members of the Supervisory Board have gained substantial experience in globally active groups in Germany and abroad. This goal is also being currently met. The term of office for a Supervisory Board member must end at the conclusion of the Annual General Meeting following the member's 70th birthday. The maximum limit for membership in the Supervisory Board is four terms of office. These two goals are currently being met.

In accordance with section 5.4.1 (2) sentence 1 of the Corporate Governance Codex 2017, the Supervisory Board has prepared a competence profile for the entire Board, which was used for its current composition and will be applied in future election proposals to the Annual General Meeting to guarantee the competence profile of the entire Board. The competence profile of the Symrise Supervisory Board includes various parameters. Each of these parameters on its own is significant in the competence profile of the entire Board. However, it is only by interlocking and complementing all parameters that the competence profile of the entire Board, which is necessary to support Symrise's business success, can be guaranteed. Skills are required in the areas of accounting, auditing, risk management, information technology, issues regarding the remuneration of the Executive Board and compliance. Furthermore, expertise in the fragrance and flavor industry is required. This comprises the production of flavors, food ingredients, fragrances and cosmetic ingredients. The required competencies also include experience in the chemical, consumer goods and food industries. Here, the focus is on knowledge of the respective markets, products, customer and supplier relationships. Expertise in production, research and development are also of paramount importance. Other important parameters of the competence profile of the Symrise Supervisory Board are sufficient availability of time, a lack of conflicts of interest, the ability to work in a team, as well as management and development experience in large organizations. This competence profile of the Symrise Supervisory Board is currently being fulfilled by the entire Board.

Report of the Supervisory Board of Symrise AG

Dear Shareholders,

The global economy is in good shape on the whole and grew faster in 2017 than in previous years. The outlook for 2018 is also favorable. At the same time, political tensions have increased in and between different countries, proven international trade agreements are being called into question and separatist and populist movements are gaining traction. Thanks to its broad international positioning and excellent product portfolio, our company is ideally situated to utilize the growth potential that arises. Symrise's activities in diverse sales markets also allow it to compensate for risks in individual countries. 2017 was another successful year for our company. Symrise will continue pursuing its proven strategy in the current and coming years.

DR. THOMAS RABE, Chairman of the Supervisory Board of Symrise AG

In this report, I would like to inform you about the key activities of the Supervisory Board in this once again challenging environment. In 2017, the Supervisory Board again fulfilled its responsibilities under the law and according to the articles of incorporation with great care. In the meetings of the Supervisory Board and its committees, we again discussed and reached agreements on a number of matters and business transactions subject to our approval.

We regularly provided consultation to the Executive Board and supervised the company management. We are convinced that the company's business complied with all legal and regulatory requirements. The Supervisory Board was directly and intensely involved in all decisions of fundamental significance to the company. The Executive Board comprehensively discussed and coordinated the strategic planning and orientation of the company with us. As in the previous fiscal years, the Supervisory and Executive Board held a separate meeting in 2017 to examine and evaluate the company's strategy.

Based on information received from the Executive Board, we intensively discussed and advised on all business transactions of significance to the company in our full assembly. To this end, the Executive Board provided us with regular, current and comprehensive reports in written and oral form on all aspects important to the company. This includes above all the development of the business and financial situation, the employment situation, ongoing and planned investments, basic corporate strategy and planning issues as well as the risk situation, risk management and the compliance management system. The Executive Board informed us of matters that, according to legal requirements and/or the articles of incorporation, are subject to our approval at an early stage and allowed us the needed time for making a decision. Wherever required by law or by the articles of association, we submitted our vote on the reports and proposed resolutions of the Executive Board after thorough analysis and discussion. In urgent special cases, decisions were made in consultation with the Chairman of the Supervisory Board, either by telephone or in writing.

The Executive Board provided us with a monthly report on all of the key financial figures. When there were any deviations in the course of business from the set plans and objectives, we received detailed explanations in written and oral form, enabling us to discuss the reasons for the deviations and targeted correction measures with the Executive Board.

Additionally, during the periods between the meetings of the Supervisory Board and its committees, the Chairman of the Supervisory Board and the Chairman of the Auditing Committee in particular were in close and continuous dialogue with the Executive Board. The still relatively restrained global economic growth, continued low interest rates, political crises (particularly in Venezuela, Brazil and Turkey) and their consequences for current and future business development were repeatedly a subject of our discussions with the Executive Board as was the status of essential projects and key business transactions in the three Group segments. This also applies to the possible effects of Brexit and other separatist movements, such as in Spain, on the future business development of our company.

As in the previous year, conflicts of interest of members of the Executive and Supervisory Boards, which must be disclosed to the Supervisory Board without delay and reported to the Annual General Meeting along with their underlying circumstances and a report of how they will be handled, did not occur in 2017.

THE SUPERVISORY BOARD'S WORK IN COMMITTEES

As in the past, the Supervisory Board formed a total of four committees to fulfill its responsibilities more efficiently. These committees draft the Supervisory Board's resolutions and prepare the agenda items to be addressed in the full meetings. To the extent that it was legally admissible, the Supervisory Board delegated decision-making to its committees in individual cases. This practice of delegation has proved successful in our experience. The Supervisory Board established an Auditing Committee, an Arbitration Committee pursuant to Section 27 (3) of the Codetermination Act (MitbestG), a Personnel Committee and a Nominations Committee as permanent committees. The task of the latter is to recommend suitable candidates as shareholder representatives on the Supervisory Board when new Supervisory Board elections are coming up. The Chairman of the Supervisory Board chairs all of the committees with the exception of the Auditing Committee.

In the Supervisory Board meetings, the chairmen of the committees report regularly and extensively on the content and results of the committee meetings. As a result, the Supervisory Board always has a comprehensive basis of information for its consultations.

The Personnel Committee is responsible for matters pertaining to the Executive Board. These matters particularly include making resolution recommendations at the full Supervisory Board meetings regarding the appointment of Executive Board members or regarding components of Executive Board members' employment contracts. It is also responsible for succession planning at the Executive Board level. The Personnel Committee deals with the development of the Executive Board remuneration system, specifies the amount of remuneration including target agreements and makes corresponding recommendations at the full Supervisory Board meetings. The Personnel Committee additionally resolved to incorporate the criterion of diversity when appointing future Executive Board members, striving in particular to give appropriate consideration to women. At least one member of the Executive Board is to be a female by 2020. The Personnel Committee currently has six members, of which three members are chosen by the shareholder representatives and three are chosen by the employee representatives in the Supervisory Board. The members are: Dr. Thomas Rabe (Chairman), Harald Feist, Horst-Otto Gerberding, Regina Hufnagel, Prof. Dr. Andrea Pfeifer and Peter Winkelmann.

The Personnel Committee convened twice in the 2017 fiscal year. All members were present for both meetings. Its agenda points included evaluating the Executive Board members' performance during the 2016 fiscal year, setting new goals for the 2017 fiscal year and reviewing the Executive Board members' remuneration. The focus of the review was on the multi-year remuneration program (LTIP). In addition, the Personnel Committee prepared a competence profile for the entire Supervisory Board and submitted it to the Board for approval.

The Auditing Committee mainly focuses on matters relating to the annual financial statements and consolidated financial statements, which includes monitoring the accounting process, the effectiveness of the internal controlling system, the risk management system, the internal auditing system, the audit of annual accounts and the compliance management system. It also monitors the independence and qualifications of the auditor as well as additional services provided by the auditor. To the extent that the auditor also provides tax advisory services for companies of the Symrise Group, these must be expressly approved in advance by the Auditing Committee. In total, the Auditing Committee approved a budget of € 250,000 for such tax advisory services by the auditor in the fiscal year 2017. Furthermore, the Auditing Committee discussed the interim reports in detail and approved them before they were published. The Auditing Committee prepares the Supervisory Board's decision on the approval of the annual financial statements and its approval of the consolidated financial statements. To this end, it is responsible for pre-auditing the annual financial statements, the consolidated financial statements, the management reports and the proposal regarding appropriation of earnings. The non-financial statement required to be prepared for the first time for the fiscal year 2017 in accordance with Section 289b of the German Commercial Code (HGB) has not been dealt with separately by the Auditing Committee. The Supervisory Board meetings addressed this matter. The regular agenda items also include the receipt of the reports from Internal Auditing and the Group Compliance Officer as well as the risk report. At least one member of the Auditing Committee must be independent and possess expertise in accounting or auditing. The Auditing Committee currently has six members. Three members are shareholder representatives on the Supervisory Board and three are employee representatives on the Supervisory Board. The members are: Dr. Michael Becker (Chairman), Ursula Buck, Harald Feist, Regina Hufnagel, Dr. Winfried Steeger and Peter Winkelmann. The Auditing Committee convened five times in the 2017 fiscal year, one of which was a conference call. One member of the Auditing Committee was unable to attend each of the meetings. The CFO regularly attends the meetings of the Auditing Committee while the auditor, CEO and other guests are present for individual agenda items when needed. Among other things, the Auditing Committee discussed issues relating to the Group's upcoming regularly scheduled refinancing. The main focus was on the initial issue of a convertible bond by Symrise AG. Another major point of discussion for the Auditing Committee was once again the qualification of the global Symrise sites regarding certain risk aspects. The auditor reported in detail on all findings and incidents of significance to the duties of the Supervisory Board that were identified during the audit and reviews of the interim financial statements following the conclusion of the first half of the year.

The Auditing Committee prepared the Supervisory Board's proposal to the Annual General Meeting to again nominate Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Hanover, as the new auditor for the 2017 fiscal year. Furthermore, the Auditing Committee solicited the corresponding statement of independence from the new auditor Ernst & Young. The Auditing Committee commissioned the auditor, agreed on a risk-oriented auditing approach and determined the main focuses of the audit and the auditing fees for the 2017 fiscal year.

Shareholders and employees are equally represented on the Arbitration Committee pursuant to Section 27 (3) of the Codetermination Act. It currently consists of four members: Dr. Thomas Rabe (Chairman), Ursula Buck, Regina Hufnagel and Dr. Ludwig Tumbrink. Once again, it was not necessary to convene the Arbitration Committee during the 2017 fiscal year.

The Nominations Committee consists exclusively of shareholder representatives from the Supervisory Board in accordance with the German Corporate Governance Code. Its task is to recommend shareholder representatives to the Annual General Meeting who would be suitable Supervisory Board members for upcoming Supervisory Board elections. The current three members are: Dr. Thomas Rabe (Chairman), Horst-Otto Gerberding and Prof. Dr. Andrea Pfeifer. It was not necessary to convene the Nominations Committee during the 2017 fiscal year.

TOPICS OF THE SUPERVISORY BOARD MEETINGS

The effects of various situations and developments on Symrise – such as various international crises, relatively slow global economic growth, persistently low interest rates, continuously volatile raw materials costs, the ongoing European debt crisis and high energy costs – represented the main focuses of our work and objects of regular discussions by the Supervisory Board once again. In light of these matters, we discussed with the Executive Board in detail the measures it had enacted as well as those planned for the future. Regular deliberations within the Supervisory Board also covered the development of sales, earnings and employment at Symrise and its three segments in the individual regions given the economic conditions present there. It also discussed the company's financial and liquidity situation as well as important investment projects and their development as measured against the planned objectives. In the 2017 fiscal year, the Supervisory Board held five ordinary sessions, two of which focused on specific topics. The first meeting on a specific topic centered around the company's strategy, its monitoring in view of the changing economic environment and the state of its implementation, while the second such meeting focused on the annual planning for 2018. No member of the Supervisory Board was present at less than half of the meetings for the Supervisory Board or its committees.

In our meeting on March 9, 2017, we consulted and coordinated with the Executive Board on the approval of the annual financial statements and the consolidated financial statements for 2016. We also discussed the preparation for the Annual General Meeting 2017, the Corporate Governance Statement and the Corporate Governance report. The Executive Board provided information on the implementation status of the company's strategy, among other items, and presented key data on current investment projects to the Supervisory Board. We have also intensively discussed the effects of possible trade restrictions, using the United Kingdom, the USA and Mexico as an example. Due to the global positioning of the Group and its focus on local production, the potential risks are considered to be low. The Supervisory Board also dealt with the implementation of Directive 2014/95/EU, the CSR Directive on the disclosure of non-financial and diversity information. The new reporting obligation concerns two key issues. Firstly, the management report should be supplemented by a "non-financial statement" containing information on environmental, labor and social issues, respect for human rights and the fight against corruption. Secondly, companies will have to provide information on their diversity concept in their Corporate

Governance Statement. All members of the Supervisory Board and the auditor attended this meeting.

In our meeting on May 16, 2017, the Executive Board's report on the company's performance during the first quarter of 2017 and its outlook for the rest of the year represented the main focus of the meeting as did the impending Annual General Meeting. The Executive Board additionally informed the Supervisory Board on the status of ongoing investment projects. At this meeting, the Supervisory Board also approved an acquisition project in Brazil. Furthermore, we discussed with the Executive Board the conclusion of a long-term supply contract to expand our menthol business with our main supplier through 2028. After extensive discussion of all aspects of such a long-term partnership, we approved the conclusion of this supply contract. All Supervisory Board members attended this meeting.

In the meeting on August 8, 2017, the Supervisory Board focused on the report from the Executive Board on the company's performance during the second quarter and first half-year of 2017 and its update to the outlook for the rest of the 2017 fiscal year as well as the risk report and the Auditing Committee's report. We received detailed information from the Executive Board on the status of the integration of the business acquired as part of the acquisition of the US company Pinova Holdings Inc. Our discussions also focused on reconciling the expectations of the takeover with the actual course of business. At this meeting, the Auditing Committee also informed the Supervisory Board about the main findings of an IT audit separately commissioned by the Executive Board as a precautionary measure. This IT audit was conducted by Ernst & Young. Insofar as this IT audit revealed any weaknesses, these did not have any impact. However, with effect from December 1, 2017, the Executive Board nevertheless filled a newly created position of "IT security and compliance." This position will ensure and monitor the processing of the identified weak points. All Supervisory Board members attended this meeting.

As in previous years, the meeting on September 19, 2017, was devoted entirely to the corporate strategy. The Executive Board explained to the Supervisory Board the results achieved so far as part of the strategy pursued and gave a strategic outlook for the future. The fact that the consistent implementation of our strategy has paid off is evidenced by the pleasing development of sales and EBITDA. Symrise was able to gain market share while maintaining the same level of good profitability. Sustainability is an key component of strategic development across all segments. The backward integrations carried out so far have successfully paid off. Sustainable and traceable raw materials are increasingly important to our customers. At this meeting, the Supervisory Board also dealt with the investment process, its details and principles of operation. All investment projects are managed in a database. Required approval processes can be started directly from this database. An overview of approved projects ensures that the budget framework for each project is complied with. We discussed and considered the medium-term planning for the years 2018–2022 in detail with the Executive Board on the basis of the key financial figures sales, EBIT, EBITDA, sales growth and EBIT/EBITDA margin. Based on a benchmarking exercise, we also deliberated on a modest increase in Supervisory Board remuneration from the 2018 fiscal year onwards at this meeting. Due to the retirement of Dr. Becker from the Supervisory Board at the close of the Annual General Meeting in 2018 resulting from his reaching the age limit, the chair of the Auditing Committee will be vacant, among other things. In this respect, the Supervisory Board discussed the succession, developed a requirements profile and approved it. All Supervisory Board members attended this meeting.

The meeting on December 6, 2017, was devoted to the corporate planning for the upcoming 2018 fiscal year. The Supervisory Board approved the corporate planning for the 2018 fiscal year in this meeting. Together with the Executive Board, we submitted the annual Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act and confirmed the goals regarding the composition of the Supervisory Board, which were identical to the previous year. This also includes the competence profile of the Supervisory Board as a whole, which is to be compiled in accordance with Section 5.4.1 (2) sentence 1 of the Corporate Governance Codex. The Supervisory Board assessed the status of Corporate Governance at Symrise together with the Executive Board and coordinated the content of the Corporate Governance Report in the Corporate Governance Statement. As a result of the new legal provision in Section 289b (1) of the German Commercial Code (HGB), Symrise is obliged to publish a so-called "non-financial statement" as part of the management report for the first time for the 2017 fiscal year. Here, Symrise is exercising the option provided for in Section 289b (3) of the German Commercial Code (HGB) and preparing a separate non-financial report for the 2017 fiscal year outside of the management report. This will be published at the same time as the annual financial statements for 2017. It is included in the Corporate Report 2017 and can also be found on the Symrise website at **http://cr2017.symrise.com/sustainability/ sustainability-and-responsibility.**

Pursuant to Section 171 of the German Stock Corporation Act, the Supervisory Board is also responsible for verifying that the separate non-financial report complies with the legal requirements. In this regard, the Supervisory Board has exercised the option provided for in Section 111 (2) sentence 4 of the German Stock Corporation Act and has commissioned DQS CFS GmbH to examine the content of Symrise AG's separate non-financial report 2017 as external experts. All Supervisory Board members attended this meeting.

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS 2017

The auditor Ernst & Young GmbH audited the annual financial statements for the fiscal year from January 1, 2017, to December 31, 2017, which were prepared by the Executive Board according to HGB (German Commercial Code) standards, as well as the Symrise AG management report. The Auditing Committee issued the order for the audit in accordance with the May 17, 2017, resolution of the Annual General Meeting. The auditor issued an unqualified audit opinion.

The Symrise AG consolidated financial statements were prepared in accordance with Sec. 315a HGB on the basis of the International Financial Reporting Standards (IFRS), as applicable in the European Union. The auditor Ernst & Young GmbH also certified the consolidated financial statements and the Group management report without qualification.

The auditor's report on these financial statements as well as additional auditing reports and documentation were delivered to all members of the Supervisory Board in a timely manner. They were discussed thoroughly in the meetings of the Auditing Committee of February 14 and March 6, 2018, and in the full meeting of the Supervisory Board of March 7, 2018. The auditors participated in the deliberations on the annual and consolidated financial statements in both committees. Here they reported on the key audit results and were available to the Auditing Committee and the Supervisory Board to answer any questions and provide additional information.

Following our own review of the annual financial statements, the consolidated financial statements, the management report and the Group management report, we accepted the findings of the auditor. In our meeting of March 7, 2018, we approved the annual financial statements and the consolidated financial statements upon the recommendation of the Auditing Committee. The annual financial statements are thereby approved. After examining it, we endorsed the proposal of the Executive Board for the use of the accumulated profit for the year. The Supervisory Board considers the proposal regarding the use of profits to be appropriate.

The content of the separate non-financial report, which was prepared for the first time for the 2017 fiscal year, was audited by DQS CFS GmbH. The audit did not lead to any reservations. The separate non-financial report is available on the Symrise website at **http://cr2017.symrise.com/sustainability/sustainability-and-responsibility**.

CORPORATE GOVERNANCE

Pursuant to no. 3.10 of the German Corporate Governance Code (DCGK), the Executive Board reports on corporate governance at Symrise AG, also on behalf of the Supervisory Board, once a year in connection with the publication of the Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code. The Corporate Governance Statement includes (i) the Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act, (ii) relevant disclosures on corporate governance practices, (iii) a description of the working methods of the Executive Board and the Supervisory Board as well as the composition and working methods of their committees, (iv) target figures for the proportion of women in the Executive Board and for the two management levels below the Executive Board, together with deadlines for implementation, and (v) a description of the diversity concept with regard to the composition of the Executive Board and Supervisory Board. Pursuant to the currently valid version of no. 3.10 of the German Corporate Governance Codex from February 7, 2017 ("DCGK 2017"), published in the official section of the Federal Gazette by the German Federal Ministry of Justice on April 24, 2017, and amended on May 19, 2017, the Corporate Governance Report, which is required to be issued annually by the Executive Board and the Supervisory Board, must be published together with the Corporate Governance Statement.

Due to the similarity of content between the Corporate Governance Report and the Corporate Governance Statement, we have once more decided to integrate the Corporate Governance Report in the meaning of no. 3.10 of the Corporate Governance Codex 2017 into the Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code in order to simplify orientation for the reader. By contrast, the remuneration report pursuant to no. 4.2.5 of the Corporate Governance Codex 2017 is no longer part of the Corporate Governance Report. The remuneration report is now part of the management report included on pages 43 to 49 of the 2017 financial report.

The Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code is published on the Symrise AG website, together with the integrated Corporate Governance Report of the Executive Board and Supervisory Board. It can be found at **http://www.symrise.com/investors/corporate-governance/corporate-governance-statement-and-corporate-governance-report**. In 2017, we observed the refinement of corporate governance standards in Germany and abroad and will continue to do so in the future.

On December 6, 2017, the Executive Board and the Supervisory Board submitted an updated Declaration of Compliance according to Section 161 of the German Stock Corporation Act and made this permanently available to the shareholders on the company's website. It is also included in the Corporate Governance Statement.

Symrise AG has fully complied with all recommendations made by the Government Commission on the Corporate Governance Codex (version: February 7, 2017) published by the German Federal Ministry of Justice on April 24, 2017, in the official part of the Federal Gazette (Bundesanzeiger) and amended on May 19, 2017, without exception and will continue to do so in the future.

CHANGES IN THE EXECUTIVE BOARD AND SUPERVISORY BOARD

There were no personnel changes in the Executive Board and Supervisory Board in the reporting year.

The now almost 9,400 employees of the Symrise Group around the world make a crucial contribution to the success of our company. The Supervisory Board would like to thank all of the members of the Executive Board, the Group's employees in Germany and abroad as well as all employee representatives for their commitment, their constructive and creative collaborations in service of our customers and their outstanding accomplishments in the 2017 fiscal year.

On behalf of the Supervisory Board,

Dr. Thomas Rabe
Chairman

Holzminden, March 7, 2018

Bodies and Mandates – Executive Board and Supervisory Board

EXECUTIVE BOARD:

DR. HEINZ-JÜRGEN BERTRAM:

Chief Executive Officer

Membership in Legally Mandated Domestic Supervisory Boards None

Membership in Comparable Supervisory Bodies (Domestic and International) None

ACHIM DAUB:

President Scent & Care Worldwide

Membership in Legally Mandated Domestic Supervisory Boards None

Membership in Comparable Supervisory Bodies (Domestic and International) None

OLAF KLINGER:

Chief Financial Officer

Membership in Legally Mandated Domestic Supervisory Boards None

Membership in Comparable Supervisory Bodies (Domestic and International) None

DR. JEAN-YVES PARISOT:

President Nutrition Division (Diana)

Membership in Legally Mandated Domestic Supervisory Boards None

Membership in Comparable Supervisory Bodies (Domestic and International)

- Probi AB, Lund, Sweden, Chairman of the Supervisory Board
- VetAgroSup, Lyon, France, Chairman of the Board

HEINRICH SCHAPER:

President Flavor Division

Membership in Legally Mandated Domestic Supervisory Boards None

Membership in Comparable Supervisory Bodies (Domestic and International) None

SUPERVISORY BOARD:

DR. THOMAS RABE:

Chief Executive Officer at Bertelsmann Management SE

Membership in Legally Mandated Domestic Supervisory Boards

- Symrise AG, Holzminden, Chairman of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International)

- Bertelsmann Inc., Wilmington, USA, Chairman of the Supervisory Board
- RTL Group S.A., Luxembourg, Chairman of the Supervisory Board
- Penguin Random House LLC, UK, Chairman of the Supervisory Board (since January 1, 2018)
- Bertelsmann Learning LLC., New York, USA, Member of the Supervisory Board
- Relias Learning LLC, Cary, USA, Member of the Supervisory Board

DR. MICHAEL BECKER:

Retired

Membership in Legally Mandated Domestic Supervisory Boards

- Symrise AG, Holzminden, Member of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International) None

URSULA BUCK:

Managing Director of Top Managementberatung BuckConsult

Membership in Legally Mandated Domestic Supervisory Boards

- Symrise AG, Holzminden, Member of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International) None

HARALD FEIST:

Vice Chairman of the works council and Vice Chairman of the general works council at Symrise AG

Membership in Legally Mandated Domestic Supervisory Boards

- Symrise AG, Holzminden, Member of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International) None

HORST-OTTO GERBERDING:
Managing Director at
Gottfried Friedrichs (GmbH & Co.) KG

Membership in Legally Mandated Domestic Supervisory Boards
- Symrise AG, Holzminden, Member of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International) None

REGINA HUFNAGEL:
Chairperson of the works council and Chairperson of the general works council at Symrise AG

Membership in Legally Mandated Domestic Supervisory Boards
- Symrise AG, Holzminden, Vice Chairperson of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International) None

ANDRÉ KIRCHHOFF:
Independent member of the works council at Symrise AG

Membership in Legally Mandated Domestic Supervisory Boards
- Symrise AG, Holzminden, Member of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International) None

JEANNETTE KURTGIL:
IG BCE trade union secretary for the North region

Membership in Legally Mandated Domestic Supervisory Boards
- Symrise AG, Holzminden, Member of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International)
- Esco GmbH, Hanover, Member of the Advisory Board

PROF. DR. ANDREA PFEIFER:
Chief Executive Officer at AC Immune S.A.

Membership in Legally Mandated Domestic Supervisory Boards
- Symrise AG, Holzminden, Member of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International)
- Bio MedInvest AG, Basel, Switzerland, Chairperson of the Board of Directors
- AB2 Bio SA, Lausanne, Switzerland, Chairperson of the Board of Directors

DR. WINFRIED STEEGER:
Chief Executive Officer at Jahr Holding GmbH & Co. KG

Membership in Legally Mandated Domestic Supervisory Boards
- Symrise AG, Holzminden, Member of the Supervisory Board
- Verwaltungsgesellschaft Otto mbH (co-determined limited liability company of the Otto Group), Hamburg, Member of the Supervisory Board
- EUROKAI GmbH & Co. KGaA, Hamburg, Chairman of the Supervisory Board
- Blue Elephant Energy AG, Hamburg, Member of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International)
- August Prien Verwaltung GmbH, Hamburg, Chairman of the Supervisory Board
- EUROGATE Geschäftsführungs-GmbH & Co KGaA, Bremen, Member of the Supervisory Board

DR. LUDWIG TUMBRINK:
Vice President Compounding Flavor EAME at Symrise AG

Membership in Legally Mandated Domestic Supervisory Boards
- Symrise AG, Holzminden, Member of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International) None

PETER WINKELMANN:
Regional Head of the IG BCE district Alfeld

Membership in Legally Mandated Domestic Supervisory Boards
- Symrise AG, Holzminden, Member of the Supervisory Board
- amedes Holding GmbH, Hamburg, Vice Chairman of the Supervisory Board
- aenova Holding GmbH, Starnberg, Vice Chairman of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International) None

Glossary

AFF
Aroma Molecules, Flavors & Fragrances

AKTG
Stock Corporation Act (Aktiengesetz)

AROMA
A complex mix of flavors and/or fragrances often based on aromatic compounds, which can be aromatics themselves

CAGR
Compound Annual Growth Rate

COSO II
COSO (Committee of Sponsoring Organizations of the Treadway Commission) aims to improve financial reporting through ethical action, effective internal controls and good corporate governance. Published in 2004, COSO II is an expansion of the original control model

COVENANTS
Loan agreements (under the normal market conditions)

EAME
Europe, Africa and the Middle East

EBIT
Earnings before interest and taxes

EBITDA
Earnings before interest, taxes, depreciation and amortization on property, plant and equipment and intangible assets

F & F
Flavors & Fragrances

FLAC
Financial liabilities measured at amortized cost

GDP
Gross Domestic Product: A statistic used to measure the economic strength (goods and services) of a country

HFT
Held for trading

HGB
German Commercial Code (Handelsgesetzbuch)

HTM
Held to maturity

IAL
An industrial and market research consultancy

IKS
Internal Controlling System

INCOTERMS
International Commercial Terms

ISO 31000
A standard that defines the framework for a risk management system

LAR
Loans and receivables

LTIP
Long Term Incentive Plan, a remuneration plan for staff, especially for managerial staff

OPEN INNOVATION
Opening up of the innovation process of organizations and thus the active strategic use of the external world for the expansion of innovative potential. The open innovation concept describes the purposeful use of knowledge flowing into and out of the company, while making use of internal and external marketing channels in order to generate innovations

OPERATING CASH FLOW
Cash generated from the operations of a company and defined as the revenues minus operating expenses (an important indicator of an enterprise's earning power)

REACH
European Union regulation for the registration, evaluation, authorization and restriction of chemicals

REVOLVING CREDIT FACILITY
Credit limits which the borrower can access at any time and offer very flexible repayment options

SUPPLY CHAIN
Process chain from procurement, through production and all the way to the sale of a product, including suppliers, manufacturers and end customers

US PRIVATE PLACEMENT
Non-public sale of debt securities to US investors, which is regulated, however, by the SEC (United States Securities and Exchange Commission)

WORKING CAPITAL
Financial indicator derived by subtracting current operating liabilities from current operating assets

Financial Calendar 2018

March 14, 2018
Corporate and Financial Report 2017

May 8, 2018
Quarterly Statement January – March 2018

May 16, 2018
Annual General Meeting, Holzminden

August 14, 2018
Interim Group Report January – June 2018

November 7, 2018
Quarterly Statement January – September 2018

Imprint

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Symrise AG
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F + 49 55 31. 90 – 16 49

Concept and Editing
PvF Investor Relations, Oberursel

Concept, Design and Realization
3st kommunikation, Mainz

Photography (Cover)
3st kommunikation, Mainz

Typography
BG media design GmbH, Darmstadt

Translation
EnglishBusiness AG, Hamburg

Printed by
caPRI Print + Medien GmbH, Wiesbaden

Publication Date of the Report
March 14, 2018

Symrise online
www.symrise.com/en
www.symrise.com/en/sustainability
www.symrise.com/en/investors
cr2017.symrise.com

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