

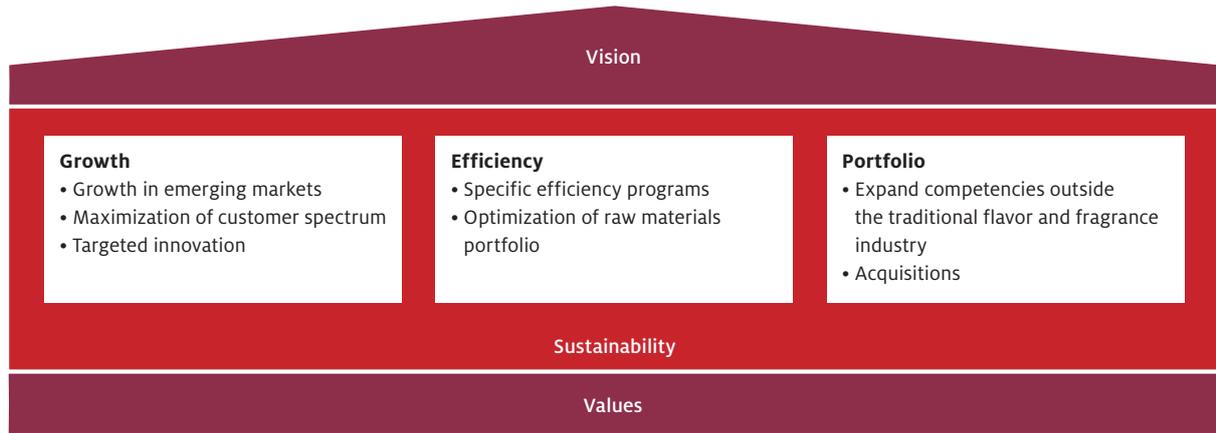
# Group Management Report

**SYMRISE AG, HOLZMINDEN**  
**JANUARY 1 TO DECEMBER 31, 2021**

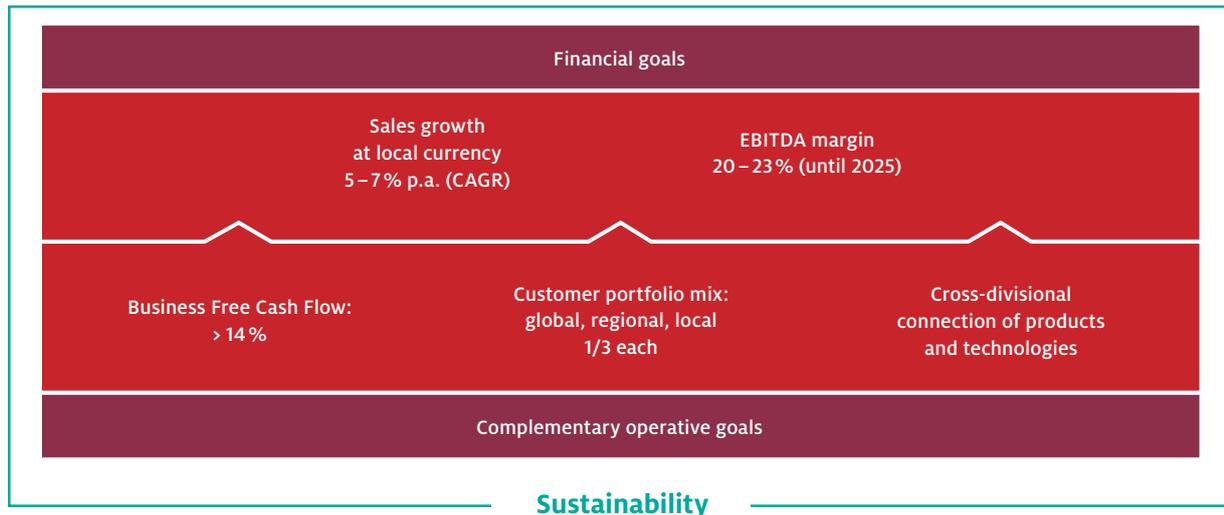
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# Basic information on the Symrise Group

## STRATEGY



## GOALS



## OUR SUSTAINABILITY AGENDA



### FOOTPRINT

Minimize our environmental footprint along the value chain



### INNOVATION

Maximize positive social & environmental impacts of our products



### SOURCING

Maximize the sustainability of our supply chain and raw materials



### CARE

Improve well-being in our stakeholder communities

## STRUCTURE AND BUSINESS ACTIVITIES

### COMPANY PROFILE

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

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

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

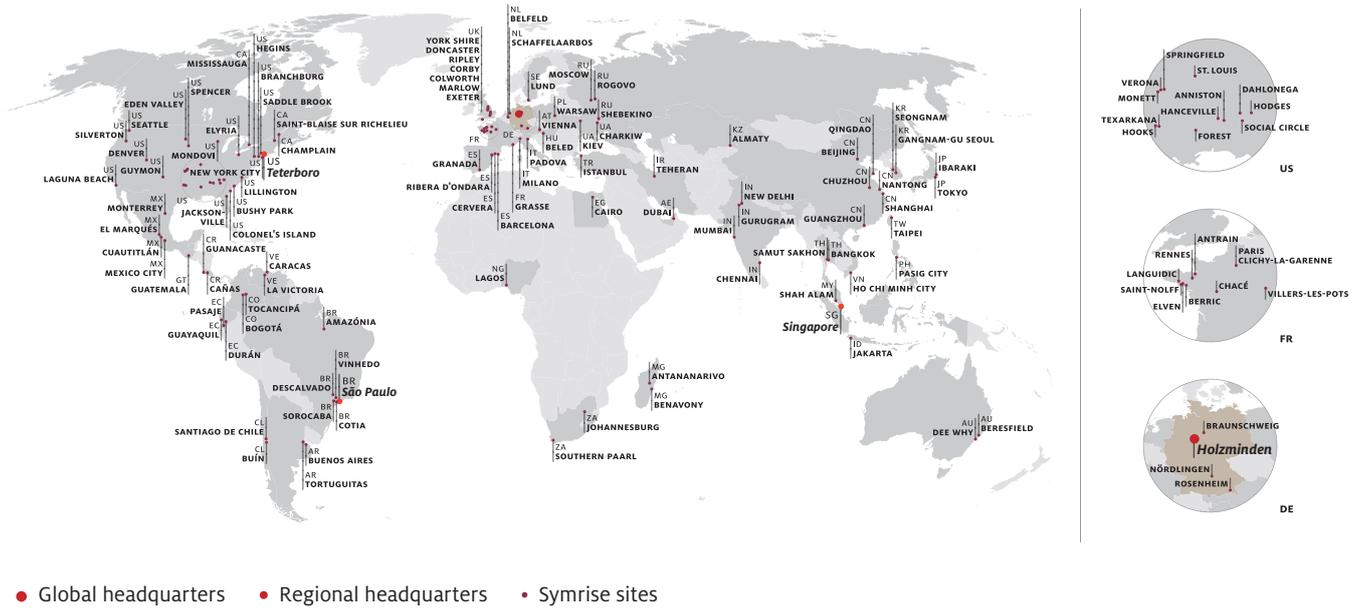
The Taste, Nutrition & Health segment includes the Food & Beverage and Pet Food divisions as well as the two smaller units Aqua Feed and Probi. The Scent & Care segment breaks down into the Fragrance, Cosmetic Ingredients and Aroma Molecules divisions.

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

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

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

Symrise sites



MANAGEMENT AND OVERSIGHT

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

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

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

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

Supervisory Board

Chairman: Michael König

CEO and President  
Scent & Care

Dr. Heinz-Jürgen Bertram

Chief  
Financial Officer

Olaf Klinger

President Taste,  
Nutrition & Health

Dr. Jean-Yves Parisot

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

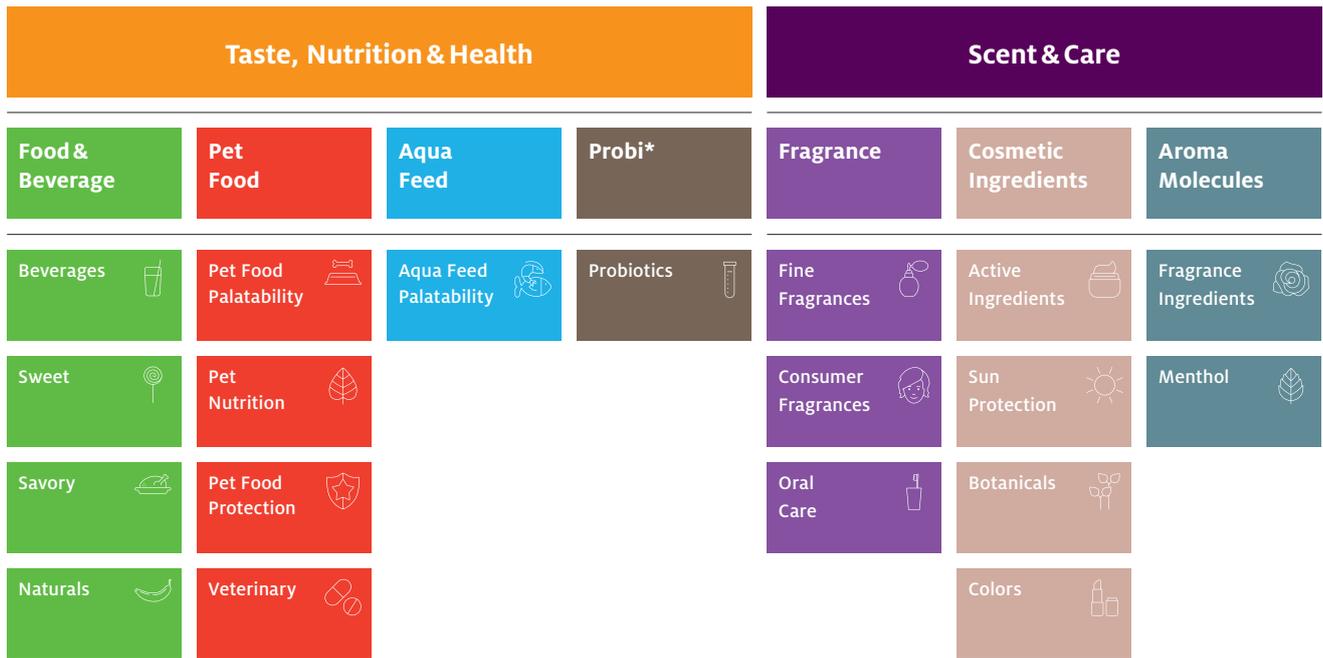
**BUSINESS ACTIVITIES AND PRODUCTS**

**The value chain of Symrise**

Symrise manufactures about 34,000 products from around 10,000 – mostly natural – raw materials such as vanilla, citrus products or flower and plant materials. The value chain of the two segments extends across research and development, purchasing, production, and the sale of products and solutions. The natural food ingredients, flavors, perfume oils and active ingredients are generally central functional components in Symrise customers’ end products and often play a decisive role in consumers’ purchasing decisions. Along with the typical product characteristics such as fragrance and taste,

value creation at Symrise lies in the development of products with additional benefits. Examples of how food ingredients and perfume oils are combined with other innovative components include flavors that enable the sugar or salt content of foods to be reduced or a moisturizing cosmetic ingredient that lowers the proportion of preservatives in care products.

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



\* Majority shareholder in the Swedish company Probi AB.

## CORPORATE STRUCTURE

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

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

### Taste, Nutrition & Health

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

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



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



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



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



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

The food-specific products from ADF/IDF were assigned to the Naturals business unit as part of the transformation of the Flavor and Nutrition segments into the Taste, Nutrition & Health segment.

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

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

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

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

## Scent & Care

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

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



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



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



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

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

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

## MARKET AND COMPETITION

### MARKET STRUCTURE

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

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

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

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

<sup>1</sup> AFF market: F & F market (Flavors and Fragrances) plus the market for aroma chemicals and cosmetic ingredients.

**THE MARKET POSITION OF SYMRISE**

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

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

**GOALS AND STRATEGY**

**GOALS**

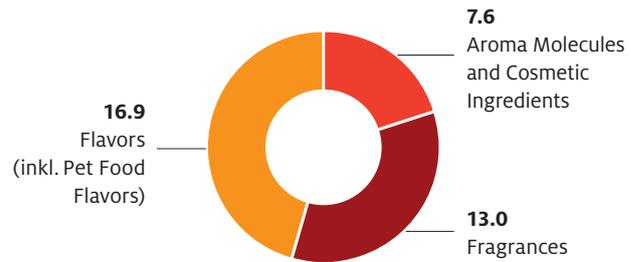
In the long term, Symrise wants to strengthen its market position and ensure the independence of Symrise. At the same time, Symrise recognizes its responsibility toward the environment, its employees and society at large. Symrise intends to increase its sustainability regarding its footprint, innovation,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

- **Market position:** With long-term organic growth of 5 to 7 % per year (CAGR),<sup>1</sup> sales growth at Symrise should exceed the growth of the market, which is expanding by about 3 to 4 % per year on average. This will enable Symrise to gradually increase the distance between it and smaller competitors and to gain market share.
- **Value orientation:** Symrise wants to consistently be counted among the most profitable companies in the industry. The Group aims to achieve an average EBITDA margin of 20 to 23 %.

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

**Relevant AFF Market Size 2021**

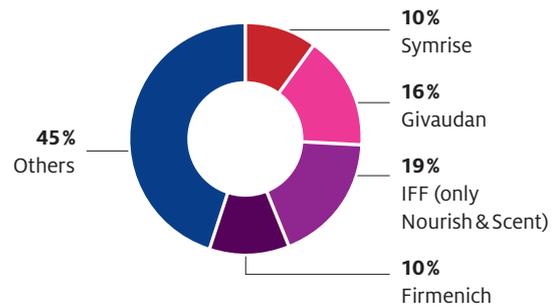
in € billion (approx. € 37.5 billion overall)



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

**AFF market share 2021**

in % (volume approx. € 37.5 billion)



Source: corporate data and internal estimates

<sup>1</sup> CAGR: Compound Annual Growth Rate

## STRATEGY

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

- **Growth:** Symrise strengthens cooperation with its strategic customers around the world and expands its business in emerging markets. The Group makes sure that it remains an innovation leader in its core competencies. This ensures its continued growth.
- **Efficiency:** Symrise works continually to improve its processes and focuses on products with a high level of value creation. With backward integration for key raw materials, Symrise ensures a consistent, high-quality supply of these materials in sufficient quantities and at set delivery conditions. Symrise works cost-consciously in every division. This is how the Group ensures its profitability.
- **Portfolio:** Symrise enhances its product portfolio and taps into new markets and segments. The Group continues to expand its expertise outside the traditional flavor and fragrances industry. This ensures its prominent market position.

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

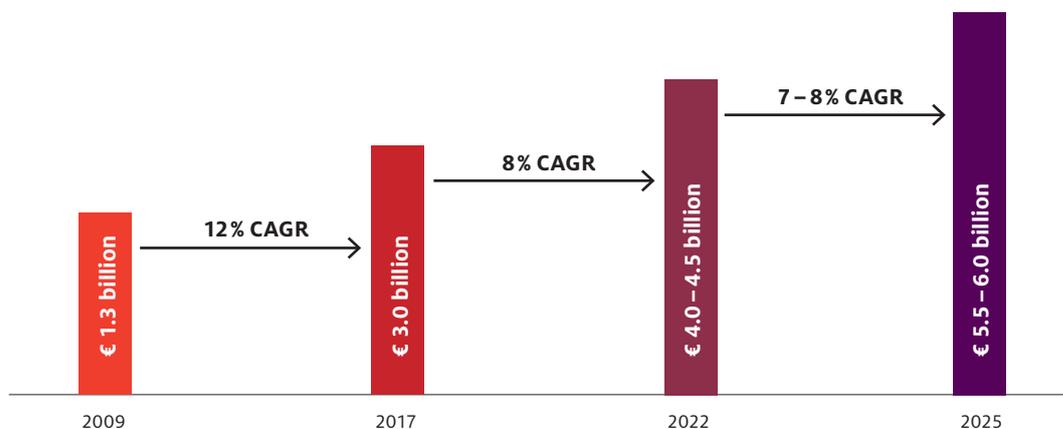
## VALUE-ORIENTED MANAGEMENT

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

<sup>1</sup> CAGR: Compound Annual Growth Rate

## Goals by 2025

Sales in € billion



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

## RESEARCH AND DEVELOPMENT

### GUIDELINES

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

### ORGANIZATION

From idea to marketable product, the innovation process at Symrise is organized around a uniform, stage gate process with decision filters, which has been implemented across the company. Here, more and more elements of agile project management are being used. A business plan containing exact project descriptions, including the project's costs and resource usage, is developed for every project. The research and development projects are also regularly evaluated based on criteria from the four pillars of the sustainability strategy (FISC)<sup>1</sup> and prioritized accordingly. As part of this process in 2021, in particular, the area of fair use of biodiversity was further developed according to the provisions of the Nagoya Protocol. One future field is the utilization of legacy varieties of known ag-

ricultural raw materials in order to preserve and expand biodiversity. Symrise has joined the OP2B consortium of various industrial companies for this purpose. The two segments at Symrise each manage their own R & D activities due to the varying requirements of their respective markets and customers. At the same time, technologies, processes and findings are made available to all segments, in order to achieve synergies and improve resource efficiency. Multiple R & D centers around the world ensure that the regional activities of the segments are optimally supported. The research activities of the Scent & Care segment, especially the centers for development and application technologies, are located in Holzminden (Germany), Teterboro (USA), Singapore, Shanghai (China), Tokyo (Japan), Chennai (India), Paris (France), Antananarivo (Madagascar), São Paulo (Brazil) and Cuautitlan (Mexico). In addition, a hair research center was established at the São Paulo site. In addition, the Cosmetic Ingredients division has expanded its core competencies through the acquisition of Cutech in Padua, Italy, with highly innovative skin models for basic skin biology research and for the development of new cosmetic active ingredients. In the Taste, Nutrition & Health segment, R & D activities are organized according to the Food & Beverage and Pet Food divisions as well as the smaller Aqua Feed and Probi units. The majority of this segment's R & D activities are located in Holzminden (Germany), Teterboro (USA), Singapore, Shanghai (China), Tokyo (Japan), Paris (France), Rennes (France), Elven (France), São Paulo (Brazil), and Lund (Sweden).

### EXTERNAL COOPERATIONS

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

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

<sup>1</sup> Further information on the four pillars of the sustainability strategy can be found in the “Sustainability” chapter starting on page 24.

Topics in the following areas play a key role: Sustainability, the targeted development of information sources on the effects of plant raw materials, the establishment of cultures and the breeding of plants with special flavor properties, the development and sensory improvement of plant proteins, raw material sourcing and biotechnological processing and improvement,

the added health value of food ingredients, technologies and sustainable ingredients for perfume oils and oral hygiene. Symrise has joined the Sustainable Food Initiative (SFI), founded by Wageningen University & Research, in which various universities and industrial companies conduct joint research in the field of future and sustainable food production.

## Significant research cooperations

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

## FOCUS AREAS

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

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

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

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

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

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

A total of five research platforms exist in the areas of cosmetic ingredients, encapsulation and release systems for perfumery, green chemistry for sustainable products, bad odor management and oral care. Supporting platforms in the areas of sensory and analytical research, raw materials and byproducts from sustainable sources, performance, and receptor research form the basis for the capabilities at Symrise and for a constant innovation process. Newly developed technologies support the understanding of perfume oils in terms of long-lasting fragrance experiences and blooming effects. The growing population in large cities is causing the issue of anti-pollution to play an increasingly important role. Here Symrise also benefits from the close cooperation of various groups in Fragrance and Cosmetic Ingredients research. In the Cosmetic Ingredients division, an interdisciplinary research group of cell, molecular and microbiologists is looking at the human microbiome. The new research area is investigating the benefits and

risks of interactions between humans and microorganisms, and is providing scientific and cross-divisional support in the development of new products for skin, scalp and oral care, or in the area of nutrition. The first products and product concepts have already been introduced to the market. Crinipan® PMC green, for example, was developed to positively influence the scalp's microbiome and reduce dandruff. The anti-dandruff ingredient, which is based on natural raw materials, changes the microbiome in favor of a healthy symbiosis of microorganisms with the skin cells.

**PATENTS AND AWARDS**

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

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

**Core functions of research and development at Symrise**



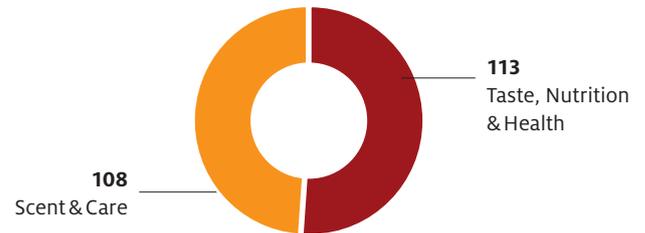
ural product Phytoconcentrole® Hemp CBD based on hemp oil in combination with CBD extracted from hemp was awarded a European BSB Innovation Award as a natural raw material. The product Hydrolite® 7 green, which was also launched in 2021, received two awards for its innovative and sustainable technological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

**RESEARCH AND DEVELOPMENT EXPENSES**

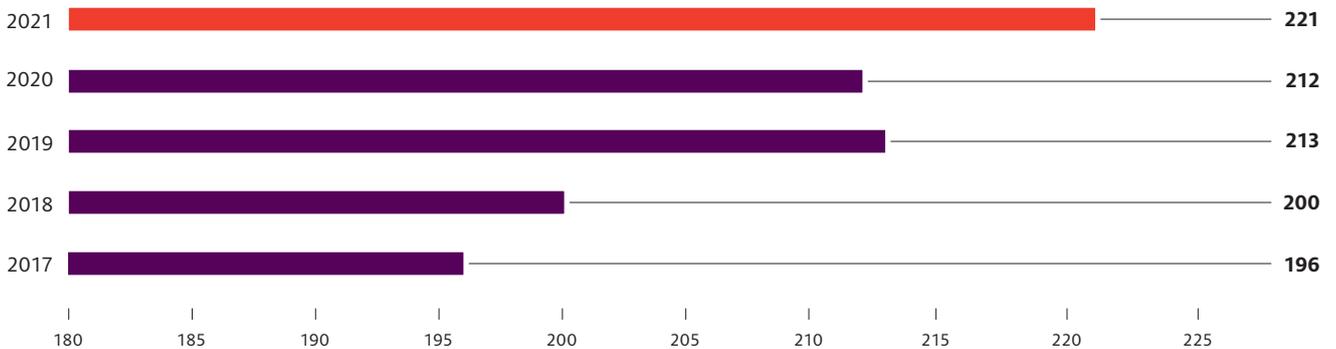
Total R&D expenditures amounted to € 221 million in the 2021 fiscal year (previous year: € 212 million), comprising 5.8 % of sales (previous year: 6.0 %). R&D expenditure in the reporting year was 4 % above the level of the previous year and developed in a manner that could be described as slightly underproportional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

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

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



**R & D expenses 2017–2021 in € million**



**EMPLOYEES**

**STRUCTURE OF THE WORKFORCE**

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

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

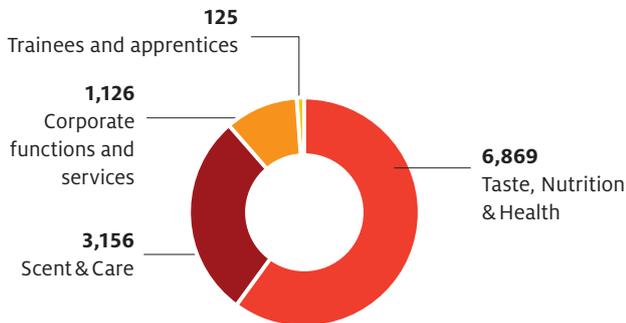
**PERSONNEL STRATEGY**

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

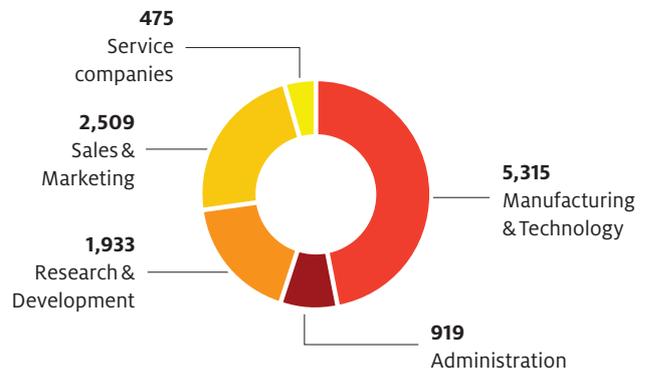
**Group strategic development of senior executives and employees**

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

**Number of employees by segment**



**Number of employees by position**



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

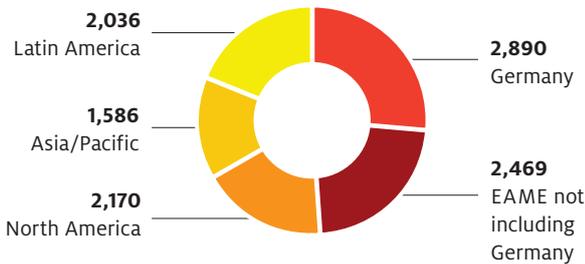
- Assessment of Group-wide competency development needs to achieve the strategic goals
- Identification of the top talents and their individual development plans
- Nomination of top talent for strategic development programs, such as the Leadership Accelerator Program
- Robust succession planning in business-crucial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

Symrise continued this process in 2021. The focus was on development discussions and implementation of development measures as well as succession planning. Symrise specified

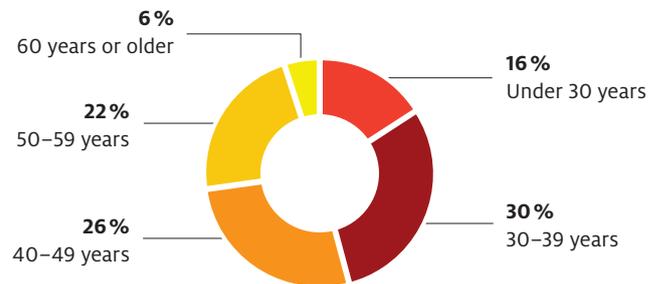
the definition for identification of new key positions and the validation of existing key positions. The plan for 2022 is to continue to optimize the process and to make it available to a larger group of employees. All employees have the opportunity to discuss and agree on a development plan with their supervisor since the program was introduced in 2020.

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

**Number of employees by region**



**Age structure of the workforce in %**



**Group strategic development of female senior executives**

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

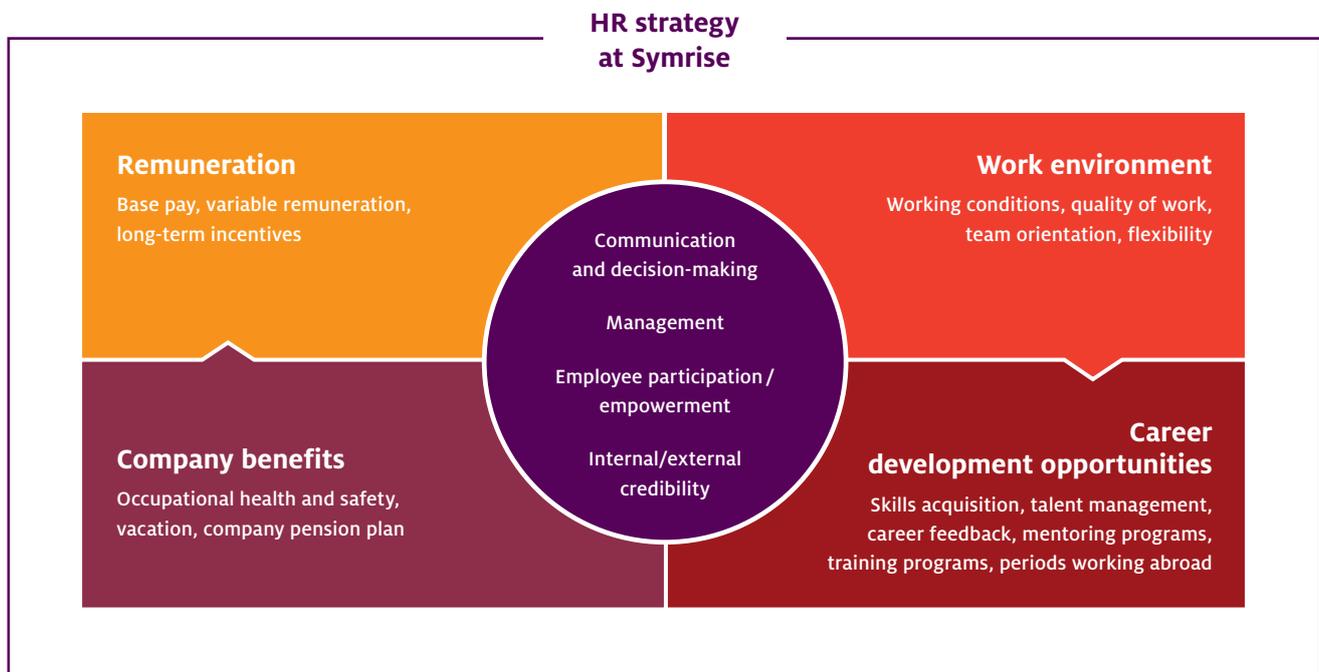
To better leverage the potential of women at Symrise, the company is planning to develop a strategy to ensure that Symrise will be able to advance the careers of its female employees. As a first step, the current situation was thoroughly assessed in 2021. At the same time, interviews were conducted with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

**Equitable remuneration for women and men**

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

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

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



### Training and education

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

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

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

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

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

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

### Remuneration and wage agreements

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

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

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

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

### SUSTAINABILITY

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

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



The successive, strategic integration of sustainability into the core and supporting processes is managed by a global, cross-segment team – the Symrise Sustainability Board. It defines common goals and ensures both the development and implementation of issues and objectives relevant for sustainability across the entire extended value chain, as well as the consideration of the interests of key stakeholders. Symrise manages sustainability in corporate processes using an Integrated Management System. It is based on the international standards on quality (ISO 9001), environmental protection (ISO 14001), work safety (OHSAS 18001), sustainability (ISO 26000), energy (ISO 50001), social responsibility (SA 8000), the generally accepted audit standards of the Global Food Safety Initiative (GFSI) and other recognized local standards. In 2021, Symrise was again widely recognized by external entities for its commitment to sustainability and is considered one of

the leading companies worldwide. This is shown in the current ranking of the renowned non-profit organization CDP (previously known as the Carbon Disclosure Project). CDP makes a yearly assessment of what participating companies do to fight climate change, protect water supplies and conserve forests. In 2021, Symrise achieved the best possible result in all three categories: a spot on the A list. Only 14 companies out of approx. 12,000 that took part achieved the highest grade of A in all three categories. In its sustainability reporting, Symrise complies with the guidelines of the Global Reporting Initiative (GRI) as amended by the GRI Standards. The company immediately adopted the newly added Water and Effluents (GRI 303) and Occupational Health and Safety (GRI 403) indicators to improve its performance in the area of Environment, Health and Safety. In doing so, Symrise conforms to the highest application level “In accordance – Comprehensive,” which means that Symrise fully accounts for all material topics. All information has been externally audited in accordance with the AA1000 Assurance Standard. Further information can be found in the Corporate Report. The separate non-financial statement in accordance with Section 289b of the German Commercial Code (HGB) is published on the Symrise AG website. It can be found at: <https://symrise.com/corporatereport/2021/en/sustainability-responsibility/sustainability-record.html>.

**Our Sustainability Agenda**



**FOOTPRINT**

Minimize our environmental footprint along the value chain



**INNOVATION**

Maximize positive social & environmental impacts of our products



**SOURCING**

Maximize the sustainability of our supply chain and raw materials

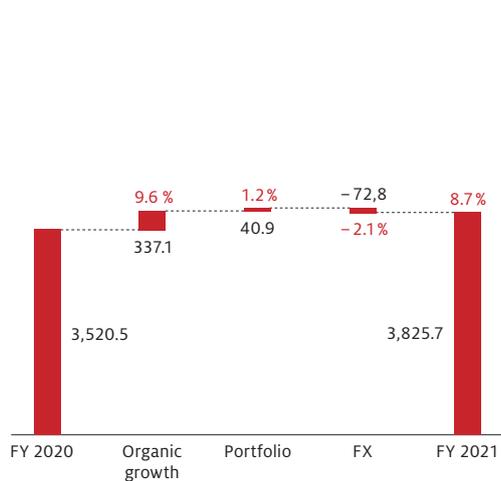


**CARE**

Improve well-being in our stakeholder communities

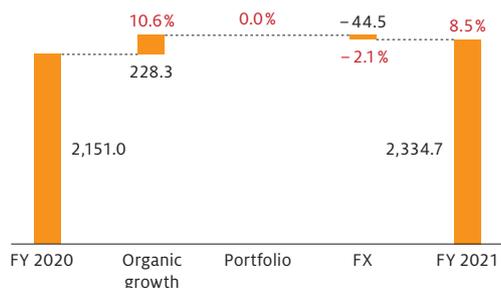
# Economic report

## GROUP sales in € million



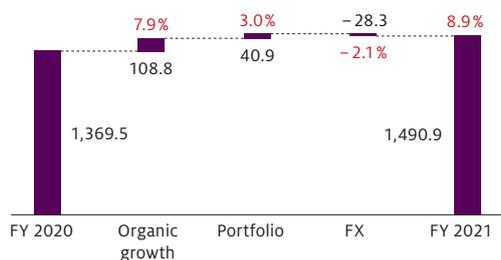
€ million	FY 2020	FY 2021	Change in %	
Gross profit	1,390.5	1,478.8	6.4	
EBITDA	742.1	813.6	9.6	
EBITDA margin	in %	21.1	21.3	
EBIT	487.5	559.0	14.7	
EBIT margin	in %	13.8	14.6	
Depreciation	136.7	140.5	2.8	
Amortization	117.9	114.1	-3.2	
Financial result	-64.0	-42.8	-33.1	
Earnings before income taxes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

## TASTE, NUTRITION & HEALTH sales in € million



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

## SCENT & CARE sales in € million



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

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

<sup>1</sup> Attributable to shareholders of Symrise AG

<sup>2</sup> Undiluted

## GLOBAL ECONOMIC AND INDUSTRY-RELATED CONDITIONS

### GLOBAL ECONOMIC CONDITIONS

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

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

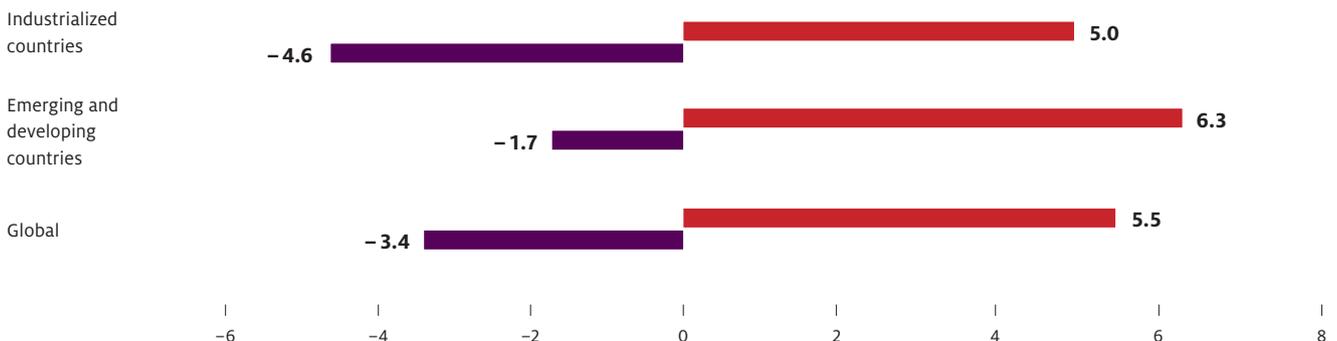
Economic performance is estimated to have increased by an average of 6.3 % in the emerging and developing countries in the reporting year. Some countries in this group benefited from a significant increase in commodity prices while others suffered from the absence of tourism revenue. The impact of the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

### DEVELOPMENT OF ESSENTIAL SALES MARKETS

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

### GDP development 2020/2021 in %

● 2020 ● 2021



## PRICE DEVELOPMENT AND AVAILABILITY OF RAW MATERIALS

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

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

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

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

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

## GENERAL POLITICAL AND REGULATORY CONDITIONS

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

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

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

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

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

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

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

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

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

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

In addition, consumers who are increasingly more conscious in their purchasing decisions demand products whose ingredients they can understand and that meet their ethical requirements. For this reason, characteristics such as vegan and “not tested on animals” are becoming increasingly important alongside the criteria of sustainability and naturalness. In 2011, Symrise entered into the first formal partnership in this environment with EPAA (European Partnership for Alternative Approaches to Animal Testing), which receives support from several major end-product manufacturers and various sectors. For several years, Symrise has also been involved in the AFSA (Animal Free Safety Assessments) initiative with Humane Society International. In addition, Symrise currently supports the Long Range Science Strategy (LRSS) sponsored by Cosmetics Europe, and has also recently become a corporate sponsor of ESTIV (European Society of Toxicology in Vitro). All of these

initiatives ultimately have two goals: First, to expand a new generation of risk assessment to ensure the safety of ingredients and products without animal testing. Second, to reform regulations to reduce the number of tests performed on animals caused by regulatory agencies such as the European Chemicals Agency.

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

**Symrise Global Operations Quality & Regulatory**

**Quality**



**Regulatory Affairs Taste, Nutrition & Health**



**Regulatory Affairs Scent & Care**



## DIFFERENTIATED CONSIDERATION OF THE EFFECTS ON SYMRISE

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

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

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

## COMPANY DEVELOPMENT AT A GLANCE IMPORTANT EVENTS

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

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

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

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

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

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

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

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

## A COMPARISON BETWEEN THE ACTUAL AND FORECAST COURSE OF BUSINESS

At the beginning of the 2021 fiscal year, Symrise had set the goal of achieving organic sales growth of 5 to 7 % and thus no-

ticeably above market growth (approx. 3 to 4 %). In light of the good business performance, the sales expectations for the full year were initially raised to over 7 % and then to around 9 %. According to estimates by IAL Consulting, the growth of the market amounted to approximately 4.8 % in 2021 due to the pandemic.

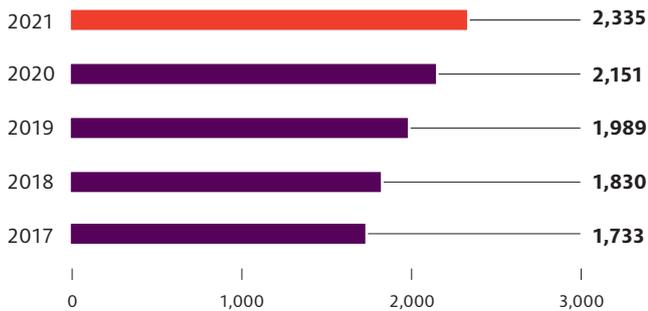
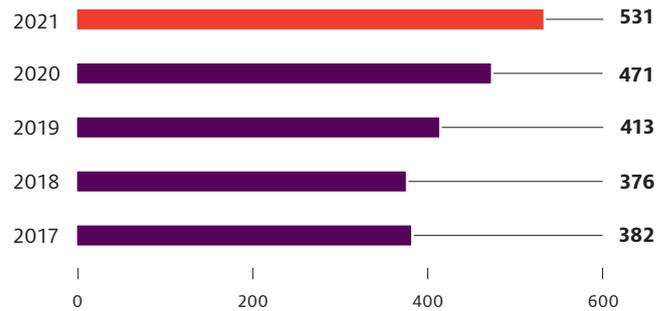
For 2021, Symrise had expected an EBITDA margin of around 21 % despite slightly rising raw material prices. In the course of the fiscal year, the expectation for the EBITDA margin was increased to over 21 %. Debt, as measured in terms of the key figure of net debt (including provisions for pensions and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

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

## Achievement of targets in 2021

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

\* Organic growth without Sensient

**Taste, Nutrition & Health segment sales** in € million**Taste, Nutrition & Health segment EBITDA** in € million

## DEVELOPMENT IN THE SEGMENTS AND REGIONS

### TASTE, NUTRITION & HEALTH SEGMENT

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

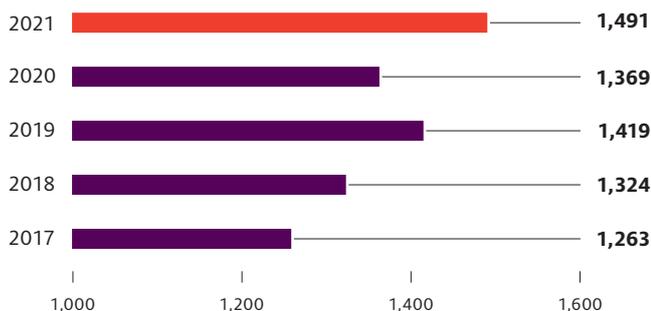
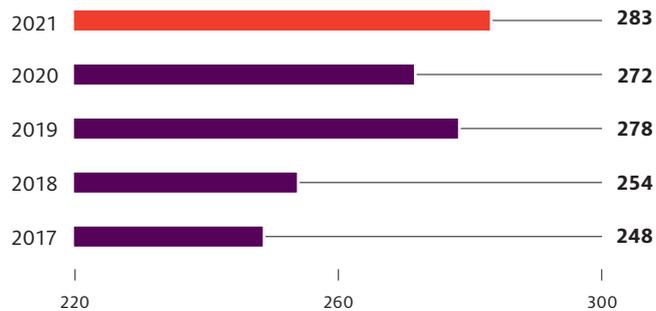
The Food & Beverage division achieved high single to low double-digit percentage sales growth in all regions. An exceptionally strong result was achieved by the Beverages business unit, which benefited from an increase in out-of-home consumption and a resulting rise in demand for beverages. Increased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

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

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

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

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

**Scent & Care segment sales** in € million**Scent & Care segment EBITDA** in € million**SCENT & CARE SEGMENT**

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

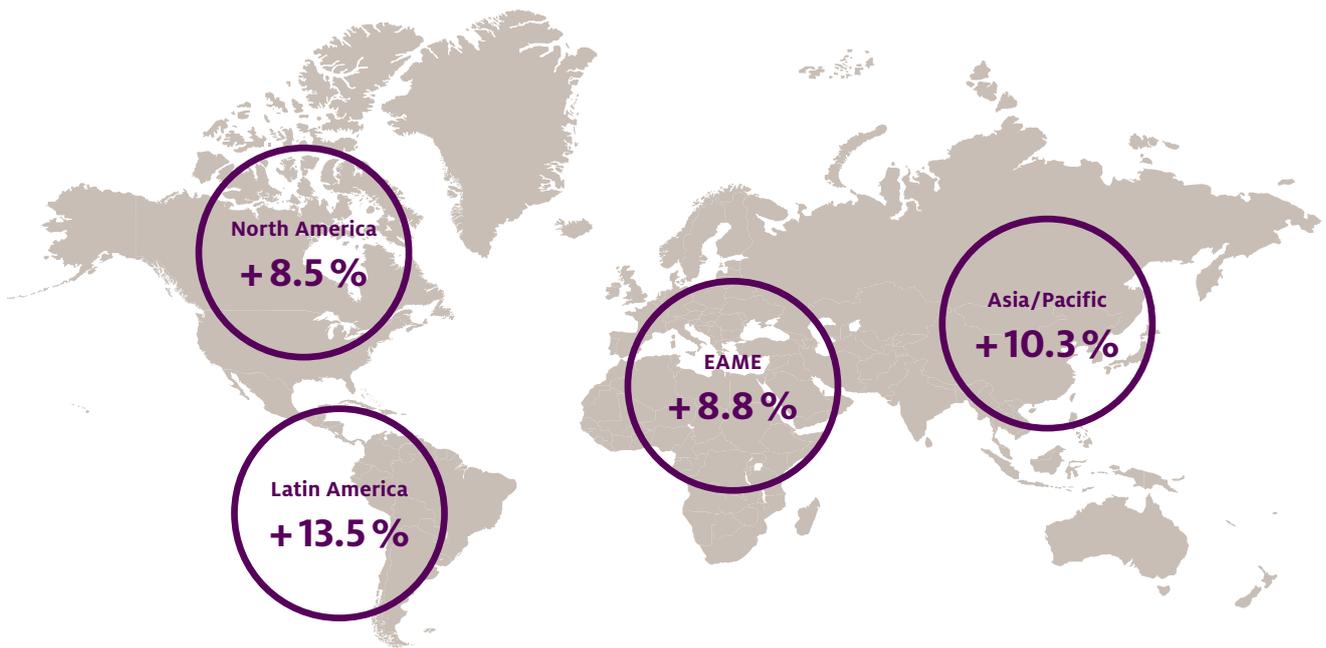
The Fragrance activities recorded solid single-digit percentage organic growth with sales increases in all regions and business units. The Fragrance division benefited in particular from strong demand in the Fine Fragrances business unit. Driven by the resumption of international travel on the one hand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

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

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

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

## Development in the regions (organic sales growth)



### DEVELOPMENT IN THE REGIONS

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

### RESULTS OF OPERATIONS

#### DEVELOPMENT OF MATERIAL LINE ITEMS IN THE INCOME STATEMENT

On the whole, earnings performance in the 2021 fiscal year was good in the second year of the pandemic. The cost of goods sold increased slightly more than proportionately to sales since both raw material and manufacturing costs rose. The gross margin in the reporting year was 38.7 %, which puts it 0.8 percentage points below the previous year's level (39.5 %). The share of selling and marketing expenses in Group sales amounted to 14.7 % after 15.2 % in the previous year. The R & D rate

amounted to 5.8 % (previous year: 6.0 %) of sales. The development of the sales and R & D costs compared to the previous year's level is mostly due to reduced activities such as travel, trade shows, conferences, etc. as a result of the coronavirus pandemic. Administration expenses as a share of Group sales remained stable at 5.8 %.

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

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

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

## Income statement in summary

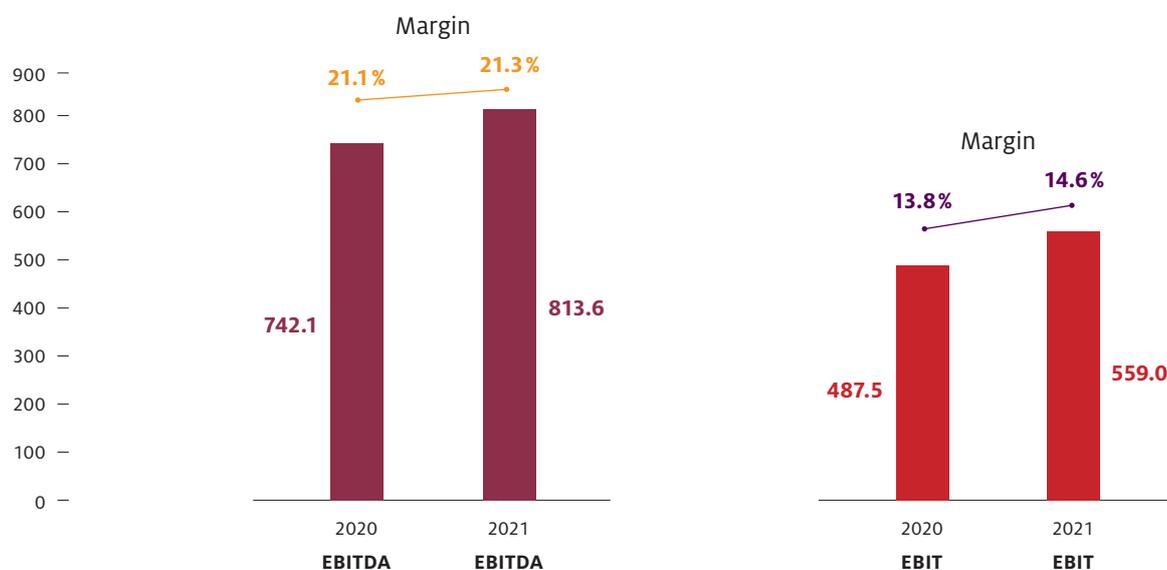
€ million	2020	2021	Change in %
Sales	3,520	3,826	8.7
Cost of goods sold	- 2,130	- 2,347	10.2
<b>Gross profit</b>	<b>1,390</b>	<b>1,479</b>	<b>6.4</b>
Gross margin	in % 39.5	38.7	
Selling and marketing expenses	- 534	- 564	5.7
Research and development expenses	- 212	- 221	4.0
Administration expenses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

**Financial result:** The financial result of € - 42 million improved by € 22 million compared to the result of € - 64 million from the previous year. This was due to one-time interest payments to tax authorities in the previous year (€ - 10.5 million) and interest in connection with financing (€ - 8.1 mil-

lion). In addition, income from currency translation improved by € 5 million.

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

## Overview of Earnings in € million / in %



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

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

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

## FINANCIAL POSITION

### FINANCIAL MANAGEMENT

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

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

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

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

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

### Financing structure:

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

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

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

## CASH FLOW AND LIQUIDITY ANALYSIS

## Overview of cash flow

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

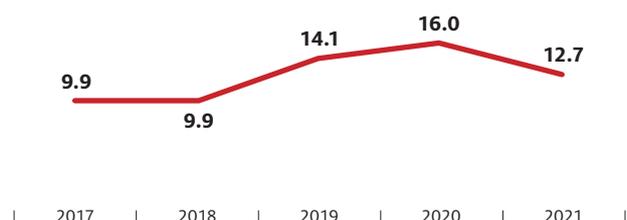
All payment obligations were fulfilled in the fiscal year. There were no shortfalls in liquidity during the year nor are any expected in the foreseeable future. The Group has sufficient credit lines available, e.g., in the form of a revolving credit facility totaling € 500 million that was not utilized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

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

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

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

## Business Free Cash Flow in % of sales



EBITDA(N)  
 - Investments (including cash effects from leasing)  
 +/- Changes in working capital  
 = Business free cash flow

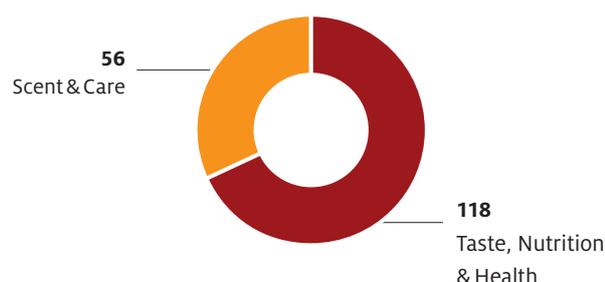
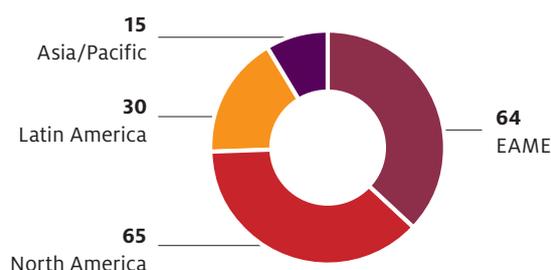
## INVESTMENTS AND ACQUISITIONS

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

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

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

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

**Investments by Segment** in € million**Investments by Region** in € million

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

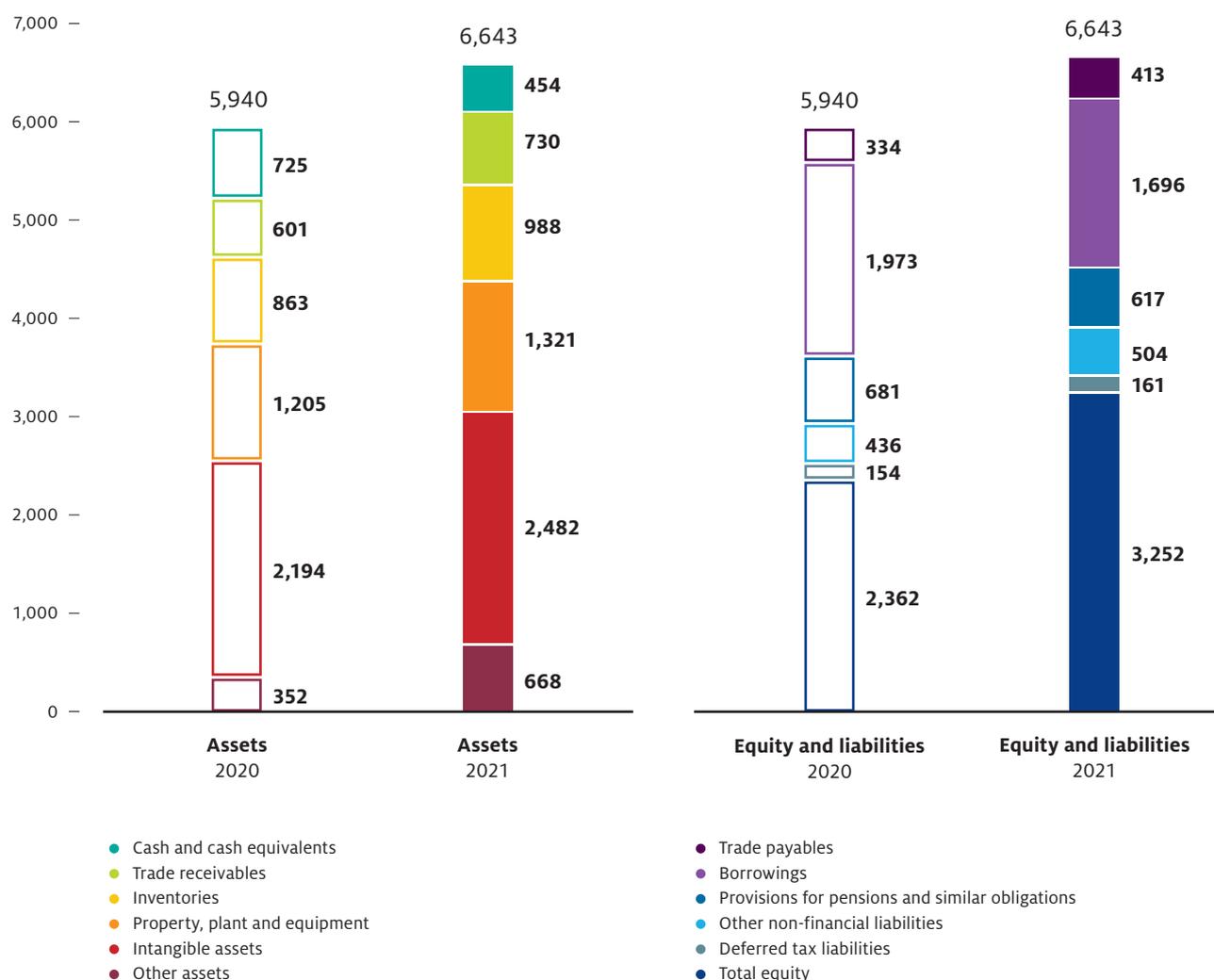
The Scent & Care segment was also strengthened by the acquisition of a non-controlling interest of 25 % in the US company Kobo Products, Inc. (South Plainfield, New Jersey) effective August 31, 2021. This investment is a strategic step for Symrise to expand its activities in the field of inorganic UV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

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

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

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

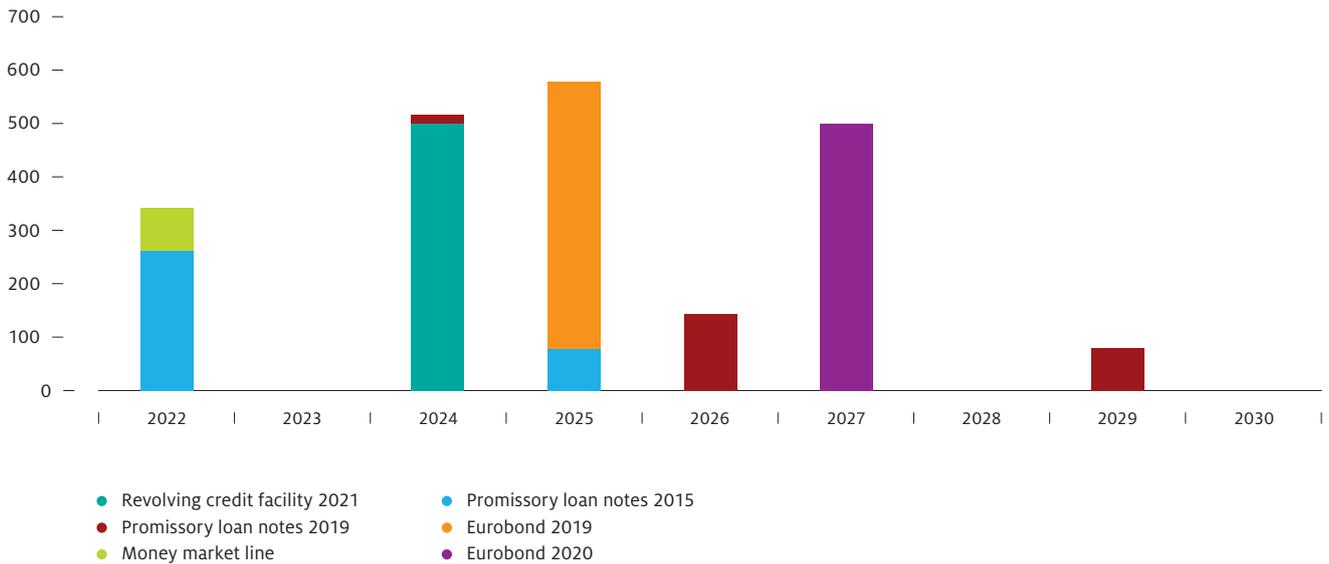
Effective December 22, 2021, Symrise also acquired Giraffe Foods Inc., (Mississauga, ON), a Canadian manufacturer of customized recipes in the B2B area for the home meal replacement, food service and retail market segments. Giraffe Foods recently achieved sales of around CAD 80 million (€ 54 million)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

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

**NET ASSETS**
**SELECT LINE ITEMS IN THE STATEMENT OF FINANCIAL POSITION**

Development of the financial position

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

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

**Maturities as of December 31, 2021** in € million

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

**Net debt**

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

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

## CAPITAL STRUCTURE

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

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

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

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

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

## Subsequent report

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

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

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

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

## General statement on the company's economic situation

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

# Outlook

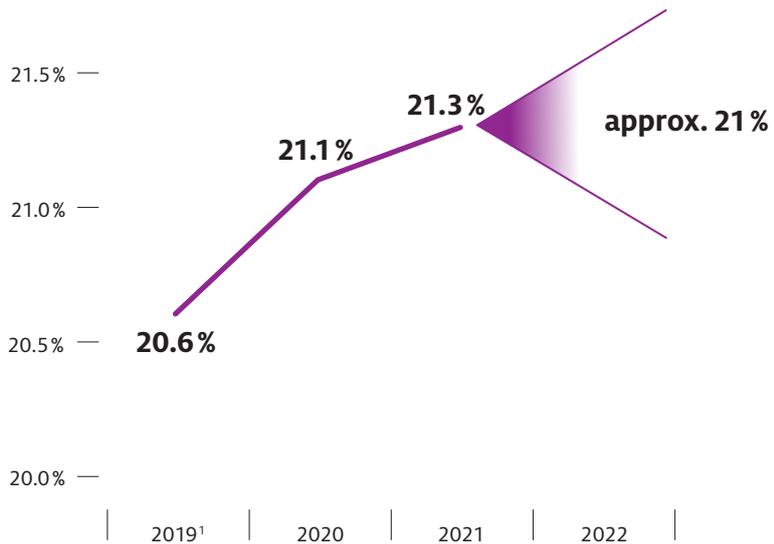
## FRAMEWORK

Global economic growth  
**4.1%**

Market growth  
**3 – 4%**

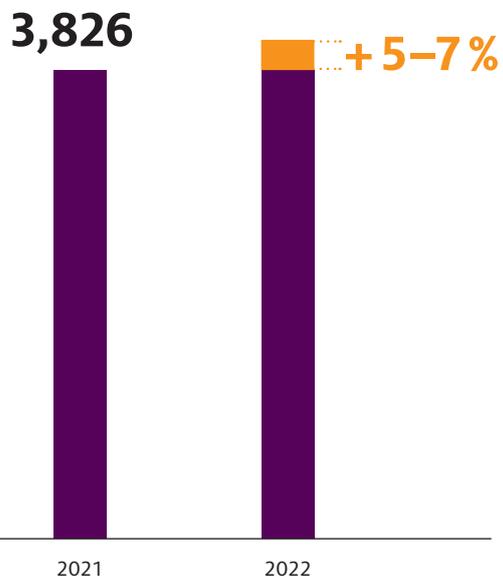
Commodity prices  
increasing noticeably

## EBITDA MARGIN



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

## ORGANIC SALES GROWTH in € million



## EXPECTATIONS

Business free cash flow  
in relation to sales  
**~ 14%**

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

Investments  
in relation to sales  
**~ 5%**

**FUTURE GENERAL CONDITIONS**

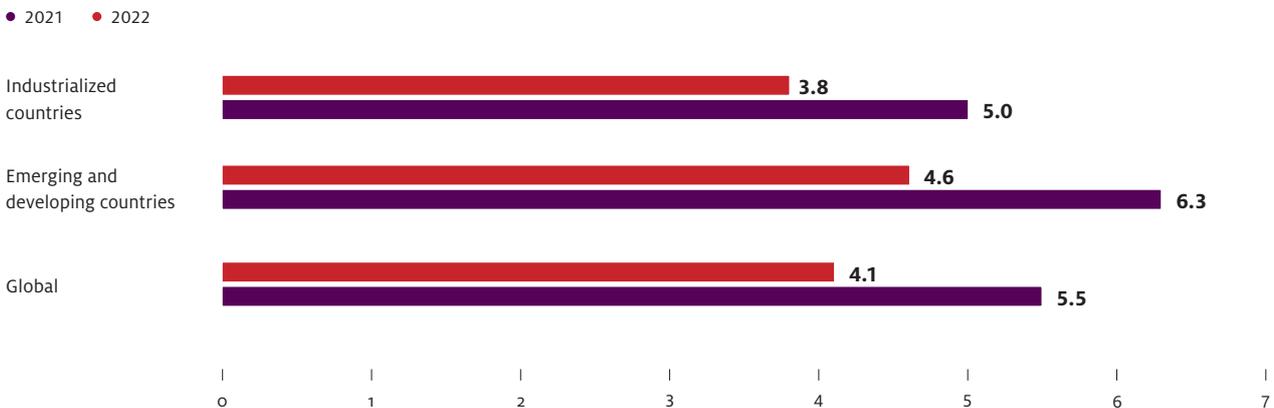
After strong recovery in 2021, the global economy is entering a period of significant slowdown this year and next, according to the World Bank’s January 2022 forecast, triggered by new threats from virus variants and a rise in inflation, debt and income inequality. This is compounded by international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

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

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

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

**GDP development 2021/2022 in %**



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

The reasons for this are low gas purchasing costs in previous years and the fact that the electricity supplied by the combined heat and power plant at the Holzminden site covers a large part of the electricity needs. These measures reduce oil consumption substantially; the same is true for CO<sub>2</sub> emissions. Additionally, producing our own energy also reduces network charges. However, fossil fuels have been subject to CO<sub>2</sub> taxation (Fuel Emissions Trading Act – SESTA) since 2021, meaning that procurement costs are expected to rise.

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

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

#### EFFECTS FROM HYPERINFLATIONARY COUNTRIES

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

#### FUTURE CORPORATE DEVELOPMENT

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

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

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

## GENERAL STATEMENT ON THE COMPANY'S EXPECTED DEVELOPMENT

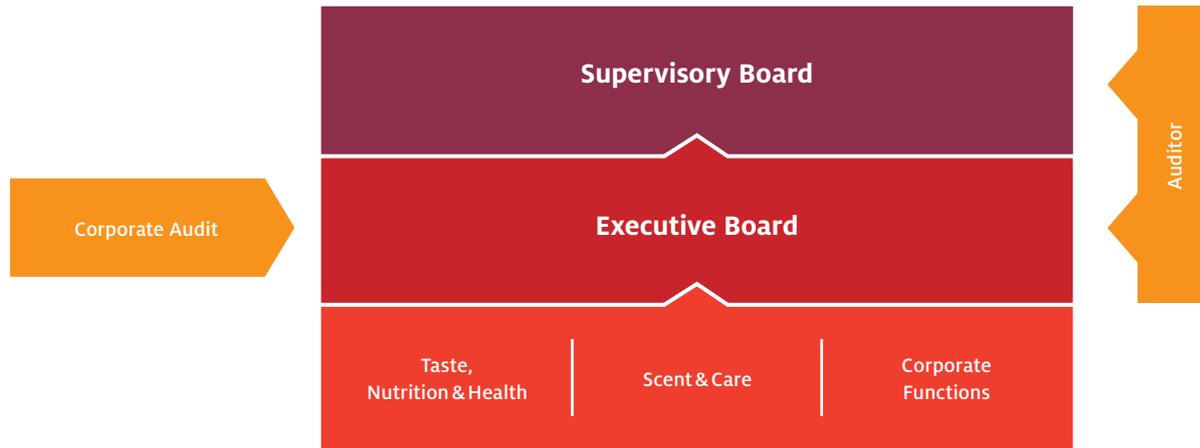
The Executive Board at Symrise AG sees the company as being optimally positioned to continue developing in every division and growth region. A proven strategy will be used to achieve the goals set. The three pillars of the strategy remain unchanged. They stand for the continued improvement of the competitive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

- **Growth:** Close cooperation with select customers, particularly as a way to further expand the share of sales in emerging markets.
- **Efficiency:** The continuous improvement of processes and the expansion of backward integration with renewable raw materials.
- **Portfolio:** Tapping into new markets and market segments beyond the traditional business with flavors and fragrances.

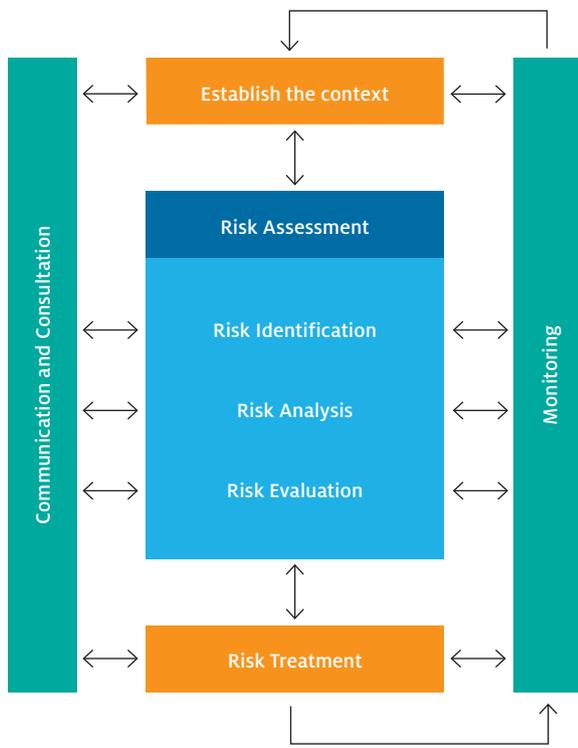
Symrise aims to grow primarily organically. Where it is sensible and creates added value, the Group will make acquisitions or forge strategic alliances to ensure access to new technologies, new markets and customers or ensure that it can obtain sustainable, renewable raw materials.

# Opportunities and risk report

## RISK MANAGEMENT



## RISK MANAGEMENT STEPS



## OVERVIEW OPPORTUNITIES AND RISKS

Opportunities	Categories	Risks
■ ■ ■	Sales Market	■ ■ ■
■ ■ ■	Procurement Market	■ ■ ■
■ ■ ■	Financial Market	■ ■ ■
■ ■ ■	Production	■ ■ ■ ■
■ ■ ■	Investment	■ ■ ■
■ ■ ■	Human resources	■ ■ ■
■ ■ ■	Mergers and acquisition	■ ■ ■
■ ■ ■	Research & Development	■ ■ ■
■ ■ ■	Compliance, Legal	■ ■ ■ ■
■ ■ ■	IT security	■ ■ ■
■ ■ ■	Taxes	■ ■ ■
■ ■ ■	Environment	■ ■ ■ ■
■ ■ ■	Process and Organization	■ ■ ■

- Very high opportunity & risk > € 80 million
- High opportunity & risk > € 60 – 80 million
- Medium opportunity & risk > € 40 – 60 million
- Low opportunity & risk up to € 40 million

## MANAGEMENT OF OPPORTUNITIES AND RISKS

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

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

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

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

## APPROACH TO EVALUATING RISKS

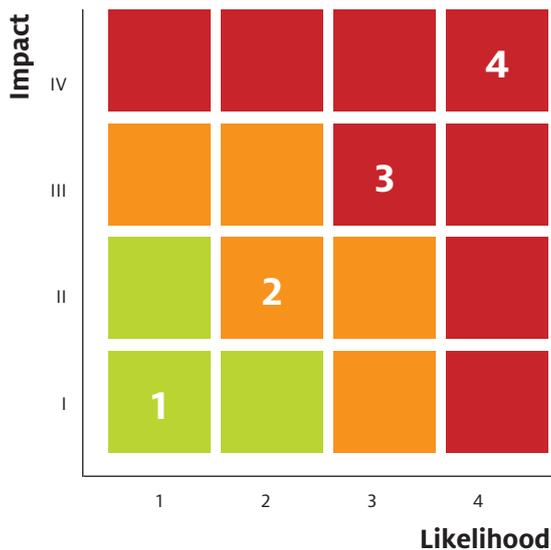
The risk management system at Symrise is based on the framework of generally recognized standards (ISO 31000) and extends across all Group companies and business units.

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

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

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

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

**Impact** (on Group EBIT)

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

**Likelihood** (probability of occurrence)

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

**OPPORTUNITIES AND RISKS IN DETAIL****SALES MARKETS**

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

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

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

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

**SOURCING MARKETS**

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

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

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

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

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

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

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

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

#### FINANCIAL MARKETS

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

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

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

transactions were classified as cash flow hedges and fair value hedges for hedge accounting purposes.

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

#### PRODUCTION

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

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

#### INVESTMENTS

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

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

#### HUMAN RESOURCES

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

#### MERGERS & ACQUISITIONS

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

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

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

#### RESEARCH & DEVELOPMENT

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

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

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

#### COMPLIANCE, LAW AND REGULATORY FRAMEWORK

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

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

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

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

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

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

As early as 2008, the Group Compliance office of Symrise installed an Integrity Hotline to ensure that Symrise employ-

ees can anonymously report violations of both legal regulations and internal company guidelines from anywhere in the world. Where necessary, investigations were carried out and corrective measures were applied on a case-by-case basis pursuant to the applicable legal system and internal Group regulations. These can include disciplinary measures under labor law.

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

There are actuarial risks from non-consolidated subsidiaries.

#### IT SECURITY

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

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

In parallel to the internal defense and analysis measures, Symrise called in the relevant authorities immediately after the attack was discovered. Further measures were implemented with the help of external experts in cyber forensics to further

increase the confidentiality, availability and reliability of IT systems against internal and external attacks. These measures include preventive and further corrective activities, such as additional increased protection against unauthorized access, the quick isolation of potential malware, or the rapid recovery of data and systems that are no longer accessible.

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

#### TAXES

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

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

#### ENVIRONMENT (SAFETY, HEALTH, ECOLOGY AND QUALITY)

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

Symrise considers itself well prepared with regard to the regulations on the new EU taxonomy and does not expect any

additional risks or opportunities. Examination of the provisions in the EU Taxonomy Regulation has shown that Symrise does not carry out any economic activities eligible for taxonomy. This does not mean that the businesses of Symrise are less sustainable than the activities defined in the EU taxonomy. Rather, the EU taxonomy currently includes only those economic activities that are most relevant to reducing greenhouse gas emissions and improving climate resilience. This includes sectors with the highest contribution to CO<sub>2</sub> emissions (energy, manufacturing, transport, buildings) and activities that enable their transformation. Accordingly, the EU Commission estimates that the taxonomy covers the economic activities of about 40 % of listed companies operating in sectors responsible for nearly 80 % of direct greenhouse gas emissions in Europe. Symrise is not one of these companies.

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

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

#### PROCESS- AND ORGANIZATION-RELATED RISKS

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

#### OVERALL ASSESSMENT OF OPPORTUNITY AND RISK SITUATION

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

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

#### MAIN FEATURES AND OBJECTIVES

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

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

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

## ORGANIZATION AND PROCESS

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

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

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

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

- The share capital of Symrise AG amounts to € 139,772,054. It is divided into no-par-value shares with a nominal value of € 1. The associated rights and duties are set forth in the relevant provisions of the German Stock Corporation Act (AktG). There are no different types of shares with different rights and obligations. Nor do any special rights or rights of control exist for any shareholders.
- The appointment and removal of members of the Executive Board is based on Sections 84 and 85 of the German Stock Corporation Act (AktG). Amendments to the articles of incorporation are based on Sections 133 and 179 of the German Stock Corporation Act (AktG).
- The Executive Board is authorized, subject to the consent of the Supervisory Board, to increase the share capital of the company until May 21, 2024, by up to € 25,000,000.00 million through one or more issuances of new, no-par-value shares against contribution in cash and/or in kind. The new shares may be underwritten by one or more financial institutions determined by the Executive Board in order for such shares to be offered to the shareholders (indirect subscription right). The Executive Board is authorized, subject to the consent of the Supervisory Board, to exclude the statutory subscription right of shareholders for an amount of up to 10 % of the company's current share capital in the following cases:
  - a) In the case of capital increases in return for noncash contributions in kind for the granting of shares for the purpose of acquiring companies or share interests in companies or participating companies
  - b) For the purpose of issuing a maximum number of 1,000,000 new shares to employees of the company and affiliated companies, within the constraints imposed by law.
  - c) Insofar as this is necessary in order to grant holders of warrants and convertible bonds issued by the company or its subsidiaries a right to subscribe for new shares to the extent that they would be entitled to such a right when exercising the options option or when meeting obligations arising from the warrants or options.

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

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

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

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

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

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

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

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

bb) If the acquisition is made in the form of a published purchase offer, or in the form of a published request for tender of a purchase offer, the purchase price offered per share, or the limits of the purchase price spread per share (excluding ancillary acquisition costs), may not exceed or undercut the average closing price quoted on the XETRA trading system (or a comparable replacement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Corporate Governance Statement

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