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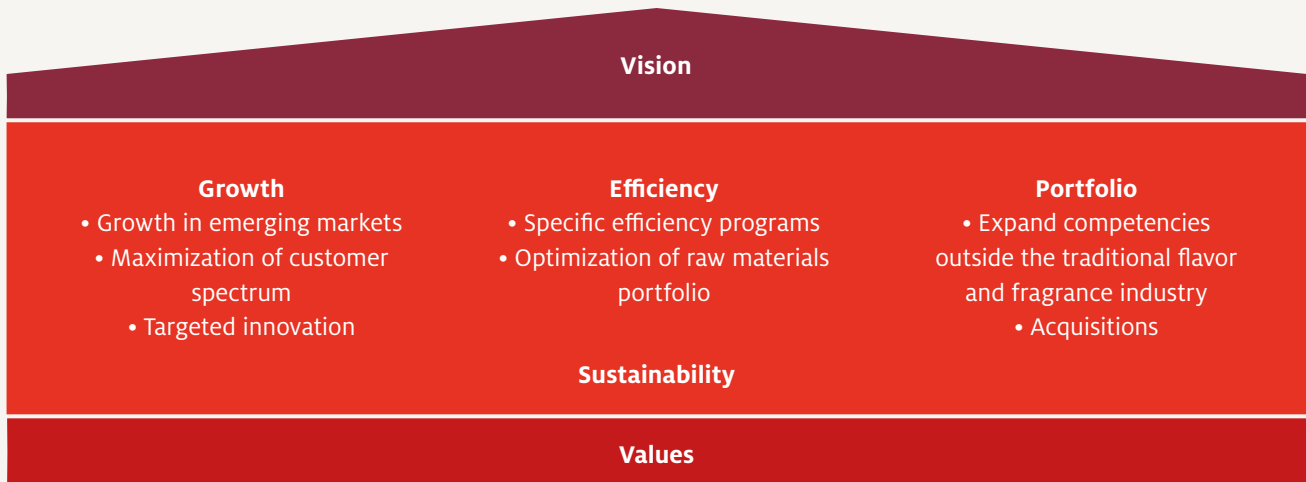
## Group Management Report

**SYMRISE AG, HOLZMINDEN**  
**JANUARY 1 TO DECEMBER 31, 2023**

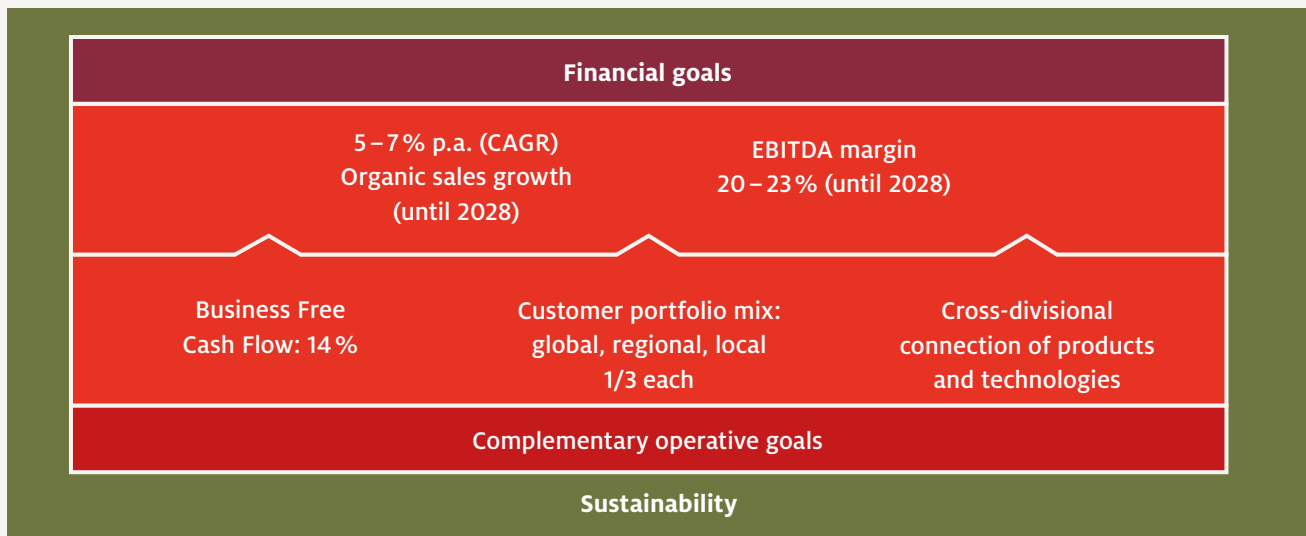
<b>BASIC INFORMATION ON THE SYMRISE GROUP</b>	<b>8</b>	<b>OPPORTUNITIES AND RISK REPORT</b>	<b>50</b>
Structure and business activities	9	Management of opportunities and risks	51
Market and competition	14	Approach to evaluating risks	51
Goals and strategy	15	Opportunities and risks in detail	52
Value-oriented management	16	Overall assessment of opportunity and risk situation	59
Research and development	16		
Employees	23	<b>ESSENTIAL FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM</b>	<b>60</b>
Sustainability	26	Main features and objectives	60
		Organization and process	60
<b>ECONOMIC REPORT</b>	<b>28</b>	<b>GENERAL STATEMENT ON THE ADEQUACY AND EFFICACY OF THE CONTROL SYSTEMS AT SYMRISE</b>	<b>62</b>
Global economic and industry-related conditions	29		
Company development at a glance	32	<b>DISCLOSURES PURSUANT TO SECTION 315A OF THE GERMAN COMMERCIAL CODE (HGB)</b>	<b>63</b>
Development in the segments and regions	35		
Results of operations	37	<b>CORPORATE GOVERNANCE STATEMENT</b>	<b>65</b>
Financial position	39		
Alternative performance indicators	42		
Net assets	43		
<b>GENERAL STATEMENT ON THE COMPANY'S ECONOMIC SITUATION</b>	<b>45</b>		
<b>OUTLOOK</b>	<b>46</b>		
Future general conditions	47		
Future company development	48		
General statement on the company's expected development	49		

# 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 sourcing of our 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 € 4.7 billion in the 2023 fiscal year and a market share of around 12 %, Symrise is one of the leading global suppliers. Headquartered in Holzminden, Germany, the Group is represented in 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 around € 14 billion at the end of 2023, Symrise shares have been listed on the DAX® index since September 2021. Currently, about 90 % of the shares are in free float.

Operational business is the responsibility of the Taste, Nutrition & Health and Scent & Care segments.

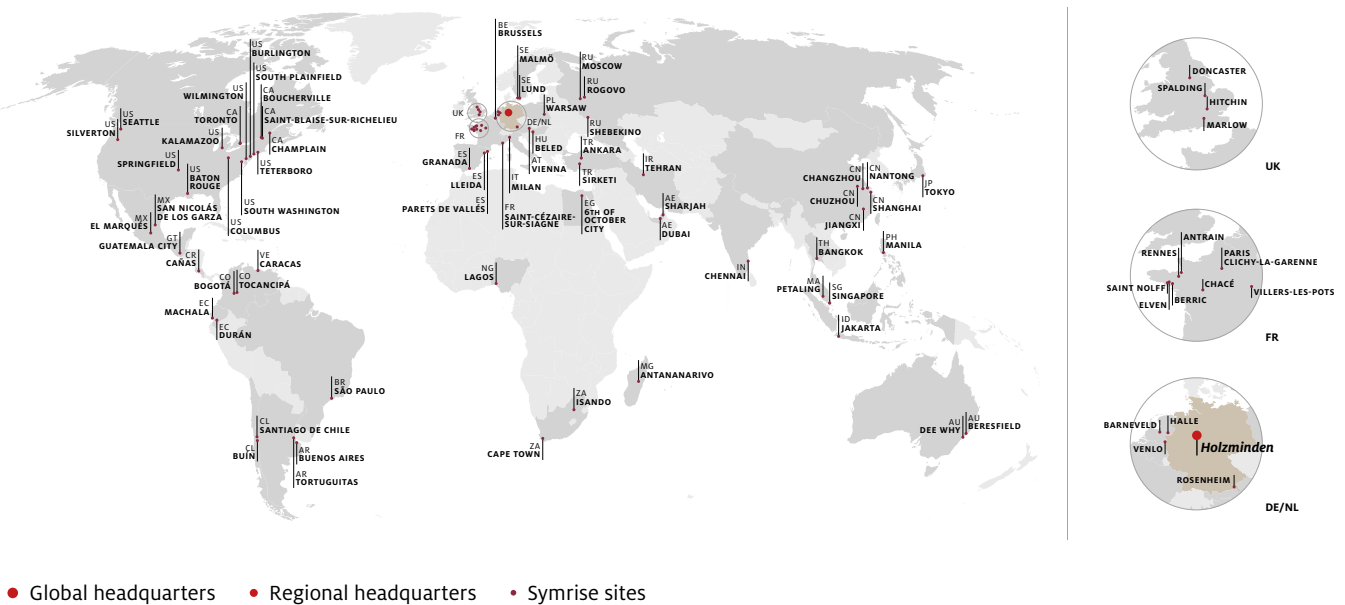
The Taste, Nutrition & Health segment includes the Food & Beverage and Pet Food divisions as well as the two smaller units Aqua Feed and Probi. The Scent & Care segment includes the Fragrance, Cosmetic Ingredients and Aroma Molecules divisions.

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

The Group has a Corporate Center in which 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). In Germany and France, other supporting functions such as technology, energy, safety, environment and logistics are bundled in independent Group companies. These also maintain business relationships with customers outside the Group.

Symrise AG is headquartered in Holzminden, Germany. At this site, the Group's largest, Symrise employs 2,600 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, Spain, Brazil, Mexico, Singapore, China, India, Japan and the USA. Symrise has sales branches in 40 countries.

## Symrise sites 2023



### MANAGEMENT AND OVERSIGHT

Symrise is a German stock corporation with a dual management structure consisting of an Executive Board and a Supervisory Board. The Executive Board is responsible for managing the company with the primary goal of increasing the company's value in a sustainable manner. The Supervisory Board acts as a counterbalance and oversees the Executive Board's management activities. This oversight function is not only retrospective but also relates to providing advice to the Executive Board going forward. Executive Board management activities may not be transferred to the Supervisory Board, which 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.

As of the end of the reporting period (December 31, 2023), the Executive Board of Symrise AG had five members: Dr. Heinz-Jürgen Bertram (CEO), Dr. Jörn Andreas (President Scent & Care), Dr. Stephanie Coßmann (Head of Human Resources & Legal and Labor Director), Olaf Klinger (CFO and IT) and Dr. Jean-Yves Parisot (President Taste, Nutrition & Health).

The Symrise AG Supervisory Board has twelve members. In compliance with the German Codetermination Act, the Symrise AG 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. At present, the following shareholder representatives have been elected to the Supervisory Board for the period until

### Supervisory Board

Chairman: Michael König

CEO

Dr. Heinz-Jürgen  
Bertram

President  
Scent & Care

Dr. Jörn Andreas

President  
HR & Legal

Dr. Stephanie Coßmann

Chief Financial  
Officer & IT

Olaf Klinger

President Taste,  
Nutrition & Health

Dr. Jean-Yves Parisot

the end of the Annual General Meeting that rules on the approval of actions for fiscal year 2024: Ms. Ursula Buck, Managing Director of BC BuckConsult, Posenhofen; Mr. Bernd Hirsch, CFO of COFRA Holding AG, Gütersloh; Mr. Michael König, Chief Executive Officer of Nobian Industrial Chemicals B.V., Iserlohn; Prof. Dr. Andrea Pfeifer, CEO of AC Immune S. A., St. Légier, Switzerland; Mr. Peter Vanacker, CEO of LyondellBasell Industries N.V., Houston, Texas, USA; and Mr. Jan Zijderveld, professional supervisory board member, London, UK.

The following five employee representatives have been elected to the Supervisory Board from among the German staff in compliance with the legally prescribed election process for the period until the end of the Annual General Meeting that rules on the approval of actions for fiscal year 2024: Ms. Jeannette Chiarlitti, IG BCE General Secretary of the Northern District, Salzgitter; Mr. Harald Feist, Chairperson of the Works Council and the General Works Council of Symrise AG, Holzminden; Mr. André Kirchhoff, independent member of the Works Council of Symrise AG, Bevern; Dr. Jakob Ley, Director Research Biobased Ingredients, Research & Technology, Food & Beverage, Taste, Nutrition & Health at Symrise AG, Holzminden; and Ms. Andrea Püttcher, Deputy Chairperson of the Works Council and Vice Chairperson of the General Works Council of Symrise AG, Bevern. As directed by the Local Court of Hildesheim on June 13, 2023, Mr. Malte Lückert, Secretary of the IG BCE Executive Board responsible for Economic, Sectoral

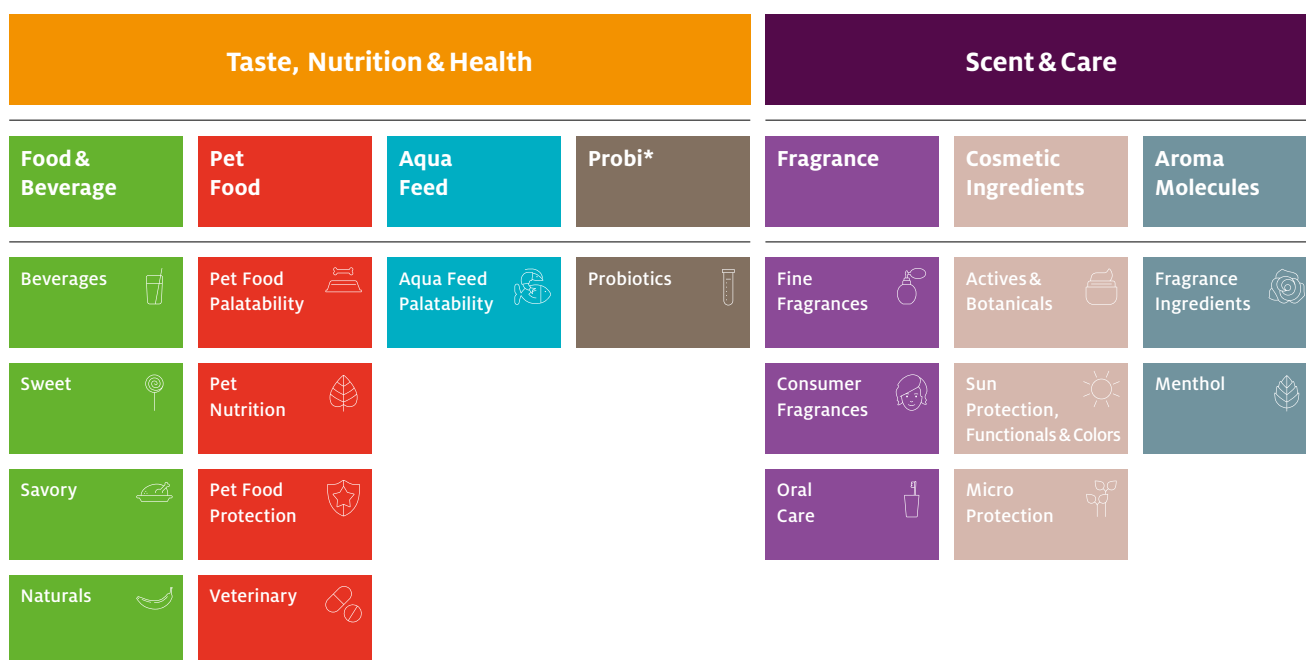
and Collective Bargaining Policy and HR, Rodenberg, was appointed as a member of the Supervisory Board in accordance with Section 104 of the German Stock Corporation Act (AktG).

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

### Value chain of Symrise

Symrise manufactures about 35,000 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. Natural ingredients, flavors, perfume oils and active ingredients are generally central functional components in Symrise customers' end products and are often a key factor 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 preservative content in care products.



\* Majority shareholder in the Swedish company Probi AB

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.

#### 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.

The various product solutions are manufactured at our own production plants. In some cases, longer-term delivery contracts are in place 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

The Taste, Nutrition & Health segment has sites in 38 countries and sells its nearly 19,000 products in 148 countries. Taste, Nutrition & Health aims to make life better and healthier. As an augmented flavor house, the segment uses its combined know-how and scientific research to offer customers and partners solutions in the areas of taste, nutrition and health that are sustainable and based on natural ingredients. Symrise offers responsibly sourced ingredients treated with gentle proprietary processes utilizing IP and differentiated technologies to create flavorful, nutritious and healthy solutions. With more than 100 sites around the world, the segment serves the markets of the food and beverage industry as well as pet and fish food producers.

**Taste:** The taste of products remains a top priority for consumers. The sophisticated ingredients offered by Symrise ensure that consumers have holistic, authentic and intense taste experiences.

**Nutrition:** Consumers are aiming for a balanced diet; Symrise provides special nutrients to improve the nutritional profile of the final recipes.

**Health:** Consumers are increasingly realizing that food also contributes to health. Symrise develops specific active solutions for the desired health benefits.

The segment is divided into two core areas – Food & Beverage and Pet Food – as well as the two smaller Aqua Feed and Probi units.

**Food & Beverage:** Working closely with food producers, the division develops taste solutions and differentiated ingredients that meet the needs of consumers for naturalness and incomparable 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 by four business units.



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



**Sweet:** Symrise creates innovative taste solutions for sweets, chocolate, chewing gum, baked goods, cereals, ice cream, milk and milk alternatives.



**Savory:** The savory flavors developed by Symrise are used in two main categories – in Culinary for soups, sauces, ready meals, instant noodles and meat products and Snack Food with seasonings for snacks. In both categories, Symrise can rely on its core flavor expertise in meat and vegetables, which is characterized by modern food technology and research as well as sustainability.



**Naturals:** The division offers a wide range of innovative, natural and sustainable ingredients for the above-mentioned business units, including 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 combined with technological know-how 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 can optimize their products in terms of their taste performance, health benefits, sensory properties and shelf life.

**Pet Food:** The division offers high-quality, sustainable solutions for pet food manufacturers worldwide that ensure the well-being of pets and the satisfaction of pet owners. These solutions include numerous products and services for improving taste and pets' acceptance of foods, achieving pet food safety and for animal health. The division comprises three business units: Pet Food Palatability, Pet Nutrition and Pet Food Protection. Following the idea of "the closer, the better," Symrise serves its customers from more than 30 locations around the globe. In order to conduct research on feed acceptance, feeding behavior and the interactions between pet owners and pets, the division maintains four development centers housing around 1,100 dogs and cats.

**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.

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), which 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 platforms researching sugar reduction, food protection, flavor enhancement, modern proteins, citrus flavor profiles and the consistent use of by-products.

### Scent & Care

The Scent & Care segment has sites in more than 30 countries and markets more than 16,000 products in 133 countries. Scent & Care is divided into three global divisions: Fragrance, Cosmetic Ingredients and Aroma Molecules. Their products are used in various applications:

**Fragrance:** The Fragrance division employs highly talented and renowned perfumers of various nationalities at 13 creative centers worldwide (for example, in Paris, New York, Mexico City, Shanghai, Dubai, São Paulo, Barcelona, Singapore and Mumbai). They combine aromatic raw materials like aroma chemicals and essential oils to make complex fragrances (perfume oils). Symrise's creative and composition business comprises three global business units: Fine Fragrances, Consumer Fragrances and Oral Care:



**Fine Fragrances:** The Fine Fragrances business unit designs modern, high-quality perfumes. Symrise is creating new, exciting fragrance experiences with a rich pipeline of its own fragrances. The company has also expanded its range of high-quality natural ingredients for fine fragrances under the Lautier brand.



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





**Oral Care:** The Oral Care business unit covers a wide range of products from toothpaste and mouthwashes to chewing gum. For this, Symrise offers the entire range of classic mint flavors and their intermediate products, as well as modern cooling agents. In this area, the business unit can utilize Symrise's backward integration in mint flavors.

**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, in Paris, France, 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 37 innovation awards for new substances over the past ten years. During the same period, 172 patent applications were filed, 16 of them in 2023 alone.

**Aroma Molecules:** The division includes the Menthols and Fragrance Ingredients business units. 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 the production of perfume oils at Symrise 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), which grew from € 31.2 billion in 2022 to € 32.0 billion in 2023, according to calculations made by the IAL Consultants market research institute (13th Edition, September 2022). In addition, with the Cosmetic Ingredients and Aroma Molecules divisions, the company is active in the market for aroma chemicals and cosmetic ingredients, which grew from € 7.8 billion in 2022 to € 8.0 billion in 2023, according to IAL reports (3rd Edition, December 2022). Together, these markets are also referred to as the AFF market, which would have a volume of € 40.0 billion. This market will grow by around 3% to 4% in the long term. However, in 2023, the relevant market grew by only 2.6% because inflation-related price effects were offset by slight volume declines.

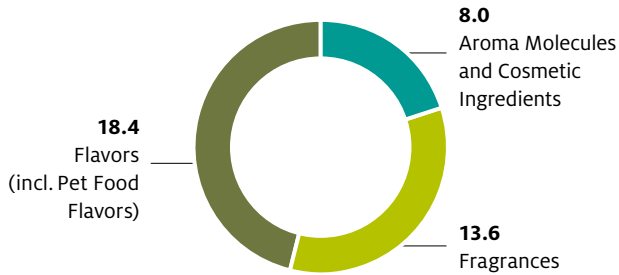
Worldwide, more than 500 companies are active in the relevant market for Symrise. Following the most recent acquisitions and mergers, the four largest players (Givaudan, the AFF-relevant units of IFF, DSM-Firmenich and Symrise) together hold a market share of 67%.

The F & F market is characterized worldwide by high entry barriers. 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.

## Relevant AFF market size 2023

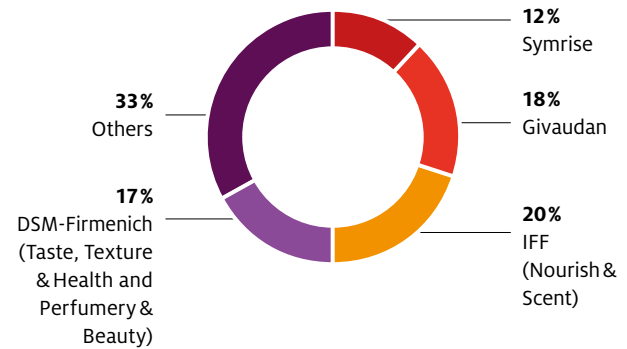
in € billion (approx. € 40.0 billion overall)



Sources: IAL FLA&FRA report (13th Edition, September 2022), IAL AC/AM report (3rd Edition, December 2022), IAL CI report (3rd Edition, December 2022).

## AFF market share 2023

in % (market size approx. € 40.0 billion)



Sources: Company data and own estimates

### THE MARKET POSITION OF SYMRISE

Symrise is one of the largest companies in the AFF industry. In relation to the relevant market of € 40.0 billion, Symrise held a market share in 2023 of roughly 12% in terms of sales. Symrise has expanded the traditional segments to include additional applications such as cosmetic ingredients in Scent & Care and pet food ingredients in Taste, Nutrition & Health. Greater value creation can be achieved on the basis of these more complex product solutions. In submarkets such as sun protection or other cosmetic ingredients, Symrise also competes 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 compo-

sitions. 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.

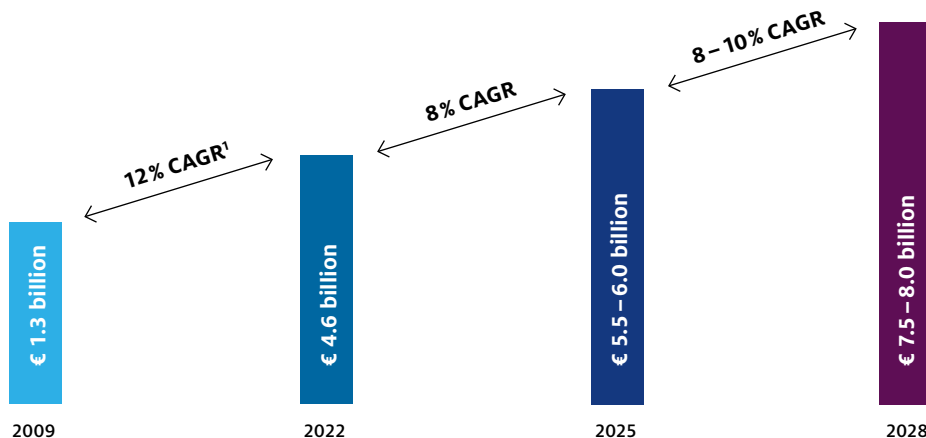
### GOALS AND STRATEGY

#### 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 aims to increase sustainability with regard to its footprint, innovation, sourcing and care, and thereby minimize risk for the company and promote continued economic success.

## Goals by 2028

Sales in € billion



<sup>1</sup> CAGR: compound annual growth rate

- **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 more detail in the corporate 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.

## STRATEGY

The corporate strategy of Symrise is based 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 continually improves 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 ensures the Group's profitability.
- **Portfolio:** Symrise enhances its product portfolio and taps into new markets and related business activities. 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 management<sup>2</sup>. 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% (until 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. Nonfinancial performance indicators in the areas of environment, procurement, employees and innovation are reported separately in the Corporate Report. Further information on the nonfinancial control variables can be found in the "Sustainability" chapter starting on page 26 and in the separate nonfinancial report pursuant to Section 289b of the German Commercial Code (HGB), which is published on the website of Symrise AG. at: <https://symrise.com/corporatereport/2023/company/sustainability-record/index.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, basic research and creation throughout the Group. In the Taste, Nutrition & Health segment, new development potential is actively fostered through an incubator approach. Through the close linkup of R&D with business units, sales, marketing, purchasing and manufacturing/production, as well as quality assurance and regulatory issues, Symrise checks early on to see whether new products and technologies can be implemented, digitalized and if they

<sup>1</sup> CAGR: compound annual growth rate

<sup>2</sup> See also the "Alternative performance indicators" section

are profitable, in addition to assessing their sustainability aspects. Strategic research fields include the area of sustainable processes and products, such as green chemistry and the increased demand for perfumery ingredients based on renewable raw materials, as well as the area of taste optimization (taste balancing), the 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 in the form of patent and trademark protection. Furthermore, all R&D activities are geared to the guidelines of global mega trends, consumer needs, customer requirements, naturalness & 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. In this context, a uniform project management system was introduced for all business areas in the Taste, Nutrition & Health segment. A business plan containing exact project descriptions, including the project's costs and resource usage, is developed for every project at Taste, Nutrition & Health and Scent & Care. 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 2023, the area of fair use of biodiversity was further developed according to the provisions of the Nagoya Protocol and anchored in our project management processes. One future field is the utilization of legacy varieties of known agricultural raw materials in order to preserve and expand biodiversity. Symrise is also an active member of the OP2B consortium<sup>2</sup> of various industrial companies. 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 and Mumbai (India), Paris (France), Antananarivo (Madagascar), São Paulo (Brazil) and Cuautitlán (Mexico). In addition, there is a hair re-

search center at the São Paulo site. Furthermore, the Cosmetic Ingredients division carries out basic skin biology research on innovative skin models, thereby driving forward the preclinical 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 Business Incubation Group (BIG). 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 for Economic Affairs and Climate Action (BMWK), 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 Crédit d'impôt recherche (CIR) and other public and private funding institutions. Increasingly, tax rebate options are being used for research activities in France and Germany. Topics related to the following areas play a key role: sustainability, 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.

<sup>1</sup> Further information on the four pillars of the sustainability strategy can be found in the "Sustainability" chapter starting on page 26.

<sup>2</sup> One Planet Business for Biodiversity (OP2B) is an international, cross-sectoral and action-oriented business coalition on biodiversity with a specific focus on regenerative agriculture, initiated within French President Macron's One Planet Lab framework and launched at the United Nations Climate Action Summit in New York on September 23, 2019.

## 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
SustainVanil (including Osnabrück University of Applied Sciences and various partners)	Basics of indoor vanilla cultivation, understanding and optimization of the flowering process, biological control of harmful fungi and the diseases they cause in the vanilla plant (funded by the BMBF)
Optimization of protein composition/satiation	Investigation of the basis for optimization of the protein composition of potato and pea protein hydrolysates with regard to bitterness and regulation of satiation (AiF)
Extraction using NADES	Extraction of functional food ingredients using natural deep eutectic solvents (AiF)
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 (Technical University of Munich, LSB Freising)	Identification and correction of off-flavors (AiF)
Taste optimization for meat substitutes (various partners, WUR)	Taste improvement of meat substitutes (funded by TKI [Top Consortium for Knowledge and Innovation], Netherlands; sector: TKI Agri&Food)
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)
Proteins4Singapore (TUM Create, Singapore)	Investigation of the use and improvement of indoor-produced plant and algae proteins for natural aroma systems
Protein fermentation (University of Hohenheim)	Investigation of the use of plant and animal protein byproducts through fermentation with basidiomycetes (AiF)
Fava bean protein (Technical University of Munich, LSB Freising)	Identification and correction of off-flavors (AiF)
New energy-efficient drying technologies (University of Bonn)	Investigation of the use of heat pump technology to dry plant materials and utilize the byproducts (funded by FNR/BMEL)
BioMarkerID (various partners, including Wageningen University & Research)	Use of receptomics/LC coupling to develop screening systems for taste actives
Rapeseed protein (Technical University of Munich, LSB Freising)	Identification and correction of off-flavors (AiF)
Leibniz Institute for Catalysis (LIKAT), Rostock	Research for fragrances and process optimization of flavorings
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, work continued on systematically using digital tools in our main areas of research such as sugar, salt and fat reduction and improving the taste of plant proteins as meat substitutes or alternatives to dairy products. To this end, special statistical processes were optimized and applied, making a significant contribution to reducing project development cycles. Symrise presented an example of this way of working at the 21st FEI Cooperation Forum entitled “Characterization, processing and use of plant proteins – Concepts for foods of the future” held in Bonn on April 18, 2023. A further use of modern digital tools in identifying flavors to reduce sugar in food applications was presented by Symrise in a paper entitled “Identification of taste actives from cultural food heritage via combined text-mining and senso-analytical approach” that was delivered at the 13th Wartburg Symposium held in Eisenach on October 3, 2023. At the same conference, the company also presented current findings from citrus research in a paper entitled “Molecular-sensory decoding of Citrus latifolia Aroma” and described biotechnological approaches to manufacturing taste-balancing raw materials in a paper entitled “Biotransformation of flavonoids by fungal mycelium from edible *Lentinus* spp. to produce taste active flavonoids with isovanilloid motif.” The further development of our citrus expertise is of great importance in light of the widespread use of these products in beverages, sweets and other foods. That is why the molecular-sensory decoding process developed by Symrise is crucial for the exact characterization of flavor molecules and their combinations. This information is used by our developers and application technologists to create authentic product solutions for our customers.

The use of renewable raw materials is becoming increasingly important in continuing to evolve selected technologies for the formulation of fragrances and product solutions. In this regard, Taste, Nutrition & Health presented its current work on spray drying coacervates on plant protein at the 21st Gums and Stabilisers for the Food Industry Conference that took place in Greece in July 2023.

The research and technology strategy is being implemented on the basis of various 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 (Selective Enrichment Technologies Flavors SETFlavors®) and 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 2023, 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 and established 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 made with vegetable protein – is noteworthy in this context and was developed further in 2023. This process enables a significant reduction in project development times and forms a solid foundation for IT-based development concepts.

In addition, work is being carried out on the continuous improvement of product safety and the targeted optimization of the use of flavor solutions for application in reduced sugar and plant protein-based foods. In recent years, particular attention has been given to the development of digital prediction tools to support flavor development and creation. A significant portion of this work was continued and completed in 2023 and grouped under the umbrella term “PropheSY”.

In the Pet Food division, the Elven site was equipped with state-of-the-art extrusion equipment to develop more powerful 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 carry out shelf-life studies for pet food and pet care compounds using the latest analytical instruments.

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

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

With regard to its R&D strategy, the Scent & Care segment focuses on raw materials and technologies in accordance with the Fragrances division’s strategic research fields of captives and ingredients, delivery systems, health and emotion, and malodor. The strategic field of captives and ingredients is researching individual perfume raw materials for the Fragrance and Oral Care business units. In the case of new synthetic substances (captives) based on petrochemicals and renewable raw materials, the focus is on floral, woody and musky fragrances. In respect of the captives based on natural raw materials such as roots, flowers and fruits, work is concentrated on the strategic fields of biodiversity essential oils, natural technologies (Supernature) and artisan. In 2023, Cocoa Shell Madagascar, Neroli Oil Egypt, Supernature Sympep, Apple Symtrap, Strawberry Symtrap, Banana Symtrap and Blackcurrant Symtrap were added to the portfolio.

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## Core functions of research and development at Symrise



Research is also being carried out to find inexpensive raw materials for perfumery. Symrise has also added Natural Neofresh® to its Neofresh platform to meet customers' desire for sustainable products made from renewable raw materials.

Having continued the development of its combined expertise in fragrances and pet food especially for dogs and cats in recent years, Symrise is now deploying these developments increasingly in direct customer projects.

The marketing of Symcap BG® biodegradable capsules has generated a great deal of interest from some customers for use in fabric softeners. Research for capsules for fragrance oils is now heading to vegan capsules with improved efficacy for other areas of application as well. There is also growing customer demand for vegan capsules. Symcap BG contains gelatin so an alternative raw material based on pea protein has been found and developed into the new Symcap BP capsule that is market-ready. There is also increasing demand for kosher and halal products.

The Oral Care business unit has developed Fuji, a new cooling agent that is expected to be market-ready in 2024.

Research for the Aroma Molecules division is focused on improving existing manufacturing processes for market products such as menthol and on increasing process efficiency.

In the Cosmetic Ingredients division, there is an interdisciplinary group of cell biologists, molecular biologists and microbiologists researching 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. In addition, in-depth analyses on healthy volunteers showed that neither multifunctional active ingredients nor modern UV filters have an effect on the microbiome. In 2023, microbiome expertise was expanded to the armpit. The proprietary ex vivo model developed to identify active ingredients for deodorants was presented at a number of conferences, including the International Federation of Cosmetic Chemists and Scientists (IFSCC) Congress. It is expected that the first active substance based on the research model and the specific method will be market-ready in 2024.

## PATENTS AND AWARDS

The number of patents filed (34 new applications in 2023) is used to measure innovation results and quality and to evaluate global coverage and competitive impact.

In 2023, as in previous years, Symrise research was recognized with awards for its high level of innovation. Launched in 2023, the yarrow-based Supervisome® EPH received two awards: a European BSB Innovation Award in the "Cosmetics/Raw Materials/Actives" category and the Pure Beauty Award UK. The product is manufactured in a special process which extracts the juice from fresh, organically grown yarrow and spray dries it to yield a stable raw material that, when used in cosmetic products, is proven to give the skin a more even appearance. Also launched in 2023, SymProt'in™ Oat is manufactured by enzymatic extraction from organically grown oats and is rich in hydrolyzed proteins. Thanks to its special composition, the product helps to protect the structure of hair and received the BSB Award in the "Natural Products/Raw Materials/Actives" category. SymHair® Thermo, which was already launched in 2022 and has garnered numerous awards, won the Pure Beauty Global Award in the "Best Ingredient" category. It is a sustainable product that combines carbohydrates with different chain lengths, providing outstanding protection for the hair against thermal damage. Launched back in 2020, Crinipan PMC green impressed another jury in 2023 to win the prestigious PCHi Fountain Award in the "Hair Care/Scalp Care Ingredient" category. The product delivers proven efficacy against dandruff and satisfies consumer demands for environmentally compatible products.



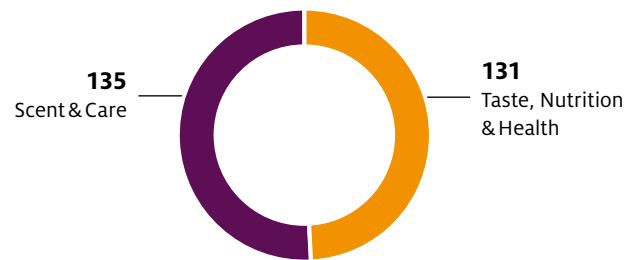
## RESEARCH AND DEVELOPMENT EXPENSES

Total R&D expenditures amounted to € 266 million in the 2023 fiscal year (2022: € 254 million), increasing by 4.4% compared to the previous year. The share of sales accounted for by R&D expenditures amounted to 5.6%, a slight increase from 5.5% in 2022. Compared to the previous periods (2019–2021), the share of R&D expenses as a percentage of sales shows a slightly declining trend, which is mainly due to portfolio shifts towards less research-intensive areas.

The capitalization rate for research and development activities remained immaterial in 2023 as in the previous year because 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 through profit or loss.

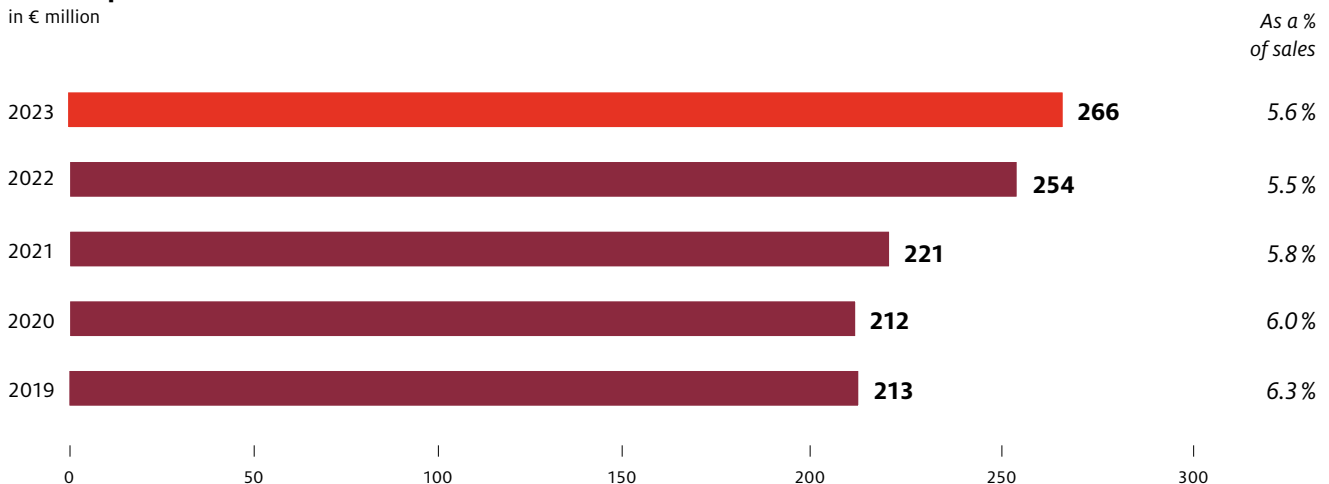
## R & D expenses 2023 by segment

in € million



## R & D expenses 2019–2023

in € million



## EMPLOYEES

### STRUCTURE OF THE WORKFORCE

As of December 31, 2023, the Symrise Group employed 12,435 people worldwide (not including trainees and apprentices). In comparison to December 31, 2022 (12,043 employees), this represents an additional 392 employees. At 221, the number of apprentices and trainees was well above the previous year's figure of 209.

### PERSONNEL STRATEGY

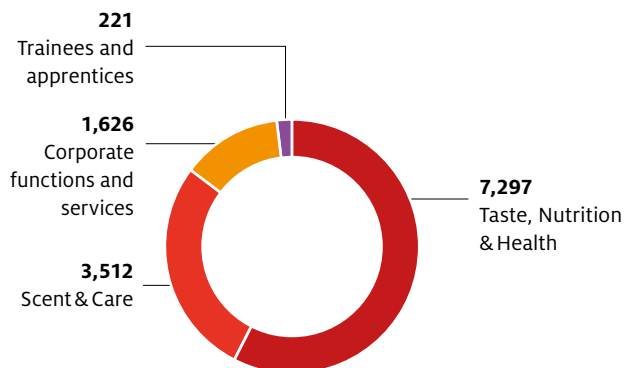
In 2023, Symrise revised its human capital strategy in line with the company's corporate strategy. The human capital vision of "ONE HR – inspiring more people for sustainable corporate growth" focuses on our main priorities: organization, people, sustainability and corporate growth. The HR organization has worked to become an integrated team that serves the entire organization and is now managed on the basis of a three-pillar model consisting of (i) business partnering, (ii) regional measures and (iii) centers of expertise such as (I) compensation and benefits, (II) talent management, learning, diversity and change, (III) talent recruitment and (IV) systems, analysis and sustainability. We have aligned our HR policy to focus on the following areas:

- 1) Developing a transparent, fair and motivating remuneration policy
- 2) Fostering professional development and talent management by offering equal opportunities to all employees
- 3) Providing reliable data and progressive technologies that facilitate better business management
- 4) Creating a leadership culture that increases employee loyalty, values integration and diversity, and leverages synergies within the company
- 5) Ensuring the health and safety of our employees and establishing diversity as a business-critical success factor

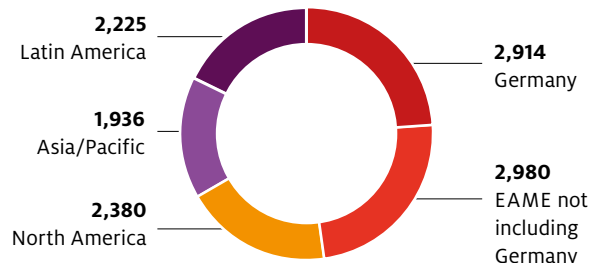
Our human capital strategy is aimed at creating an environment for our employees in which they can develop their full potential and build their skills and expertise.

The demographic development trend in many countries toward an aging society and a diversification of the population – and thus the active workforce – to include people from other cul-

### Number of employees by segment



### Number of employees by region



tures and educational systems are changing our living and working environments in many ways. People from over 80 nations work in the Symrise organization alone. For us as a global company, diversity has the added value of creative and innovative cooperation in diverse teams. Equal opportunities are more important than ever, and promoting diversity is central to the company's success. Furthermore, promoting diversity is essential to ensuring employee recruitment now and in the future.

We put our commitment to diversity into practice with specific measures on both local and global level.

### Group strategic development of senior executives and employees

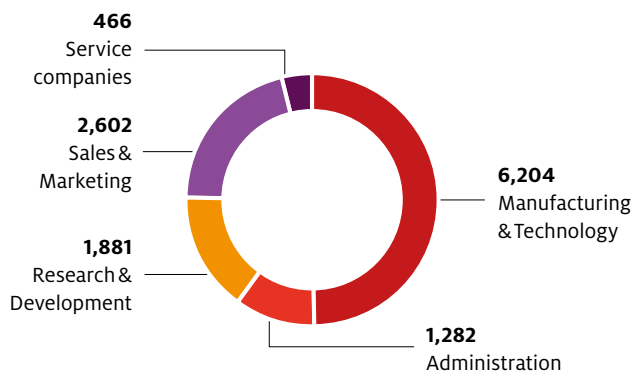
Our talent scouting and succession planning processes reconcile employees' individual career ambitions with our divisions' organizational development. In this connection, we define key positions within the company that we consider to be essential and for which we must identify and develop potential successors in the context of career development. Training activities are consolidated worldwide in programs based on four strategic pillars:

- Our flavorist and perfumer school
- Technical and specialist training for our employees
- Training for our sales representatives
- Executive development

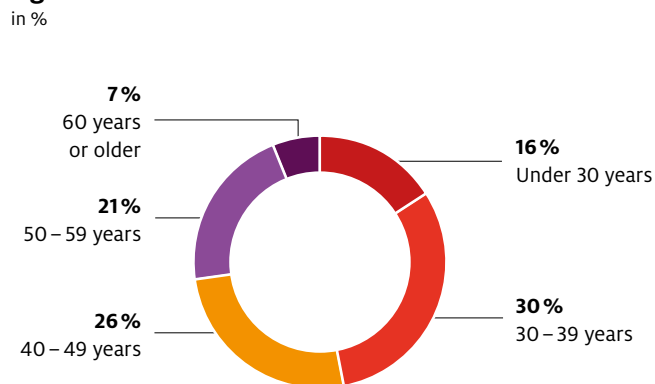
As part of the strategic transformation of our HR management activities, we are planning a new talent management program for which we will be starting a pilot project in 2024. In our Taste, Nutrition & Health segment, we are developing leadership programs to build management skills such as transparency, trust, the eye-to-eye principle, courage and team spirit. We expect these skills to be important for preparing our future executives. At the same time, our training programs include methods such as coaching and mentoring. Mentors are in the unique position to pass on valuable experience to their mentees, who are usually younger.

In the 2023 fiscal year, Symrise also continued to expand the topic area of modern and digital learning. Employees were provided with a global "Learning Management System" (LMS) and a digital learning platform ("Skillsoft"). More than 5,000 learning hours have now been completed worldwide on the Skillsoft platform.

### Number of employees by position



### Age structure of the workforce



### Group strategic development of female senior executives

In addition to increasing diversity with regard to other cultures, we also place great importance on gender equality at all management levels. In our talent development, we ensure that there are many women among the participants. In this way, we intentionally promote the preparation of young women for taking on greater management responsibility in our company. The pipeline of female senior executives has almost met the target we set for 2025.

### Equitable remuneration for women and men

In 2021, Symrise carried out a gender-specific analysis of the wages for 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, education and vocational training were considered, along with the requirements level and professional position.

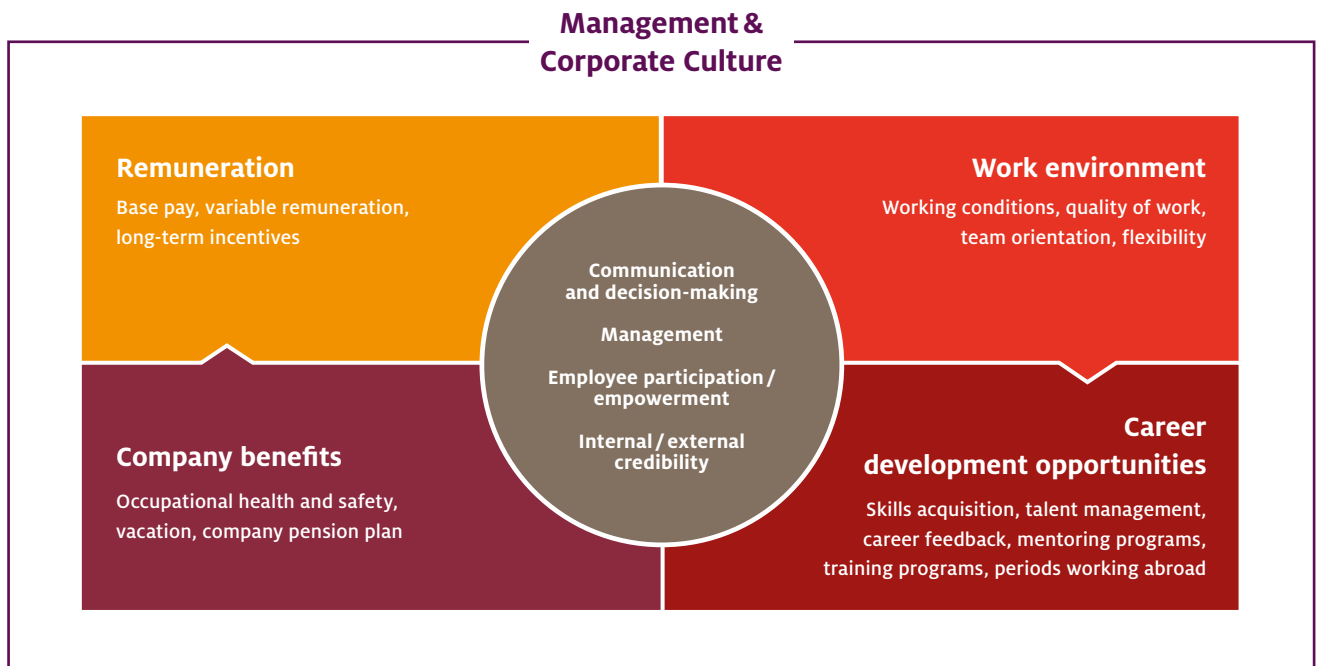
### Training and education

Educating young people is of particular importance at Symrise. This is evidenced by multiple awards in company comparisons over the past four years. Symrise recruits qualified young individuals who it specifically trains with the company's needs in mind, thus fulfilling its social obligation to the next generation.

As of December 31, 2023, a total of 141 apprentices and trainees were employed at the sites in Germany, representing an increase of 12% compared to 2022 (126).

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 this investment in training, Symrise is meeting the demand for future specialists in chemical production and the laboratories as well as in commercial, marketing, IT and sales positions. Symrise also runs apprenticeship programs at other sites around the world with the goal of training and developing the young talents the company needs.

Symrise constantly trains experts over a period of around three years at its own flavorist and perfumer school, where they master raw materials and their applications in Symrise products and then successfully use them in product development. In addition, our employees have a wide variety of 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

Equal pay for both men and women is a matter of course for us. Remuneration levels are based only on an employee's qualification and the value they contribute to the company. Most of the workforce is paid on the basis of collective wage agreements that are negotiated with the labor unions. Each year, we perform analyses at all our main sites to avoid any gender-specific differences in remuneration. The last official analysis in Germany was conducted in 2021. We regularly analyze equality indicators in France as well. Most of our companies there are subject to French legislation that requires gender equality reporting. An annual index is published for the companies affected. In 2023, our companies in Rennes, Antrain, Elven and Clichy scored an average of 87 out of 100 points.

The wage differences reflected in the absolute wage level may arise due to the job type. For example, shift workers are paid shift allowances that are not gender-specific.

The regularly scheduled bargaining on our collective wage agreements in Germany took place in 2022. As part of the successful negotiations, a collective wage agreement adapted to the economic challenges faced by companies and employees was concluded with a term of 18 months. This envisaged wage increases in January, July and December 2023. Moreover, Symrise paid all full-time employees an inflation bonus of € 1,500 in December 2023.

Symrise will also continue to give its employees covered by the collective wage agreement in Germany a share of the company's profits. The possible profit-sharing bonus linked to the EBITDA margin was also increased for 2023 and 2024.

For employees not covered by the collective wage agreement, separate global performance bonus plans apply to our managers with global or regional responsibilities. These support the achievement of the set corporate goals through results- and performance-based variable remuneration. Our creative employees 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 company's corporate strategy 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 dialog 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 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 the sustainability objectives as well as an increased communication to customers and institutions focused on sustainability matters. Furthermore, the CSO is 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 company's 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), occupational 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 2023, 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. Symrise again achieved a spot on the A list in all three categories in 2023. In its sustainability reporting, Symrise complies with the guidelines of the Global Reporting Initiative (GRI) as contained in the GRI Standards. In doing so, Symrise conforms to the highest application level “In accordance – Comprehensive,” which means that Symrise fully accounts for all material topics. All the information was audited externally

in accordance with the AA1000 Assurance Standard. Further information can be found in the Corporate Report. The separate nonfinancial statement in accordance with Section 289b of the German Commercial Code (HGB) is published on the Symrise website at: <https://symrise.com/corporatereport/2023/company/sustainability-record/index.html>.

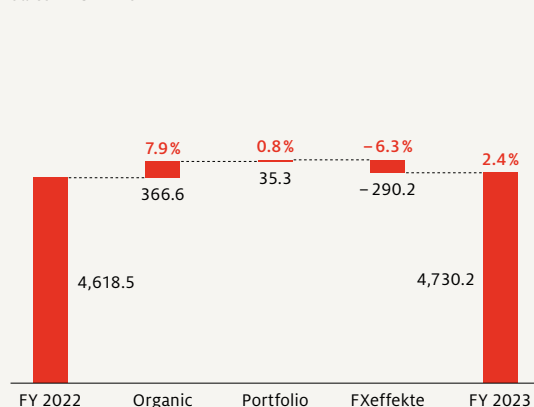
**Our Sustainability Agenda**

			
<b>FOOTPRINT</b>	<b>INNOVATION</b>	<b>SOURCING</b>	<b>CARE</b>
<p>Minimize our environmental footprint along the value chain</p>	<p>Maximize positive social &amp; environmental impacts of our products</p>	<p>Maximize the sustainability of our supply chain and sourcing of our raw materials</p>	<p>Improve well-being in our stakeholder communities</p>

# Economic report

## Group

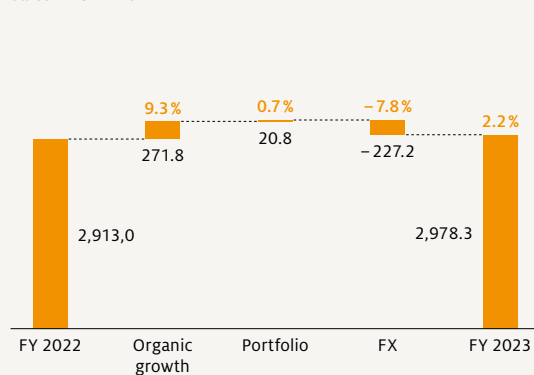
sales in € million



€ million	FY 2022 <sup>2</sup>	FY 2023	FY 2023 adjusted <sup>1</sup>	Change in %
Gross profit	1,702.1	1,692.6	1,739.3	2.2
EBITDA	921.5	851.7	903.5	-2.0
EBITDA margin	in %	20.0	18.0	19.1
EBIT	630.1	559.4	611.2	-3.0
EBIT margin	in %	13.6	11.8	12.9
Depreciation	164.6	176.0		6.9
Amortization	126.8	116.3		-8.2
Financial result	-72.9	-94.4		29.6
Earnings before income taxes	557.2	464.9		-16.6
Net income <sup>3</sup>	406.1	340.5		-16.2
Earnings per share <sup>4</sup>	in €	2.91	2.44	-16.2
R&D expenses	254.5	265.7		4.4
Investments	270.1	270.0		-0.1
Business Free Cash Flow in % of sales	6.5	11.3	11.7	

## Taste, Nutrition & Health

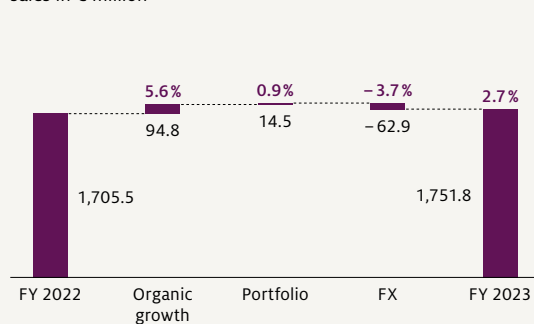
sales in € million



€ million	FY 2022 <sup>2</sup>	FY 2023	FY 2023 adjusted <sup>1</sup>	Change in %
EBITDA	630.5	629.2	626.8	-0.6
EBITDA margin	in %	21.6	21.1	21.0
EBIT	430.2	428.8	426.4	-0.9
EBIT margin	in %	14.8	14.4	14.3

## Scent & Care

sales in € million



€ million	FY 2022	FY 2023	FY 2023 adjusted <sup>1</sup>	Change in %
EBITDA	291.0	222.4	276.7	-4.9
EBITDA margin	in %	17.1	12.7	15.8
EBIT	199.9	130.6	184.8	-7.6
EBIT margin	in %	11.7	7.5	10.5

<sup>1</sup> Adjusted for one-time effects; please refer to the "Alternative performance indicators" section on page 42 for details about the adjustments

<sup>2</sup> Excluding impairment of the associated company Swedencare AB, Malmö, Sweden

<sup>3</sup> Attributable to shareholders of Symrise AG

<sup>4</sup> Undiluted

## GLOBAL ECONOMIC AND INDUSTRY-RELATED CONDITIONS

### GLOBAL ECONOMIC CONDITIONS

The global economic situation is strained. Ongoing geopolitical conflicts in Ukraine and the Middle East are causing uncertainty and harbor potential risks for globalized supply chains. Growing tensions between China and the USA are having a negative impact on world trade and the tight monetary policy adopted in response to record inflation has resulted in high lending costs and lower investment. In January 2024, in light of these developments, the World Bank estimated that global economic growth was 2.6% in the reporting year, which represented a decline of 0.4 percentage points compared to 2022. The volume of world trade, which had still recorded significant growth of 5.6% in 2022, expanded by only 0.2% in the reporting year. Crude oil prices decreased by an average of 16.7% in 2023, while the prices of other key commodities increased by an average of 9.7%.

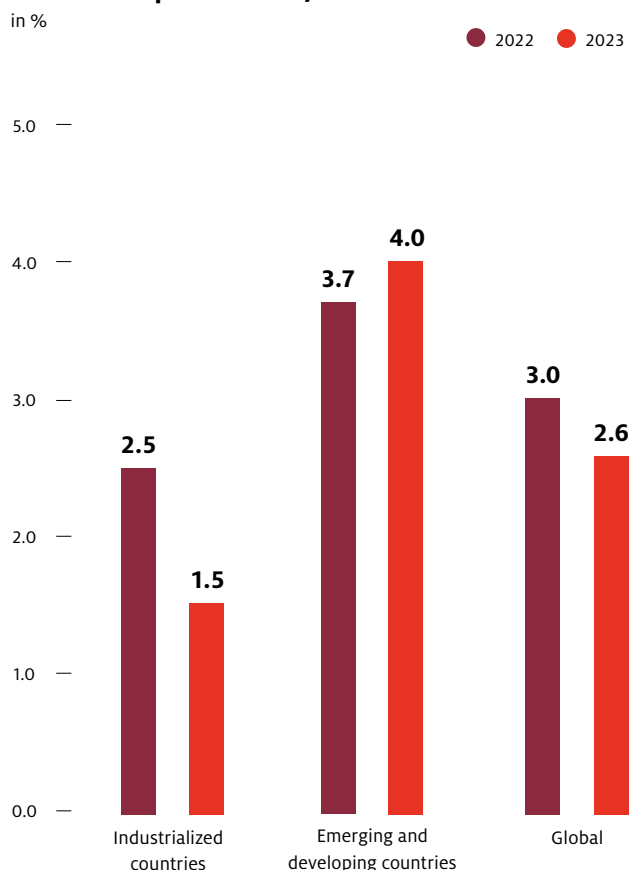
Although global economic growth of 2.6% is likely to be above the figure that was forecast in mid-2023, there is evidence of the negative effects caused by the monetary policy measures introduced to counter inflation. In the industrialized countries especially, economic growth is estimated to have declined significantly to 1.5% (2022: 2.5%). However, there are large differences between the individual industrialized countries. Whereas the U.S. economy proved to be very resilient and increased by 0.6 percentage points in the reporting year, growth in the eurozone decreased from 3.4% previously to 0.4% in 2023. According to the Federal Statistical Office, Germany in particular saw a strong contraction of economic growth from 1.8% in 2022 to -0.1% in 2023. Here, high prices continued to dampen the economy at all levels, with the additional impact of unfavorable financing conditions due to rising interest rates and lower demand from both the domestic and international markets. Japan's economic growth in 2023 was more positive but also very subdued at 1.8%.

During the reporting year, economic output in the emerging and developing countries grew by an estimated 4.0% on average, an increase of 0.3 percentage points compared to 2022. The economies of these countries therefore demonstrated a high level of resilience in the past fiscal year. China especially posted strong growth of 5.2% (2022: 3.0%) in the reporting year. By contrast, key markets such as India, Thailand, Indonesia, Argentina and Egypt saw a decline in economic growth.

## DEVELOPMENT OF KEY SALES MARKETS

The relevant market for the Symrise Group had a global market size of € 40.0 billion in 2023 and is growing by about 3% to 4% annually over the long term according to estimates by IAL Consultants. Worldwide, 2023 was still dominated by inflation that was mainly attributable to significant food price rises. Although these were lower than in the previous year, household consumer behavior remained cautious in some areas and was in part more restrained than before or even during the pandemic. There was moderate growth in demand for ready meals, hygiene products and cleaning products, for example, with consumers' buying behavior returning to pre-pandemic levels. The stocks built by private households during the coronavirus pandemic were largely used up in 2022 but were no longer replenished to the same extent in 2023, with consumers preferring to purchase as needed. In the three aforementioned categories especially, it could be observed that – as in the previous year – consumers continued to switch from high-priced brand-name products to low-priced private label products in response to inflation. Demand was also impacted by shrinkflation – hidden inflation caused by selling a re-

### GDP development 2022/2023





duced product volume at an unchanged price. During 2023 – with supply chains far more reliable – and following on from 2022, food manufacturers especially continued to reduce the inventories they had built as a precaution during the coronavirus pandemic in response to hesitant buying behavior and lower volumes resulting from shrinkflation. This slow-down in demand was particularly evident in regions such as North America and also in Asia.

By contrast, demand for beverages, sweets and cosmetic products grew markedly. With the full removal of all the restrictions imposed during the coronavirus pandemic, catering businesses saw a continued recovery – as did demand for both alcoholic and non-alcoholic beverages. Duty-free sales also improved compared to the previous years that were still impacted by travel restrictions. This was evident especially in the rising sales of sweets, perfumes and cosmetic products.

Growth in the pet food market slowed slightly in 2023 following the significant gains in the previous years due to the continuous increase in the pet population since the start of the coronavirus pandemic.

#### PRICE DEVELOPMENT AND AVAILABILITY OF RAW MATERIALS

Symrise sources around 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 intermediates for menthol and other products, solvents and raw materials for sun protection filters and special fragrance ingredients. Symrise has a significant need for natural raw materials. This includes 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, a balance between supply and demand was restored on many raw material markets, resulting in improved availability and pricing. Despite the continuing geopolitical crisis in Ukraine and the conflict between Israel and Hamas, prices for petrochemical-based raw materials declined but were offset by more stable crude oil prices. A marked drop in CST prices was also observed, due to lower demand on the supply side. The market for natural raw materials was also affected by adverse weather conditions such as the heat waves, hurricanes and droughts in many parts of the world. Moreover, weaker demand has resulted in a decline in prices

for pet food. On the other hand, price hikes and an increased availability risk have been observed for citrus materials and colorants.

Symrise was largely able to cushion supply bottlenecks through backward integration as well as by having production sites in different regions of the world.

Moreover, 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 AG 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 backward integration strategy, Symrise has been working with growers for many years 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 for the global registration and regulation of chemicals is constantly changing. Emerging markets are enacting their own laws that are oriented toward 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. At Symrise, country-specific expertise in the Global Substance Registration Team ensures the implementation of these new regulatory requirements.

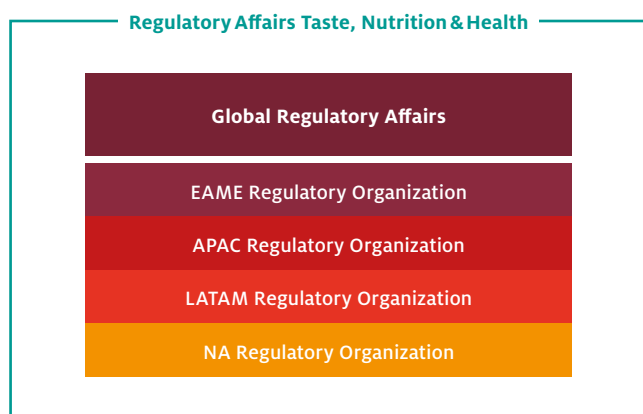
The company's Global Regulatory unit has maintained its culture of continuous improvement to ensure optimal service to its global customers. The European Commission's proposals for the Chemical Strategy for Sustainability (CSS) as part of the Green Deal have a major influence on the Scent & Care segment. In 2022, the International Fragrance Association (IFRA) coordinated a detailed impact assessment in close collaboration with the European Chemical Industry Council (CEFIC). These assessments are implemented in close coordination with the European Chemical Industry Council (CEFIC).

In the APAC region, it was agreed that flavoring substances approved by the European Food Safety Authority (EFSA) or the Flavor & Extract Manufacturers Association (FEMA) may be used in Vietnam, while approval from the Joint FAO/WHO Expert Committee on Food Additives (JECFA) is still pending. The corresponding regulation was amended and published in 2023.

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. In November 2023, EFSA published its assessment of the primary products for smoke flavors. Symrise is maintaining close contact with the relevant authorities.

The Global Substance Registration Team focuses on monitoring and implementing the continuous changes in local and regional requirements in specific countries. The current deadline of the end of 2023 for the entry into force of the Turkish REACH regulation (KKDIK) requires a large number of registrations to ensure that Symrise can continue to supply its customers in 2024. As a result of intensive discussions between the industry and the Turkish authorities, Symrise assumes that the deadline will be postponed. There were further changes to substance registration processes in the UK in 2023. On June 28, 2023, the British government announced the postponement by three years of all necessary registrations for the different tonnage bands. As a result, registrations for the first tonnage band above 1,000 tonnes will not become compulsory in the UK until October 27, 2026.

## Symrise Global Operations Quality & Regulatory



In the coming years, Symrise's Global Substance Registration Team will continue to ensure that the company fulfills 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.

In the context of obtaining substance approval for several cosmetic product 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 2023, there were further hearings on the issue at the ECJ.

In addition, consumers who are increasingly more conscious in their purchasing decisions demand products with 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 already 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. The company is also a corporate sponsor of the European Society of Toxicology in Vitro (ESTIV). 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; and 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 monitoring 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 non-governmental organizations that have practical expertise in this area in order to ensure continued compliance with the requirements.

## DIFFERENTIATED CONSIDERATION OF THE EFFECTS ON SYMRISE

Business development at Symrise is influenced by various factors in the Group's environment. General economic development plays a major role when it comes to sales. 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 and the company's various product markets, however, have a risk-mitigating effect for 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 also be affected by bottlenecks in the procurement of raw materials due to political unrest in supplier countries.

Symrise products are used in a number of applications worldwide, such as the manufacture of food including baby food and pet food, in cosmetic and pharmaceutical end products and in household products. Worldwide use of our products requires that we observe national and international 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 monitors 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

Despite a volatile market environment with challenging political and economic conditions, Symrise was able to pursue its strategy systematically in the 2023 fiscal year. So far, the ongoing geopolitical conflicts in Ukraine and the Middle East have had only little impact on business development at Symrise. However, the continuing high level of inflation in the 2023 fiscal year led to in part significant cost increases at Symrise, accompanied by the consistent implementation of price rises.

In March, Symrise launched a number of bioactives under the diana food™ brand for use in beauty from within products. The company is expanding its offer with the development of these differentiating and innovative nutricosmetic ingredi-

ents. The range includes a full line of solutions for skin conditioning and anti-aging, skin brightening, as well as hair and nail care. It is composed of naturally sourced bioactives, such as collagen type I, vitamins C and A, and polyphenols from various fruits. This product range expands Symrise's expertise to include solutions for skin care from within, complementing the company's existing cosmetic ingredients offering.

In May 2023, Symrise inaugurated the Little Red House as a creative center for fine fragrances in the heart of Shanghai, further strengthening the company's position on the key Chinese fragrance market. The Little Red House is located in The Roof, an iconic building in Shanghai's Xuhui District. With the new hub, Symrise offers its customers a unique and inspiring space for developing and co-creating ideas and devising modern solutions in real time. The hub's name – "Xiaohongwu" in Chinese – relates to the red Symrise logo, the red walls of the chosen location, the familiar concept of a home and The Little Red Book, a Chinese social media platform. It serves as a meeting place for fragrance creation and also offers space for market research, creative arts and olfactory culture, featuring exclusive events and cultural programs.

In June, Symrise Cosmetic Ingredients opened a new Center of Expertise for Beauty & Home Care at the Symrise site in Clichy near Paris. It houses a microbiological laboratory dedicated to customer support for the EAME (Europe, Africa, Middle East) region as well as the Cosmetic Ingredients division's first application laboratory for home care products. This move strengthens Symrise's position as a leading company in the development of cosmetic ingredients and innovative solutions for customers around the world.

At the end of August, Symrise Pet Food inaugurated a new production facility in Chapecó, Brazil. The state-of-the-art production plant manufactures palatability solutions for dog and cat food and covers an area of more than 10,000 square meters, making it the largest of its kind in Latin America and the largest producer of pet food palatability solutions worldwide. It features advanced technologies with full automation delivering high operational efficiency. With this facility, the company has greatly expanded its production capacities in Brazil in preparation for the growing demand for pet food in Brazil and other Latin American markets. In addition, the site will deliver a number of products to global markets.

At the start of October, the Taste, Nutrition & Health segment launched its new SET Flavors™ brand. SET stands for selective enrichment technologies, which can be used alone or in com-

bination. In this way, valuable natural aroma components can be obtained from the side streams and byproducts of food processing. The efficient processes and advanced technologies enable Symrise to select and enrich aroma substances from byproducts. These can be used as raw materials to develop innovative and authentic flavor profiles. Symrise SET Flavors™ address consumer wishes concerning future sustainability and environmental requirements.

At the end of October 2023, Symrise inaugurated Jardin Arabia, the new creative center for fine fragrances in the heart of Dubai. In this way, Symrise is strengthening its strategic foothold in the thriving Middle Eastern fragrance market. The name "Jardin Arabia" pays homage to the region and the elegant building structure, at the same time, embodying its central location at the crossroads between Europe and Asia. The elegant and inspiring collaborative hub is located in Internet City, Dubai's innovation district near the iconic Palm neighborhood. It showcases Symrise's fine fragrance market expertise and strengthens the company's creative approach.

#### 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 € 4,730 million in the 2023 fiscal year. Sales increased by 2.4 % in the reporting currency compared to the previous year. Excluding portfolio effects, organic sales growth amounted to 7.9 %. At a total of € 903 million, adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA<sup>1</sup>) were € 18 million lower than the previous year's figure of € 922 million<sup>2</sup>. This corresponds to a margin<sup>1</sup> of 19.1 % (2022<sup>2</sup>: 20.0 %).

Net income attributable to the shareholders of Symrise AG amounted to € 340 million, which was € 66 million lower than the previous year's figure<sup>2</sup>. Earnings per share were € 2.44 and thus € 0.47 below the previous year's figure<sup>2</sup> of € 2.91.

In light of the overall good business performance, the Symrise AG Executive Board will, in consultation with the Supervisory Board, propose raising the dividend from € 1.05 in the previous year to € 1.10 per share for the 2023 fiscal year at the Annual General Meeting on May 15, 2024.

<sup>1</sup> Adjusted for one-time effects in the Scent & Care segment in connection with the production stoppage at the Colonel Island site, the reorganization following the segment's realignment and costs associated with the antitrust investigation; moreover, adjustments were made in both segments for an insurance reimbursement for a cybersecurity incident in 2020. Please refer to the "Alternative performance indicators" section on page 42 for details about the adjustments.

<sup>2</sup> Excluding impairment of the associated company Swedencare AB, Malmö, Sweden

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

At the beginning of the 2023 fiscal year, Symrise had set itself the goal of achieving organic sales growth of 5 % to 7 % and thus noticeably above market growth (approx. 3 % to 4 %). This growth target was confirmed at the end of the first half. However, in 2023, Symrise's relevant market grew by only around 2.6 % because inflation-related price effects were offset by slight volume declines.

For 2023, Symrise had expected an EBITDA margin of around 20 % despite rising raw material prices. Debt, as measured by the key indicator of net debt (including provisions for pensions and similar obligations as well as lease liabilities) to EBITDA, should have been within the range of 2.5 and 2.7. For the business free cash flow in relation to sales, Symrise had set itself a target of 12 % at the beginning of the 2023 fiscal year. In its reporting for the first half of 2023, Symrise lowered its expectation for business free cash flow for the 2023 fiscal year to between 9 % and 11 %.

With organic sales growth of 7.9 % (excluding portfolio and currency translation effects), Symrise surpassed its sales goals in 2023. The adjusted EBITDA margin<sup>1</sup> of 19.1 % was below the value expected for 2023. At 3.0 times EBITDA<sup>1</sup>, net debt was higher than the level expected for 2023, due especially to the weaker earnings performance and the still high working capital to ensure supply availability. On the reporting date, the adjusted business free cash flow<sup>1</sup> was 11.7 % and thus higher than the target of 9 % to 11 % forecast at the end of the first half.

<sup>1</sup> Adjusted for one-time effects; please refer to the "Alternative performance indicators" section on page 42 for details about the adjustments.

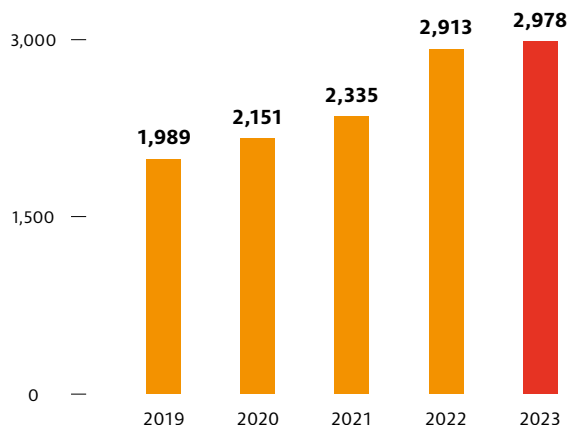
## Achievement of targets in 2023

	Target at the beginning of the fiscal year	Figure achieved
Sales growth (at local currency)	5 – 7 %	7.9 % <sup>1</sup>
EBITDA margin	Around 20 %	19.1 % <sup>2</sup>
Net debt (including provisions for pensions and similar obligations as well as lease liabilities)/ EBITDA (excluding acquisitions)	Between 2.5 and 2.7	3.0 <sup>2</sup>
Business free cash flow	Around 12 %	11.7 % <sup>2</sup>

<sup>1</sup> Organic growth <sup>2</sup> Adjusted for one-time effects; please refer to the "Alternative performance indicators" section on page 42 for details about the adjustments.

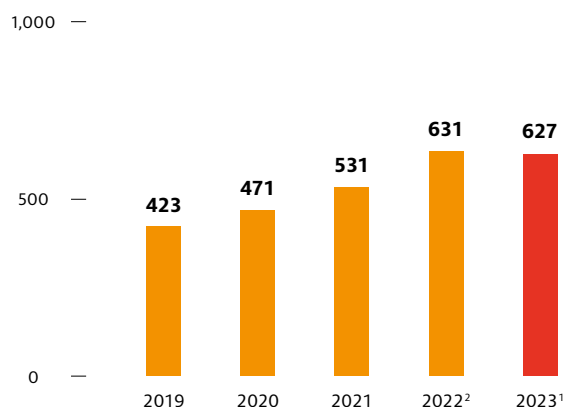
## Taste, Nutrition & Health segment sales

in € million



## Taste, Nutrition & Health segment EBITDA

in € million



## DEVELOPMENT IN THE SEGMENTS AND REGIONS

### TASTE, NUTRITION & HEALTH SEGMENT

The Taste, Nutrition & Health segment achieved organic sales growth of 9.3%. Taking account of portfolio and currency translation effects, the segment's sales in the reporting currency amounted to € 2,978 million. Compared to the previous year, this corresponds to an increase of 2.2%. The positive portfolio effect from the acquisition of Wing Biotechnology Co., Ltd., Shanghai, China, was around € 20 million.

In the Food & Beverage division, the business units responsible for sweet and savory products and for beverage flavoring developed very positively, all achieving high single-digit and double-digit organic growth, respectively. The EAME (Europe, Africa, Middle East) and Latin America regions in particular saw strong gains. The main growth drivers here were the markets of Western and Eastern Europe, Egypt and Saudi Arabia, as well as Mexico and Brazil. The Naturals business unit increased sales in the EAME and Asia/Pacific regions especially.

The Pet Food division also posted double-digit organic growth. Sales development was particularly dynamic in the Western and Eastern European markets, especially Poland and France, as well as in the USA, Mexico, Brazil and Southeast Asia, driven especially by global and regional customers. With the ongoing expansion of production capacities and the joint venture with Fujian Sunner Development Co. Ltd. in China (Sunner), Symrise has laid the foundation for the continued accelerated growth of the pet food business.

Sales by the Aqua Feed division also developed positively to deliver double-digit organic growth. Key growth impulses came from the EAME and Asia/Pacific regions, especially from the markets in Germany, China, Portugal and South Korea.

The probiotics business, which includes the majority interest in the listed company Probi AB, Lund, Sweden, was unable to maintain the level of the previous year and recorded a slight decline in sales. This was due to general market weakness, especially in North America. Sales development in EAME also saw a negative impact from the reduction in safety stocks by a number of major customers.

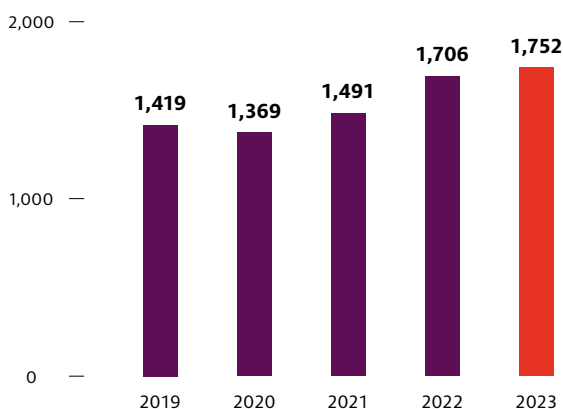
**EBITDA Taste, Nutrition & Health:** Adjusted EBITDA<sup>1</sup> of the Taste, Nutrition & Health segment in the reporting year amounted to € 627 million, which was lower than in the previous year<sup>2</sup> (2022: € 631 million). This was mainly attributable to the lack of the previous year's positive one-time effects from the sale of the Velcorin® business and the partial sale of the celery business and to higher operating costs. Due to the aforementioned effects, the adjusted EBITDA margin<sup>1</sup> of 21.0% failed to match the previous year's<sup>2</sup> level (2022: 21.6%).

<sup>1</sup> Adjusted for one-time effects; please refer to the "Alternative performance indicators" section on page 42 for details about the adjustments.

<sup>2</sup> Excluding impairment of the associated company Swedencare AB, Malmö, Sweden

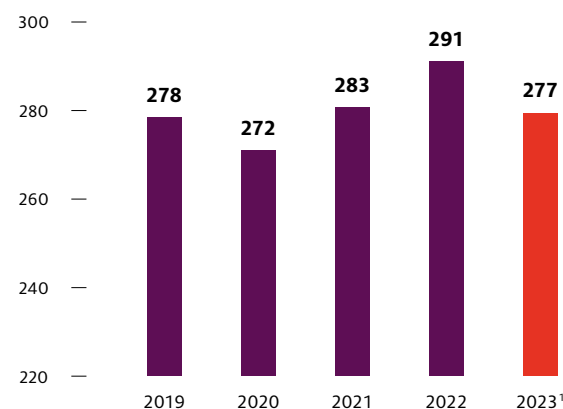
## Scent & Care segment sales

in € million



## Scent & Care segment EBITDA

in € million



### SCENT & CARE SEGMENT

In the 2023 fiscal year, the **Scent & Care segment** generated sales of € 1,752 million. Compared to the previous year, this represents an increase of 2.7%. Excluding portfolio and currency translation effects, organic sales growth amounted to 5.6%. The portfolio effects from the acquisitions of Neroli Invest DL (Groupe Nérol) and Essence Ciel with its subsidiary SFA Romani (Romani) – both are based in Saint-Cézaire-sur-Siagne, France – contributed a total of around € 15 million.

The Fragrance division increased sales organically by a high single-digit percentage. The Fine Fragrances business in particular continued its dynamic development and followed its strong performance of the previous year with renewed double-digit percentage organic growth. The recent acquisitions also contributed to the business unit's growth. The growth rates in the EAME, North America and Latin America regions were particularly pronounced. The Consumer Fragrances business unit posted good single-digit percentage growth. Here, too, the biggest gains were posted by the EAME and Latin America regions, followed by Asia/Pacific, especially for laundry and cleaning products. The Oral Care business unit saw low single-digit percentage organic growth, with the biggest increases in the Asia/Pacific region.

Sales development in the Aroma Molecules division was negatively impacted in particular by a difficult market environment and the production stoppage at Colonel Island, USA, following a fire in November 2022. Demand for fragrances and menthol was held back by customers reducing their inventories. The sum of sales across all business units and regions was significantly lower than in the previous year.

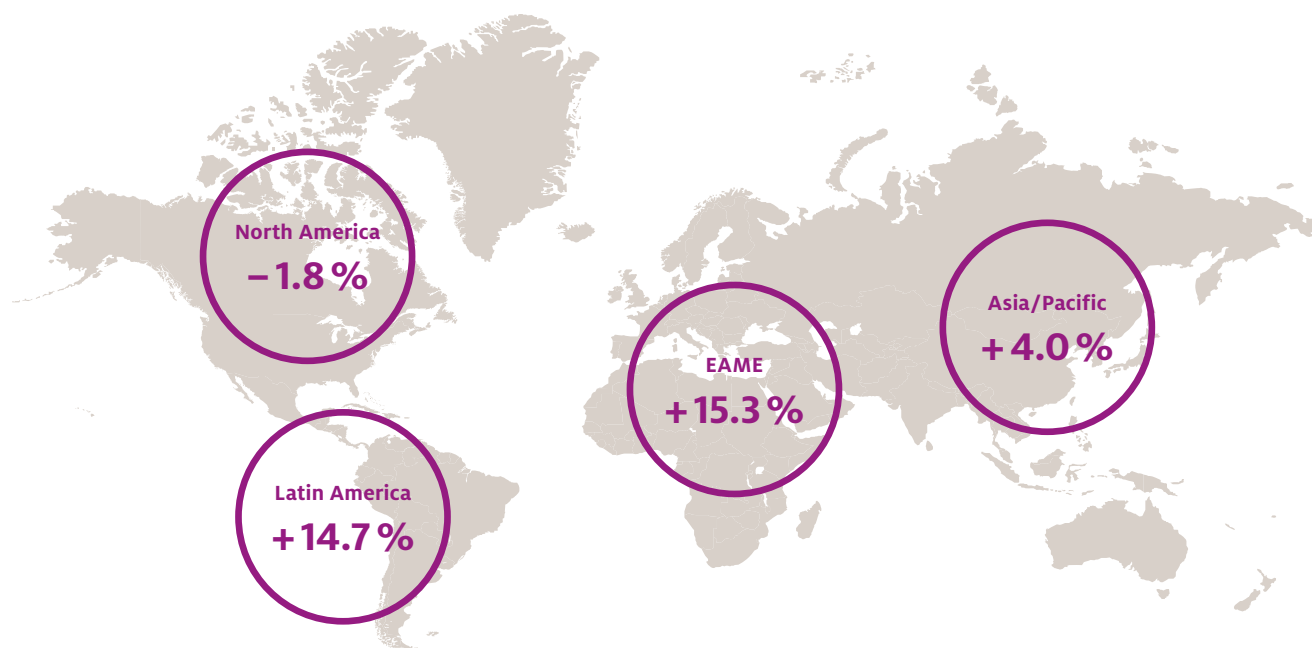
Sales by the Cosmetic Ingredients division continued to develop very positively, again posting double-digit percentage organic growth, especially in the EAME and Latin America regions. Sales also increased in North America and Asia/Pacific but by a smaller single-digit percentage. The strongest growth was posted by the sun protection business and the Micro Protection business unit.

**EBITDA Scent & Care:** In 2023, Scent & Care generated adjusted EBITDA<sup>1</sup> of € 277 million, which was 4.9% lower than in the previous year (2022: € 291 million), due especially to increased raw material prices and higher operating costs. As a result, the adjusted EBITDA margin<sup>1</sup> decreased to 15.8% from 17.1% in 2022.

<sup>1</sup> Adjusted for one-time effects; please refer to the "Alternative performance indicators" section on page 42 for details about the adjustments.

## Development in the regions

(organic sales growth)



### DEVELOPMENT IN THE REGIONS

Business in the EAME region developed positively, increasing organically by 15.3% compared to the previous year. Sales development in North America saw a significant negative impact from the production stoppage at Colonels Island. In organic terms, the region's sales were 1.8% lower than in the previous year. The Asia/Pacific region achieved organic sales growth of 4.0% compared to the previous year. Sales development in Latin America was dynamic and delivered organic growth of 14.7% compared to the previous year.

### RESULTS OF OPERATIONS

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

Despite the good sales development, earnings performance in the 2023 fiscal year remained below expectations. The cost of goods sold increased slightly faster than sales, which was mainly attributable to higher raw material and manufacturing

costs. The gross margin in the reporting year was 36.8%, virtually level with the previous year's figure of 36.9%. The share of selling and marketing expenses in Group sales declined from 14.7% in 2022 to 14.2% in the reporting year. This decrease was primarily attributable to lower logistics costs. Compared to the previous year, the R&D rate relative to sales increased from 5.5% to 5.6%, due especially to higher expenses for basic research in both segments. Administration expenses as a share of Group sales grew from 5.6% a year earlier to 5.8% in the reporting year, in particular as a result of increased IT system costs.

The decrease in other operating income is attributable primarily to the lack of the previous year's positive one-time effects in connection with the sale of the Velcorin® business as well as the partial sale of the celery business in North America, each amounting to around € 18 million in 2022.



Moreover, earnings were depressed by negative currency translation effects and smaller contributions from companies accounted for using the equity method.

Adjusted EBITDA<sup>1</sup> amounted to € 903 million, € 18 million lower than the previous year's value<sup>2</sup> (2022: € 922 million). The adjusted EBITDA margin<sup>1</sup> of 19.1 % was also below the previous year's value<sup>2</sup> of 20.0 %.

**Financial result:** The financial result of € 94 million deteriorated by € 22 million compared to the result of € –73 million from the previous year. This was due to interest expense in connection with financing (€ 19 million) and interest on pension provisions (€ 16 million). The currency result (€ 11 million) was significantly higher than in the previous year.

**Taxes:** In the 2023 fiscal year, tax expenses amounted to € 120 million (2022: € 140 million). The resulting tax rate of 25.8 % is significantly below the level of the previous year (2022: 32.6 %) due to the previous year's impairment for the associated company Swedencare AB, Malmö, Sweden (Swedencare). Without the Swedencare effect, the tax rate in the previous year would have been 25.2 %. An adequate provision for tax risk was made at Group level, as in previous years.

**Net income and earnings per share:** Net income attributable to the shareholders of Symrise AG amounted to € 340 million, which was € 66 million lower than the previous year's figure<sup>2</sup> (2022: € 406 million). Earnings per share were € 2.44 (2022<sup>2</sup>: € 2.91).

**Dividend proposal 2023:** The Executive Board and Supervisory Board of Symrise AG will propose a dividend of € 1.10 per share for the 2023 fiscal year at the Annual General Meeting on May 15, 2024.

## Income statement in summary

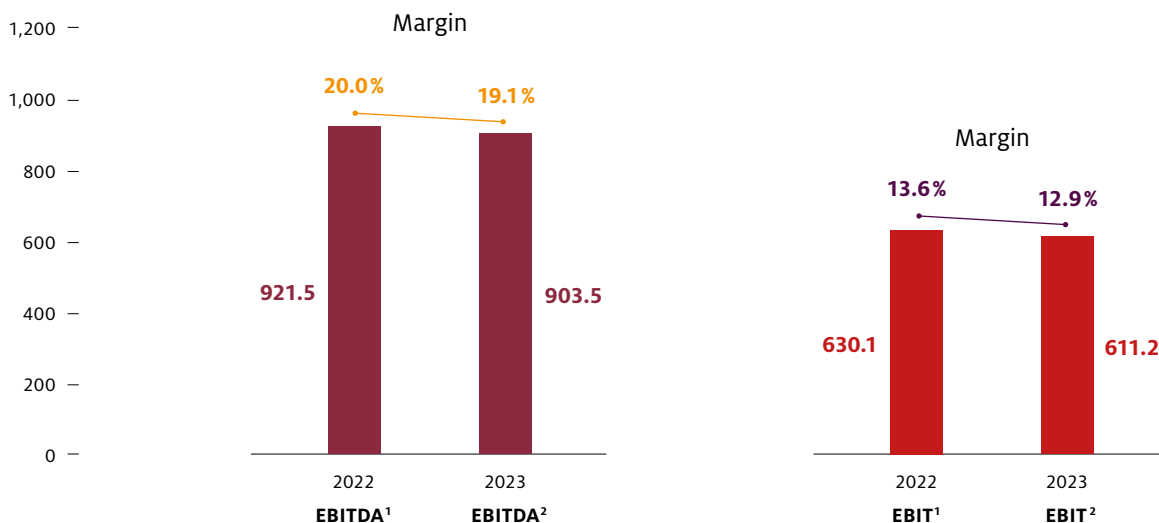
€ million	2022 <sup>2</sup>	2023 <sup>1</sup>	Change in %
Sales	4,618	4,730	2.4
Cost of goods sold	– 2,916	– 2,991	2.6
<b>Gross profit</b>	<b>1,702</b>	<b>1,739</b>	<b>2.2</b>
Gross margin	36.9	36.8	
Selling and marketing expenses	– 681	– 671	– 1.4
Research and development expenses	– 254	– 266	4.4
Administration expenses	– 258	– 275	6.8
Other operating income	115	80	– 30.3
Other operating expenses	– 6	– 5	– 16.6
Result of companies accounted for using the equity method	13	9	– 28.2
<b>Income from operations/EBIT</b>	<b>630</b>	<b>611</b>	<b>– 3.0</b>
Amortization of intangible assets	127	116	– 8.2
Depreciation of property, plant and equipment	165	176	6.9
<b>EBITDA</b>	<b>922</b>	<b>903</b>	<b>– 2.0</b>

<sup>1</sup> Adjusted for one-time effects; please refer to the "Alternative performance indicators" section on page 42 for details about the adjustments.

<sup>2</sup> Excluding impairment of the associated company Swedencare AB, Malmö, Sweden

## Overview of Earnings

in € million / in %



## 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 entities is put into a central account so that liquidity deficits of other Group units can be offset without external financing and the internal financial capital can be used efficiently. If external credit lines are needed for national subsidiaries, they are secured 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 needed. 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 context 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 47.0% as of December 31, 2023 (December 31, 2022: 46.4%), Symrise has a solid foundation for driving future business development forward in a sustained manner.

<sup>1</sup> Excluding impairment of the associated company Swedencare AB, Malmö, Sweden

<sup>2</sup> Adjusted for one-time effects; please refer to the "Alternative performance indicators" section on page 42 for details about the adjustments.

### Financing structure:

Net debt decreased by € 67 million compared to the reporting date of December 31, 2022, to € 2,166 million. The ratio of net debt including lease liabilities to EBITDA<sup>1</sup> is 2.4. Including pension obligations and lease liabilities, net debt stood at € 2,666 million, which corresponds to a ratio of net debt (including lease liabilities and provisions for pensions and similar obligations) to EBITDA<sup>1</sup> of 3.0.

Symrise fulfilled all of the contractual obligations resulting from loans in the 2023 fiscal year.

### CASH FLOW AND LIQUIDITY ANALYSIS

€ million	2022	2023	Change in %
Cash flow from operating activities	360	720	99.8
Cash flow from investing activities	-985	-358	-63.6
Cash flow from financing activities	482	-264	-154.9
Cash and cash equivalents (Dec. 31)	315	393	24.8
<b>Business free cash flow<sup>1</sup></b>	<b>301</b>	<b>553</b>	<b>83.7</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, 2023.

The cash flow from operating activities was significantly above the level of the previous year. Lower earnings were offset by a reduction in working capital and lower tax payments. The operating cash flow rate relative to sales was 15.2 %.

Cash outflow from investing activities amounted to € 358 million, mainly due to payments made primarily in connection with increasing the company's stake in Swedencare as well as to payments for investments in intangible assets and property, plant and equipment and for non-current financial assets. There were no new financing activities in the reporting year. Net cash outflow for financing activities amounted to € 264 million, due primarily to the payment of the dividend and interest on financial liabilities.

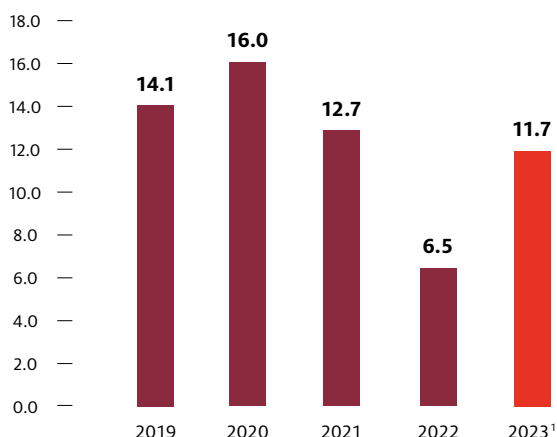
In addition, the company introduced business free cash flow as the primary internal control variable for performance assessment in order to strengthen the company's cash flow orientation. The adjusted business free cash flow, which comprises EBITDA, investments (including cash effects from leasing) and changes in working capital, amounted to € 553 million<sup>1</sup> in the 2023 fiscal year, which was 11.7 %<sup>1</sup> as a percentage of sales. The increase compared to the previous year resulted above all from the working capital, which increased significantly in the previous year to ensure supply availability.

Calculation of Business Free Cash Flow	in € million
<b>Net Sales</b>	<b>4,730.2</b>
EBITDA reported	851.7
One-time effects affecting Business Free Cash Flow	19.2
<b>EBITDA adjusted</b>	<b>870.8</b>
Increase (-)/decrease (+) in trade receivables	-34.3
Increase (-)/decrease (+) of inventories	45.0
Increase (+)/decrease (-) in trade payables	-34.8
Impact from the full consolidation of Califormulations	0.4
<b>Changes in Working Capital</b>	<b>-23.7</b>
Payments for investing in intangible assets	-21.3
Payments for investing in property, plant and equipment	-248.9
Reclassification of non-cash investments	0.1
Proceeds from the disposal of assets	2.7
<b>Investments</b>	<b>-267.4</b>
Elimination of extraordinary M&A effects	0.2
<b>Business Free Cash Flow At Equity</b>	<b>0.8</b>
Principal portion of Lease payments	-27.7
<b>Business Free Cash Flow</b>	<b>553.1</b>
in % of Net Sales	11.7%

<sup>1</sup> Adjusted for one-time effects; please refer to the "Alternative performance indicators" section on page 42 for details about the adjustments.

## Business Free Cash Flow

in % of sales



EBITDA (adjusted)

- Investments (including cash effects from leasing)

-/+ Changes in working capital

= Business free cash flow

## INVESTMENTS AND ACQUISITIONS

The Symrise Group invested € 270 million in property, plant and equipment and intangible assets in the 2023 fiscal year, after also spending € 270 million in the previous year.

Investments in property, plant and equipment amounted to approximately € 247 million (2022: € 247 million). They included the construction of new Pet Food sites in Brazil – completed in 2023 – and Mexico – completion in 2024. Capacities at the site in Granada, Spain, were expanded for the Cosmetic Ingredients division. In addition, production capacities were expanded for the Pet Food (Netherlands, China and USA), Food & Beverage

<sup>1</sup> Adjusted for one-time effects; please refer to the "Alternative performance indicators" section on page 42 for details about the adjustments.

(France, USA and China), Fragrance and Aroma Molecules (both Mexico and Spain) divisions. Spending on intangible assets amounted to € 23 million (2022: € 24 million). The main focus here was on investments in software, especially the introduction of an ERP software in the Taste, Nutrition & Health segment and the new CX/CRM platform for use by both segments.

All of the projects were funded from operating cash flow. As of December 31, 2023, the Group had obligations to purchase property, plant and equipment amounting to € 83 million (December 31, 2022: € 67 million). This mainly relates to production facilities and laboratory and office equipment. These obligations will mostly come due during the course of 2024.

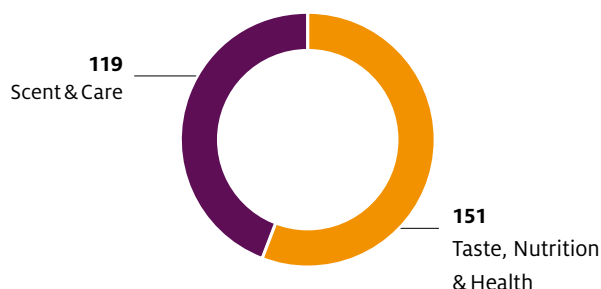
In the 2023 fiscal year, the Symrise Group also continued its growth strategy through targeted portfolio management.

In February 2023, Symrise announced the establishment of a joint venture with Sunner, which is one of China's main poultry processors with an integrated business model. that covers chicken breeding and farming, feed processing and meat processing. The joint venture will supply the Chinese pet food market with sustainable and high-quality egg solutions. Through its strategic partnership with Sunner in the egg valorization business, Symrise is expanding its position in pet food applications in the Asia/Pacific region and accelerating its pet food growth strategy.

In October, Symrise acquired further shares in U.S. company Kobo Products Inc., which is based in South Plainfield, New Jersey, and supplies innovative, technology-based raw materials to the cosmetics industry. The transaction increased Symrise's stake in the pigment and powder specialist to 49%. The involvement of Symrise creates further growth opportunities for both companies in the fields of mineral UV filters and decorative cosmetics. Kobo's customers are also benefiting from expanded capacities and global supply chains. With this step,

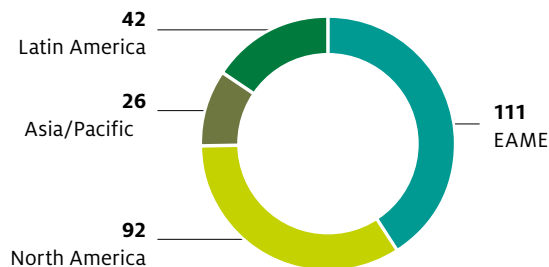
## Investments by segment

in € million



## Investments by region

in € million



both companies have demonstrated their commitment to the partnership that was initiated in 2021 and the added value it creates for both customers and consumers.

In the reporting period, Symrise increased its stake in the publicly listed Swedencare to 35.86 %. Swedencare is a provider of premium care and health products for pets. With this step, Symrise is strengthening its leading position as a provider of innovative pet food solutions and applications. The stake in Swedencare has been included in the consolidated financial statements as an associate since February 2022.

### ALTERNATIVE PERFORMANCE INDICATORS

The management report and financial statements of the Symrise Group are prepared in accordance with applicable accounting standards. In addition to the disclosures and performance indicators required by these standards, Symrise also publishes alternative performance indicators that are not subject to these regulations and for which there is no generally accepted reporting standard. Symrise calculates these alternative performance indicators with the aim of facilitating the comparability of its performance over time and vis-à-vis other companies in the industry. The alternative performance indicators apply to all periods and are used both internally to manage the business and measure performance and externally by analysts and investors to assess the company's performance. Symrise calculates the following alternative performance indicators:

- Nominal and organic changes in sales and changes due to portfolio and currency translation effects
- EBITDA
- EBITDA margin
- Adjusted EBITDA
- Adjusted EBITDA margin
- EBIT
- EBIT margin
- Adjusted EBIT
- Adjusted EBIT margin
- Business free cash flow
- Adjusted business free cash flow
- Adjusted business free cash flow margin

The (nominal) **change in sales** is a relative performance indicator that describes the percentage change in sales compared to the previous year. The **organic change in sales** describes the percentage change in sales compared to the previous year, excluding the influence of portfolio and currency translation

effects. The change **due to portfolio effects** shows the share of the change in sales that is attributable to the acquisition or sale of business activities or subsidiaries in the period under review. The change in sales **due to currency translation effects** provides information about the change in sales resulting from changes in the exchange rates used to translate foreign currencies into the reporting currency.

EBITDA stands for earnings before interest, taxes, depreciation and amortization on property, plant and equipment and intangible assets. This performance indicator describes a company's operating earning power, irrespective of its capital structure and investment level. EBITDA is calculated on the basis of EBIT plus the depreciation and amortization of property, plant and equipment and intangible assets recognized through profit or loss during the reporting period.

EBIT stands for earnings before interest and taxes and describes a company's performance capability, excluding the effects of different international taxation systems and financing activities.

In order to strengthen the company's cash flow orientation, Symrise has introduced **business free cash flow** as the primary internal control variable. The business free cash flow consists of EBITDA, investments (including cash effects from leasing) and changes in working capital.

The **EBITDA margin** and **EBIT margin** are relative indicators used by Symrise for the internal and external comparison of operating earning power. The indicators are calculated on the basis of EBITDA or EBIT in relation to sales. Symrise uses these indicators in particular for the internal and external comparison of the cost structure and profitability of its businesses.

The **business free cash flow margin** is a relative performance indicator which describes business free cash flow in relation to sales.

In the 2023 fiscal year, as a result of special circumstances, the aforementioned indicators were adjusted for the following one-time effects:

- Costs in connection with the production stoppage at the Colonel Island site (€ 46.5 million)
- Reorganization costs resulting from the new strategic focus of the Scent & Care segment (€ 4.3 million)
- Costs associated with antitrust investigation (€ 5.8 million)
- Income from an insurance reimbursement for a cybersecurity incident in 2020 (€ 4.8 million)

## NET ASSETS

### SELECT LINE ITEMS IN THE STATEMENT OF FINANCIAL POSITION

Development of the financial position

At € 7,846 million, total assets on December 31, 2023, were € 63 million higher than the level of the previous year (December 31, 2022: € 7,783 million).

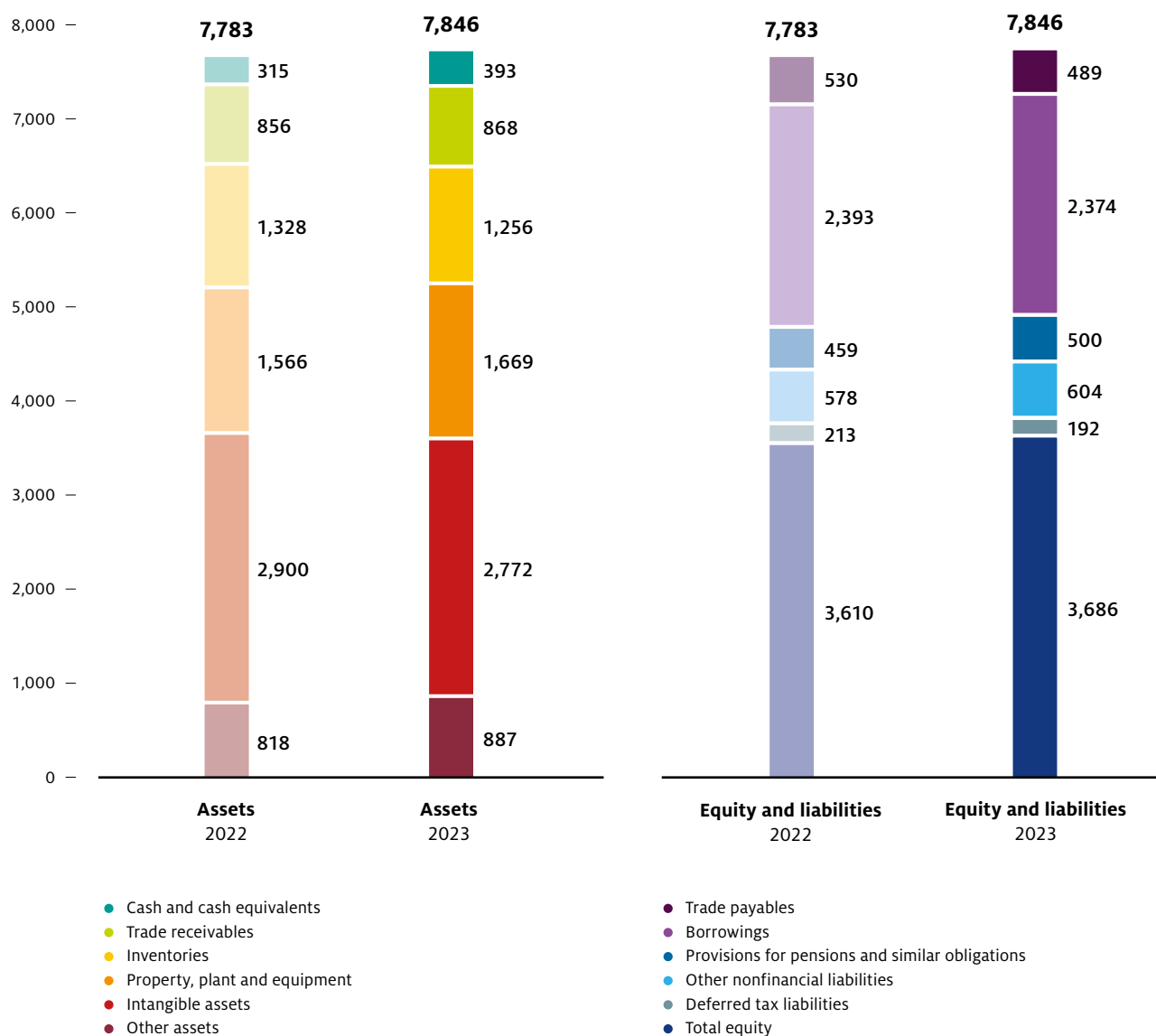
On the assets side, the increase in total assets resulted primarily from higher investment-related property, plant and equipment (€ +103 million). The increase in cash and cash equivalents (€ +78 million) is offset by lower inventories (€ -72 mil-

lion). The increase in financial assets is primarily due to the successive acquisition of further shares in the Swedish company Swedencare AB, of which Symrise held 35.86 % as of the end of the reporting period. Intangible assets decreased by € 128 million, above all due to depreciation and amortization.

Changes to equity and liabilities mainly resulted from trade payables (€ -40 million), provisions for pensions and similar obligations as well as equity. Due to changes in the measurement parameters, there was a shift between the pension obligations and revaluation reserve in equity, which resulted in a decrease in Group equity of € 18 million. Moreover, negative

## Overview of the Statement of Financial Position as of December 31, 2023

in € million



currency translation effects led to a reduction in this item. Taking account of the earnings of € 345 million for the reporting year, equity (including non-controlling interests) at the reporting date was € 76 million higher. The Group equity ratio was 47.0 %, compared to 46.4 % in the previous year. A dividend of € 147 million was paid out in 2023 for the 2022 fiscal year.

## Net debt

€ million	2022	2023
Borrowings	2,393	2,374
Lease liabilities (according to IFRS 16)	155	185
Cash and cash equivalents	- 315	- 393
<b>Net debt</b>	<b>2,233</b>	<b>2,166</b>
Provisions for pensions and similar obligations	459	500
<b>Net debt including provisions for pensions and similar obligations</b>	<b>2,692</b>	<b>2,666</b>

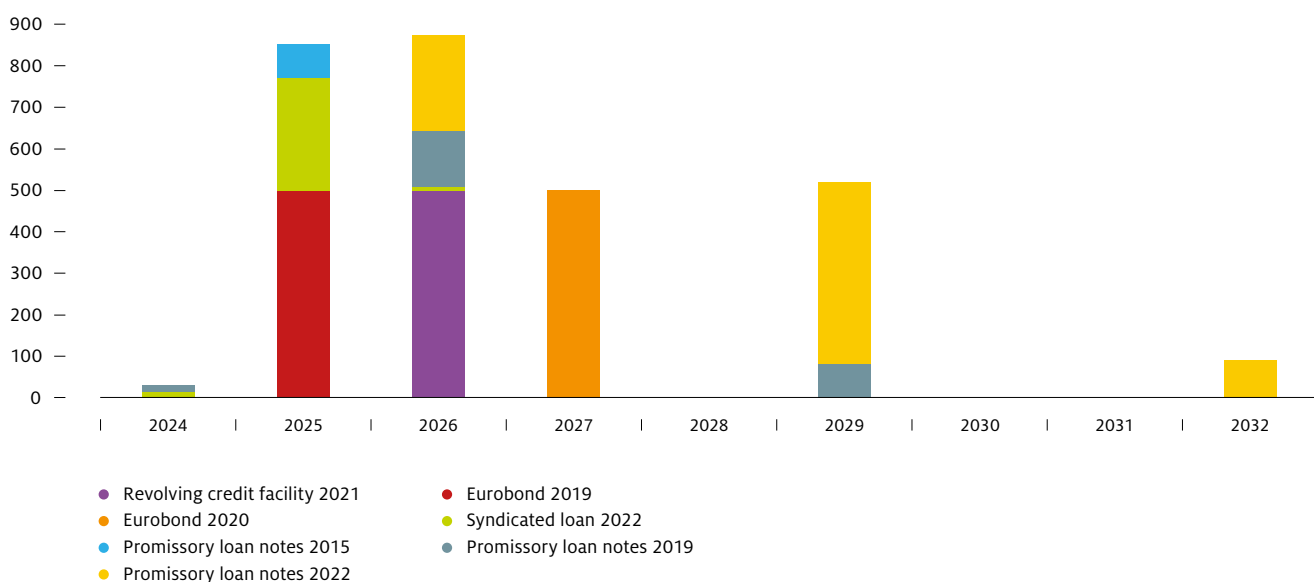
Net debt is calculated by deducting cash and cash equivalents from financial liabilities including lease liabilities. As a portfolio-oriented key indicator based on figures from the statement of financial position, it provides information on the company's actual debt. To calculate the key indicator of net debt/EBITDA, the net debt is applied to the EBITDA of the past twelve months both with and without retirement benefit obligations. This resulted in a value of 2.4 for the net debt/EBITDA ratio<sup>1</sup> in the reporting year (2022<sup>2</sup>: 2.4). The ratio of net debt including provisions for pensions and similar obligations/EBITDA<sup>1</sup> increased from 2.9 in 2022<sup>2</sup> to 3.0 in the reporting year.

<sup>1</sup> Adjusted for one-time effects; please refer to the "Alternative performance indicators" section on page 42 for details about the adjustments.

<sup>2</sup> Excluding impairment of the associated company Swedencare AB, Malmö, Sweden

## Maturities as of December 31, 2023

in € million



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 giving shareholders an appropriate share in its 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 to purchase goods amounting to € 210 million (2022: € 341 million) and obligations to purchase property, plant and equipment amounting to € 83 million (2022: € 67 million).

Symrise AG has service contracts with various providers regarding the outsourcing of its internal IT. Some service contracts already existed in previous years. The remaining total obligation toward these service providers amounts to € 12 million (December 31, 2022: € 20.6 million), including extraordinary termination rights. Miscellaneous other financial obligations amounted to € 22 million as of December 31, 2023 (December 31, 2022: € 23 million), and are mostly obligations from consulting, service and cooperation contracts (€ 16 million; December 31, 2022: € 16 million).

## CAPITAL STRUCTURE

€ million	2022		2023		Change in %
		<i>in % of total equity and liabilities</i>		<i>in % of total equity and liabilities</i>	
Equity	3,610	46	3,686	47	+ 2.1
Current liabilities	971	12	937	12	- 3.6
Non-current liabilities	3,201	41	3,223	41	+ 0.7
Liabilities	4,173	54	4,159	53	- 0.3
<b>Balance sheet total</b>	<b>7,783</b>	<b>100</b>	<b>7,846</b>	<b>100</b>	<b>+ 0.8</b>

## General statement on the company's economic situation

The Executive Board considers the economic situation of the Symrise Group to be still positive. In 2023, the company was again able to increase sales significantly, despite the challenging conditions. However, higher raw material and manufacturing costs as well as general increases in costs due to high inflation had a negative impact on profitability. The company's financing is ensured for the medium term. Subject to the adoption 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

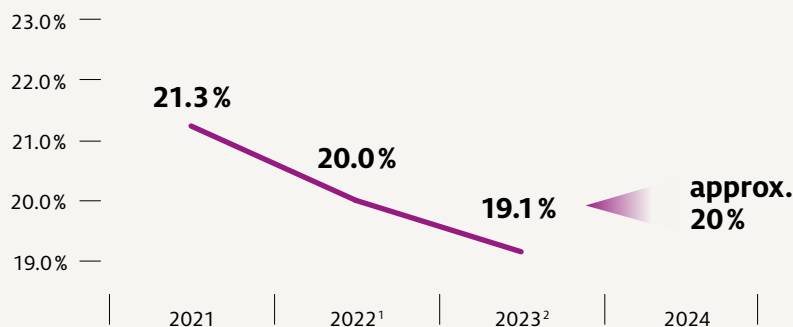
## Framework

Global economic growth  
**2.4%**

Market growth  
**3–4%**

Commodity prices  
largely stable

## EBITDA MARGIN

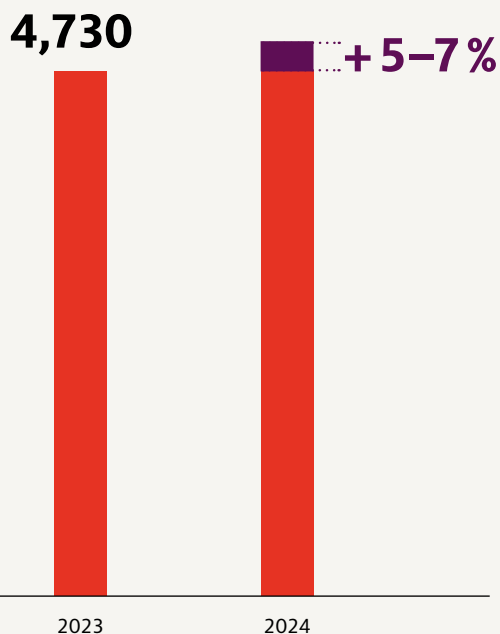


<sup>1</sup> Excluding impairment of the associated company Swedencare AB, Malmö, Sweden

<sup>2</sup> Adjusted for one-time effects; please refer to the "Alternative performance indicators" section on page 42 for details about the adjustments.

## ORGANIC SALES GROWTH

in € million



## EXPECTATIONS

Business free cash flow  
in relation to sales

**~ 12%** in 2024  
14% in the medium term

Net debt /

(including pensions and similar obligations  
as well as lease liabilities)

EBITDA  
**2.6 – 2.8**

Investments  
in relation to sales

**~ 6%**

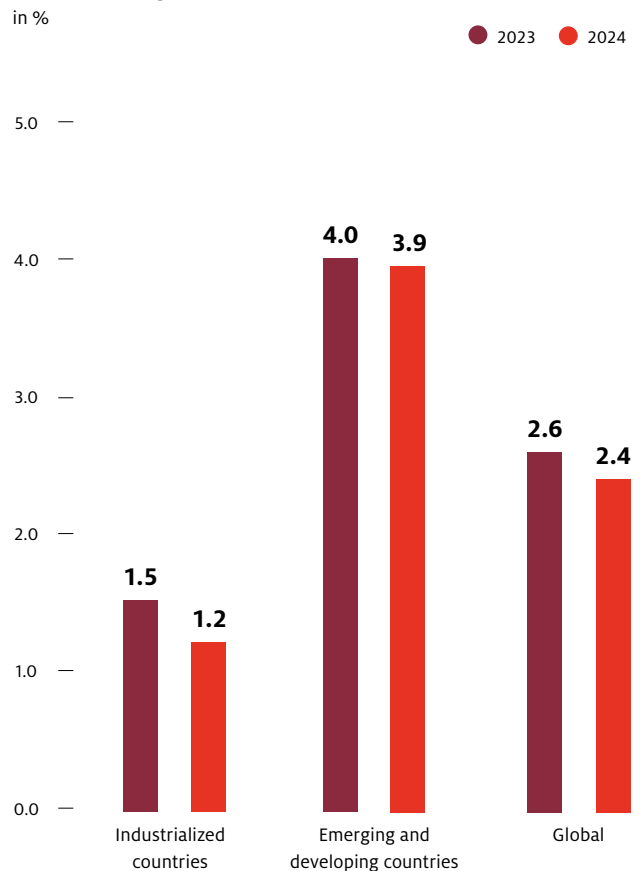
## FUTURE GENERAL CONDITIONS

Despite a large number of prevailing challenges, the global economy is proving surprisingly resilient. Major economies have weathered the fastest rise in interest rates in 40 years with no extreme increase in unemployment rates or financial crises. It would seem that the record inflation has been curbed without tipping the world into a recession. Nevertheless, the World Bank forecasts for the next two years are gloomy. Due to higher interest rates, global crises and lower investment in the current year, it is likely that the world economy will see slower growth for the third year in succession. Following expansion of 2.6% in the previous year, global economic growth is likely to weaken to 2.4% in 2024 before increasing slightly to 2.7% in 2025. The World Bank expects the weakest five-year global growth for 30 years. The forecast data indicate that most economies – both industrialized as well as emerging and developing countries – will grow more slowly in 2024 and 2025 than in the decade preceding the coronavirus pandemic, when growth averaged 3.1%.

The pace of growth in industrialized countries is likely to decrease from 1.5% in 2023 to 1.2% in 2024. In the USA, the growth rate for gross domestic product is expected to decrease from 2.5% in 2023 to 1.6% in the current year, and in Japan from 1.8% to 0.9%. A slight increase of 0.3 percentage points to 0.7% is predicted for the eurozone in 2024. The World Bank believes that economic growth in the emerging and developing countries will decrease slightly from 4.0% in 2023 to 3.9% in 2024. In countries including China, Thailand, Russia, Turkey, Egypt, Brazil and Mexico, the gross domestic product is likely to grow less strongly than in 2023. By contrast, Poland, Argentina, South Africa, India and Saudi Arabia are among the countries where growth is expected to be higher in 2024 compared to the previous year.

The downside risks to the forecast include an escalation of the recent conflict in the Middle East with associated disruption to the raw material markets, financial difficulties due to high debt and, as a result, high lending costs. Moreover, persistent high inflation, a weaker than expected Chinese economy and climate-related catastrophes could have a negative impact on the outlook.

## GDP development 2023/2024



The market for fragrances and flavors, aroma chemicals and cosmetic ingredients (AFF market) achieved a size of € 40 billion in 2023. According to estimates by market research institute IAL Consultants – the submarket for flavorings and fragrances accounts for about € 32.0 billion of this amount, while the submarket for aroma chemicals and cosmetic ingredients accounts for about € 8.0 billion.

In a long-term estimate, Symrise assumes an annual average growth rate of around 3 % to 4 % for the AFF market. Rising incomes in emerging markets are having a positive impact on the development of demand for products containing fragrances, flavorings and 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.

For the 2024 fiscal year, Symrise is expecting raw material costs to remain largely stable overall. However, the individual regions, divisions or raw material groups may see different trends. Generally, the company classifies raw materials as natural, agricultural or petroleum-based. The company's strategic focus is on natural raw materials 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 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.

The tense situation on the European and German energy markets, triggered by the war in Ukraine, has eased. Symrise is anticipating that energy costs for the 2024 fiscal year will remain largely stable.

The electricity supplied by the combined heat and power plant at the Holzminden site covers a large part of its electricity needs. For the remaining procurement volume, an increase in the price of electricity can also be expected due to rising procurement prices on the EEX electricity exchange as well as higher grid costs from the upstream network.

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

Symrise expects personnel costs to increase in line with inflation in the individual countries.

#### EFFECTS FROM HYPERINFLATIONARY COUNTRIES

The current hyperinflation in Venezuela, Argentina and Turkey is an issue of growing significance for the Group's consolidated earnings. Further information on accounting practices in countries with hyperinflation and their impact can be found in notes 2.5 and 11.

#### FUTURE COMPANY DEVELOPMENT

For 2024, 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. According to IAL Consultants, the forecast long-term growth of the relevant market 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 2024. The company aims to generate sales of € 5.5 to 6.0 billion by the end of 2025. In addition, Symrise recently extended its long-term growth expectation to 2028 and aims to generate sales of € 7.5 to 8.0 billion by that time.

In order to increase earnings and profitability further, the company will be implementing targeted measures that include an efficiency program with disciplined cost management and initiatives to reduce process and workflow complexity and optimize the global production network and the portfolio with a focus on high-margin businesses. Moreover, the development of innovative sustainable products and technologies continues to be a fundamental aspect of the Symrise strategy.

Assuming that prices for raw materials remain largely stable, the Group expects an EBITDA margin for 2024 of around 20 %, which is at the lower end of the target corridor. In the medium term, the Group is seeking to maintain an EBITDA margin between 20 % and 23 %. The ratio of net debt (including provisions for pensions and similar obligations as well as lease liabilities) to EBITDA should be between 2.6 and 2.8 at the end of 2024. For the business free cash flow, the Group is aiming for a rate relative to sales of 12 % in 2024. The medium-term target is a rate of 14 %.

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 selected 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

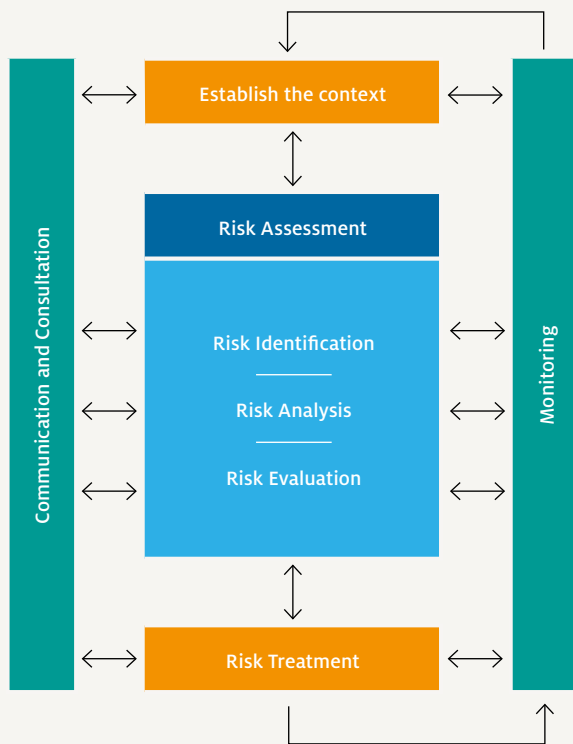
Symrise aims to grow primarily organically. Where it is expedient and creates added value, the Group will make acquisitions or forge strategic alliances to ensure access to new technologies, new markets and customers or ensure that it can obtain sustainable, renewable raw materials.

# Opportunities and risk report

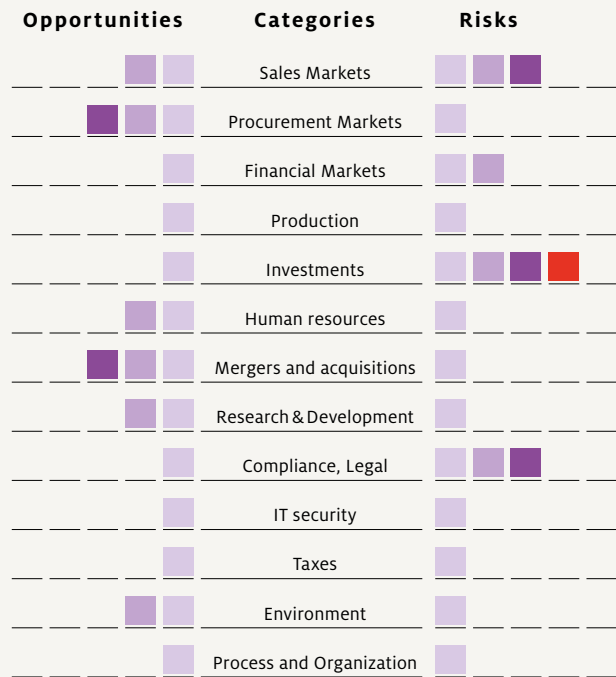
## Risk management



## Risk management steps



## Overview opportunities and risks



- Very high opportunity & risk > € 80 million
- High opportunity & risk > € 60 – 80 million
- Medium opportunity & risk > € 40 – 60 million
- Low opportunity & risk > € 20 – 40 million
- Very low opportunity & risk up to € 20 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. Correspondingly, risks relate to future developments or events that could lead to business performance not achieving the company's set 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 expedient.

The Symrise corporate culture attaches importance to entrepreneurial thinking and acting. Symrise values a high degree of responsibility in its employees. Therefore, the company encourages all its employees, also beyond the Executive Board, regardless of their area and scope of responsibility, to continuously identify and leverage opportunities. The heads of the business units of the Group are urged to identify opportunities on an operational 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 leverage 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.

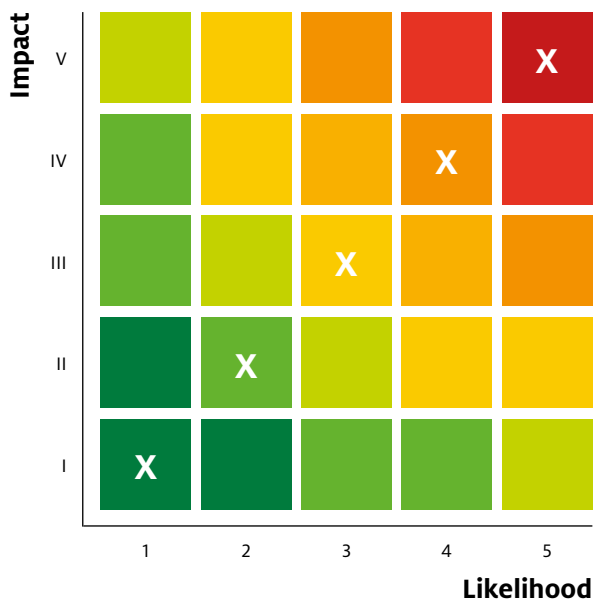
## APPROACH TO EVALUATING RISKS

The risk management system at Symrise is based on the framework of generally recognized standards (ISO 31000) and extends across all Group companies and organizational 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 Corporate 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 the Auditing Committee of the Supervisory Board of Symrise AG twice a year, most recently in October 2023. The Chairman of the Auditing Committee then reports to the full Supervisory Board. In the Group risk report, potential risks are identified and classified according to their effect on profit (net method) as well as the likelihood of their occurrence.

The result of the impact on earnings and the likelihood of occurrence 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 at the lower left; combinations of a relatively high product of both variables are found at the upper right of 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 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.



**Impact (on Group EBIT)**

- I very low up to € 20 million
- II low > € 20 – 40 million
- III medium > € 40 – 60 million
- IV high > € 60 – 80 million
- V very high > € 80 million

**Likelihood (probability of occurrence)**

- 1 very low 0–20 %
- 2 low 21–40 %
- 3 medium 41–60 %
- 4 high 61–80 %
- 5 very high 81–100 %

The reporting thresholds for risks are oriented toward the financial effects on the Group as well as the likelihood 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 individual opportunities and risks are then aggregated in the risk categories applied by Symrise.

**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 among the customers for Symrise products will continue. Therefore, there is a risk that Symrise could lose customers and thus market share. 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, Russia, 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 USA, China and the EU. 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 dialog 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.

Given the fast-moving conflict situation in Ukraine and the parties involved in it, the business operations of Symrise may be affected by a possible complete trade embargo or any further sanctions that the EU may impose on Russia and Belarus. There is also a risk that a further continuation of the conflict will affect business operations in Ukraine.

In particular, decreasing inflation and the currently observed decline in energy prices might produce a situation in which Symrise's customers request sustained price reductions from the company. In turn, this scenario would result in the major distribution chains requiring lower prices to reflect consumer expectations and avoid losing market share to their competitors. If it is not possible to sustain current price levels, the respective product sales margins would decrease accordingly. A further risk could be that Symrise's competitors reduce their prices so that the company would lose market share if it were not possible to reduce its prices to the same level.

The dynamic conflict situation in the Red Sea region could impact Symrise's business activities if attacks on merchant vessels increase. The company is monitoring the situation continuously so that it can take suitable measures if necessary. At the present time, the business activities of the Symrise Group have been affected only marginally by the situation.

#### PROCUREMENT 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 consolidation 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 for chemical products significantly reduce raw material market risks to Symrise 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.

Like sales markets, procurement 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) due to the global positioning of Symrise with production sites on all continents. However, negative effects cannot be ruled out in the short term.

In general, the situation on the global energy markets is continuing to ease, due especially to the significant reduction in gas and oil prices resulting from greater availability on the world's markets. With its primary strategy of closely monitoring the situation on the global markets, Symrise will be able to continue mastering the energy crisis in the current fiscal year. The currently low energy prices are viewed as an opportunity and we are already conducting price hedging to secure these low prices for the periods ahead. Other opportunities are harbored by the current discussion and announcement by the German government concerning the introduction of an industrial electricity price in Germany, which could have a positive impact for Symrise.

The inflation-curbing measures taken by central banks around the world are now taking effect, with the result that global raw material purchase prices are now largely stable or in some cases declining slightly. This is primarily attributable to the decrease in energy prices. Symrise is now facing the risk that B2B customers, having been required by the major super-market purchasing cooperatives to reduce their prices, could attempt to cut their purchase prices for Symrise products. If Symrise fails to reduce the purchase prices charged by its suppliers, this could have a negative impact on the company's margins.



## 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 € 261 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 80 % of overall debt as of December 31, 2023. 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 contains 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 monitors 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 to an economically justifiable extent so that the economic repercussions of possibly occurring production risks can largely be contained.

Moreover, Symrise believes that *symSAFE*, its global occupational safety initiative comprising monitoring, training and other measures, will enable the company to continuously improve employee safety and reduce the number of working days lost following accidents at work.

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 income from operations. There are contingency plans within the Symrise Group for extreme cases which call for other Symrise companies to step in to ensure supplies.

The ongoing conflict in Ukraine and its extension to the territory of the Russian Federation is having different effects on the business activities of the two Symrise Group companies in Russia. Whereas operations have so far continued at the Rogovo plant near Moscow, in particular to enable Symrise to fulfill international supply agreements, the Shebekino plant close to the border with Ukraine has been impacted directly by the conflict. There has been fighting in this region in recent months, resulting in its evacuation by the government of the Russian Federation. The situation there has now stabilized, allowing production to resume. However, it is currently not possible to predict with any degree of certainty whether the restrictions on business operations at the Shebekino plant were just temporary or how the dynamic conflict could develop in the future. Symrise is monitoring the situation continuously.

The Symrise production facilities in Germany are highly dependent on gas and oil. Production would be unable to continue in some key areas if the supply or availability of gas to production processes were to be stopped due to a market shortage or government intervention, even though the company invested in oil as an alternative energy source during 2022 to ensure that parts of the production process and energy generation could be sustained. This scenario would affect Symrise's business operations accordingly.

#### INVESTMENTS

The implementation of growth projects with the help of investments in new production capacities involves the risk that implementation will not be possible within the set cost and time frame 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.

As sanctions ratchet up, the government of the Russian Federation could decide to nationalize production sites within its own territory and thus permanently remove them from Symrise's portfolio of business assets.

The fair valuation of all Symrise's investments and shares in associated companies, including Swedencare, is subject to continuous monitoring. The impairment of an investment cannot be ruled out if it fails to deliver the business performance underlying the valuation or the measurement parameters change.

#### HUMAN RESOURCES

Symrise's employees are its most important resource and the company's ambitious corporate goals can only be achieved by ensuring that they are highly qualified – often in very specific fields – and highly motivated. In recent years, global employee recruitment and retention has become a growing challenge worldwide. The shortage of qualified employees and increasing competition for talents entail the risk that it will not always be possible to fill vacant positions in good time. Symrise is responding to this risk by introducing additional global initiatives and recruiting measures focused on attracting new talents for key positions and by implementing global employee development programs aimed at retaining employees. Failure to fill key positions in good time due to demographic factors or a lack of succession planning could result in a loss of know-how. For this reason, Symrise has established a global succession planning process to ensure the timely transfer of specialist knowledge.

Through talent management initiatives, the creation of transparent and market-oriented remuneration structures and a focus on promoting diversity, Symrise is building a corporate culture that fosters employee engagement. The introduction of a new personnel management tool in the coming year will significantly improve transparency and options for managing the company's human resources. The constant dialog with employee representatives serves the exchange of interests between employers and employees and also fosters a cooperative corporate culture. This helps to avoid strikes and related interruptions to operations.

## MERGERS AND 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 that it complies with legal, environmental and financial requirements on the other.

Despite thorough and intensive due diligence, unforeseen and unexpected obligations may arise following 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 AND 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, it 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 digitalization are becoming ever more important (IBM research project for the development of fragrances with the help of artificial intelligence).

Symrise closely monitors megatrends, for example, the naturalness of food and body care products or sustainability along the entire value chain. In cooperation with its customers and suppliers, Symrise constantly works toward fulfilling requirements as well as achieving the goals the company has set itself. This may result in opportunities and risks such as higher costs due to using new raw materials or the exploitation of a competitive advantage based on a time-limited unique market position with a natural preservative for personal care products.

Opportunities and risks in the area of research and 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, occupational safety, energy, product safety and food safety. In nearly all of these areas, the Symrise products 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 product-related regulatory affairs 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 eat 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 tolerability of the products is continually tested as part of our quality management on the basis of scientific research as well as tests based 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. Compliance with local laws and company guidelines is monitored via regular internal audits. Moreover, 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 further training, ensures that every employee observes corporate guidelines such as the

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

In March 2023, the European Commission initiated antitrust investigation against Symrise and some of its competitors. The actual review of the documents identified and retained in March 2023 was performed by the Commission in June 2023. In Symrise's opinion, these documents contain no clear evidence that Symrise was involved in antitrust practices. In May 2023, Symrise lodged an appeal at the General Court of the European Union against the search conducted by the European Commission. The company considers the search to have been unlawful on the grounds of various points of law.

Moreover, Symrise does not believe that it is exposed to any legal risks that are not customary for the industry. 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 and implements corresponding defensive measures 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.

#### IT SECURITY

A sophisticated and well-organized approach to IT security management plays an essential role in keeping our operations secure and protecting the company against incidents to ensure its long-term growth. It also has a vital role to play in ensuring a successful digital transformation. As data, systems and networks become more and more interconnected and expand into production, the attack surface of companies is growing. In order to realize and sustainably protect the opportunities and growth potential offered by digitalization, the Symrise IT and digitalization strategies place a high priority on IT and cybersecurity. The Symrise security strategy is reviewed on a continuous basis and adjusted to reflect the global threat situation for the entire industry.

The continuous improvement of global security standards plays a key role in the protection of IT and communication systems. The ongoing assessment of threat scenarios and technical developments and the alignment of security measures and resources with overarching business goals and regulatory requirements are key criteria for the continuous improvement of IT security. Based on this approach, the technologies, processes and organizational structures used by Symrise are evaluated on a regular basis and assessed by independent third parties to achieve a sustainable and reliable level of security.

To minimize the impact that an incident might have on operations, key operational and information assets are identified on an ongoing basis and appropriate contingency systems and procedures are updated. Implementing a comprehensive company-wide approach is also a critical ingredient in the effectiveness of security measures. This is achieved by streamlining governance structures and strengthening the global IT organization. Last but not least, employees are and always will be a significant security factor. That is why we regularly run training and awareness measures.

#### TAXES

Symrise gives the highest priority to complying with 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 nongovernmental 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 subsuppliers. 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.

As in the previous year, Symrise considers itself well prepared with regard to the disclosure rules under the new EU taxonomy that were expanded in the reporting year. The company does not expect any additional risks or any key opportunities. The disclosure requirements for this fiscal year include the disclosure of sales and investments for the EU environmental objectives of climate change mitigation and climate change adaptation with regard to taxonomy eligibility (meets taxonomy classification criteria) and taxonomy alignment (additional compliance with technical screening criteria without compromising other environmental targets while meeting minimum social standards), as well as the disclosure of sales and investments for the EU environmental objectives of sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems with regard to taxonomy eligibility. With its specific business operations, Symrise is largely unaffected by the EU taxonomy since the taxonomy primarily focuses on companies from sectors that generate the most CO<sub>2</sub> emissions. Symrise does not belong to any of these sectors. Nevertheless, Symrise tries to manage its economic activities to the extent of its ability and thus makes efforts to help reduce greenhouse gas emissions in industry. Symrise aims to invest sustainably as well. To this end, the company will be including sustainability as a key element of the investment process from the start on the basis of system-side integration and employee training. All Symrise activities identified as taxonomy eligible or aligned in the 2023 fiscal year support the environmental objectives of climate change mitigation and pollution prevention and control. The associated share of taxonomy-aligned sales is 2% (2% taxonomy-eligible); the associated share of investments is 3% (9% taxonomy-eligible). For a detailed report on the EU taxonomy, please see the Symrise Sustainability Report 2023.

<https://symrise.com/corporatereport/2023/company/sustainability-record/index.html>

Symrise has a complex supply chain and obtains products from more than 100 countries around the world. In connection with the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG), which came into force in 2023, Symrise prioritizes the development of responsible and transparent supply chains. The goal is to identify human rights and sustainability risks at an early stage and to work with business partners to implement preventive and remedial action. Symrise expects its business partners to comply with the requirements of the Symrise Responsible Sourcing Policy and Supplier Code of Conduct, which applies to all suppliers. To support the implementation of its own due diligence obligations, Symrise established the Responsible Sourcing Steering Committee (RSSC) back in 2021. This decision-making body is made up of representatives from the segments and from Corporate Sustainability. It defines the strategy for compliance with due diligence obligations and the processes for its implementation. The strategic elements developed by the RSSC include the company's Human Rights Policy, which also incorporates a complaints mechanism for business partners and their employees. In 2022, Symrise also created the position of Human Rights Officer within the Corporate Sustainability department, reporting directly to the Chief Sustainability Officer (CSO).

#### PROCESS AND ORGANIZATIONAL 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**

In a volatile market environment with challenging political and economic conditions, the main risks to Symrise are in the procurement and sales markets; some of these risks may interact. The measures to fight and curb inflationary pressure taken by central banks worldwide had a negative impact on global economic growth and private consumption because of rising interest rates. Although an easing of global energy markets can be observed, this – combined with declining inflationary pressure resulting from central bank action – could affect selling and procurement prices worldwide and, depending on further development, could influence Symrise's business success.

However, the Symrise business model is characterized by above-average potential for opportunity compared to 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. Symrise's dynamic growth and high profitability show that these opportunities have been leveraged successfully. The acquisitions of recent years have broadened the company's category and technology base and increased backward integration. Above-average growth, good profitability 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 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. In addition, the introduction of the Financial Market Integrity Strengthening Act (FISG) made it mandatory for capital market-oriented corporations to establish an adequate and effective internal control system and risk management system. The Executive Board and the Supervisory Board are responsible for monitoring the adequacy and efficacy of the internal control system and risk management.

The amendments to the German Corporate Governance Code (DCGK) of June 27, 2022, included a recommendation to describe the other key features of the internal control and risk management system and to assess the appropriateness and effectiveness of these systems. In this context, Symrise has had other internal control and risk management systems in place for years alongside the accounting-related internal control system (ICS). These include systems used in the areas of compliance management and IT and cyber security as well as the areas of data protection and the European General Data Protection Regulation (GDPR).

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 includes the documentation and monitoring of possible risks and underlying processes as well as constant auditing of the processes. Opportunities are also documented within the framework of corporate planning. To guarantee that the ICS is adequate and effective, the Group-wide control mechanisms are constantly analyzed at the level of the individual companies and the Group for suitability and functionality. To achieve this, the Corporate Internal Audit department examines how effectively those responsible ad-

hered 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 organizational units and companies. The principles of the 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. An aggregate Group risk report based on reports issued by the Group's organizational units and companies is presented to the Executive Board twice a year. The Executive Board discusses the adequacy and efficacy of the ICS with the Supervisory Board or with the Auditing Committee of the Supervisory Board, as appropriate.

The ICS is constantly monitored with respect to the up-to-dateness of the documentation and the suitability and functionality of the controls. In addition, any weaknesses in the control system are identified, evaluated and addressed through follow-up measures. The Auditing Committee discusses the ICS as well as the compliance and risk management system in detail at the annual system meeting in order to monitor and ensure the adequacy and effectiveness of the systems.

- **Accounting-related risk management:** Using a risk-oriented approach, the companies and processes which are essential for accounting are first 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 global 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 adequacy and effectiveness in preventing risks through continual audits by Corporate Internal Audit, among other things. Whenever deficiencies 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 deficiencies are identified, appropriate measures for improvement are developed and executed. The adequacy and efficacy of the new control mechanisms are then analyzed in the next audit cycle.
- The compliance management systems cover legal compliance, technical compliance, the tax compliance management system and treasury compliance.
- The role of Legal Compliance is to guide and advise the operational and administrative areas of Symrise with regard to compliance with the relevant national legal regulations. Hints submitted through the Integrity Hotline are carefully reviewed and investigated consistently if there is suspicion of wrongdoing.
- Technical compliance focuses on regulatory affairs, quality control and certifications. The role of Regulatory Affairs is to continuously monitor and ensure compliance with the requirements of national supervisory authorities, customer requirements and the requirements imposed by associations. Quality control ensures the consistency of the raw materials used in the production process and the consistently high quality of Symrise's end products. Symrise strives to improve on a continuous basis and is taking action to ensure compliance with the requirements of an ever-increasing number of international certification programs from a wide range of specialist areas, including the areas of sustainability and food security.
- The tax compliance management system implemented by the company ensures that we are in compliance with financial due diligence and monitoring obligations and contributes to legal certainty related to adjustments pursuant to Section 153 of the German Fiscal Code (AO) by being considered an indication of the absence of intent or recklessness.
- Treasury compliance primarily involves monitoring compliance with the global treasury guideline as the basis for all treasury activities, with a particular focus on the management of powers of attorney and bank accounts. This system monitors compliance with the dual-control principle that applies for all payment transactions by Symrise and the relevant subsidiaries.
- A large number of IT and cybersecurity measures have been implemented in recent years that have improved IT security across the Group. Additional measures for continuing the improvement in IT security are already being planned and will be implemented on an ongoing basis. Symrise is provided with advice on the topic of data protection and GDPR by a renowned law firm. This law firm reviews data protection-related agreements and documentation and conducts training sessions for relevant Symrise employees with regard to data protection and GDPR.
- Ongoing audits by the Corporate Internal Audit department and external auditors and consultants are used to analyze the control and monitoring mechanisms implemented by the compliance management systems and in the area of IT and cybersecurity to make sure that they are adequate and effective from a risk perspective, along with the measures related to compliance with the GDPR and data protection requirements. Any deficiency that is identified is assessed based on the severity of the control and/or monitoring gap. The resulting risks are also analyzed. In a subsequent step, the individual compliance and IT security risks are aggregated at Group level. These risks are reported to the Executive Board along with information about their impact on the compliance management systems and how they relate to IT security, GDPR and data protection. These reports form the basis for reporting vis-à-vis the Supervisory Board's Auditing Committee. If control deficiencies are identified, appropriate measures for improvement are developed and executed. The adequacy and efficacy of the new control mechanisms are then analyzed in Corporate Internal Audit's next audit cycle and through the use of external auditors.

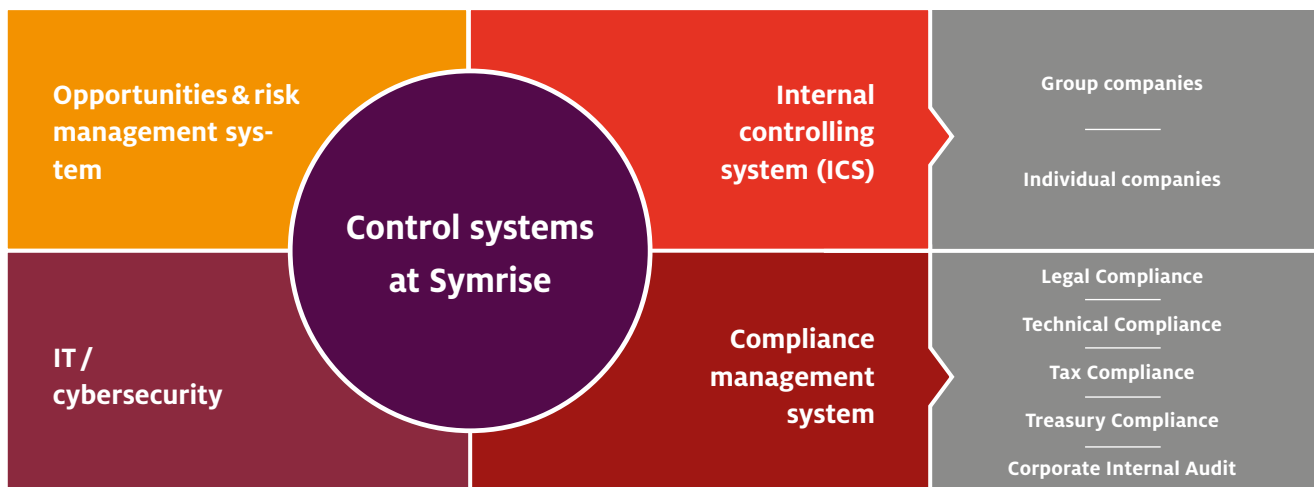


## General statement on the adequacy and efficacy of the control systems at Symrise

Symrise has a comprehensive system of controls that the Executive Board regularly reviews and develops further. In one of its annual focus meetings, the Auditing Committee delegated by the Supervisory Board of Symrise AG looks into the control systems implemented at Symrise to ensure their adequacy and efficacy. The Executive Board is satisfied that the control systems implemented at Symrise are adequate and effective in their entirety.

### Control systems at Symrise

Overview



## 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 bearer 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 AktG. Amendments to the articles of incorporation are based on Sections 133 and 179 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 through one or more issuances of new, no-par-value bearer shares against contributions 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:
  - 1) In the case of capital increases in return for assets in kind to grant shares for the purpose of acquiring companies, parts of companies or share interests in companies;
  - 2) 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;
  - 3) Insofar as this is necessary in order to grant holders of warrants and convertible bonds issued by the company or its subsidiaries a right to subscribe for new shares to the extent that they would be entitled to such a right when exercising the warrants or options or when meeting obligations arising from the warrants or options;
  - 4) To exclude fractional amounts from subscription rights;

5) 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 sold or issued or will be 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 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 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.
- The company is authorized in accordance with Section 71 (1) lit. 8 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. 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.
- 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 is valid until June 16, 2025.

1) The Executive Board has the choice of making the acquisition either through the stock exchange or in the form of a published purchase offer, or respectively, in the form of a published request for tender of such an offer. If the acquisition of shares is made through the stock exchange, the consideration per share paid by the company (excluding ancillary acquisition costs) may not exceed or undercut the opening auction price quoted on the Xetra trading system (or a comparable replacement system) on the day of the stock exchange trading by more than 5%.

2) 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 of the request 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-percent 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 per shareholder 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.

- 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:

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

using the simplified procedure, then the Executive Board is authorized to adjust the number of no-par-value shares contained in the company's articles of incorporation.

- 2) 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 percent 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 percent 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 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 AktG.
- 3) 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.
- 4) 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.

- The Supervisory Board is authorized to use shares of the company acquired on the basis of this authorization to service obligations or rights to acquire Symrise shares that have been or will be agreed upon with members of the Executive Board of 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.
- The aforementioned authorizations 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 71d Sentence 5 AktG 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.
- The aforementioned authorizations may be used singly or repeatedly, wholly or partly, individually or jointly, by entities that are dependent on the company or by entities that are majority-owned by the company, or for their account or for the account of third parties acting on behalf of the company.
- The subscription rights of shareholders to these treasury shares may be excluded if the shares are to be used in accordance with the aforementioned authorizations.
- 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.

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>