always inspiring more …

symrise

SHARING VALUES

Strong roots, new paths

FINANCIAL REPORT

2019

Five-year Financial Overview

€ million		2015	2016	2017	2018	2019
Group – Results of operations						
Sales		2,602	2,903	2,996	3,154	3,408
Share of sales in emerging markets	in %	46	43	44	43	44
EBITDA[1]		572	625	630	631	707
EBITDA margin[1]	in %	22.0	21.5	21.0	20.0	20.8
Net income[1,2]		247	266	270	275	304
Earnings per share[1,2]	in €	1.90	2.05	2.08	2.12	2.25
Dividends paid		104	110	114	122	129[3]
Dividend per share	in €	0.80	0.85	0.88	0.90	0.95[3]
Group – Financial position/net assets						
Operating cash flow		375	339	396	442	547
Investments (without M & A)		147	168	205	226	182
Balance sheet total[2] (as of December 31)		4,184	4,753	4,675	4,920	5,957
Capital ratio[2] (as of December 31)	in %	38.0	36.4	37.8	39.5	41.4
Net debt (incl. pension provisions and similar obligations) (as of December 31)		1,576	1,971	1,922	1,893	2,222
Employees (as of December 31)	FTE[4]	8,301	8,944	9,247	9,647	10,264
Flavor						
Sales		980	1,016	1,102	1,191	1,257
EBITDA		219	234	243	244	268
EBITDA margin	in %	22.3	23.0	22.0	20.5	21.4
Nutrition						
Sales		548	576	631	639	732
EBITDA[5]		122	134	139	132	161
EBITDA margin[5]	in %	22.3	23.2	22.1	20.7	22.0
Scent & Care						
Sales		1,074	1,311	1,263	1,324	1,419
EBITDA[6]		231	258	248	254	278
EBITDA margin[6]	in %	21.5	19.7	19.6	19.2	19.6

1 Figures for 2016 and 2019 normalized for transaction and integration costs as well as one-off valuation effects related to business combinations
2 Figures for 2016 restated due to finalisation of Purchase Price Allocation for Nutraceutix
3 proposal
4 not including apprentices and trainees; FTE = Full Time Equivalent
5 Figures for 2019 normalized for transaction and integration costs as well as one-off valuation effects related to business combinations
6 Figures for 2016 incl. six months Diana and normalized for transaction and integration costs as well as one-off valuation effects related to business combinations

Table of Contents

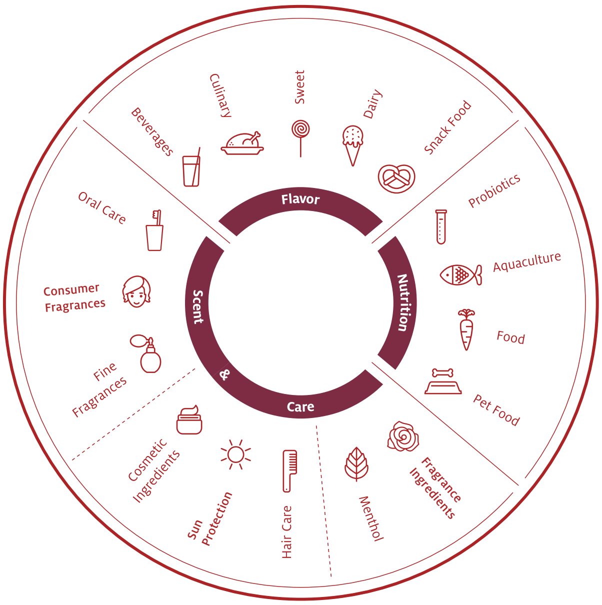
ABOUT THIS REPORT

This 2019 financial report contains the complete consolidated financial statements, the Group management report and all other legally required elements. Supplementary to it, a separate corporate report provides a comprehensive depiction of Symrise's performance in 2019 – both from a business perspective as well as from a sustainability standpoint. The corporate report can be viewed electronically and ordered in print form at www.symrise.com/investors.

The Symrise 2019 financial report was published simultaneously with the 2019 corporate report on March 10, 2020, and is available in German and English. The publication date of the financial report for the 2020 fiscal year is March 2021. Additional information on our company's activities can be found at www.symrise.com.

Symrise at a glance
always inspiring more …

APPLICATION AREAS



Symrise provides exciting flavor and fragrance experiences, and offers sustainable solutions for food production based on natural starting materials. That is our mission. With commitment and innovative strength, we develop the best possible concepts for our customers' products. We do this so consumers around the world can take pleasure in the most common experiences of everyday life and additionally benefit from healthy or nurturing properties. With its creativity and entrepreneurial energy, Symrise opens up further potential with a third of its business being generated via cosmetic active ingredients and raw materials, functional ingredients, pet food, aquacultures and probiotics. Our wide range of activities offers new chances for growth, stabilizes performance and provides Symrise with an unmistakable profile.

Dynamic sales growth
2006 – 2019 CAGR 8.2 %

Highly profitable
EBITDA margin 2006 – 2019 between 20 % and 22 %

Over **10,000 employees**
in over 40 countries

Over **6,000 customers**
in around 160 countries

SYMRISE'S VALUE CHAIN

Raw materials
- Natural ingredients
- Petro-based raw materials

Product development
- Natural extracts
- Functional ingredients
- Compositions

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

Customers

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

Market volume
€ 35 billion

Consumers

2019 Highlights

Strong organic growth and increased profitability

SALES BY SEGMENT

as % of Group sales and organic growth in %

Flavor
€ 1,257 million — 37 % (+ 3.8 %)

Nutrition
€ 732 million — 21 % (+ 9.3 %)

Scent & Care
€ 1,419 million — 42 % (+ 5.6 %)

SALES BY REGION

as % of Group sales and organic growth in %

EAME € 1,430 million — 42 % (+ 3.6 %)

North America € 809 million — 24 % (+ 4.2 %)

Asia / Pacific € 758 million — 22 % (+ 7.4 %)

Latin America € 411 million — 12 % (+ 12.8 %)

EBITDA(N) (MARGIN) SEGMENTS

in € million and as % of Group sales

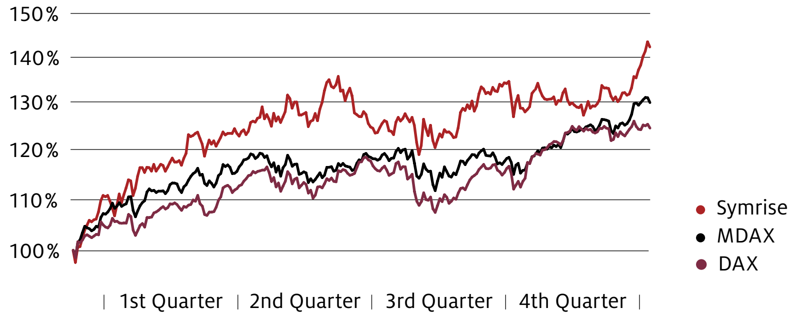
Flavor
€ 268 million — 21.4 %

Nutrition
€ 161 million — 22.0 %

Scent & Care
€ 278 million — 19.6 %

SHARE PRICE DEVELOPMENT

of the Symrise stock in 2019



Sales
€ 3,408 million
Organic growth
5.7 %

EBITDA(N)
€ 707 million
EBITDA(N) margin 20.8 %

EBIT(N)
€ 481 million
EBIT(N) margin 14.1 %

Normalized net income
€ 304 million

Normalized earnings per share
€ 2.25

Proposed dividend
€ 0.95
per share

Market capitalization
€ 12.7 billion
at December 31, 2019

Group Management Report

SYMRISE AG, HOLZMINDEN

JANUARY 1 TO DECEMBER 31, 2019

Basic information on the Symrise Group

Sharing values: Strong roots, new paths

SEGMENTS

Flavor	Nutrition			Scent & Care		
Flavor	Diana	ADF/IDF	Probi	Fragrance	Cosmetic Ingredients	Aroma Molecules

DIVISIONS

GOALS

Financial goals

- Sales growth at local currency 5 – 7 % p.a. (CAGR)
- EBITDA margin 19 – 22 % (until 2020) 20 – 23 % (until 2025)

- > 50 % Share of sales from emerging markets
- 1/3 Customer portfolio mix: global, regional, local
- Cross-divisional connection of products and technologies

Complementary operative goals

Sustainability

STRATEGY

Vision

Growth
- Growth in emerging markets
- Maximization of customer spectrum
- Targeted innovation

Efficiency
- Specific efficiency programs
- Optimization of raw materials portfolio

Portfolio
- Expand competencies outside the traditional flavor and fragrance industry
- Acquisitions

Sustainability

Values

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 starting materials. Its clients include manufacturers of perfumes, cosmetics, food and beverages, the pharmaceutical industry and producers of nutritional supplements and pet food.

With sales of € 3.4 billion in the 2019 fiscal year and a market share of around 10 %, Symrise is one of the leading global suppliers in the flavors and fragrances market. Headquartered in Holzminden, Germany, the Group is represented by more than 100 locations in Europe, Africa, the Middle East, Asia, the United States and Latin America. The Symrise Group originally resulted from a merger between the German companies Haarmann & Reimer and Dragoco in 2003. The roots of Symrise date back to 1874 and 1919, when the two companies were founded. In 2006, Symrise AG entered the stock market with its initial public offering (IPO). Since then, the Symrise share has been listed in the Prime Standard segment of the German stock exchange, and it had a market capitalization of about € 12.7 billion at the end of 2019. The Symrise share is listed on the MDAX® index. Currently, about 95 % of the shares are in free float.

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

The Flavor segment is made up of the business units Beverages, Savory and Sweet. The Nutrition segment consists of the Diana division with the business units Food, Pet Food, Aqua and Probi as well as the US company ADF/IDF, which was acquired in November 2019. The Scent & Care segment breaks down into the Fragrance, Cosmetic Ingredients and Aroma Molecules divisions.

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

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

Symrise AG's headquarters are located in Holzminden, Germany. At this site, the Group's largest, Symrise employs 2,448 people in the areas of research, development, production, marketing and sales as well as in the Corporate Center. The company has regional headquarters in the USA (Teterboro, New Jersey), Brazil (São Paulo), Singapore and France (Rennes, Brittany). Important production facilities and development centers are located in Germany, France, Brazil, Mexico, Singapore, China and the USA. Symrise has sales branches in more than 40 countries.

Symrise sites 2019

● Global headquarters • Regional headquarters • Symrise sites

MANAGEMENT AND OVERSIGHT

Symrise is a German stock corporation with a dual management structure consisting of an Executive Board and a Supervisory Board. The Executive Board is responsible for managing the company with the primary aim of sustainably increasing the company's value.

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

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

Supervisory Board

Chairman: Dr. Winfried Steeger

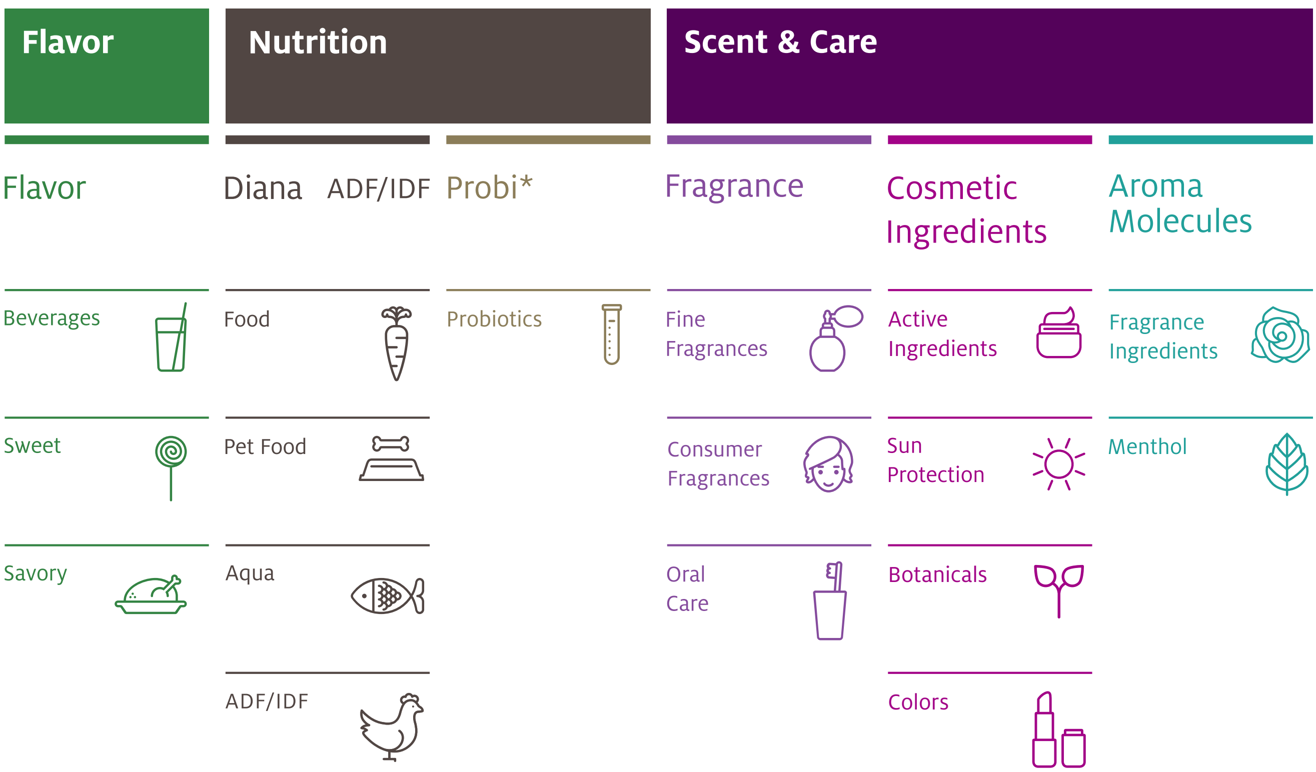
Chief Executive Officer	President Scent&Care	Chief Financial Officer	President Nutrition	President Flavor
Dr. Heinz-Jürgen Bertram	Achim Daub	Olaf Klinger	Dr. Jean-Yves Parisot	Heinrich Schaper

BUSINESS ACTIVITIES AND PRODUCTS

The value chain of Symrise

Symrise manufactures about 30,000 products from around 10,000 – mostly natural – raw materials such as vanilla, citrus products or flower and plant materials. The value chain of the three segments extends across research and development, purchasing, and production as well as the sale of products and solutions. The natural food ingredients, flavors, perfume oils and active ingredients are generally central functional components in our customers' end products and often play a decisive role in consumers' purchasing decisions. Along with the typical product characteristics such as fragrance and taste, our value creation lies in the development of products with additional benefits. Examples of how flavors and perfume oils are combined with other innovative components include flavorings that enable foods' sugar or salt content to be reduced or a moisturizing cosmetic ingredient that lowers the proportion of preservatives in care products.

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



* Majority shareholder in the Swedish company Probi AB.

CORPORATE STRUCTURE

Our customers 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.

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

Flavor

The Flavor segment offers more than 13,000 products for authentic taste experiences. The food and beverage industry in 143 countries worldwide uses these products to produce leading consumer products. In close cooperation with food producers, Symrise develops differentiating flavors that meet consumers' need for naturalness and give the respective products individual taste notes. Symrise supplies individual tonalities as well as complete solutions, which, apart from the actual flavor, can contain additional functional ingredients or encapsulated components for taste protection. With sites in more than 40 countries in Europe, Asia, North America, Latin America and Africa, the global presence and proximity of Symrise to its customers ensures that its product range is always up-to-date, even in dynamic markets.

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

Beverages: With global competencies in non-alcoholic and alcoholic beverages, Symrise advises and supports the international beverage industry. The authentic and innovative taste solutions of Symrise set new standards for soft drinks, juice-based drinks, tea and coffee products, spirits and fermented beverages including brewery products. The Flavor segment also offers in-house technologies for resource-conserving flavor extraction and responsible sourcing of citrus flavors.

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

Savory: Savory flavors made by Symrise are used in two significant categories: in the "Culinary" category for soups, sauces, readymade meals, instant noodles and meat products and in the "Snack Food" category with seasonings for snacks. Both areas translate increasingly demanding consumer desire for authentic taste and naturalness into successful customer concepts. Here, Symrise can rely on its flavor core competencies in meat and vegetables, which is characterized by cutting-edge food technology and research as well as sustainability. Symrise also offers a variety of solutions for products with plant-based proteins.

What all product segments have in common is that the taste solutions are based on a comprehensive understanding of the market and consumers. Trend research is combined with in-house expertise to develop relevant flavors using conserving processes that meet consumer needs, are consistent with brand values and comply with local legal requirements. Interdisciplinary teams advise customer companies through close dialogue. In addition, Symrise distinguishes itself through the sustainable backward integration of its value chain, including vanilla and vegetable extracts. Here, continuous cooperation with over 7,000 small-scale farmers and the German Society for International Cooperation (GIZ) plays a major role. The Flavor segment also makes an important contribution to shaping a sustainable food system: natural flavors make healthy products with low sugar, salt and fat content taste good. Taste solutions from Symrise also make alternative protein products even more delicious for consumers who want to reduce their consumption of meat or milk.

Ever since the company's founders laid the foundations of the flavor industry in 1874 with their vanillin synthesis, Symrise Flavor has continuously developed its flavor expertise. Comprehensive training, international exchange and extensive investments in the latest technologies continued to be proof of this in 2019. The Flavor area thus offers a diversified product portfolio of consumer-relevant, sustainable taste experiences that is constantly being developed.

Nutrition

The Nutrition segment has more than 40 sites in 25 countries. With around 3,000 employees, it serves customers in more than 100 countries.

The product range of the Nutrition segment includes natural, sensory product solutions such as taste, texture, color and functionality and is divided into five business units:

Food: This unit offers solutions for the well-being of consumers for food and beverage manufacturers and for baby food products. Carefully selected, sustainable raw materials such as vegetables, fruit, meat and seafood are processed in the business unit. These are used to produce high-quality goods with clean-label ingredients as well as standardized food ingredients with defined properties in terms of taste, texture or color, which create end products that are effective and interesting for the senses.

Pet Food: This business unit offers numerous product solutions and services for improving taste and pets' acceptance of foods, achieving food safety of pet food, and for animal health. In addition, it develops innovative fragrance and care substances for pet care. The business unit maintains its own cat and dog panels for researching food acceptance, eating behaviors and interactions between pet owners and pets.

Aqua: This business unit develops and produces progressive natural and sustainable marine ingredients for aquacultures for improving nutrition and animal health in fish and shrimp farms.

ADF/IDF: With the acquisition of ADF/IDF in 2019, the Nutrition segment has strengthened its position in the North American market and significantly expanded its offering in the fast-growing areas of pet food, flavorings and food. ADF/IDF is a leading supplier of protein specialties based on meat and egg products for customers in the pet food and food industries as well as for producers of nutritional supplements.

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

The Nutrition segment also operates the Nova incubator for innovative applications in the areas of health and nutrition.

Scent & Care

The Scent & Care segment has sites in more than 30 countries and markets over 15,000 products in 126 countries. Scent & Care is divided into three global divisions: Fragrance, Cosmetic Ingredients and Aroma Molecules. Their products are used in the following business units:

Fragrance: The objective of the Fragrance division is to provide everyone who uses our products with "fragrances for a better life." The division employs more than 70 highly talented and respected perfumers of 14 different nationalities, who work at 11 creative centers around the world. Their combined professional experience adds up to more than 1,300 years of perfumery expertise. They combine aromatic raw materials like aroma chemicals and essential oils to make complex fragrances (perfume oils). Our creative and composition business comprises the three global business units Fine Fragrances, Consumer Fragrances and Oral Care:

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

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

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

Cosmetic Ingredients: The portfolio of the Cosmetic Ingredients division includes active ingredients, modern solutions for product preservation, pioneering protection against solar radiation and negative environmental influences, innovative ingredients for hair care, inspiring plant extracts, high-performance functionals and tailor-made cosmetic colors. The division's unique approach is based on more than 100 years of experience in the development and marketing of cosmetic raw materials. In addition, the division is able to combine the best of nature, science and chemistry as well as skin and hair biology. Based on intensive consumer research, the division understands the needs of modern consumers. The research centers in Holzminden and in São Paulo, Brazil, work closely with the respective regional sales and application technology teams to offer customers and consumers tailor-made solutions and products for different regional requirements. The Cosmetic Ingredients division is a recognized innovation leader that has received 33 innovation awards for new substances over the past ten years. During the same period, 99 patent applications were filed, 12 of them in 2019 alone.

Aroma Molecules: The division includes the business units Menthols and Fragrance Ingredients. In the Menthols business unit, Symrise manufactures nature-identical menthol, which is primarily used in manufacturing oral care products, chewing gum and shower gels. Fragrance Ingredients manufactures aroma chemicals (intermediate products for perfume oils) of especially high quality. These aroma chemicals are used both in Symrise's own production of perfume oils as well as marketed to companies in the consumer goods industry and other companies in the fragrance and flavor industry. This business unit also includes the activities of the US-based company Renessenz LLC, acquired in 2016, with its terpene-based products derived from renewable and sustainable raw materials.

MARKET AND COMPETITION

MARKET STRUCTURE

The Symrise Group is active in many different markets around the world. These include the traditional market for flavorings and fragrances (F&F market), whose volume amounted to € 27.6 billion in 2019, according to calculations made by the IAL Consultants market research institute (11th Edition, July 2018). In addition, with the Cosmetic Ingredients and Aroma Molecules divisions, the company is active in the market for aroma chemicals and cosmetic ingredients, which, according to reports of IAL (1st Edition, December 2018), achieved sales of approximately € 7.4 billion in the reporting year. The markets have many trends and characteristics in common. The market relevant for Symrise therefore has a total volume of € 35.0 billion, which is growing according to internal estimates by an average of about 4 % per year in the long term.

More than 500 companies are active in the market worldwide. The four largest providers, which include Symrise, together have a market share of 49 %.

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

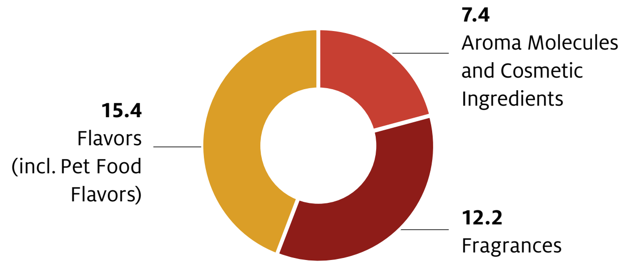
In addition to varying local taste preferences and consumer behaviors, there are other factors that also influence the demand for end products in which our products are used. The population's increasing income in emerging markets is having a positive impact on the development of demand for products containing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

THE MARKET POSITION OF SYMRISE

Symrise is one of the largest companies in the AFF industry. In relation to the relevant market of € 35.0 billion, the market share of Symrise for 2019 is roughly 10 % in terms of sales. Symrise has expanded the traditional segments to include even more applications: for instance, with cosmetic ingredients in Scent & Care and pet foods and food ingredients within the Diana division of the Nutrition segment. On the basis of these more complex product solutions, greater value creation can be achieved. In submarkets such as food supplements, sun protection or other cosmetic ingredients, Symrise also stands in competition with companies or product segments of these companies that do not belong to the traditional AFF industry.

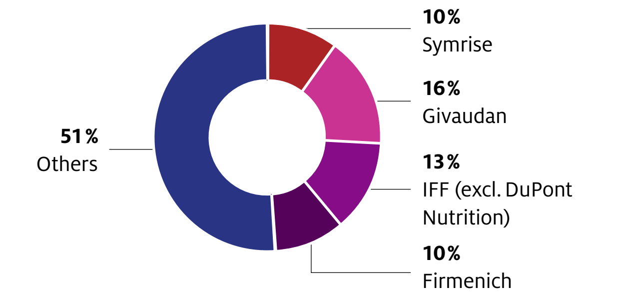
Symrise has leading positions in certain market segments worldwide, for example, in the manufacturing of nature-identical L-menthol as well as mint and vanilla flavor compositions. Symrise also holds a leading position in the segment of UV sun protection filters, fragrance ingredients, and in baby and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

Relevant AFF Market Size 2019
in € billion (approx. € 35.0 billion overall)



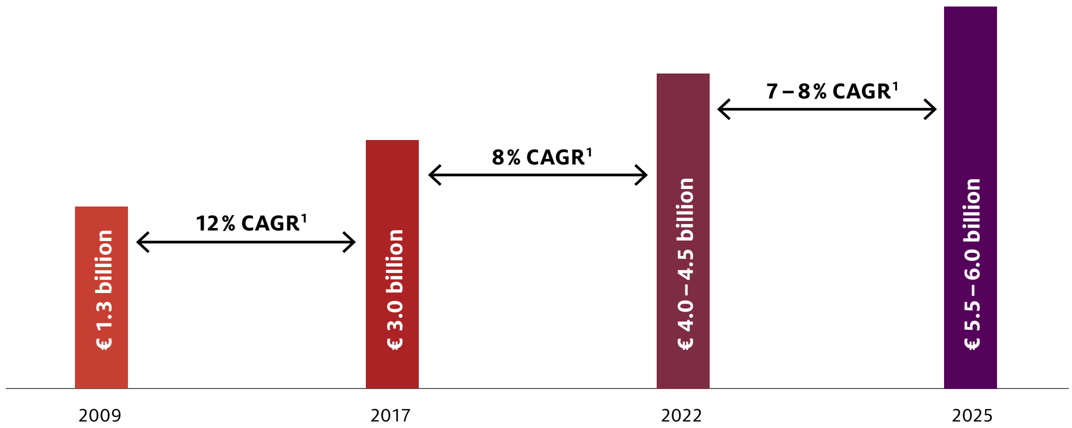
Sources: IAL (11th Edition, FLA & FRA, July 2018), IAL (1st Edition, AC/AM and CI, December 2018)

AFF market share 2019
in % (volume approx. € 35.0 billion)



Source: corporate data and internal estimates

Goals by 2025
Sales in € billion



GOALS AND STRATEGY

GOALS

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

- **Market position:** With long-term growth of 5 to 7 % per year (CAGR)[1], our sales growth should exceed the long-term growth of the market, which is expanding by about 4 % per year on average. In this way, we will gradually increase the distance between us and smaller competitors and gain market share.
- **Value orientation**: We want to consistently be counted among the most profitable companies in the industry. We aim to achieve an average EBITDA margin of 19 to 22 % (by 2020) and 20 to 23 % (by 2025).

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

STRATEGY

The corporate strategy of Symrise rests on three pillars: growth, efficiency and portfolio. It incorporates aspects of sustainability at all levels in order to enhance the company's value over the long term and minimize risks.

In this way, we are making sustainability an integral part of our business model and turning it into a clear competitive advantage. The goal is a completely integrated corporate strategy.

- **Growth:** We strengthen our cooperation with our strategic customers around the world and expand our business in the emerging markets. We make sure that we remain innovation leaders in our core competencies. This ensures our continued growth.
- **Efficiency:** We constantly work to improve our processes and concentrate on products with a high level of value creation. With backward integration for key raw materials, we ensure a consistent, high-quality supply of these materials in sufficient quantities and at set conditions. We work cost-consciously in every division. This ensures our profitability.
- **Portfolio:** We enhance our product portfolio and tap into new markets and segments. We continue to expand our expertise outside the traditional flavor and fragrances industry. This ensures our prominent market position.

1 CAGR: Compound Annual Growth Rate

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

VALUE-ORIENTED MANAGEMENT

Different variables are at play within the framework of value-oriented corporate governance. The EBITDA margin, for which we have defined a strategic target value of 19 to 22 % (by 2020) and 20 to 23 % (by 2025) on average, serves as an indicator of the company's profitability. Increasing the value of the company is accounted for in the remuneration system for the Executive Board and selected managerial staff. In addition, the company introduced business free cash flow in 2018 as the primary internal control variable to assess its performance in order to strengthen its cash flow orientation. We aim to continuously increase the business free cash flow, which consists of EBITDA, investments and changes in working capital. In addition, we attach great importance to the company's financial stability. The focus of corporate management is on these financial benchmarks. Non-financial benchmarks in the areas of environment, sourcing, employees and innovation are covered separately in our Corporate Report. Further information on the non-financial benchmarks can be found in the "Sustainability" chapter starting on page 22 and in the separate non-financial report pursuant to Section 289b of the German Commercial Code (HGB), which is published on the website of Symrise AG. The address is **https://cr2019.symrise.com/sustainability/sustainability-record**.

RESEARCH AND DEVELOPMENT

GUIDELINES

In research and development (R & D), Symrise aims to connect the individual components of product development, such as market and consumer research, R & D and creation, throughout the Group. Through the close linkup of R & D with marketing and business units, purchasing and manufacturing, product development, quality assurance and regulatory issues, we check early on to see whether new products and technologies can be implemented, digitized and if they are profitable, in addition to assessing their sustainability aspects. Strategic fields of research such as taste modulation or optimizing the taste of preparations based on plant protein are safeguarded by stringent IP management, such as intellectual property rights. Furthermore, all R & D activities are geared to the guidelines of megatrends, consumer needs, customer requirements, naturalness & authenticity, sustainability, digitization, innovation and cost efficiency.

ORGANIZATION

From idea to marketable product, the innovation process at Symrise is organized around a uniform, stage gate process with decision filters, which has been implemented across the company. Here, more and more elements of agile project management are being used. A business plan containing exact project descriptions, including the project's costs and resource usage, is developed for every project. The research and development projects are also regularly evaluated based on criteria from the four pillars of the sustainability strategy (FISC)[1] and prioritized accordingly. As part of this process in 2019, in particular the area of fair use of biodiversity was further developed according to the provisions of the Nagoya Protocol. The three 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. Multiple R & D centers around the world ensure that the regional activities of the segments are optimally supported. The research of the Scent & Care and Flavor segments, especially the centers for development and application technologies, are located in Holzminden (Germany), Teterboro (USA), Singapore, Shanghai (China), Tokyo (Japan), Chennai (India), Paris (France), Antananarivo (Madagascar), São Paulo (Brazil) and Cuautitlan (Mexico). In addition, a hair research center was established at the São Paulo site. In addition, the Cosmetic Ingredients division has expanded its core competencies through the acquisition of Cutech, Padua, Italy, with highly innovative skin models for basic skin biology research and for the development of new cosmetic active ingredients. In the Nutrition segment, R & D activities are organized according to the business units Food, Pet Food, Aqua and Probi. Most of the segment's R & D activities are concentrated in France.

EXTERNAL COOPERATIONS

External cooperations and networks (Open Innovation) bring a considerable number 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.

1 Further information on the four pillars of the sustainability strategy can be found in the "Sustainability" chapter starting on page 22

Symrise participates in numerous scientific research projects that are supported by the German Federal Ministry of Education and Research (BMBF), the German Federal Ministry of Economics (BMWi), via the Research Group of the Food Industry (FEI)/Working Group for Industrial Research (AiF), the European Union (EC, Horizon 2020), the German Federal Ministry of Food and Agriculture (BMEL), the German Society for International Cooperation (GIZ), the French research tax credit (CIR) and other public and private funding institutions. In this context, topics in the following areas play a major role: sustainability, the targeted development of information sources on the effect of plant raw materials, development of cultures and breeding of plants with special taste properties, raw material sourcing and biotechnological processing, improving food ingredients as well as providing added value in terms of health. In addition, Symrise representatives take part in numerous international scientific events and present current research in order to further expand the company's network within the scientific community and learn about the latest scientific ideas and information. For example, researchers from the Flavor segment presented their results at the international Flavor Symposium on data mining and the flavor rebalancing of reduced-sugar products.

Significant research cooperations

Partner	Goal of the cooperation
CDL for Taste Research/University of Vienna	Systematic investigation of physicochemical and physiological properties of sweeteners
SweeTea (University of Bonn, Osnabrück University of Applied Sciences, Erfurt University of Applied Sciences)	Cultivation and breeding of plant raw materials for the field of sweet modulating taste and flavor solutions, supported by the BMEL
SimLeap (Charité, Berlin; Bicoll, Munich; University of Vienna)	Identification of new taste modulators by data mining from old Chinese recipes in combination with cell culture and sensory driven taste analysis, funded by the BMBF
SynBio4Flav (various partners, including the University of Greifswald)	Development of co-fermentation processes to obtain flavonoids
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)
King's College, London, UK	Research into the regulation of glucose metabolism in humans by the apple extract polyphenol (Applin™) developed by Diana in collaboration with the Institute of Diabetes & Nutritional Sciences at King's College
Leibniz Institute for Catalysis (LIKAT), Rostock	Development of a biobased variant of pentylene glycol (Hydrolite® 5) based on byproducts generated during sugar production from sugar cane
Charles Violette Institute, University of Lille, France	Investigation of the potential of fish hydrolysates for regulating the energetic balance of physiological body functions (homeostasis)
Booster working group (LEMAR, Institut Européen de la Mer, Nutrineuro, INRA, Abyss ingrédients and Chancerelle)	Development of bioactive substances from fish byproducts for the healthy aging of humans and pets
ONIRIS Flaveur	Development of innovative analysis methods for volatile components to improve the acceptance of dog food
Institute for Food and Agricultural Research and Technology (IRTA), Barcelona, Spain	Research into the effect of dietary protein hydrolysates on the energy, fat and protein metabolism of European sea bass
Laval University/Institute of Nutrition & Functional Foods, Quebec, Canada	Study of the probiotic influence of polyphenols from fruits and vegetables, development of synergistic combinations of probiotic polyphenols and bacteria to modulate the biocenosis of the internal organs

FOCUS AREAS

The R & D strategy of the **Scent & Care** segment concentrates on five research platforms in the areas of cosmetic ingredients, encapsulation and release systems for perfumery, green chemistry for sustainable products, malodor management and oral care. Supporting platforms in the areas of sensory and analytical research, raw materials and byproducts from sustainable sources, performance, and receptor research form the basis for our capabilities and constant innovation process. Newly developed technologies support the understanding of perfume oils in terms of long-lasting fragrance experiences and blooming effects. In developing pet care products, we benefit from the cooperation between the sensor technology within malodor management and the Nutrition segment. The growing population in large cities is causing the issue of anti-pollution to play an increasingly important role. Here, too, we benefit from the close cooperation of various groups in Fragrance and Cosmetic Ingredients research. Certain cultural preferences are making new demands on perfume oils, such as the need for alcohol-free perfume oils for Fine Fragrances. Aroma Molecules Research has developed Canapur® for pharmaceutical applications. The main advantage of the synthetic production of cannabidiol (CBD) is its constant product quality compared to CBD from renewable sources. In the Cosmetic Ingredients division, an interdisciplinary research group consisting of cell, molecular and microbiologists has been newly established, which deals with the human microbiome. This new field of research serves the deeper understanding of the benefits and risks of the interaction between humans and microorganisms and will provide scientific support across all areas in the development of new products, not only for skin and scalp care but also for oral care or nutrition.

In the **Flavor** segment, a large number of key topics are addressed based on certain technology platforms and with a special focus on sustainability aspects. Examples include the development of new separation technologies and the expansion 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; natural and sustainable product platforms for taste solutions of sugar-, salt- and fat-reduced food concepts that are preferred by consumers because of their sensory qualities; and the development of energy-efficient and low-solvent methods for producing concentrates of natural plant-based extracts. Another focus of research in the Flavor segment is the development and application of modern digital tools for the rapid and targeted development of flavor solutions for selected food applications. Flavor is also working on continuously improving the safety and positive health effects of flavor solutions.

The **Nutrition** segment is also strongly science-driven and innovation-oriented. Approximately 10 % of the segment's employees work in research and development and are primarily concerned with the aspect of health promotion. Consumers are increasingly looking for products that they can trust and that are produced responsibly from simple, traceable ingredients. Among other things, this requires new ways of using natural raw materials. In cooperation with colleagues from other Symrise business units, new technologies are being developed and implemented that transform important manufacturing processes.

Core functions of research and development at Symrise

PATENTS AND AWARDS

Along with a high number of patent submissions, with 45 new applications in 2019, an external IP (intellectual property) assessment is also included when evaluating the innovation results and quality. The Patent Asset Index™ from PatentSight® evaluates global coverage and competitive impact.

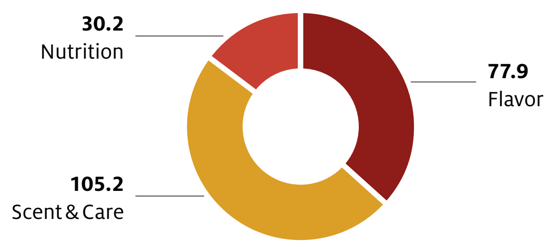
As in the past few years, Symrise research was recognized in 2019 for its high level of innovation with numerous awards from international trade fairs. Symrise received a European BSB Oscar and an innovation award at the Latin American In Cosmetics trade fair in São Paulo, Brazil, for SymReboot™ L19, a new, sustainable, probiotic-based product for the care of sensitive skin that was developed in close cooperation with Probi. In addition, Hydrolite® 5 Green, a sustainably produced, multi-functional ingredient, received an innovation award at this year's PCHi cosmetics trade fair in Guangzhou, China.

RESEARCH AND DEVELOPMENT EXPENSES

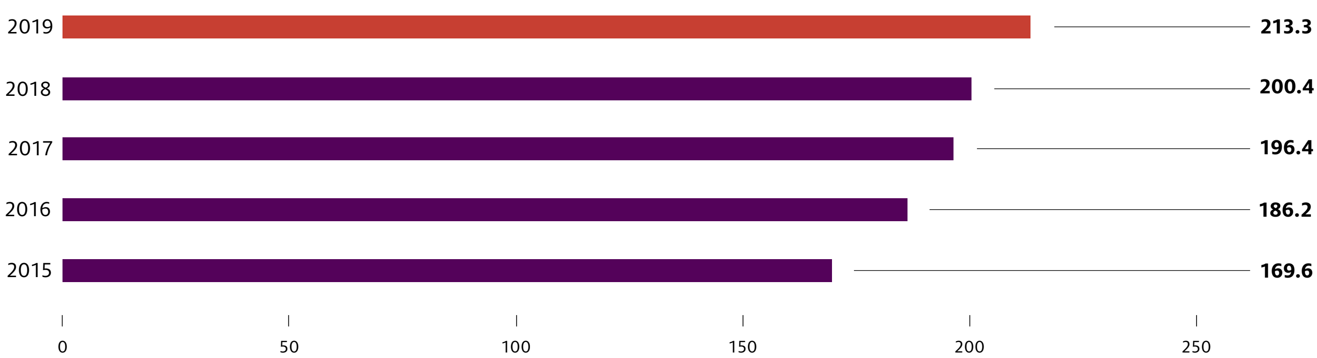
Total R & D expenditures amounted to € 213 million in the 2019 fiscal year (previous year: € 200 million), comprising 6.3 % of sales (previous year: 6.4 %). The expenses for R & D should remain at this level moving forward in order to further enhance the innovative strength of Symrise.

The capitalization rate for research and development activities remained immaterial in 2019 as in the previous year as the conditions for capitalization are generally only met at the conclusion of a project. This meant that a majority of the development costs incurred were recognized with effect on profit or loss.

R&D Expenses 2019 according to segment in € million



R&D Expenses 2019 in € million



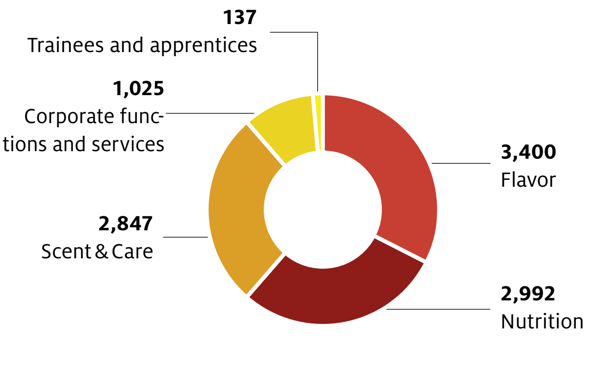
EMPLOYEES

STRUCTURE OF THE WORKFORCE

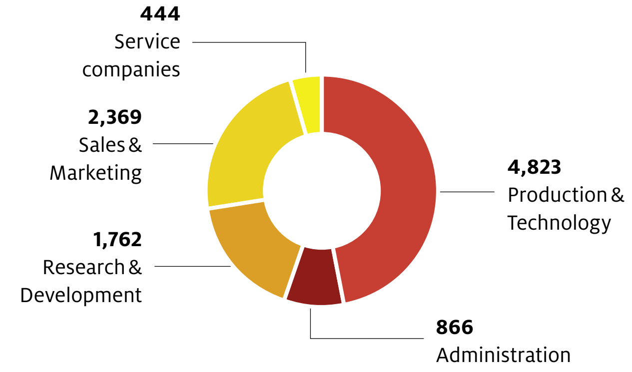
As of December 31, 2019, the Symrise Group employed 10,264 people worldwide (not including trainees and apprentices). In comparison to December 31, 2018 (9,647 employees), this represents an additional 617 employees. The increase in the number of employees was largest in the Nutrition segment (+ 488 employees), which was mainly due to the acquisition of ADF/IDF. At 137, the number of apprentices and trainees was slightly below the previous year's figure of 140.

We continually review the demographic development of our workforce. Development of demographics will be very steady over the next ten years. The annual reduction of the workforce due to retirement will be around 1 to 2 % per year until 2022. 37 % of the Symrise Group's employees have been with the company for at least ten years – at German sites, this group accounts for 60 % of the workforce. Our employee turnover rate remained very low in Germany, totaling 2.2 % in 2019. Globally, the figure was 5.6 %.

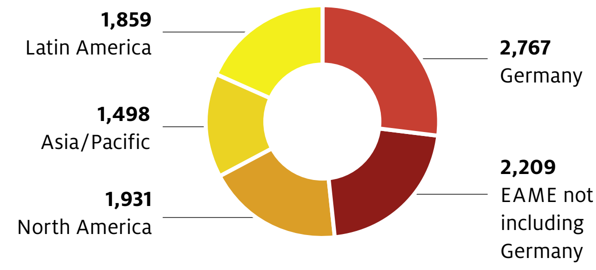
Number of Employees by Segment



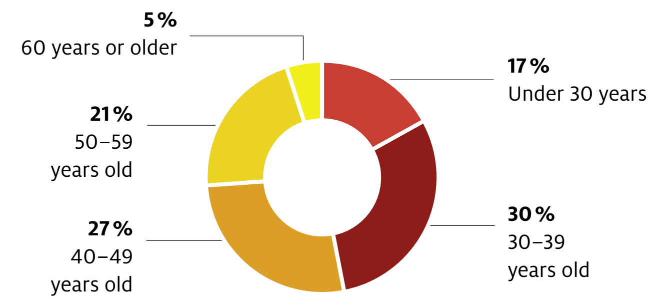
Number of Employees by Function



Number of Employees by Region



Age Structure of the Workforce 2019 in %



PERSONNEL STRATEGY

With our personnel strategy, we simultaneously support the growth of Symrise, ensure that the required competencies are available for our segments, and reflect the core processes of our HR management on an efficient digital basis worldwide.

Leadership and manager development

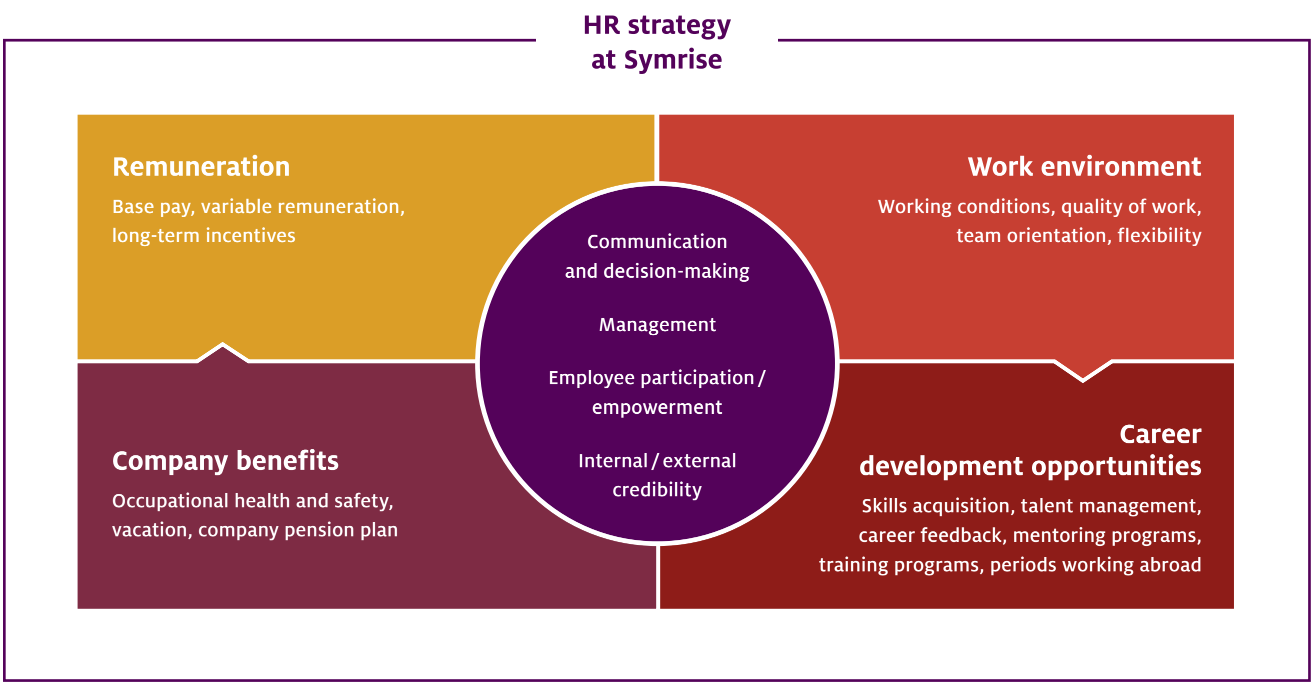
The year 2019 was marked by the introduction of a globally standardized, digital assessment process for results and performance and by preparations to launch our new tool to support the process for career development and succession planning.

Career development and succession planning

We have defined approximately 370 key positions worldwide that are crucial for continuous business development. In order to be prepared for unexpected events, we carry out succession planning once a year specifically for these positions. We link these with the career development desires of our employees in order to offer them perspectives. Symrise thus follows the principle of filling key positions from within. To implement the process at Symrise in a standardized manner across the Group and worldwide, we are using a suitable software solution, which we redesigned in 2019 and rolled out in a pilot project.

Equitable remuneration for women and men at Symrise

Symrise pays its employees on the basis of collective wage agreements concluded with the respective labor unions. Each initial classification or later reclassification is subject to review by the works council. Through this double-checking, we make sure that gender plays no role in determining remuneration. In 2019, we carried out a gender-specific analysis of the wages for male and female employees at our major sites. The example of our site in Germany, which has the most employees, shows that the average remuneration of women does not significantly deviate from the average remuneration of men (statistically insignificant differences of less than 2 %). As part of this analysis, we adjusted the results to account for the personal decision of each employee working part time. The remaining, insignificant differences result from production-specific components of remuneration such as hardship allowances from activity-related wages such as foremen's or master craftsmen's allowances or are prescribed by the various remuneration levels specified by wage agreements for commercial or technical professions. Overall, we received two inquiries from female employees to review their remuneration under the German Transparency in Wage Structures Act. Gender-specific discrimination did not exist in any of these cases.



Training and education

Educating young people is of particular importance at Symrise. For this purpose, we recruit qualified young individuals who we specifically train with our company's needs in mind. And with this approach, we fulfill an obligation that society as a whole holds toward the next generation. As of December 31, 2019, a total of 137 apprentices and trainees were employed at our sites in Germany. This corresponds to a training rate of around 5.0 %.

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 our minimum requirements regarding the success of their training. With our investment in training, we are meeting the demand for future specialists in chemical production and in the laboratories as well as in commercial, marketing and sales functions.

We have structured our training capacity in a way that allows around 46 young people to begin their training at Symrise every year. Of these, 24 are trained for chemical-technical professions, another 10 for technical and logistics occupations and 12 young people for commercial occupations. In addition to initial training, we open up new perspectives by offering dual studies in both business administration (five employees are working toward a Bachelor of Business Administration) and in the chemical-technical field (two employees working toward a Bachelor of Science). Through our training activities, we are clearly working to mitigate the demographic change in our company.

Moreover, comprehensive training programs exist in all regions. In 2019, around 7,200 participants took part in internal and external training courses. Globally, the total number of hours for training courses amounted to around 37,400 hours, so that each participant received an average of 5.2 hours of training. In addition to traditional training programs, we also train our employees via international assignments. In 2019, the number of international assignments – 122 employees deployed outside their home country – remained unchanged at a high level.

At our flavorist and perfumer school, we are constantly training experts who can be trained on raw materials and their applications in our products over a period of around three years and then successfully inserted into our product development teams. In addition, our employees have diverse opportunities for completing a bachelor's, master's or doctoral degree alongside their work through cooperation agreements with universities, academies and institutes. In 2019, 17 Symrise employees were supported in such qualification measures.

Key data on diversity	2018	2019
Women as a proportion of the total workforce in %	39	39
Female managers as a proportion of total managers in %	42	42
Nationalities	> 60	> 60

PERSONNEL MEASURES

Remuneration and wage agreements

The remuneration policy at Symrise follows a simple principle: Wherever wage agreements are the norm, these are applied at Symrise. Wage agreements apply to about 60 % of our workforce worldwide. In places where no wage agreements apply, we use a globally standardized job grade concept. This ensures that every employee receives fair and competitive remuneration.

In Germany, Symrise uses the pay rates for the chemical industry. Accordingly, our employees will receive their next wage increase in July 2020. In 2019, wages were not adjusted. For the application of this increase at Symrise, we took into account our pioneering site safeguard agreement, which will remain in effect through the year 2020, and provides for salary reductions of 0.7 percentage points compared to the collective tariff.

In addition, in 2019, we were able to grant our employees covered by wage agreements in Germany a profit-sharing option of € 300 for full-time work (proportionately for part-time work). Employee performance should pay off at Symrise. With this profit-sharing scheme, outstanding performance at the German site was acknowledged.

In places where no wage agreements apply, a separate Global Performance Bonus Plan ensuring that company goals are reached by means of variable remuneration geared toward results and performance applies to about 120 managers with global or regional responsibilities. In addition, our creative employees are also included in this management and incentive system.

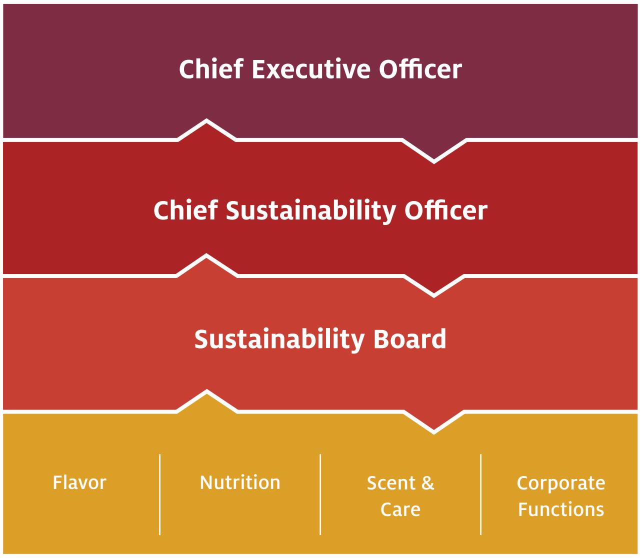
Measures to safeguard competitiveness

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

SUSTAINABILITY

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

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



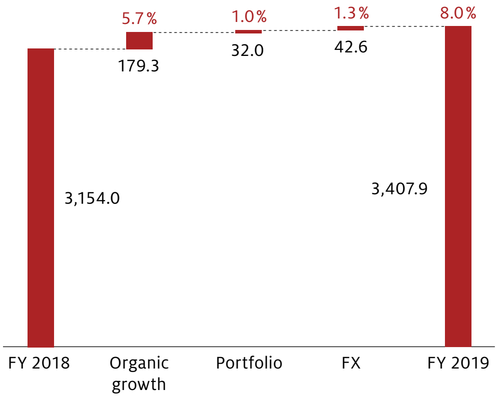
The successive, strategic integration of sustainability into our core and supporting processes is managed by a global, cross-business team – the Symrise Sustainability Board. It defines common goals and ensures both the development and implementation of issues relevant for sustainability across the entire extended value chain as well as the consideration of the interests of key stakeholders. We manage sustainability in corporate processes using our Integrated Management System. It is based on the international standards on quality (ISO 9001), environmental protection (ISO 14001), work safety (OHSAS 18001), sustainability (ISO 26000), energy (ISO 50001), social responsibility (SA 8000), the generally accepted audit standards of the Global Food Safety Initiative (GFSI) and other recognized local standards. Symrise was widely recognized for its sustainability efforts in 2019. In the reporting period, Symrise also once again made an impressive showing in the CDP (formerly Carbon Disclosure Project) rating. Despite considerably higher requirements for CDP rating participants, in 2019 Symrise ranked once again at the very top in the categories climate and water with the rating of A. Symrise was also able to achieve a position far ahead of other well-known companies in the category forest, with very good ratings for Palm Oil (A–) and Wood (A–). In our sustainability reporting, we comply with the guidelines of the Global Reporting Initiative (GRI) as amended by the "GRI Standards" (2016), and we immediately adopted the newly added Water and Effluents (GRI 303) and Occupational Health and Safety (GRI 403) indicators to improve our performance in the area of Environment, Health and Safety. In doing so, we conform to the highest application level "In accordance – Comprehensive," which means that we fully account for all the material topics. All information has been externally audited in accordance with the AA1000 Assurance Standard. Further information can be found in our Corporate Report. The separate non-financial statement in accordance with Section 289b of the German Commercial Code (HGB) is published on the Symrise AG website. The address is **https://cr2019.symrise.com/sustainability/sustainability-record**.

Our Sustainability Agenda

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

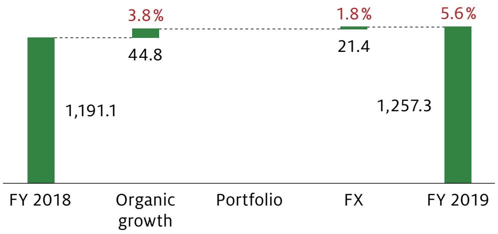
Economic report

GROUP sales in € million



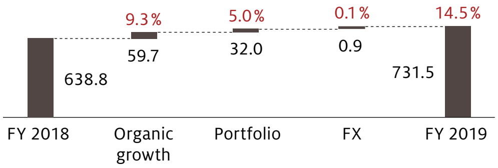
€ million		FY 2018	FY 2019[1]	FY 2019 normalized[1,2]	Change in %
Gross profit		1,241.5	1,367.1	1,367.1	10.1
EBITDA		630.5	690.9	707.2	12.2
EBITDA margin	in %	20.0	20.3	20.8	
EBIT		434.0	464.2	480.5	10.7
EBIT margin	in %	13.8	13.6	14.1	
Depreciation		92.4	123.5	123.5	33.6
Amortization		104.1	103.2	103.2	-0.9
Financial result		– 44.9	– 45.8	– 55.7	24.0
Earnings before income taxes		389.0	418.4	424.8	9.2
Net income[3]		275.3	298.3	303.5	10.2
Earnings per share[4]	in €	2.12	2.21	2.25	6.1
R & D expenses		200.4	213.3	213.3	6.4
Investments[5]		226.1	181.6	181.6	– 19.7
Business Free Cash Flow in % of sales[6]		9.9		14.1	

FLAVOR sales in € million



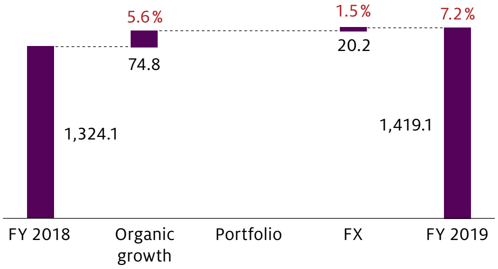
€ million		FY 2018	FY 2019[1]	FY 2019 normalized[1,2]	Change in %
EBITDA		**243.9**	268.5		**10.1**
EBITDA margin	in %	**20.5**	21.4		
EBIT		**193.2**	209.4		**8.4**
EBIT margin	in %	**16.2**	16.7		

NUTRITION sales in € million



€ million		FY 2018	FY 2019[1]	FY 2019 normalized[1,2]	Change in %
EBITDA		**132.3**	144.4	160.7	**21.5**
EBITDA margin	in %	**20.7**	19.7	22.0	
EBIT		**49.0**	51.5	67.7	**38.2**
EBIT margin	in %	**7.7**	7.0	9.3	

SCENT & CARE sales in € million



€ million		FY 2018	FY 2019[1]	FY 2019 normalized[1,2]	Change in %
EBITDA		**254.4**	278.0		**9.3**
EBITDA margin	in %	**19.2**	19.6		
EBIT		**191.7**	203.3		**6.0**
EBIT margin	in %	**14.5**	14.3		

1 2019 numbers including IFRS 16 effect
2 Adjusted for transaction and integration costs related to business combinations
3 Attributable to shareholders of Symrise AG
4 Undiluted
5 Without new leasing contracts
6 Adjusted for acquisition and IFRS 16 effects

GLOBAL ECONOMIC AND INDUSTRY-RELATED CONDITIONS

GLOBAL ECONOMIC CONDITIONS

According to January 2020 estimates from the International Monetary Fund (IMF), the global economy grew by 2.9 % in 2019. This means that global economic expansion has slowed noticeably compared with the previous year (3.6 %). The reasons for this slowdown were mainly at the political level: the US trade disputes with China and the EU, uncertainties related to the UK's withdrawal from the EU and the threat of military conflict in the Middle East. As a result, the rate of growth in the US fell from 2.9 % in the previous year to 2.3 % in the reporting year. Economic performance in the eurozone grew by only 1.2 %, compared with 1.9 % in the previous year. The German gross domestic product in 2019 was only 0.5 % higher than in the previous year. Here, the structural problems of the automotive industry, which is important to the overall economy, had an additional negative impact. Growth in the other countries of the eurozone was also consistently lower than in 2018. Italy even recorded economic stagnation. In 2019, the industrialized countries only achieved a total increase in economic performance of 1.7 %, compared with 2.2 % in the previous year.

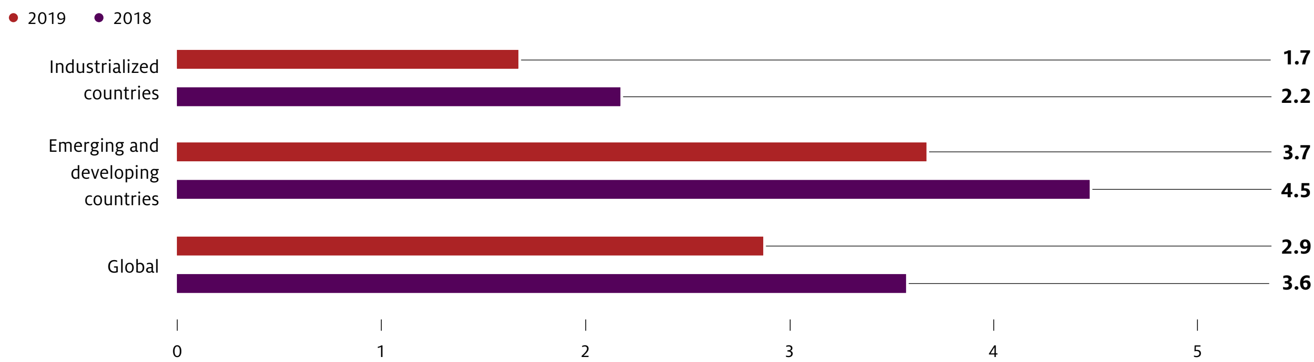
Economic growth also slowed significantly in the emerging and developing countries from 4.5 % in 2018 to 3.7 % in the reporting year. In Asia – the world's fastest-growing region for years – the growth rate decreased from 6.4 % (2018) to 5.6 % (2019). This was due not least to the lower growth rate of 6.1 % in China (previous year: 6.6 %) as well as a noticeable slowdown in economic expansion in the Indian economy to 4.8 %, after 6.8 % in the previous year. In general, the major emerging markets showed low economic growth in 2019 by their own standards; this applies in particular to Brazil (1.2 %), Mexico (0.0 %) and South Africa (0.4 %), as well as Russia (1.1 %). Only in Nigeria (2.3 %) was the overall economic growth rate above the previous year.

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

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

Symrise benefited from its favorable market position in the emerging markets as well as a broadly diversified product and customer portfolio in the 2019 fiscal year.

GDP Development 2018/2019 in %



Source: IMF

DEVELOPMENT OF ESSENTIAL SALES MARKETS

The relevant market for the Symrise Group is growing about 4 % annually over the long term according to our own estimates. In 2019, the global market volume amounted to € 35.0 billion. The flavors and fragrances market segment and the market segment for aroma chemicals both also showed a similar development over the past fiscal year.

PRICE DEVELOPMENT AND AVAILABILITY OF RAW MATERIALS

Symrise uses about 10,000 different raw materials in production. Important examples are natural vanilla and citrus derivatives (juices, essential oils, etc.), citral and terpene derivatives and base chemicals derived from crude oil that are used in the value chain of Symrise as menthol intermediate products, solvents as well as raw materials for sun protection filters and special aromatic substances. As part of the integration of Renessenz LLC, the raw materials palette for Fragrance added a large number of sustainably produced raw materials based on crude sulphate turpentines (CST) and gum turpentines (GT) in 2016. In general, individual raw materials comprise only a very small part of the total requirement. Sourcing costs for a number of raw materials in two of three segments increased in the reporting year.

For natural raw materials, the shifting market environment, regulatory requirements (such as the EU directive on natural materials) and negative weather effects on harvests resulted in substantial fluctuations of harvest yields and quality, and therefore also to price distortions with continued high levels of volatility. While the market for citrus-based raw materials such as juice concentrates and rind extracts has currently settled down somewhat and the price levels are reacting favorably, prices for vanilla remained at high levels. The limited availability of adequate quantities of vanilla beans continued to have a strong impact on the cost situation of the Flavor segment, even at an increased level of quality.

For citrus-based products, availability remains limited due to the spread of citrus greening disease. For important natural oils, which are used to manufacture fragrances and oral care products, the supply and cost situations also eased somewhat, especially in the second half of 2019. The price and supply situation for the majority of base chemicals for the Fragrance division, and especially solvents, improved in 2019. New environmental regulations imposed by the government have caused several Chinese producers to withdraw – in part following fires or accidents – from the raw materials market for perfume ingredients and their intermediate chemical products. By contrast, the shortage caused by the fire-related failures of several main suppliers in 2018 has now almost returned to normal. The REACH regulation for the EU continues to cause both lower availability and in part rising prices for a large number of chemical raw materials due to the scarcity and costs of tests and registrations to be carried out by producers.

Symrise now produces some of the required raw materials itself. Here, the 2016 acquisition of the US-based company Renessenz/Pinova (now Symrise Jacksonville) proved to be very advantageous. For many years now, Symrise has been dedicated to a strategy of establishing and maintaining long-term collaborations to enhance supply security for important products. Examples of this are the collaboration with LANXESS in manufacturing synthetic menthols and the backward integration of vanilla with the inclusion of local farmers in Madagascar, the most important source country for bourbon vanilla. As part of its strategy of backward integration, Symrise has worked together with growers for many years now to optimize the regional production of onions in the Weser Uplands. In this context, the company requires and supports sustainable and eco-friendly cultivation methods, respect for and fair treatment of growers as well as economic stability in the supply chain. Close collaboration with farmers increases supply security and raw materials quality at competitive raw materials prices.

As part of the ongoing process optimizations of the Diana Group, purchasing activities were further optimized via joint purchasing and bilateral sourcing in 2019. This provides both increased long-term supply security and cost advantages in raw materials sourcing.

GENERAL POLITICAL AND REGULATORY CONDITIONS

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

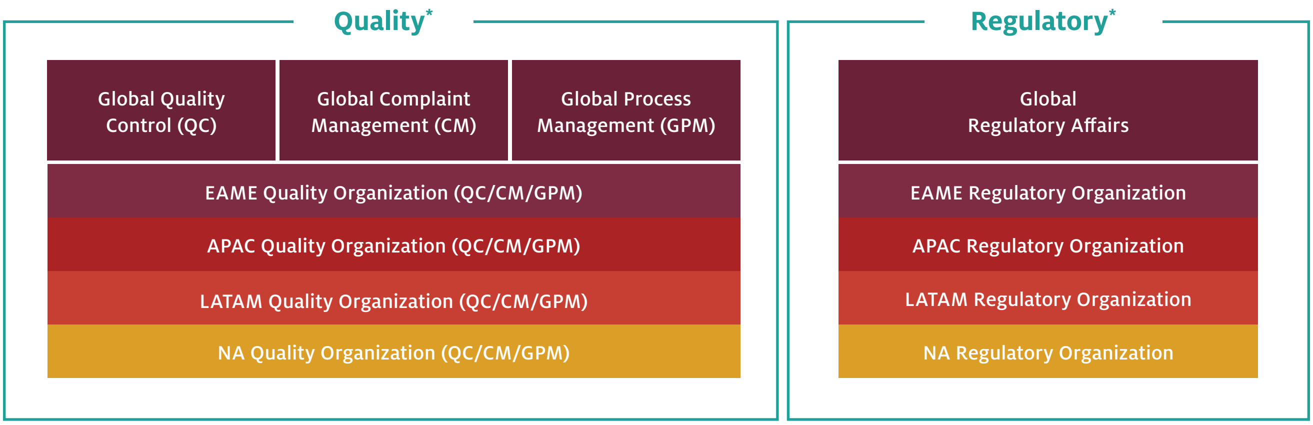
In the Global Regulatory unit of Symrise, the culture of constant improvement was continued in 2019 in order to offer our global customers optimal service. In the Scent & Care segment, new service models were offered with which major opportunities can be prioritized without losing sight of potential future major market participants. The further refinement of our service model has again increased efficiency and diversity for our customers. In addition, the IT systems of Symrise for regulatory compliance were further automated by regularly adding new modules for new requirements. One example is the new cross-divisional Supplier Document Management System (S-DMS), which collects regulatory information from suppliers and automatically transfers it to the SAP system of Symrise.

In the EAME region, the Regulatory Team of the Flavor 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.

As part of the assessment of pet food additives, approximately 60 flavoring substances were again included in the positive list issued by the EU. The labeling requirement for substances that exceed the recommended maximum dosage in feed was also implemented in our internal regulatory systems in compliance with the deadline, so that our customers receive the corresponding information from labels and documentation in the future.

The Global Substance Registration Team focuses on the continuous changes in local and regional requirements in specific countries. For example, the entry into force of the Korean REACH regulation (K-REACH) required a large number of pre-registrations to ensure that Symrise and its customers meet the requirements. Intensive cooperation between the divisions and regions ensured built-in compliance and the unrestricted supply of our raw materials and oils. Such activities will gain importance in the future against the background of increasing regional and local regulation of chemical substances. The continuous improvement of our Global Substance Registration Team ensures that we will continue to meet the requirements of global registration systems.

Symrise Global Operations Quality & Regulatory



* Global Operations/Q&R covers the quality and regulatory functions for the Flavor and Scent & Care segments. The expertise for Q&R for the Nutrition segment lies directly in the DIANA division.

This trend will continue in future years as more and more countries and regions introduce control systems based on the REACH regulation for the safe handling of chemicals. In this process, a high degree of transparency is very important for our customers. In addition, increasingly educated consumers demand products whose ingredients they can understand and that meet their ethical requirements. Hence characteristics such as vegan and "not tested on animals" are becoming increasingly important alongside the criteria of sustainability and naturalness. In 2019, Symrise joined forces in an initiative with Humane Society International and several multinational customers such as Unilever, P&G, L'Oréal and Avon. It pursues two goals. First, it aims to expand a new generation of risk assessment to ensure the safety of ingredients and products without animal testing. The second goal is to reform regulation to avoid the increase in animal testing caused by regulatory agencies such as the European Chemicals Agency. This is an important step forward and is closely linked to our commitment in the European Partnership to Alternatives to Animal Testing (EPAA).

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

DIFFERENTIATED CONSIDERATION OF THE EFFECTS ON SYMRISE

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

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

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

CORPORATE DEVELOPMENT

IMPORTANT EVENTS

On November 1, 2019 Symrise acquired the ADF/IDF group, headquartered in Springfield, Missouri in the USA. The group is a leading supplier of natural ingredients produced on the basis of poultry and egg products, in particular for food and pet food. With the acquisition, Symrise leverages its leadership position in pet food, extending its palatability know-how toward the Nutrition segment. In the 2019 fiscal year, ADF/IDF contributed about € 32 million to Group sales.

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

The Symrise Group generated sales of € 3,408 million in the 2019 fiscal year. Sales increased 8.0 % in the reporting currency over the previous year. Excluding portfolio effects, organic sales growth amounted to 5.7 %. The share of sales generated in the emerging markets accounted for 44.3 % of Group sales and was therefore slightly above last year's mark of 43.2 %. At a total of € 707 million, earnings before interest, taxes, depreciation and amortization adjusted for one-time effects from the acquisition of ADF/IDF (EBITDA(N)) were significantly higher than the previous year (2017: € 631 million) (EBITDA). This corresponds to a normalized EBITDA margin of 20.8 % (EBITDA margin previous year: 20.0 %).

Net income adjusted for one-time effects from the acquisition of ADF/IDF amounted to € 304 million and was therefore € 28 million or 10 % higher than the figure from the previous year. Normalized earnings per share rose by € 0.13 to € 2.25 (2018: € 2.12). Net income for 2019 including specific influences totals € 298 million, which corresponds to an earnings per share of € 2.21.

Given this positive development, Symrise AG's Executive Board will, in consultation with the Supervisory Board, propose raising the dividend from € 0.90 in the previous year to € 0.95 per share for the 2019 fiscal year at the Annual General Meeting on May 6, 2020.

A COMPARISON BETWEEN THE ACTUAL AND FORECAST COURSE OF BUSINESS

At the start of the 2019 fiscal year, we expressed our goal of posting organic sales growth well beyond the average market growth rate (around 4 %) in all three segments – Flavor, Nutrition and Scent & Care. Over the course of the fiscal year, we refined our sales expectations to 5 % to 7 %.

For 2019, we expected an EBITDA margin of around 20 % under the assumption of rising raw material costs and a strong euro against the US Dollar. In the course of the fiscal year, we had adjusted our expectation for the EBITDA margin to approximately 21 %. Our debt, as measured in terms of the key figure net debt (including provisions for pensions and similar obligations as well as lease liabilities from 2019 onward) to EBITDA, should remain between 2.5 and 2.8 without acquisitions. In the medium term, we are aiming for a return to the debt range of 2.0 to 2.5.

With sales growth of 5.7 % (excluding portfolio effects and currency translation effects), we have reached our sales goals. The EBITDA margin of 20.8 % was significantly above the expected value for 2019. At 3.1 times the EBITDA, net debt is higher than our forecast, mainly due to the acquisition of ADF/IDF. The inclusion of lease liabilities has increased the key figure by 0.1.

Achievement of targets in 2019

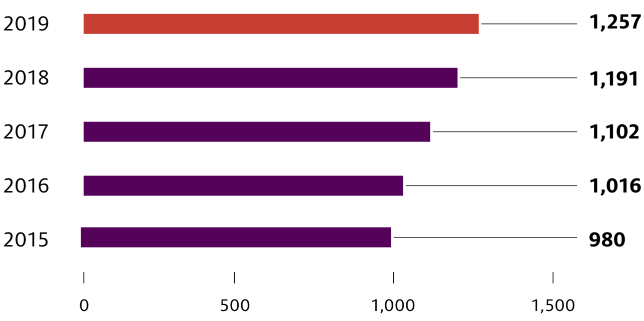
	Target at the beginning of the fiscal year	Figure achieved
Sales growth (at local currency)	Notably above market growth rate of 3 to 4 %	5.7 %*
EBITDA margin	About 20.0 %	20.8 %
Net debt (including provisions for pensions and similar obligations as well as lease liabilities)/ EBITDA (excluding acquisitions)	Between 2.5 and 2.8	3.1

* Organic growth without ADF/ IDF

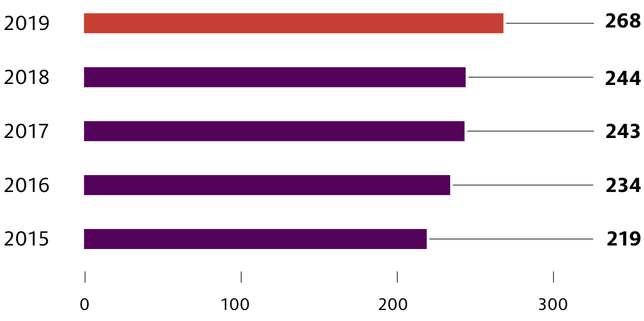
DEVELOPMENT IN THE SEGMENTS

Flavor segment

Flavor sales in € million



Flavor EBITDA in € million



The Flavor segment generated sales of € 1,257 million in the 2019 fiscal year. Compared to the previous year, this represents an increase of 5.6 % in the reporting currency. Adjusted for exchange rate effects, this corresponds to organic growth of 3.8 %. All regions and business units were able to increase sales in the past fiscal year.

Growth was particularly strong in the Asia/Pacific region. Here, the segment achieved high single-digit percentage organic growth, primarily from applications for sweet products and flavorings for beverages. The Indonesia, Malaysia and China markets were particularly expansive.

The EAME region achieved solid single-digit percentage organic growth with strong momentum from the Savory and Beverages business units. In particular, the markets of Russia, Germany and the countries of the Middle East showed a high level of momentum with significant, in some cases double-digit percentage growth rates.

Sales development in North America, however, was restrained. At local currency, slight growth was achieved compared to the previous year. In North America, the business units for savory products and beverage flavorings also grew, whereas the business unit for sweet products could not match the high level of the previous year.

Moderate single-digit percentage organic growth was achieved in the Latin America region. The weaker development in this region compared to previous years is mainly due to the decline in volume of a larger business for soft drinks in the Beverages business unit.

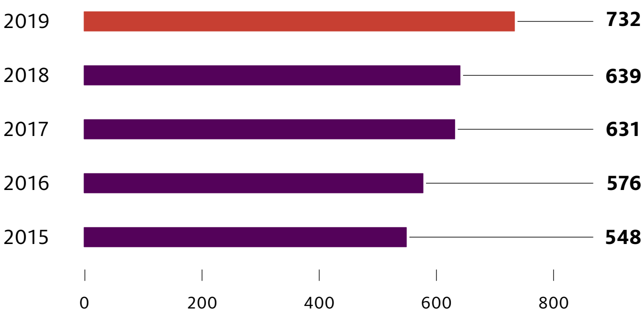
By contrast, the Sweet and Savory business units achieved good double-digit percentage organic growth rates. Growth was particularly pronounced in Brazil, Argentina and Mexico.

EBITDA Flavor: EBITDA of the Flavor segment amounted to € 268 million in the reporting year and significantly exceeded the figure from the previous year (2018: € 244 million). The EBITDA margin of 21.4 % was significantly higher than in the previous year (2018 EBITDA margin: 20.5 %). Adjusted for the IFRS 16 effect[1], the EBITDA margin in 2019 amounts to 20.7 %.

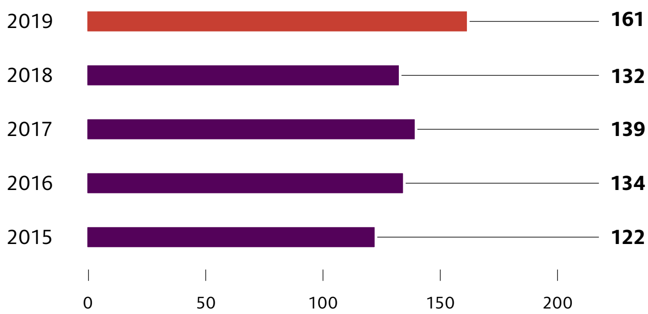
1 Further information on the IFRS 16 effect can be found in the "Result of operations" chapter beginning on page 33

Nutrition segment

Nutrition sales in € million



Nutrition EBITDA(N) in € million



In the 2019 fiscal year, the Nutrition segment generated sales of € 732 million. Compared to the previous year, this represents an increase of 14.5 %. Excluding portfolio and currency translation effects, organic sales growth amounted to 9.3 %.

The acquisition of ADF/IDF contributed € 32 million to segment sales.

The greatest momentum for organic growth came from the Pet Food business unit, which achieved double-digit percentage growth in particular in the regions of North America and Latin America. The main growth drivers here were our global and regional customers.

The Aqua business unit also developed positively with double-digit percentage growth rates, mainly driven by a dynamic development in the EAME region.

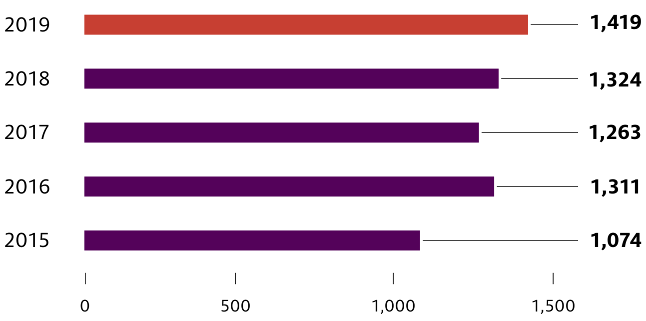
In the Food and Probi business units, by contrast, we recorded somewhat weaker demand. Here, sales in the 2019 fiscal year roughly corresponded to the previous year's figure.

EBITDA Nutrition: As part of the acquisition of the ADF/IDF group, one-time acquisition and integration costs of € 16.3 million were incurred in 2019. To simplify comparability with the previous year, the following contains a normalized result (EBITDA(N)) without these one-time effects. The Nutrition segment achieved an EBITDA(N) in 2019 amounting to € 161 million and thus significantly exceeded the value of the previous year (2018 EBITDA: € 132 million). The EBITDA(N) margin of 22.0 % was significantly higher than in the previous year (2018 EBITDA margin: 20.7 %). Adjusted for the IFRS 16 effect[1], the EBITDA(N) margin in 2019 amounts to 21.3 %.

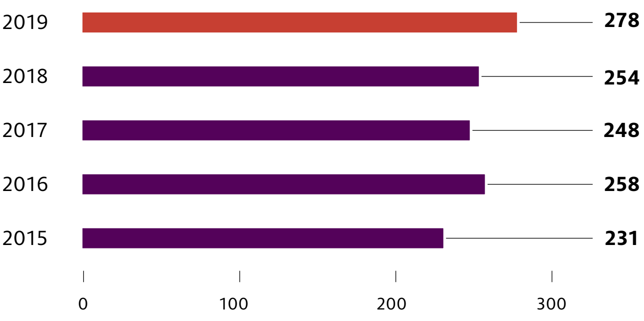
1 Further information on the IFRS 16 effect can be found in the "Result of operations" chapter beginning on page 33

Scent & Care segment

Scent & Care sales in € million



Scent & Care EBITDA in € million



The Scent & Care segment generated sales of € 1,419 million in the 2019 fiscal year. Compared to the previous year, this represents an increase of 7.2 % in the reporting currency. Adjusted for exchange rate effects, the segment experienced organic growth of 5.6 %.

The Fragrance division significantly increased its sales compared with the previous year and generated a high single-digit organic growth rate. The strongest growth was seen in the Fine Fragrances business unit, with double-digit percentage organic growth, primarily in the EAME and Latin America regions. The Consumer Fragrances business unit also made strong gains and achieved high single-digit percentage growth rates, again primarily in the EAME and Latin America regions. The business unit Oral Care was able to achieve solid organic sales growth in the single-digit percentage range. The Asia/Pacific region developed dynamically with high growth rates in China and Vietnam.

The Cosmetic Ingredients division achieved a good, single-digit organic growth rate. The Latin America, Asia/Pacific and North America regions recorded high growth rates. In particular, sales increased significantly in Colombia, China and USA.

The Aroma Molecules division achieved moderate organic growth. Positive growth drivers came above all from the Menthols business unit, which expanded its sales in all regions. By contrast, the Fragrance Ingredients business unit was unable to build on the high level of the previous year. In the previous year, the business unit had benefited from the shortage of perfume raw materials thanks to its backward integration and constant supply availability.

EBITDA Scent & Care: Scent & Care generated an EBITDA of € 278 million in 2019, a significant increase in earnings compared to the previous year's figure of € 254 million (+ 9.3 %). The EBITDA margin therefore amounted to 19.6 %, compared to 19.2 % in 2018. Adjusted for the IFRS 16 effect[1], the EBITDA margin in 2019 amounts to 19.1%.

1 Further information on the IFRS 16 effect can be found in the "Result of operations" chapter beginning on page 33

DEVELOPMENT IN THE REGIONS

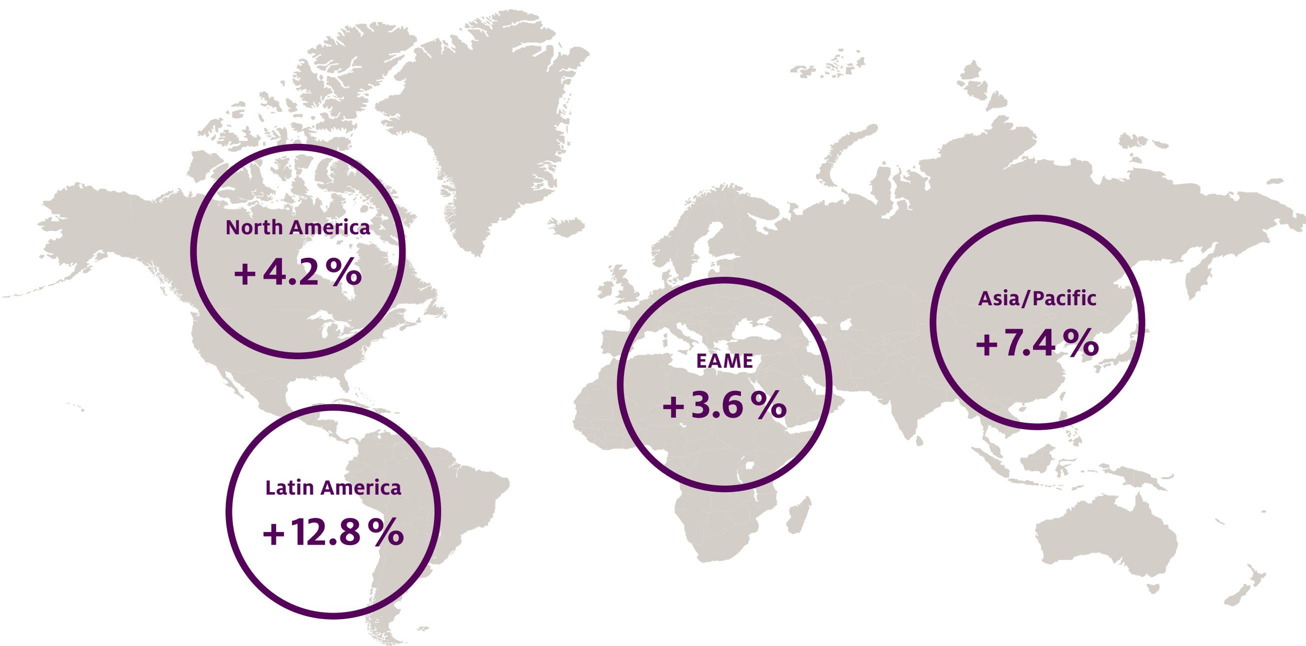
Business in the EAME region developed positively, organically increasing by 3.6 % compared to the previous year. In North America, organic sales growth was 4.2 %. The Asia/Pacific region achieved high organic sales growth of 7.4 % compared to the previous year. Sales development in Latin America was dynamic and recorded an organic increase of 12.8 % compared to the previous year

RESULT OF OPERATIONS

Development of material line items in the income statement

On the whole, earnings performance was good in the 2019 fiscal year. The cost of goods sold increased disproportionately to sales. The main factor here was a normalizing situation on the raw materials markets. In the previous year, the loss of individual suppliers of key raw materials, especially in the Scent & Care segment, led to a scarcity of raw materials, and, as a consequence, sharply rising raw material costs. The gross margin in the reporting year was 40.1 %, which puts it 0.7 percentage points above the previous year (39.4 %). The share of selling and marketing expenses in Group sales remained nearly unchanged at 15.6 % after 15.5 % in the previous year. The R & D rate amounted to 6.3 % (previous year: 6.4 %) of sales. Administration expenses as a share of Group sales amounted to 5.5 %, compared to 5.2 % in the previous year. The decrease in other operating income is primarily attributable to a tax refund in Brazil in the previous year and lower subsidies in the reporting year.

Development in the regions
(organic sales growth)



Income Statement in Summary

€ million		2018	2019 normalized*	Change in %
Sales		3,154	3,408	8.0
Cost of goods sold		– 1,913	– 2,041	6.7
Gross profit		**1,241**	**1,367**	**10.1**
Gross margin	in %	39.4	40.1	
Selling and marketing expenses		– 490	– 530	8.3
Research and development expenses		– 200	– 213	6.4
Administration expenses		– 165	– 186	12.8
Other operating income		51	46	– 10.3
Other operating expenses		– 3	– 2	– 28.1
Income from operations/EBIT(N)		**434**	**481**	**10.7**
Amortization of intangible assets		104	103	– 0.9
Depreciation on property, plant and equipment		92	124	33.6
EBITDA(N)		**631**	**707**	**12.2**

* Normalized for one-off transaction and integration costs related to the acquisition of ADF/IDF

As part of the acquisition of the ADF/IDF group, one-time acquisition and integration costs of € 16.3 million were incurred in 2019. To simplify comparability with the previous year, we are reporting a normalized result (EBITDA(N)) for 2019 without these one-time effects. As part of the acquisition of ADF/IDF, the US competition authority has requested the sale of the Nutrition site in Banks County, which was newly constructed in 2018/19. The Symrise Group has not incurred any noteworthy financial profit or loss as a result of the start-up costs incurred until then in 2019 and the transaction in October 2019. The respective effects are not part of the normalization.

The first-time application of IFRS 16 had a positive effect of € 20 million on EBITDA.

At 20.8 %, the EBITDA(N) margin was significantly higher than in the previous year (EBITDA margin 2018: 20.0 %). Without the first-time application effect of IFRS 16, the EBITDA(N) margin would have been 20.2 %.

Financial result: At € 1 million, the financial result of € – 46 million is slightly lower than the result of € – 45 million from the previous year. A positive special effect of € 10 million from the US dollar purchase hedge in connection with the acquisition of ADF/IDF was partially offset by financial expenses from exchange rate fluctuations, especially in Latin America. In addition, interest expenses of € 3 million for leasing within the scope of IFRS 16 were recognized for the first time. In addition, interest was incurred for the issue of the promissory note loan in the first quarter and for the early refinancing of the Eurobond maturing in July in the amount of € 2 million. Further, the interest expense for pensions increased by € 1 million over the previous year.

Taxes: In the 2019 fiscal year, tax expenses amounted to € 113 million (2018: € 109 million). The resulting tax rate of 27.1 % is lower than in 2018 (28.1 %), due primarily to lower tax rates and changed depreciation rules. An adequate provision for tax risk was made for the Group, as in previous years.

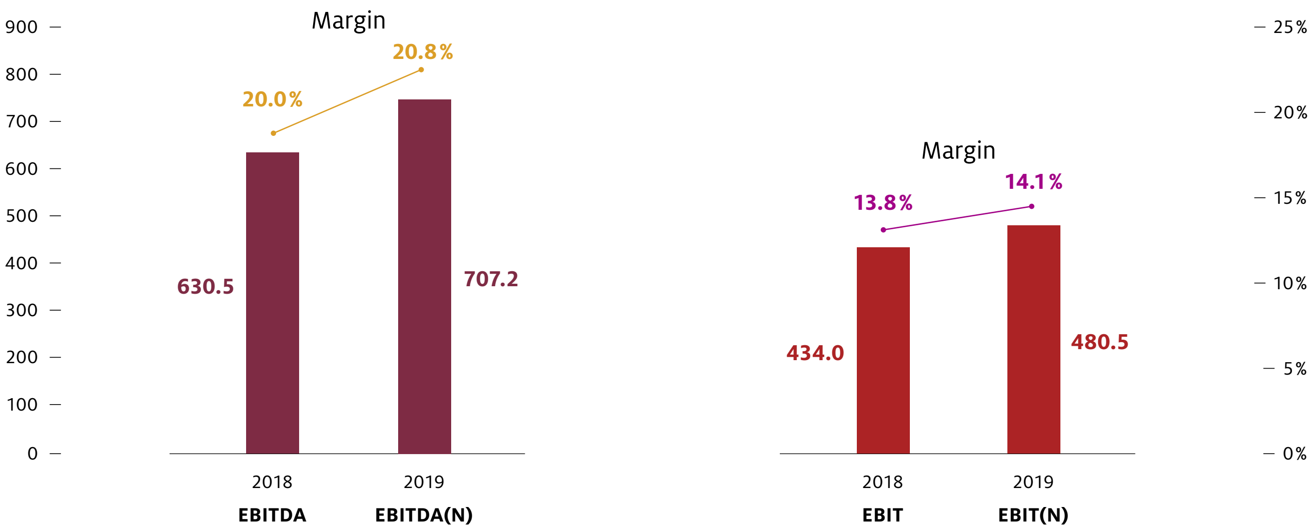
OVERVIEW EBITDA – NORMALIZED AND ADJUSTED FOR IFRS 16 EFFECT

	Group		Flavor		Nutrition		Scent & Care	
€ million	2018	2019	2018	2019	2018	2019	2018	2019
EBITDA	630.5	690.9	243.9	268.5	132.3	144.4	254.4	278.0
One-time acquisition and integration costs		16.3				16.3		
of which consultancy		9.6				9.6		
of which severances		1.1				1.1		
of which other acquisition and integration costs		5.7				5.7		
EBITDA(N)	630.5	707.2	243.9	268.5	132.3	160.7	254.4	278.0
EBITDA(N) margin	20.0 %	20.8 %	20.5 %	21.4 %	20.7 %	22.0 %	19.2 %	19.6 %
First-time application of IFRS 16		20.0		8.1		4.7		7.2
EBITDA(N) adjusted for IFRS 16 effect	630.5	687.1	243.9	260.4	132.3	155.9	254.4	270.8
EBITDA(N) margin adjusted for IFRS 16 effect	20.0 %	20.2 %	20.5 %	20.7 %	20.7 %	21.3 %	19.2 %	19.1 %

Net income and earnings per share: Symrise AG net income attributable to shareholders amounted to € 298 million and therefore was € 23 million, or 8.4 %, higher than the previous year. Earnings per share rose by € 0.09 to € 2.21 (2018: € 2.12). Adjusted for the one-time effects from the acquisition of ADF/IDF, normalized net income amounts to € 304 million and normalized earnings per share to € 2.25.

Dividend proposal for 2019: The Executive Board and Supervisory Board of Symrise AG will propose the distribution of a dividend of € 0.95 per share for the 2019 fiscal year at the Annual General Meeting on May 6, 2020.

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 units is put into a central account, so that liquidity deficits of other Group units can be offset without external financing, and that internal financial capital can be used efficiently. If external credit lines are needed, they are safeguarded by guarantees from Symrise AG where necessary. The Group's financial liabilities are unsecured and in part connected to credit agreements (covenants) that are reviewed half-yearly. The Group maintains good business relationships with a large number of banks and avoids becoming too dependent on individual institutes.

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

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

With an equity ratio (including non-controlling interests) of 41.4 % as of December 31, 2019, Symrise has a solid foundation for driving future business development forward in a sustained manner.

Financing structure: To finance the acquisition of the ADF/IDF group, Symrise signed a bridge loan agreement with two banks in January 2019. This bridge financing was divided into three tranches, which were successively replaced by long-term financing. On February 8, 2019, Symrise succeeded in placing a capital increase with a volume of around € 400 million on the capital market within the framework of an accelerated book-building process. In addition, a promissory note with maturities of 5, 7 and 10 years in the amount of € 250 million was successfully issued on March 29, 2019, in which mainly banks and savings banks are invested. The final element of the bridge financing was paid out at the closing of the acquisition on October 30, 2019 in the form of a syndicated term loan of € 200 million with a term of 5 years. In the second quarter of the fiscal year, Symrise successfully placed a Eurobond with institutional investors on the capital market. It has a volume of € 500 million with a maturity of 6.5 years, carries a coupon of 1.25 % and serves to refinance the Eurobond from 2014 that matured in July 2019. Overall, the Symrise Group covers its financial needs from its good cash flow from operating activities and via short- and long-term financing.

Symrise fulfilled all of the contractual obligations resulting from loans (covenants) in the 2019 fiscal year.

In addition to the credit facility granted in the amount of € 300 million, bilateral, firmly pledged bank credit lines for € 82 million exist in the Group to cover short-term payment requirements. The interest rates agreed on for the credit facility are at the accepted market rate.

Cash flow and liquidity analysis

Overview of Cash Flow

€ million	2018	2019
Cash flow from operating activities	442	547
Cash flow from investing activities	– 239	– 882
Cash flow from financing activities	– 152	498
Cash equivalents (Dec. 31)	280	446
Business free cash flow	**312**	**476**

All payment obligations were fulfilled in the fiscal year. There were no shortfalls in liquidity during the year nor are any expected in the foreseeable future. The company has sufficient credit lines available, e.g., in the form of a revolving credit facility totaling € 300 million that was not utilized as of December 31, 2019.

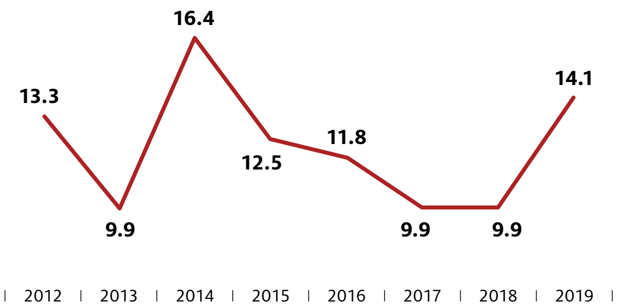
The cash flow from operating activities was above the level of the previous year. The main reasons for this improvement are a lower increase in working capital and significantly higher net income. In addition, the first-time application of IFRS 16 led to a reclassification of leasing expenses in the amount of € 16 million to cash flow from financing activities. The operating cash flow rate relative to sales was therefore 16.0 %.

Cash outflow from investing activities increased by € 643 million, mainly due to the purchase price payment for the acquisition of ADF/IDF. In the 2019 fiscal year, a cash inflow from financing activities of € 498 million resulted on a net basis. It primarily comprises the capital increase in the amount of € 400 million carried out in 2019 as part of the acquisition financing and the acceptance of the promissory note loan in the amount of € 250 million. Moreover, the dividend paid to shareholders for the 2018 fiscal year in the amount of € 122 million is included in cash flow from financing activities.

In addition, the company introduced business free cash flow as the primary internal control variable to assess its performance in order to strengthen its cash flow orientation. Business free cash flow, which comprises EBITDA, investments and changes in working capital, amounted to € 476 million[1] in the 2019 fiscal year, an increase of 53 % over the previous year.

1 Adjusted for one-time effects from acquisitions and IFRS 16

Business Free Cash Flow in % of sales



EBITDA(N)
– Investments
–/+ Changes in Working Capital

= Business Free Cash Flow

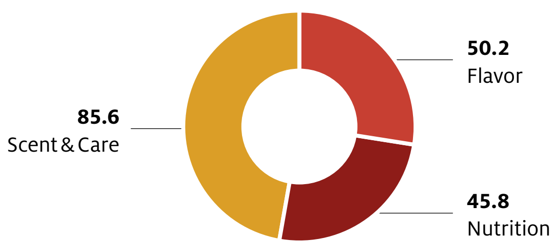
Investments and acquisitions

The Symrise Group invested € 182 million in intangible assets and property, plant and equipment in the 2019 fiscal year, after spending € 226 million in the previous year.

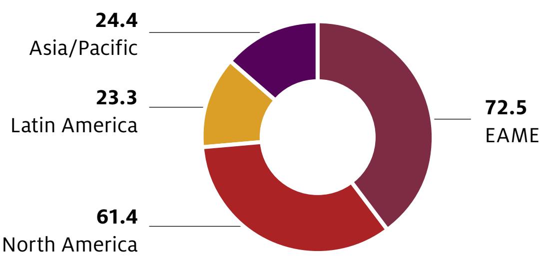
€ 26 million were spent on intangible assets (2018: € 15 million). The main focus here was on investments in software, in particular preparations to introduce an ERP software in the Nutrition segment, and patents. Investments in property, plant and equipment amounted to approximately € 156 million (previous year: € 211 million). The largest investment projects included the construction of the new site for the production of fragrances and flavorings in Nantong (China), the expansion of production capacity for menthols in Charleston (USA), the modernization of the production for terpene ingredients in the Aroma Molecules division in Jacksonville (USA), the expansion of flavor spray drying capacity in Branchburg (USA) and the construction of a logistics center in Holzminden.

All of the projects were funded through operating cash flow. As of December 31, 2019, the Group had obligations to purchase property, plant and equipment amounting to € 41 million (December 31, 2018: € 72 million). This mainly relates to production facilities and laboratory and office equipment. These obligations will mostly come due during the course of 2020.

Investments by Segments in € million



Investments by Regions in € million



NET ASSETS

Select line items in the Statement of Financial Position

Total assets as of December 31, 2019, increased by € 1,037 million, or 21.1 %, to € 5,957 million over the previous year. This is primarily due to the net assets acquired with the acquisition of the ADF/IDF group, including the acquired goodwill. As of the end of the reporting period, the carrying amounts were recognized as provisional fair values due to the temporal proximity of the transaction to the reporting date.

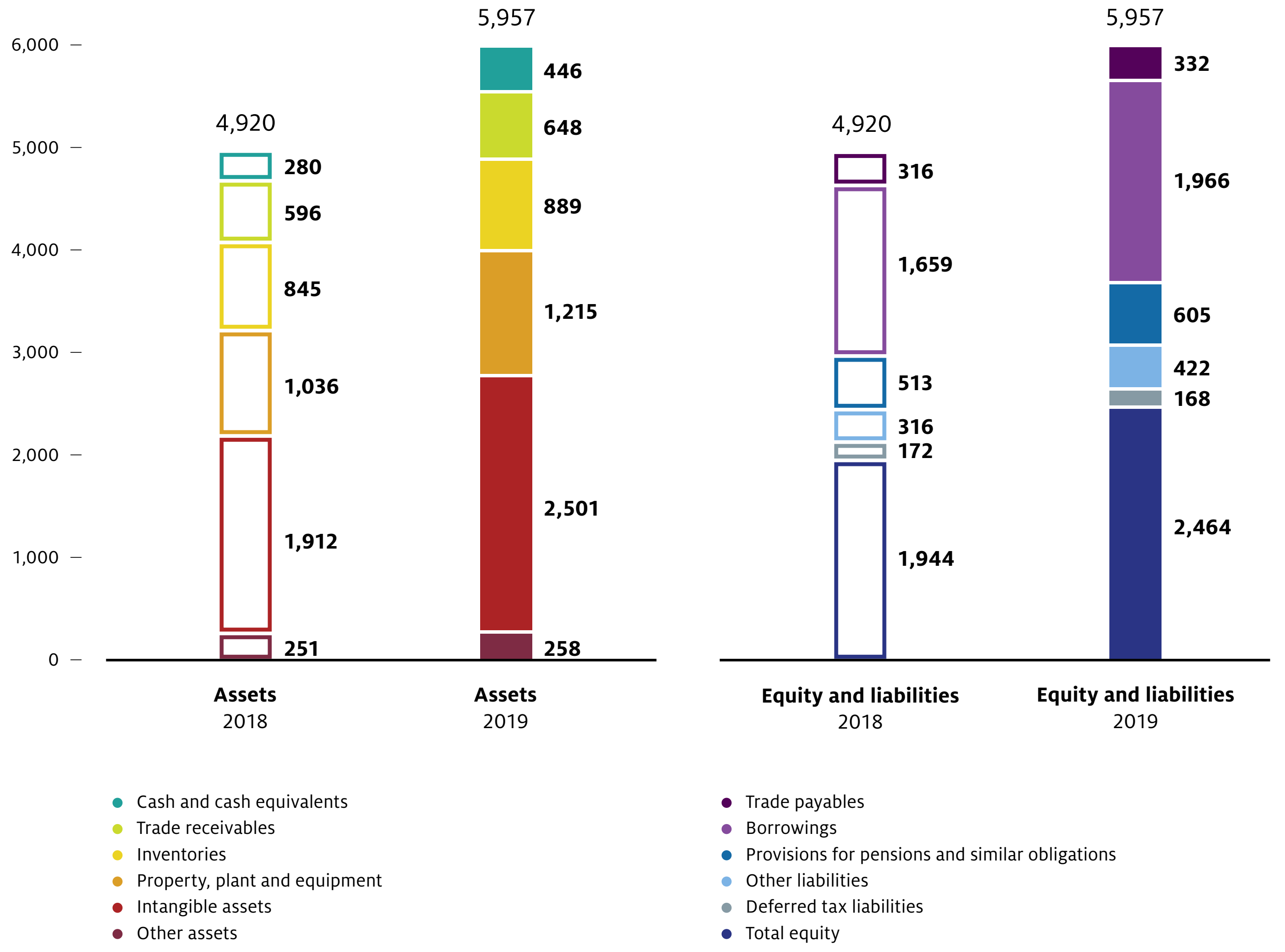
For assets, the increase is mainly due to higher cash, an investment-related increase in property, plant and equipment as well as higher intangible assets in connection with the business combination of the ADF/IDF group.

The increase in cash is mainly attributable to an improved working capital performance and the inflow of cash from a disinvestment.

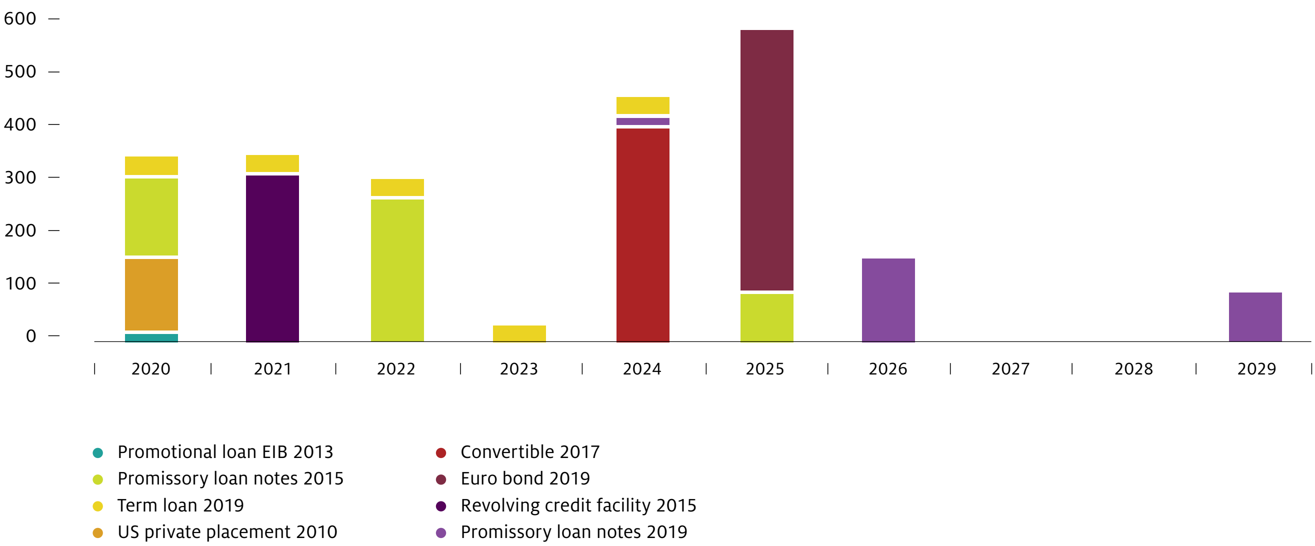
The additions to property, plant and equipment include investments in capacity expansions in Nantong (China), Charleston and Branchburg (USA) and in the modernization of production in Jacksonville (USA).

The increase in intangible assets is mainly due to the provisionally determined goodwill from the business combination of the ADF/IDF group. In addition to goodwill, intangible assets include customer bases, brand rights, software, patents and other rights as well as recipes and technologies. These assets resulted almost entirely from business combinations.

Overview of the Statement of Financial Position as of December 31, 2019 in € million



Maturities as of December 31, 2019



For equity and liabilities, the increase of the balance sheet total is due to higher financial liabilities and pension obligations as well as higher equity.

The repayment of the Eurobond from 2014 (€ 500 million) is offset by inflows from the promissory note loan concluded in this fiscal year (€ 250 million) and the bond issued in this fiscal year (€ 500 million).

Provisions for pensions and similar obligations increased due to the 0.8 percentage point decline in the discount rate for pension commitments granted in Germany to 1.2 %.

Equity (including non-controlling interests) amounted to € 2,464 million as of December 31, 2019 (December 31, 2018: € 1,944 million). It increased by € 400 million (before transaction costs), mainly due to the capital increase carried out in the fiscal year. As a result, the equity ratio rose from 39.5 % to 41.4 %. A dividend of € 122 million was paid out in 2019 for the 2018 fiscal year.

Net debt

€ million	2018	2019
Borrowings	1,659	1,966
Lease liabilities (IFRS 16)	–	96
Cash and cash equivalents	– 280	– 446
Net debt	**1,380**	**1,617**
Provisions for pensions and similar obligations	513	605
Net debt including provisions for pensions and similar obligations	**1,893**	**2,222**

Overall, financial liabilities increased by € 307 million to € 1,966 million, mainly in connection with the acquisition of ADF/IDF. Together with the increase in cash and cash equivalents as well as the first-time application of lease liabilities in accordance with IFRS 16, this resulted in an increase in net debt by € 237 million to € 1,617 million compared to December 31, 2018. Net debt is calculated by deducting cash and cash equivalents from financial liabilities. As a portfolio-oriented key figure based on figures from the statement of financial position, it provides information on the company's actual debt.

To calculate the key figure net debt/EBITDA, the net debt with as well as without provisions for pensions and, since 2019, in each case including lease liabilities is applied to the normalized EBITDA of the past twelve months. This results in a key figure for the net debt/EBITDA ratio of 2.3 (2018: 2.2).

Due to higher provisions for pensions, the ratio of net debt including provisions for pensions and similar obligations/ EBITDA(N) increased from 3.0 to 3.1. The inclusion of lease liabilities for the calculation of net debt key figures has increased both key figures by 0.1 each.

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 be able to continue to give shareholders an appropriate share in the company's success. Furthermore, it should be ensured that acquisition plans can be accompanied by solid financing options.

Significant obligations not reflected on the balance sheet exist in the form of obligations for the purchase of goods amounting to € 174 million (2018: € 192 million) and obligations regarding the purchase of property, plant and equipment amounting to € 41 million (2018: € 72 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 € 9 million (December 31, 2018: € 25 million), accounting for extraordinary termination rights.

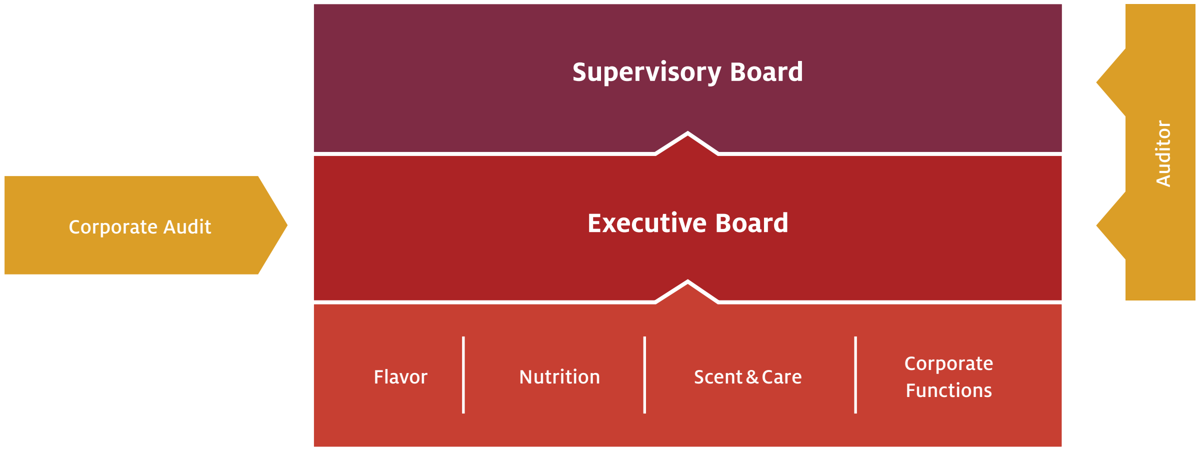
Miscellaneous other financial obligations amounted to € 12 million as of December 31, 2019 (December 31, 2018: € 15 million) and are mostly obligations from consulting, service and cooperation contracts (€ 8 million; December 31, 2018: € 8 million).

CAPITAL STRUCTURE

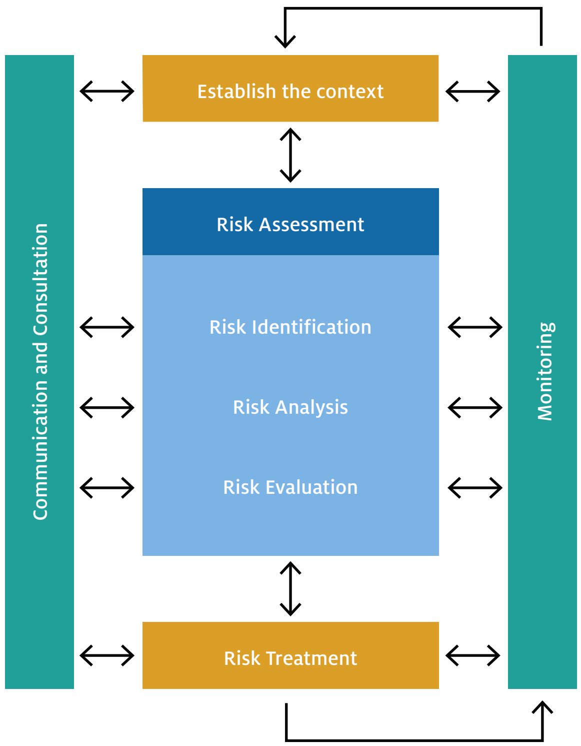
	2018		2019		
€ million		*in % of total equity and liabilities*		*in % of total equity and liabilities*	Change in %
Equity	1,944	40	2,464	41	+ 26.7
Current liabilities	1,218	25	1,143	19	− 6.2
Non-current liabilities	1,758	35	2,350	39	+ 33.7
Liabilities	2,976	60	3,493	59	+ 17.4
Total assets	**4,920**	**100**	**5,957**	**100**	**+ 21.1**

Opportunities and risk report

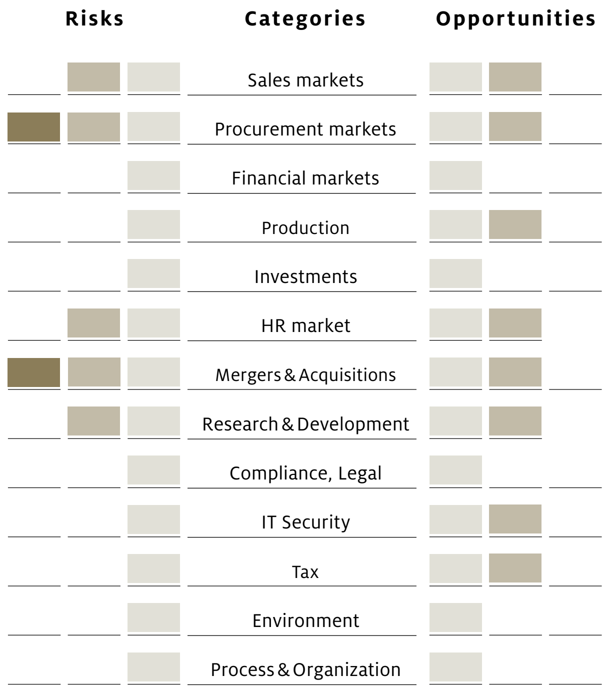
RISK MANAGEMENT



RISK MANAGEMENT STEPS



OVERVIEW OPPORTUNITIES AND RISKS



- Very high opportunity & risk over € 30 million
- High opportunity & risk > € 20 – 30 million
- Medium opportunity & risk > € 10 – 20 million
- Low opportunity & risk up to € 10 milllion

MANAGEMENT OF OPPORTUNITIES AND RISKS

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

Opportunities relate to future developments or events that could lead to business performance exceeding the company's set forecasts or goals. Accordingly, risks relate to future developments or events that could lead to business performance that does not meet the company's forecasts or goals. Seizing opportunities, as well as recognizing and avoiding risks early on, 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, we ensure that risk assessments are taken into account in the Executive Board's decision-making processes from the very beginning. Symrise uses its own guidelines and models to regulate the processes of risk management and provide employees with a firm foundation for dealing with risks.

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

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

APPROACH TO EVALUATING RISKS

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

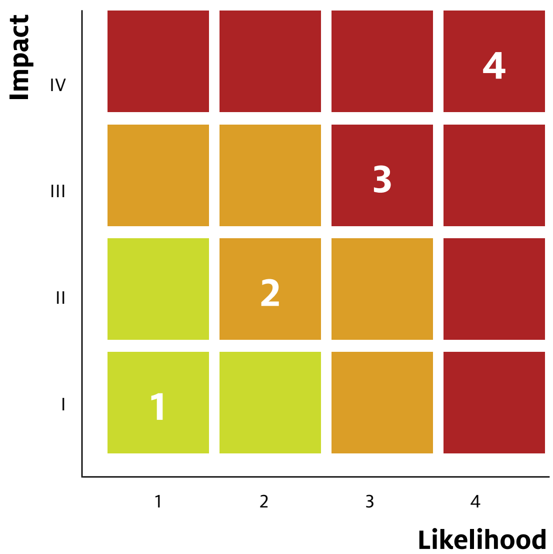
The Group-wide coordination of risk assessment occurs in the Corporate Center within the Risk Management department. Risk reports are drawn up for the individual companies and are then compiled to provide a current overview of the risk situation at the Group level. This Group risk report is submitted and presented to the Executive Board and Supervisory Board of Symrise AG twice a year, most recently in October 2019, before the acquisition of ADF/IDF. There, potential risks are identified and classified according to their effect on profit (net method) as well as the probability of their occurrence.

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

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

Reporting thresholds for risks are oriented toward the financial effects on Group companies as well as the probability of the risk occurring. If a risk exceeds a certain reporting threshold, the Executive Board is informed immediately. These are risks that appear suddenly and could reduce the EBIT of the company concerned by at least 20 %, with a probability of at least 25 %. In the event of sudden risks that have a material effect on the continuation of business, the development of results and/or health and safety, the risk must be reported – also independently from the financial effects mentioned above.

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 three corporate segments equally. The order in which the individual opportunities and risks are explained does not represent an assessment of their significance for the Symrise Group.



Impact (on Group EBIT)

I	– low	up to € 10 million
II	– medium	> € 10–20 million
III	– high	> € 20–30 million
IV	– very high	> € 30 million

Likelihood (probability of occurence)

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

OPPORTUNITIES AND RISKS IN DETAIL

SALES MARKETS

Fierce competition continues in the industries served by Symrise. Accordingly, it remains probable that the trend toward consolidation in the customers for Symrise products will continue. As a result, there is the risk that Symrise could lose customers and thus market shares. We react to this, in particular, with increased marketing of the innovations and products from our divisions that offer added benefits compared to competitors' products.

Symrise is countering the increased volatility of the global economy as a whole and of a number of larger economies (such as Brazil, China, Turkey, Argentina, Islamic Republic of Iran, Colombia) with a timely analysis of the effects on its operational business and with possible rapid corrections to the respective business model or local market presence.

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

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

SOURCING MARKETS

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

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

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

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

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

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

Since 2017, new environmental regulations imposed by the government have caused Chinese producers to withdraw to a great extent from the raw materials market for perfume ingredients and their intermediate chemical products. Here, our acquisition of the US company Renessenz (now Symrise Jacksonville) proved to be very advantageous. Additionally, a strategy for the partial or complete replacement of crucial raw materials is being applied within the framework of regulatory and olfactory possibilities, in close consultation with our customers. In this specific case, too, opportunity and risk are closely related for Symrise; on the one hand, for example, there is the risk of a shortfall in supply on the part of Symrise to its customers; on the other hand, if backward integration is successful, Symrise can utilize earnings potential in a tight market.

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

FINANCIAL MARKETS

Symrise uses the international financial markets to finance its ongoing business. Here, Symrise is 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 fulfilling obligations for existing credit covenants.

Symrise carries out continuous liquidity planning in order to recognize liquidity shortfalls early on. Parallel to this, the company possesses sufficient credit lines to cover payment claims. 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. We do 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 both purchasing and sales markets. At the end of the reporting period, there were currency forward contracts valued at approximately € 221 million.[1] In order to avoid fluctuations in the financial result due to changes in measurement, the currency transactions were classified as cash flow hedges in terms of hedge accounting.

1 See also the notes to the consolidated financial statements TZ 32.

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 86 % of overall debt as of December 31, 2019. 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 lacking safety of the energy supply, of the equipment and processes, in fire safety, in the quality and safety of materials and in their correct classification as well as the qualifications of the operational personnel. In addition, increasing requirements, country-specific occupational safety and environmental regulations and natural disasters can lead to interruptions in operations. We reduce such risks through maintenance, investments, occupational health and safety measures, insurance and corresponding guidelines, instructions and training courses. Changes in country-specific environmental regulations can result in fines or the temporary closure of production sites. For this reason, we continuously observe regulatory developments in the countries in which Symrise operates. Interruptions in operations can also arise due to errors in the course of operations, for example, due to foreign bodies that are contained in raw materials or that are introduced into intermediate or end products during processing, as well as due to incidents resulting from the usage of work equipment. Symrise minimizes these kinds of risks through appropriate guidelines (for example, foreign body policy), robust procedures (Total Productive Maintenance), training courses, emergency plans, alternative production sites, exchange on best practices and continuous improvements to operational processes. 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 our products or those of our customers being recalled. The company is insured against these damages in an economically adequate manner so that the economic repercussions of possibly occurring production risks can largely be contained.

Hurricanes, which have occurred at regular intervals on the east coast of the USA in the past, are considered risks in risk reporting and increase operating risk. This type of storm has led to temporary work stoppages lasting several days over the past two 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.

INVESTMENTS

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

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

Symrise successfully implemented several major investment projects in recent years. Some projects realized in 2019 were subject to delays, but these did not have a significant impact on the Group's business development.

HUMAN RESOURCES

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

MERGERS & ACQUISITIONS

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

In line with its corporate strategy, Symrise acquired several companies in 2019 to expand the business activities of its segments: In the Flavor segment, Californulation LLC, Columbus, Georgia, was founded together with other partners. In the Scent & Care segment, Cutech, Padua, Italy, was acquired, and in the Nutrition segment, ADF/IDF, Springfield, Missouri, was acquired. Despite thorough and intensive due diligence, unforeseen and unexpected obligations may arise in the event of subsequent acquisitions. Even in the case of value-creating acquisitions and consistent estimates of future business development, integration processes may take longer and require more resources than originally planned.

New Group companies are immediately integrated into the company-wide risk analysis.

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 is intended to identify potential problems in good time and enable necessary corrections to be made.

RESEARCH AND DEVELOPMENT

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

Symrise intently observes “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 works permanently toward fulfilling requirements as well as implementing the goals set by the company for itself. Opportunities and risks can arise from this, for example, higher costs through the replacement of raw materials with new substitutes, or the creation of a competitive advantage through a temporally unique positioning in the market 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 our compliance management system, we differentiate between “technical compliance” and “legal compliance.” Technical compliance activities focus on quality, environmental protection, health, work safety, energy, product safety and food safety.

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

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

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

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

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

IT SECURITY

IT risks arise from damage to the Group stemming from data misuse and potential interruptions in the exchange and processing of data, which can lead to a disruption of operational processes. Symrise maintains a number of integrated IT and telecommunications systems whose programs and data are saved on different storage media and constantly further developed. Existing, established protection measures are also continuously updated and expanded to ensure the integrity and security of IT processes and the protection of data. Despite sophisticated protection measures, however, there is always a residual risk that attacks by institutions or third parties on our IT landscape may go unnoticed or negatively affect operational processes. Further IT risks arise from inadequate compliance with software licensing rules and from the availability of the IT infrastructure.

TAXES

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

Because of 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, we feel that the necessary precautions have been taken for all tax risks we are aware of.

ENVIRONMENT (SAFETY, HEALTH, ECOLOGY AND QUALITY)

Symrise has imposed on itself the obligation to respect high ethical standards in order to increase business success, taking into account available resources, all employees and society. Compliance with local legal regulations is a matter of course for Symrise. These requirements also apply to all suppliers.

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

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

PROCESS- AND ORGANIZATION-RELATED RISKS

Symrise sells a wide variety of products with different business models in numerous geographical markets. The dynamics of the sales and sourcing 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.

ECOLOGICAL OPPORTUNITIES AND RISKS

Environmental opportunities and risks in the areas of climate, water and forests are analyzed and measured annually as part of reporting to the British non-governmental organization CDP and reported publicly to customers and investors. Global challenges in the area of the environment such as climate change, water shortages, soil erosion or the loss of biodiversity can have a negative impact on the productivity and functionality of the ecosystems managed by us or by our suppliers and sub-suppliers. This in turn can lead to decreasing raw material availability or increasing raw material prices within our 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 our customers and the identification of alternative suppliers and sourcing countries.

OVERALL ASSESSMENT OF OPPORTUNITY AND RISK SITUATION

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

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

MAIN FEATURES AND OBJECTIVES

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

The accounting-related internal control system (ICS) guarantees proper and reliable financial reporting. By means of the accounting-related risk management system, measures are taken to identify and evaluate risks in order to ensure the preparation of consolidated financial statements in accordance with the regulations. The system consists of documenting possible risks, the accompanying processes and the control of these processes, and of evaluating these processes and controls. Opportunities are also documented within the framework of corporate planning. To guarantee that the ICS is effective, the

Group-wide control mechanisms are analyzed at the level of the individual companies and the Group for suitability and functionality. Here, the Corporate Internal Audit department examines how effectively those responsible adhered to the planned control mechanisms at both the decentralized and centralized level. The efficiency of the ICS can be limited by unforeseen changes in the control environment, criminal activities or human error.

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

ORGANIZATION AND PROCESS

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

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

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

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

General statement on the company's economic situation

The Executive Board regards the Symrise Group's economic situation as positive. In 2019, the Group managed to once again substantially increase its sales with sustained high profitability. The company's financing is ensured for the medium term. Pending the passing of the resolution at the Annual General Meeting, Symrise AG shareholders will participate in the company's success by receiving a higher dividend than in the previous year.

Outlook

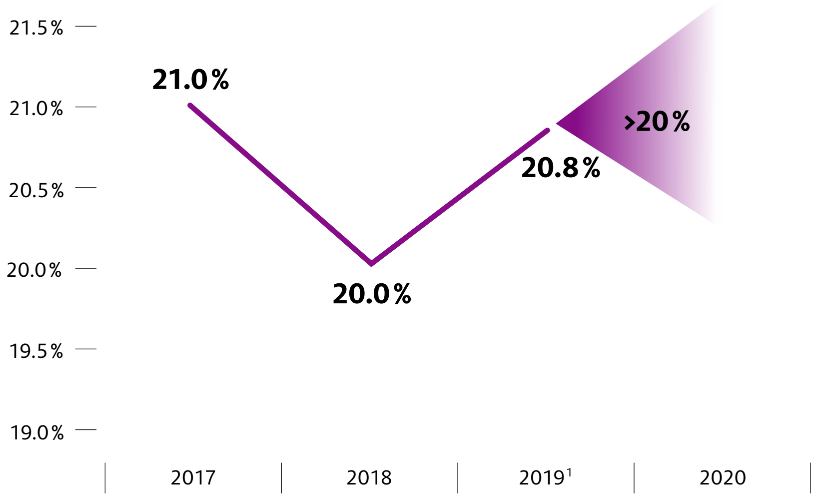
FRAMEWORK

Global economic growth
3.3 %

Market growth
4 %

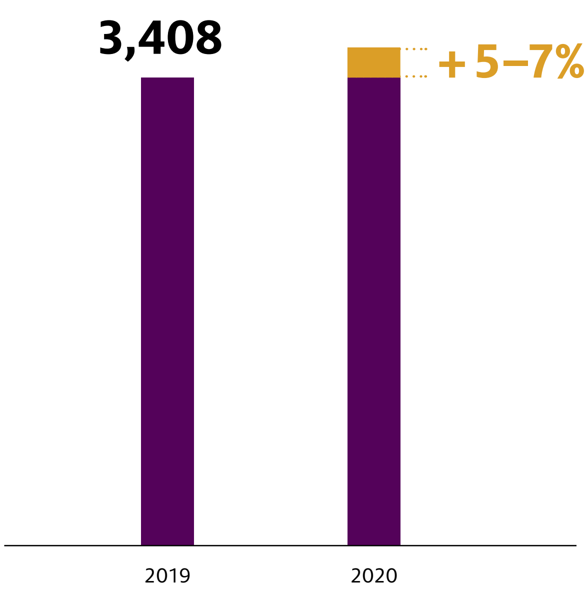
Raw material costs stable at the current level

EBITDA(N) MARGIN



1 adjusted for transaction and integration costs related to business combinations

ORGANIC SALES GROWTH
in € million



EXPECTATIONS

Business Free Cash Flow as % of sales
> 14 %

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

Investments as % of sales
5 – 6 %

FUTURE GENERAL CONDITIONS

In 2020, the International Monetary Fund (IMF) expects global economic growth to accelerate from 2.9 % in the previous year to 3.3 %. Positive growth drivers will come from the emerging and developing countries, whose economic output is expected to increase by 4.4 % in 2020, after a plus of 3.7 % in the previous year. While momentum in Asia remains relatively low (5.8 %) and growth in China is even forecast to slow further to 6.0 %, economic activity should pick up noticeably, particularly in India (+ 5.8 %). Latin America is also expected to again show greater momentum with an increase in economic output of 1.6 %. In contrast, the International Monetary Fund is expecting economic growth in the industrialized countries in 2020 to be slightly below the previous year's level (+ 1.6 %). In the eurozone, the overall growth rate is expected to rise to 1.3 %. This expectation is based on an upswing in foreign demand, especially from the fast-growing emerging markets, and on an easing of political risks, for example in trade policy disputes. Although the recovery is strongest in Germany, with an expected increase in gross domestic product of 1.1 %, economic growth will remain below the eurozone average. For the USA, a further decline in growth to 2.0 % is forecast.

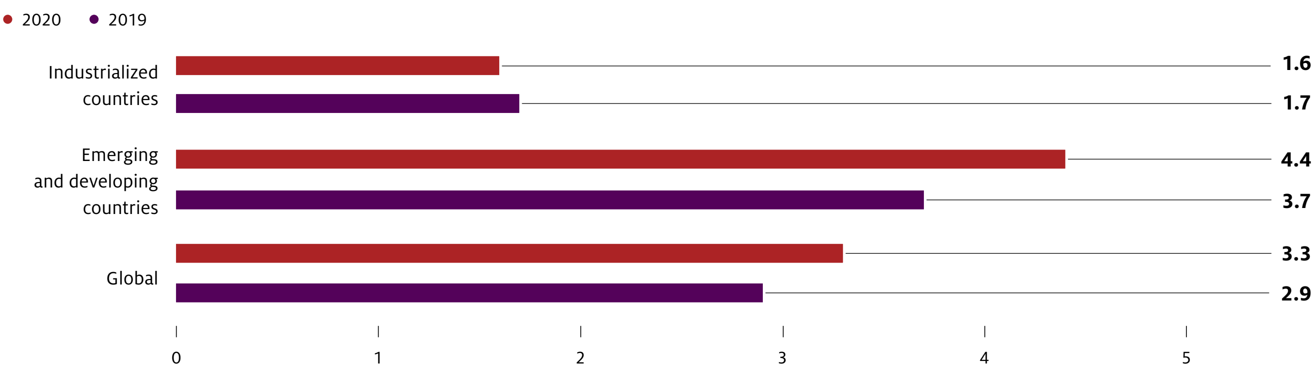
The AFF market relevant for Symrise reached a volume of € 35.0 billion in 2019. Of this amount – according to estimates by the market research institute IAL Consultants – the submarket for flavorings and fragrances accounts for about € 27.6 billion, while the submarket for aroma chemicals and cosmetic ingredients accounts for about € 7.4 billion.

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

For the 2020 fiscal year, Symrise expects a stable cost situation for raw materials at the current level. Generally, the company classifies raw materials as natural, agricultural, or petroleum-based. The company's strategic focus is on natural raw materials that come from renewable sources. For important natural raw materials, the Group continues to pursue its backward integration approach. This means that Symrise cooperates closely with the growers of key agricultural products like vanilla, onions, beets and fruits. The goal is to achieve a consistently high quality and planning security via long-term agreements. The acquisition of Renessenz LLC was yet another milestone in the expansion of our raw materials basis via backward integration. For menthols, Symrise relies on its leading market position and long-term supplier loyalty with multinational brand manufacturers.

Energy costs are expected to continue to develop moderately in the 2020 fiscal year. The reasons for this are low gas purchasing costs and the fact that the electricity supplied by the combined heat and power plant at the Holzminden site covers

GDP Development 2019/2020 in %



Source: IMF

a large part of the electricity needs. These measures will reduce oil consumption substantially; the same is true for CO_2 emissions. Additionally, producing our own energy will also reduce network usage costs.

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

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

IMPACTS FROM THE BREXIT REFERENDUM

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

In addition, the acquisition of the Cobell Group has strengthened Symrise's presence in the British beverages market and opened up greater potential for British customers. Since the exit agreement of the UK with the EU has been ratified, the orderly transition period has been in place since early February 2020. Symrise is actively working on mitigating measures to ensure the continuation of its business in the United Kingdom.

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

EFFECTS FROM HYPERINFLATIONARY COUNTRIES

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

FUTURE CORPORATE DEVELOPMENT

For 2020, Symrise is reaffirming its long-term growth and profitability goals. The Group remains confident that it will continue to grow at a faster pace than the relevant market for fragrances and flavors. According to Group estimates and corporate data, the AFF market is expected to grow by around 4 % worldwide in the current year. All segments, Scent & Care, Flavor and Nutrition, continue to expect organic sales growth to be notably above the market rate. The long-term growth expectation of 5 – 7 % (CAGR) still applies to the Group.

The disciplined cost management and focus on high-margin business will be continued to further increase earnings. This includes initiatives to reduce the complexity of processes and workflows and the development of innovative, sustainable products and technologies. Assuming raw materials costs at the current level and a constant Euro/US-Dollar relation, the Group expects to achieve an EBITDA margin of over 20 % in all segments in 2020. Without the effects from possible acquisitions, the ratio of net debt (including provisions for pensions and similar obligations as well as lease liabilities) to EBITDA should be somewhere between 2.5 and 2.7 at the end of 2020. In the medium term, the company is aiming for a return to the debt range of 2.0 to 2.5.

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

GENERAL STATEMENT ON THE COMPANY'S EXPECTED DEVELOPMENT

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

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

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

Remuneration report

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

REMUNERATION OF THE EXECUTIVE BOARD

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

The system and amount of the Executive Board's remuneration are regularly reviewed by the Supervisory Board at its first meeting of the year with the support of the Personnel Committee. The last review took place during the Supervisory Board meeting in March 2019.

TARGET TOTAL REMUNERATION OF THE EXECUTIVE BOARD IS APPROPRIATE WITH A FACTOR OF 27

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

All members of the Executive Board receive a target total remuneration. This is comprised of a fixed remuneration, the annual variable component and a long-term variable component, each at 100 % goal attainment. This target total remuneration is supplemented by a maximum remuneration for the annual bonus and the long-term incentive (cap). The proportion of fixed remuneration, annual bonus and long-term variable component of the target total annual remuneration is 33 % each.

In determining the target total remuneration, the Supervisory Board considers the global positioning, market environment and short and long-term success of the company. It employs a comparison in terms of national and international peer companies internally (managers and employees) and externally (market environment). The total target remuneration of all Executive Board members corresponds in a vertical remuneration comparison to around 28 times the average remuneration of Symrise employees in Germany and worldwide, and around 27 times the highest collective wage group in Germany.

For the variable remuneration, the goals and criteria for assessing goal attainment are ambitious for Executive Board members. For example, the bonus payment is completely voided if less than 85 % of EBITDA targets, less than 60 % of sales targets and less than 96 % of margin targets are met (threshold).

Target total remuneration	Remuneration components	Maximum remuneration
Remuneration not based on performance	Fixed remuneration	
	Supplementary payments	
Performance-based remuneration (100% goal attainment)	Annual variable remuneration (annual bonus)	150% of the annual bonus
	Multi-year variable remuneration (long-term incentive plan, or LTIP)	200% of the LTIP bonus

Financial goals (80%)	Strategic/qualitative goals (20%)
50% EBITDA/EBITDA margin/EPS 15% Sales growth 15% Business free cash flow	10% Strategic growth projects 10% Sustainability projects
Goal attainment per goal 85% to max. 150% for EBITDA 60% to max. 150% for sales growth 96% to 105% for margin targets	**Goal attainment per goal** 50% up to max. 100%
Total goal attainment Total performance indicator in %	
Payout amount of annual bonus Total performance indicator in % * 100% performance-based annual bonus in €	

FIXED REMUNERATION AND SUPPLEMENTARY PAYMENTS

Every Executive Board member receives their annual fixed remuneration (equivalent to 33 % of the target total remuneration) in equal monthly payments. Supplementary payments mainly contain fringe benefits in the form of nonmonetary benefits from the use of a company car and payments for insurance such as a group insurance.

ANNUAL VARIABLE REMUNERATION (BONUS)

The annual variable remuneration (equivalent to 33 % of the target total remuneration) consists of a bonus based on the operational key indicators from the corresponding fiscal year.

The annual bonus depends on attaining certain profit and earnings-oriented financial goals (EBITDA, EBITDA margin, EPS), sales-oriented key figures (sales, sales growth) and cash-oriented key figures (business free cash flow). In addition, each member of the Executive Board has a goal that focuses on sustainable management. The annual variable remuneration is limited by a cap and can only reach a maximum of 150 % of the contractually agreed annual bonus. If the EBITDA targets fall below a threshold of 85 %, the sales targets of 60 % or the margin targets of 96 %, the entire variable remuneration for that goal is not paid out.

The goals for the annual variable remuneration were set by the Supervisory Board at the beginning of the 2019 calendar year individually for each member of the Executive Board, taking into account the annual business plan and the respective executive responsibility. Corresponding goals are also applied to the levels below the Executive Board along with other goals. This ensures the consistent pursuit of corporate goals adopted by the Supervisory Board within the company. The annual variable remuneration for the 2019 calendar year will be paid out in cash in the following year (2020) dependent on the degree of attainment on the basis of the approved consolidated financial statements for 2019. The Supervisory Board may consider extraordinary, unforeseen developments when assessing the achievement of goals, at its discretion. The payout cap of 150 % must not be exceeded.

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

Multi-year variable remuneration (long-term incentive plan/LTIP; equivalent to 33 % of the target total remuneration) is a revolving variable cash remuneration based on the long-term success of the company – expressed in the performance of the share price of Symrise – and is dependent upon the attainment of the goals subsequently listed over a period of three years. It serves to align the actions of the members of the Executive Board over the long-term with the performance of the share price in comparison to competitors and similar companies in the market (“peer group”).

Regarding the incentive plans for 2017 – 2019, 2018 – 2020 and 2019 – 2021, performance is measured via a share-based index composed of listed companies in the fragrance and flavor industry as well as supplier companies in the food and cosmetics industry. The key indicator for measuring performance within the index peer group is the share price performance plus dividends or other payments (total investor return). The development of Symrise compared to the companies in the index is represented in the form of a percentile ranking. In order to ensure the best possible objectivity and transparency, the composition of the index and the determination of the percentile ranking are performed by an external consulting firm (Obermatt, Zurich). The index is calculated at daily prices. In the case of changes in the peer group (for example, through acquisition of a listed company), the Supervisory Board will make adjustments upon the recommendation of the external consultant.

For the incentive plan 2017 – 2019, a bonus will only be paid (threshold) if the Symrise performs better than 50 % of the peer companies (at least a 50th percentile rank in the peer group) over three performance years. If this threshold is not met, the bonus is forgone without replacement or substitution. 100 % goal attainment (target amount of the overall income of a member of the Executive Board) would correspond to a 60th percentile rank.

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

For the incentive plans 2018 – 2020 and 2019 – 2021, a bonus will be paid (threshold) if Symrise performs better than 25 % of the peer companies (at least a 25th percentile rank in the peer group) over three performance years. Beneath the 25th percentile, the bonus is forgone without replacement or substitution. 100 % goal attainment (target amount of the overall income of a member of the Executive Board) would correspond to a 50th percentile rank. Between the 50th and 75th percentile, the bonus is calculated linearly. This means that if the Symrise share performs better than all of the companies represented in the index and Symrise had a 75th percentile rank for each of the three years, this would be rewarded with a doubling of the 100 % goal attainment bonus. Here, too, there is a cap of 200 %.

For the LTIP offered in 2019, the multi-year variable remuneration awarded for 100 % goal attainment amounted to € 800,000 for Dr. Heinz-Jürgen Bertram. For Achim Daub, Olaf Klinger, Dr. Jean-Yves Parisot and Heinrich Schaper, it is € 500,000 each. This corresponds to around 33 % of their respective target total remuneration.

Multi-year variable remuneration (long-term incentive plan/LTIP)

Measurement of price performance of the Symrise share (calculation of total investor return) in comparison to peer group (expressed in percentile)	
LTIP 2017 – 2019	Below the 50th percentile = 0% bonus 50th percentile = 75% bonus 60th percentile = 100% bonus 100th percentile = 200% bonus maximum
LTIP 2018 – 2020	Below the 25th percentile = 0% bonus 25th percentile = 25% bonus 50th percentile = 100% bonus 75th percentile = 200% bonus maximum
LTIP 2019 – 2021	Below the 25th percentile = 0% bonus 25th percentile = 25% bonus 50th percentile = 100% bonus 75th percentile = 200% bonus maximum
Calculation of the LTIP bonus (gross cash payment in €)	
Attainment of the average percentile value for each respective LTIP taking into account the three performance years (= average percentile value) * 100% goal LTIP bonus	

If an Executive Board member leaves the company at their own request before the performance period has ended, the member has essentially no entitlement to the ongoing long-term incentive programs, nor an entitlement to a pro rata payout. An exception exists if the Board member leaves because of retirement, inability to work or death (see Section “Early termination and expiration of employment contracts”).

For the LTIP program 2017 – 2019, provisions of € 636,738 were recognized for Dr. Heinz-Jürgen Bertram, € 435,663 each for Olaf Klinger and Achim Daub, and € 383,000 each for Heinrich Schaper and Dr. Jean-Yves Parisot as of the end of the reporting period. For the LTIP program 2018 – 2020, provisions of € 841,244 were recognized for Dr. Heinz-Jürgen Bertram and € 525,778 for Olaf Klinger, Achim Daub, Heinrich Schaper and Dr. Jean-Yves Parisot each as of the end of the reporting period. For the LTIP program 2019 – 2021, provisions of € 362,311 were recognized for Dr. Heinz-Jürgen Bertram and € 226,444 for Olaf Klinger, Achim Daub, Heinrich Schaper and Dr. Jean-Yves Parisot each as of the end of the reporting period.

INDIVIDUAL REMUNERATION IN ACCORDANCE WITH THE RECOMMENDATION FROM SECTION 4.2.5 (3) OF THE GERMAN CORPORATE GOVERNANCE CODE

The remuneration received by the Executive Board members Dr. Bertram, Mr. Daub, Mr. Klinger, Dr. Parisot and Mr. Schaper for the 2019 fiscal year correspond to those set by the resolution of the Supervisory Board and were reviewed in the meeting on March 6, 2019. Accordingly, the remuneration of the Executive Board members is determined against the background of the tasks and performance of the Executive Board members in addition to the general economic situation and the development of Symrise.

Table of financial contributions in the 2019 fiscal year

The following table of financial contributions in the 2019 fiscal year is based on the recommendations of the German Corporate Governance Code in its version from February 7, 2017. Here, values are provided for the minimum and maximum amount of remuneration that can be achieved.

ACTING EXECUTIVE BOARD MEMBERS IN THE 2019 FISCAL YEAR

	Dr. Heinz-Jürgen Bertram CEO since 2009				Olaf Klinger CFO since January 2016			
Financial Contributions €	**FY 2018**	**FY 2019**	**FY 2019 (min)**	**FY 2019 (max)**	**FY 2018**	**FY 2019**	**FY 2019 (min)**	**FY 2019 (max)**
Fixed remunerations*	800,000	800,000	800,000	800,000	500,000	500,000	500,000	500,000
Supplementary payments**	22,019	22,739	22,739	22,739	22,139	22,859	22,859	22,859
Total	**822,019**	**822,739**	**822,739**	**822,739**	**522,139**	**522,859**	**522,859**	**522,859**
Annual variable remuneration***	800,000	800,000	0	1,200,000	500,000	500,000	0	750,000
Multi-year variable remuneration (total)****	800,000	800,000	0	1,600,000	500,000	500,000	500,000	1,000,000
LTIP 2018 (covering 2018 to 2020)	800,000	–	–	–	500,000	–	–	–
LTIP 2019 (covering 2019 to 2021)	–	800,000	0	1,600,000	–	500,000	500,000	1,000,000
Total	**2,422,019**	**2,422,739**	**822,739**	**3,622,739**	**1,522,139**	**1,522,859**	**1,022,859**	**2,272,859**
Service costs*****	34,648	34,056	34,056	34,056	0	0	0	0
Total remuneration (DCGK)	**2,456,667**	**2,456,795**	**856,795**	**3,656,795**	**1,522,139**	**1,522,859**	**1,022,859**	**2,272,859**

	Achim Daub President Scent & Care since 2006				Dr. Jean-Yves Parisot President Nutrition since October 2016			
Financial Contributions €	**FY 2018**	**FY 2019**	**FY 2019 (min)**	**FY 2019 (max)**	**FY 2018**	**FY 2019**	**FY 2019 (min)**	**FY 2019 (max)**
Fixed remunerations*	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Supplementary payments**	19,464	24,285	24,285	24,285	225,146	287,000	287,000	287,000
Total	**519,464**	**524,285**	**524,285**	**524,285**	**725,146**	**787,000**	**787,000**	**787,000**
Annual variable remuneration***	500,000	500,000	0	750,000	500,000	500,000	0	750,000
Multi-year variable remuneration (total)****	500,000	500,000	0	1,000,000	500,000	500,000	0	1,000,000
LTIP 2018 (covering 2018 to 2020)	500,000	–	–	–	500,000	–	–	–
LTIP 2019 (covering 2019 to 2021)	–	500,000	0	1,000,000	–	500,000	0	1,000,000
Total	**1,519,464**	**1,524,285**	**524,285**	**2,274,285**	**1,725,146**	**1,787,000**	**787,000**	**2,537,000**
Service costs*****	0	0	0	0	0	0	0	0
Total remuneration (DCGK)	**1,519,464**	**1,524,285**	**524,285**	**2,274,285**	**1,725,146**	**1,787,000**	**787,000**	**2,537,000**

	Heinrich Schaper President Flavor since October 2016			
Financial Contributions €	**FY 2018**	**FY 2019**	**FY 2019 (min)**	**FY 2019 (max)**
Fixed remunerations*	500,000	500,000	500,000	500,000
Supplementary payments**	24,299	25,019	25,019	25,019
Total	**524,299**	**525,019**	**525,019**	**525,019**
Annual variable remuneration***	500,000	500,000	0	750,000
Multi-year variable remuneration (total)****	500,000	500,000	0	1,000,000
LTIP 2018 (covering 2018 to 2020)	500,000	–	–	–
LTIP 2019 (covering 2019 to 2021)	–	500,000	0	1,000,000
Total	**1,524,299**	**1,525,019**	**525,019**	**2,275,019**
Service costs*****	23,113	23,571	23,571	23,571
Total remuneration (DCGK)	**1,547,412**	**1,548,590**	**548,590**	**2,298,590**

* Increase in benefits for all Executive Board members by resolution of the Supervisory Board as of March 7, 2018.

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

*** Annual variable remuneration contains the value for 100 % goal attainment. The “FY 2019 (max)” column shows the values for achieving the theoretical maximum bonus value of 150 %.

**** Multi-year variable remuneration contains the payments granted by the Supervisory Board in the respective fiscal year for 100 % goal attainment in the long-term incentive program. The “FY 2019 (max)” column shows the values for achieving the theoretical maximum bonus value of 200 %.

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

Table of accrued payments in the 2019 fiscal year

The following table shows the accrual of remuneration in or for the 2019 fiscal year. This is comprised of fixed remuneration, supplementary payments, annual variable remuneration and multi-year variable remuneration, differentiated according to the respective reference years and service costs. Contrary to the table above, this table contains the actual value of multi-year variable remuneration for Executive Board appointments earned from previous years and paid out in the 2019 fiscal year.

ACTING EXECUTIVE BOARD MEMBERS IN THE 2019 FISCAL YEAR

Accruels €	Dr. Heinz-Jürgen Bertram CEO since 2009		Olaf Klinger CFO since January 2016		Achim Daub President Scent & Care since 2006	
	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019
Fixed remunerations*	800,000	800,000	500,000	500,000	500,000	500,000
Supplementary payments**	22,019	22,739	22,139	22,859	19,464	24,285
Total	**822,019**	**822,739**	**522,139**	**522,859**	**519,464**	**524,285**
Annual variable remuneration***	1,159,120	809,840	726,150	510,800	677,300	448,200
Multi-year variable remuneration (total)****	0	636,738	0	435,663	0	435,663
LTIP 2016 (covering 2016 to 2018)	0	0	0	0	0	0
LTIP 2017 (covering 2017 to 2019)	0	636,738	0	435,663	0	435,663
Total	**1,981,139**	**2,269,317**	**1,248,289**	**1,469,322**	**1,196,764**	**1,408,148**
Service costs*****	34,648	34,056	0	0	0	0
Total remuneration (DCGK)	**2,015,787**	**2,303,373**	**1,248,289**	**1,469,322**	**1,196,764**	**1,408,148**

Accruels €	Dr. Jean-Yves Parisot President Nutrition since October 2016		Heinrich Schaper President Flavor since October 2016	
	FY 2018	FY 2019	FY 2018	FY 2019
Fixed remunerations*	500,000	500,000	500,000	500,000
Supplementary payments**	225,146	287,000	24,299	25,019
Total	**725,146**	**787,000**	**524,299**	**525,019**
Annual variable remuneration***	750,000	498,100	681,800	510,900
Multi-year variable remuneration (total)****	0	383,000	0	383,000
LTIP 2016 (covering 2016 to 2018)	0	0	0	0
LTIP 2017 (covering 2017 to 2019)	0	383,000	0	383,000
Total	**1,475,146**	**1,668,100**	**1,206,099**	**1,418,919**
Service costs*****	0	0	23,113	23,571
Total remuneration (DCGK)	**1,475,146**	**1,668,100**	**1,229,212**	**1,442,490**

* Increase in benefits for all Executive Board members by resolution of the Supervisory Board as of March 7, 2018.

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

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

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

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

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

ACTING EXECUTIVE BOARD MEMBERS IN THE 2019 FISCAL YEAR

€	Fixed components		Performance-based components		
	Fixed remuneration	Supplementary payments*	Annual variable remuneration without long-term incentives**	Multi-year variable remuneration with long-term non-share-based incentives***	Total remuneration pursuant to Section 314 (1) no. 6a HGB
Dr. Heinz-Jürgen Bertram					
2019	**800,000**	**22,739**	**809,840**	**636,738**	**2,269,317**
2018	800,000	22,019	1,159,120	0	1,981,139
Olaf Klinger					
2019	**500,000**	**22,859**	**510,800**	**435,663**	**1,469,322**
2018	500,000	22,139	726,150	0	1,248,289
Achim Daub					
2019	**500,000**	**24,285**	**448,200**	**435,663**	**1,408,148**
2018	500,000	19,464	677,300	0	1,196,764
Dr. Jean-Yves Parisot					
2019	**500,000**	**287,000**	**498,100**	**383,000**	**1,668,100**
2018	500,000	225,146	750,000	0	1,475,146
Heinrich Schaper					
2019	**500,000**	**25,019**	**510,900**	**383,000**	**1,418,919**
2018	500,000	24,299	681,800	0	1,206,099

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

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

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

EXPANSION OF PENSIONS THROUGH PERSONAL CONTRIBUTIONS

Company-financed pensions are not granted by Symrise in new Executive Board member contracts. However, all members of the Executive Board have the possibility of accumulating deferred compensation benefits by converting their salaries. In 2019, Dr. Bertram, Mr. Klinger and Mr. Schaper made use of this option. There is no company contribution similar to the regulations applied to non-tariff employees and managers in connection with this “deferred compensation” arrangement.

In order to service future entitlements for the Executive Board members as part of a deferred compensation plan, Symrise made allocations to provisions for Dr. Bertram amounting to € 423,439 (previous year: € 87,038) as well as € 166,664 (previous year: € 61,157) for Mr. Klinger and € 188,870 (previous year: € 93,338) for Mr. Schaper based on actuarial computations in 2019.

Due to their prior employment contracts with Symrise, pension commitments exist for Dr. Bertram and Mr. Schaper, which were also offered to all other employees of the former Haarmann & Reimer GmbH. For these benefit obligations, the allocation to the provision for Dr. Bertram amounted to € 34,056 (previous year: € 34,648) while provision expenses of € 23,571 (previous year: € 23,113) was allocated to the provision for Mr. Schaper in the 2019 fiscal year.

As of December 31, 2019, the present value of the provisions for pensions or deferred compensation obligations for Dr. Bertram amount to € 3,036,985 (previous year: € 2,458,075), € 513,288 for Mr. Klinger (previous year: € 346,624) and € 1,609,204 for Mr. Schaper (previous year: € 1,314,022).

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

CHANGE OF CONTROL

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

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

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

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

EARLY TERMINATION AND EXPIRATION OF EMPLOYMENT CONTRACTS

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

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

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

D&O INSURANCE

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

REMUNERATION OF THE SUPERVISORY BOARD

The members of the Supervisory Board have received an annual remuneration amounting to € 70,000 since the 2018 fiscal year. The Chairman of the Supervisory Board receives an additional annual remuneration amounting to € 70,000. The Vice Chairperson of the Supervisory Board and the Chairperson of the Auditing Committee each receive an additional annual remuneration of € 35,000.

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

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

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

€	Remuneration	Stipends	Total remuneration as of December 31, 2019	Total remuneration as of December 31, 2018
Dr. Thomas Rabe (Chairman until August 7, 2019)	116,667	4,500	121,167	146,000
Dr. Winfried Steeger (Chairman from August 8, 2019)	99,167	10,000	109,167	77,500
Harald Feist (Vice Chairman)	105,000	10,500	115,500	91,167
Ursula Buck	70,000	9,500	79,500	78,500
Horst-Otto Gerberding	70,000	7,000	77,000	76,000
Bernd Hirsch	105,000	9,500	114,500	74,500
André Kirchhoff	70,000	6,000	76,000	75,000
Jeannette Kurtgil	70,000	8,500	78,500	76,000
Prof. Dr. Andrea Pfeifer	70,000	7,000	77,000	75,000
Andrea Püttcher	70,000	6,000	76,000	25,333
Dr. Ludwig Tumbrink	70,000	7,000	77,000	75,500
Peter Winkelmann	70,000	9,500	79,500	79,500
	985,833	**95,000**	**1,080,833**	**950,000**

D&O INSURANCE

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

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

- The share capital of Symrise AG amounts to € 135,426,610. It is divided into no-par-value shares with a nominal value of € 1. The associated rights and duties are set forth in the relevant provisions of the German Stock Corporation Act (AktG). There are no different types of shares with different rights and obligations. Nor do any special rights or rights of control exist for any shareholders.

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

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

- The Executive Board is authorized, subject to the consent of the Supervisory Board, to increase the share capital of the company until May 21, 2024, by up to € 25,000,000.00 million through one or more issuances of new, no-par-value shares against contribution in cash and/or in kind. The new shares may be underwritten by one or more financial institutions determined by the Executive Board in order for such shares to be offered to the shareholders (indirect subscription right). The Executive Board is authorized, subject to the consent of the Supervisory Board, to exclude the statutory subscription right of shareholders for an amount of up to 10 % of the company's current share capital in the following cases:

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

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

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

  d) To exclude fractional amounts from subscription rights.

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

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

- The company's share capital has been conditionally increased by up to € 4,354,476.00 through the issue of up to 4,354,476 new no-par value bearer shares (conditional capital 2017). The conditional capital increase will only be implemented to the extent that the holders of the convertible bonds issued against cash payment on June 13, 2017, exercise their conversion or option rights, or fulfill their obligations for exercising the option/conversion rights, or the company exercises its right to grant bondholders shares in the company in full or partial settlement of the cash amount that has become due, and as long as no other forms of settlement are used. The new shares will be issued at the conversion price applicable under the bond terms and conditions. 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 the wording of Section 4 (6) of the articles of incorporation in accordance with the issue of the shares to be subscribed and to make all other related amendments to the articles of incorporation that only affect the wording. The same shall apply in the event that the conditional capital is not utilized after the expiration of the periods for exercising the conversion right of the convertible bonds issued on June 13, 2017.

- 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 (7) 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Corporate Governance Statement

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

Consolidated Financial Statements

SYMRISE AG, HOLZMINDEN
JANUARY 1 TO DECEMBER 31, 2019

CONSOLIDATED FINANCIAL STATEMENTS 2019

Consolidated Income Statement – January 1 to December 31, 2019

T€	Notes	2018	2019
Sales	4	3,154,032	3,407,854
Cost of goods sold	5	– 1,912,558	– 2,040,775
Gross profit		**1,241,474**	**1,367,079**
Selling and marketing expenses	7	– 489,941	– 531,526
Research and development expenses	8	– 200,441	– 213,349
Administration expenses	9	– 164,728	– 200,984
Other operating income	10	50,948	45,587
Other operating expenses		– 3,340	– 2,400
Result of companies accounted for using the equity method		–	– 221
Income from operations/EBIT		**433,972**	**464,186**
Financial income		6,324	6,147
Financial expenses		– 51,253	– 51,972
Financial result	**11**	**– 44,929**	**– 45,825**
Earnings before income taxes		**389,043**	**418,361**
Income taxes	12	– 109,356	– 113,224
Net income		**279,687**	**305,137**
of which attributable to shareholders of Symrise AG		275,330	298,308
of which attributable to non-controlling interests		4,357	6,829
Earnings per share (€)	**14**		
basic		2.12	2.21
diluted		2.08	2.17

Consolidated Statement of Comprehensive Income

T€	Notes	2018	2019
Net income		**279,687**	**305,137**
of which attributable to shareholders of Symrise AG		275,330	298,308
of which attributable to non-controlling interests		4,357	6,829
Items that may be reclassified subsequently to the consolidated income statement			
Exchange rate differences resulting from the translation of foreign operations			
Exchange rate differences that occurred during the fiscal year	28	30,483	– 3,708
Gains/losses from net investments		– 3,604	1,403
Cash flow hedge (currency hedges)	28		
Gains/losses recorded during the fiscal year		– 2,091	– 1,123
Reclassification to the consolidated income statement		1,141	1,423
Income taxes payable on these components	12	– 1,540	– 1,629
Items that will not be reclassified to the consolidated income statement			
Remeasurement of defined benefit pension plans and similar obligations	27	23,879	– 77,654
Income taxes payable on these components	12	– 6,791	22,156
Other comprehensive income		**41,477**	**– 59,132**
Total comprehensive income		**321,164**	**246,005**
of which attributable to shareholders of Symrise AG		316,860	238,904
of which attributable to non-controlling interests		4,304	7,101

Consolidated Statement of Financial Position

T€	Notes	December 31, 2018	December 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents	15	279,595	445,900
Trade receivables	16	596,396	647,675
Inventories	17	844,874	889,239
Other non-financial assets and receivables		81,018	79,445
Other financial assets		7,835	11,919
Income tax assets	12	25,741	22,480
		1,835,459	**2,096,658**
Non-current assets			
Intangible assets	18	1,912,455	2,500,682
Property, plant and equipment	19	1,036,093	1,215,010
Other non-financial assets and receivables		27,054	17,817
Other financial assets		22,866	12,473
Investments in companies accounted for using the equity method	20	–	15,396
Deferred tax assets	21	86,452	99,173
		3,084,920	**3,860,551**
TOTAL ASSETS		**4,920,379**	**5,957,209**

Consolidated Statement of Financial Position

T€	Notes	December 31, 2018	December 31, 2019
LIABILITIES			
Current liabilities			
Trade payables	22	315,806	332,497
Borrowings	23	623,341	503,324
Lease liabilities	24	652	21,058
Other non-financial liabilities	25	170,073	192,470
Other provisions	26	9,577	10,857
Other financial liabilities		4,696	3,124
Income tax liabilities	12	94,232	79,531
		1,218,377	**1,142,861**
Non-current liabilities			
Borrowings	23	1,036,018	1,462,833
Lease liabilities	24	3,658	75,378
Other non-financial liabilities		5,407	5,033
Other provisions	26	21,427	29,212
Provisions for pensions and similar obligations	27	513,292	604,851
Other financial liabilities		2,554	1,597
Deferred tax liabilities	21	171,975	167,748
Income tax liabilities		3,263	3,263
		1,757,594	**2,349,915**
TOTAL LIABILITIES		**2,975,971**	**3,492,776**
EQUITY	**28**		
Share capital		129,813	135,427
Capital reserve		1,405,085	1,798,030
Reserve for remeasurements (pensions)		– 161,694	– 217,187
Cumulative translation differences		– 189,413	– 193,991
Accumulated profit		705,668	881,696
Other reserves		2,533	3,197
Symrise AG shareholders' equity		**1,891,992**	**2,407,172**
Non-controlling interests		52,416	57,261
TOTAL EQUITY		**1,944,408**	**2,464,433**
LIABILITIES AND EQUITY		**4,920,379**	**5,957,209**

Consolidated Statement of Cash Flows

T€	Notes	2018	2019
Net income		**279,687**	**305,137**
Result of companies accounted for using the equity method	20	0	221
Income taxes	12	109,356	113,224
Interest result	11	37,430	46,539
Depreciation, amortization and impairment of non-current assets	18, 19	196,549	226,689
Increase (+)/decrease (–) in non-current liabilities		2,090	9,541
Increase (–)/decrease (+) in non-current assets		– 13,234	21,350
Gains (–)/losses (+) from the disposal of property, plant and equipment		– 2,356	– 161
Loss on the net monetary position	11	3,219	3,195
Other non-cash expenses and income		5,711	– 17,393
Cash flow before working capital changes		**618,452**	**708,342**
Increase (–)/decrease (+) in trade receivables and other current assets		– 43,512	– 11,558
Increase (–)/decrease (+) of inventories		– 89,811	– 13,973
Increase (+)/decrease (–) in trade payables and other current liabilities		52,833	– 12,892
Income taxes paid	30	– 96,177	– 123,153
Cash flow from operating activities		**441,785**	**546,766**
Payments for business combinations, plus acquired cash equivalents, for subsequent contingent purchase price components as well as for investments in companies accounted for using the equity method	30	– 21,696	– 763,036
Payments received from the sale of a subsidiary minus cash sold		6,365	0
Payments for investing in intangible assets		– 15,900	– 23,310
Payments for investing in property, plant and equipment		– 212,224	– 151,095
Payments for investing in non-current financial assets		– 1,795	– 2,612
Proceeds from the disposal of non-current assets		6,053	58,165
Cash flow from investing activities		**– 239,197**	**– 881,888**
Proceeds from (+)/redemption of (–) bank borrowings		18,127	32,888
Proceeds from (+)/redemption of (–) other borrowings	23	– 664	248,228
Transaction costs related to debt financing	23	0	– 2,540
Issue of new shares/capital increase	23	0	400,000
Transaction costs related to equity financing	23	0	– 2,030
Interest paid		– 24,800	– 37,169
Interest received		2,501	2,067
Dividends paid by Symrise AG		– 114,235	– 121,884
Dividends paid to non-controlling interests		– 2,720	– 2,672
Acquisition of non-controlling interests		– 29,137	– 195
Principal portion of lease payments (2018: Principal portion of payments in connection with finance leases)		– 1,389	– 18,968
Cash flow from financing activities	**30**	**– 152,317**	**497,725**
Net change in cash and cash equivalents		50,271	162,603
Effects of changes in exchange rates		3,038	6,897
Loss on the net monetary position	11	– 3,219	– 3,195
Total changes		**50,090**	**166,305**
Cash and cash equivalents as of January 1		229,505	279,595
Cash and cash equivalents as of December 31	15	**279,595**	**445,900**

The consolidated statement of cash flows is explained in note 30.

Consolidated Statement of Changes in Equity

T€	Share capital	Capital reserve	Reserve for remeasurements (pensions)	Cumulative translation differences	Accumulated profit	Other reserves	Symrise AG shareholders' equity	Non-controlling interests	Total equity
January 1, 2018	**129,813**	**1,405,085**	**– 178,783**	**– 213,838**	**567,234**	**3,235**	**1,712,746**	**56,590**	**1,769,336**
Net income	–	–	–	–	275,330	–	**275,330**	4,357	**279,687**
Other comprehensive income	–	–	17,089	25,143	–	– 702	**41,530**	– 53	**41,477**
Total comprehensive income	**–**	**–**	**17,089**	**25,143**	**275,330**	**– 702**	**316,860**	**4,304**	**321,164**
Dividends paid	–	–	–	–	– 114,235	–	**– 114,235**	– 2,720	**– 116,955**
Other changes	–	–	–	– 718	– 22,661	–	**– 23,379**	– 5,758	**– 29,137**
December 31, 2018	**129,813**	**1,405,085**	**– 161,694**	**– 189,413**	**705,668**	**2,533**	**1,891,992**	**52,416**	**1,944,408**

T€	Share capital	Capital reserve	Reserve for remeasurements (pensions)	Cumulative translation differences	Accumulated profit	Other reserves	Symrise AG shareholders' equity	Non-controlling interests	Total equity
January 1, 2019	**129,813**	**1,405,085**	**– 161,694**	**– 189,413**	**705,668**	**2,533**	**1,891,992**	**52,416**	**1,944,408**
Adjustment due to IFRS 16	–	–	–	3	136	–	**139**	73	**212**
January 1, 2019 (adjusted)	**129,813**	**1,405,085**	**– 161,694**	**– 189,410**	**705,804**	**2,533**	**1,892,131**	**52,489**	**1,944,620**
Net income	–	–	–	–	298,308	–	**298,308**	6,829	**305,137**
Other comprehensive income	–	–	– 55,493	– 4,575	–	664	**– 59,404**	272	**– 59,132**
Total comprehensive income	**–**	**–**	**– 55,493**	**– 4,575**	**298,308**	**664**	**238,904**	**7,101**	**246,005**
Dividends paid	–	–	–	–	– 121,884	–	**– 121,884**	– 2,672	**– 124,556**
Issue of new shares / capital increase minus transaction costs after taxes	5,614	392,945	–	–	–	–	**398,559**	–	**398,559**
Other changes	–	–	–	– 6	– 532	–	**– 538**	343	**– 195**
December 31, 2019	**135,427**	**1,798,030**	**– 217,187**	**– 193,991**	**881,696**	**3,197**	**2,407,172**	**57,261**	**2,464,433**

The other changes result from the acquisition of non-controlling interests.

Other equity developments are explained in note 28.

Notes

1. GENERAL INFORMATION

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

The consolidated financial statements and the Group management report of Symrise AG for the fiscal year ending December 31, 2019, were prepared by the Executive Board on February 18, 2020, and subsequently submitted to the Supervisory Board's Auditing Committee for review and approval.

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

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

2. ACCOUNTING POLICIES

2.1 Basis of preparation of the financial statements

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

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

2.2 Changes to accounting policies

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

The following new or revised standards and interpretations are mandatory from the 2019 fiscal year onwards:

- IFRS 16 “Leases”,
- IFRIC 23 “Uncertainty over income Tax Treatments”,
- Amendments to IFRS 9 – Prepayment features with negative compensation,
- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures,
- Annual improvements to IFRS (2015 – 2017 cycle),
- Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement.

IFRS 16 “Leases” replaces IAS 17 “Leases” and its corresponding interpretations and introduces a unified accounting model where leases are generally to be recognized in the lessee’s statement of financial position. Based on the analysis of the lease contracts concluded by Group companies, guidelines for future accounting and valuation were developed. With a few exceptions, these are contracts previously classified as operating leases where Symrise is the lessee; please see note 32 in the consolidated financial statements as of December 31, 2018.

The first-time application of IFRS 16 as of January 1, 2019, resulted in the following adjustments to the opening balance:

T€	December 31, 2018	Change	January 1, 2019
ASSETS			
Current assets	**1,835,459**	**– 362**	**1,835,097**
Other non-financial assets and receivables	81,018	– 362	80,656
Non-current assets	**3,084,920**	**89,144**	**3,174,064**
Property, plant and equipment	1,036,093	89,816	1,125,909
Other non-financial assets and receivables	27,054	– 648	26,406
Deferred tax assets	86,452	– 24	86,428
TOTAL ASSETS	**4,920,379**	**88,782**	**5,009,161**
LIABILITIES			
Current liabilities	**1,218,377**	**19,338**	**1,237,715**
Lease liabilities	652	19,338	19,990
Non-current liabilities	**1,757,594**	**69,232**	**1,826,826**
Other non-financial liabilities	5,407	– 215	5,192
Lease liabilities	3,658	69,447	73,105
TOTAL LIABILITIES	**2,975,971**	**88,570**	**3,064,541**
EQUITY			
Cumulative translation differences	– 189,413	3	– 189,410
Accumulated profit	705,668	136	705,804
Symrise AG shareholders’ equity	**1,891,992**	**139**	**1,892,131**
Non-controlling interests	52,416	73	52,489
TOTAL EQUITY	**1,944,408**	**212**	**1,944,620**
LIABILITIES AND EQUITY	**4,920,379**	**88,782**	**5,009,161**

The conversion to IFRS 16 was carried out according to the limited retrospective method, i.e., the comparative values of the previous periods were not adjusted. The effects of first-time application to be recognized in equity were not significant. As part of the first-time application of the new regulations, IFRS 16 was applied to all agreements that were already identified as leases under the previously applicable rules. Therefore, a reassessment of whether a lease exists in accordance with the criteria of IFRS 16 was waived. For each identified lease, a right-of-use asset was capitalized and a corresponding lease liability was recognized. Leases previously classified as finance leases were recognized at their previous carrying amounts and developed in accordance with IFRS 16. The option not to include the lessee's initial direct costs in measuring the right-of-use assets for leases existing at the date of transition was exercised. The practical expedient to assess probabilities with regard to the exercise of past termination and extension options on the basis of current facts was also used. Right-of-use assets and the corresponding lease liabilities were also recognized for leases expiring in the 2019 fiscal year. The option to refrain from carrying out an impairment test in accordance with IAS 36 "Impairment of Assets" at the transition date, and instead to determine based on provisions formed in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" whether the lease agreements constitute onerous contracts, is being exercised. Such onerous contracts were not identified at the time of initial application.

As part of the transition, right-of-use assets for leased property were recognized in the amount of T€ 98,637. This includes T€ 8,821 of already capitalized assets (including those from leasehold contracts) that were previously classified as finance leases. The lease liabilities at the initial application amounted to T€ 93,095, of which T€ 4,310 were previously recognized as finance lease liabilities. Based on the operating lease liabilities as of December 31, 2018, the reconciliation to the opening balance sheet value of the lease liabilities as of January 1, 2019, was as follows:

T€	Reconciliation
Payment obligations from operating leases as of December 31, 2018	**117,182**
Application simplification for short-term leases	– 1,566
Application simplification for leases on low-value assets	– 693
Other	– 679
Gross lease liabilities as of January 1, 2019	**114,244**
Discounting	– 25,459
Previous liabilities from finance leases	4,310
Lease liabilities as of January 1, 2019	**93,095**

The lease liabilities were discounted using the incremental borrowing rate as of January 1, 2019. The weighted average interest rate at the time of initial application was 3.93 %.

The following effects from the first-time application of IFRS 16 result in the consolidated income statement for the 2019 fiscal year from the leases existing on January 1, 2019: The income from operations (EBIT) improved by € 2.0 million, and interest expenses for lease contracts amounting to € 3.4 million are included in the financial result. Depreciation of right-of-use assets amounting to € 17.6 million results from contracts previously categorized as operating leases that existed at the time of initial application. The first-time application had no effect on basic earnings per share.

Similarly, the first-time application of IFRS 16 had a slightly positive effect on cash flow from operating activities. As a result of the new accounting standards, the previous expenses for operating leases are reported in cash flow from financing activities under the items "Interest paid" and "Principal portion of lease payments."

IFRIC 23 "Uncertainty over income Tax Treatments" clarifies requirements for the recognition and measurement of uncertain tax positions. The application of this interpretation had no material impact on the consolidated financial statements.

The other aforementioned changes had no impact on the consolidated financial statements.

The IASB published various standards and interpretations that were not yet mandatory to be applied in the 2019 fiscal year. These standards and interpretations are not being adopted early by Symrise. No material impacts are expected.

2.3 Estimates and assumptions

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

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

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

2.4 Consolidation principles and scope of consolidation

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

Full consolidation

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

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

Applying the equity method

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

Joint ventures and investments in associated companies are accounted for using the equity method. They are initially recognized at cost including transaction costs. After initial recognition, the consolidated financial statements include the Group's share of the total comprehensive income of the investments accounted for using the equity method until the joint control or significant influence ends. The consolidated income statement includes the Group's share of net income of the joint venture and the associated company.

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

Scope of consolidation

In the 2019 fiscal year, the scope of consolidation developed as follows:

	December 31, 2018	Additions	Disposals	December 31, 2019
Fully consolidated subsidiaries				
Domestic	11	–	1	**10**
Foreign	90	5	3	**92**
Joint ventures accounted for using the equity method				
Foreign	–	1	–	**1**
Associated companies accounted for using the equity method				
Foreign	1	2	–	**3**
Total	**102**	**8**	**4**	**106**

In the 2019 fiscal year, one company was founded and four companies were added as part of a business combination. Three companies ceased to exist due to mergers; one company was liquidated. A joint venture was added as part of a business combination. The addition of the associated companies resulted from foundations.

Business combinations

CUTECH S.R.L.

With the contract from May 2, 2019, Symrise S.r.l. (Italy) entered into a purchase agreement for the acquisition of all shares in the Italian company Cutech S.r.l., hereinafter referred to as “Cutech”. The closing of this transaction and the acquisition of control occurred on May 29, 2019. Cutech is a biotech company specializing in unique preclinical screening services in the Scent & Care segment based on innovative proprietary ex vivo models for the skin, sebaceous glands and hair. In addition, Cutech contributes a portfolio of patented natural ingredients such as microalgae, which complements the product lines of Symrise. The final transaction volume amounts to € 9.2 million, of which € 7.2 million has already been settled in cash. The remaining amount of € 2.0 million as of the reporting date of December 31, 2019, is deposited in a fiduciary account for guarantees and warranties.

The assets and liabilities initially recorded in the consolidated statement of financial position were recognized at the following fair values:

T€	Fair value as of the acquisition date
Intangible assets	2,623
Property, plant and equipment	869
Other current assets	2,341
Current liabilities	– 191
Non-current liabilities	– 692
Deferred tax liabilities	– 630
Acquired net assets	**4,320**
Consideration transferred for acquiring the interests	**9,221**
Goodwill	**4,901**

The – for tax purposes non-deductible – goodwill results from synergy and earning potentials that are expected from the integration of the operating business into the Symrise Group. No material acquisition-related costs were incurred for this transaction.

ADF/IDF

On January 31, 2019, Symrise signed an agreement with the owners of American Dehydrated Foods, Inc. and International Dehydrated Foods, Inc. (ADF/IDF) on the purchase of their group of companies. The companies are the leading providers of natural ingredients produced on the basis of chicken and egg products, in particular for food and pet food. With the acquisition, Symrise is looking to expand its leadership position in pet food, extending its palatability know-how primarily toward the Nutrition segment.

Clearance of Justice for the acquisition of ADF/IDF was granted by the US Department of Justice on November 1, 2019. This is also the acquisition date. As a prerequisite of this clearance, Symrise was obligated to sell its production site in Banks, Georgia. This sale had no impact on the strategic objective of the ADF/IDF acquisition.

The purchase price of USD 860.4 million (€ 771.1 million) after assumption of existing liabilities was paid completely in cash, financed through debt and equity. A partial amount of USD 127.5 million (€ 114.3 million) has been deposited into fiduciary accounts for guarantees and warranties for a maximum term of 18 months. The fair value of the assets and liabilities obtained was not available for this financial statement due to the temporal proximity of the transaction with the end of the reporting period. Following the premise that these will be assumed at their carrying amount, the following difference results:

	Preliminary recognized fair value in TUSD as of the acquisition date	Preliminary recognized fair value in T€ as of the acquisition date
Cash and cash equivalents	22,683	20,332
Trade receivables	32,290	28,942
Inventories	27,133	24,321
Intangible assets	2,016	1,807
Property, plant and equipment	79,101	70,901
Investments in companies accounted for using the equity method	13,569	12,163
Other assets	6,833	6,125
Borrowings	– 26,237	– 23,518
Liabilities arising from transaction-related one-time payments	– 35,545	– 31,861
Trade payables	– 1,575	– 1,412
Other liabilities	– 15,314	– 13,726
Acquired net assets	**104,954**	**94,074**
Consideration transferred for acquiring the interests	**860,365**	**771,179**
Goodwill	**755,411**	**677,105**

The (preliminary) goodwill of USD 755.4 million (€ 677.1 million) stems from synergy and earning potentials that are expected from the integration of the operating business into the Symrise Group.

The first-time consolidation of the ADF/IDF group should be viewed as preliminarily and is based on estimates that are subject to adjustment in order to take into consideration facts and conditions that already existed as of the acquisition date.

In the Nutrition segment in 2019, one-time, non-recurring ancillary acquisition costs related to acquisition and integration and totaling € 16.3 million were recognized in the operating result in selling and marketing expenses (€ 1.1 million) and in administration expenses (€ 15.2 million). The financial result includes a positive special effect of € 10.4 million from hedging for the purchase of USD in connection with this acquisition.

From the acquisition date, the acquired companies contributed € 32.0 million to sales and € 5.9 million to consolidated net income. Under the assumption that the business combination had taken place by January 1, 2019, Group sales would have amounted to € 3,567.8 million and consolidated net income to € 334.5 million. The pro forma numbers were determined using estimates. Simplifying assumptions were used as the basis for these.

2.5 Summary of significant accounting policies

FOREIGN CURRENCY TRANSLATION

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

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

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

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

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

		Closing rate = € 1		Average rate = € 1	
Currency		December 31, 2018	December 31, 2019	2018	2019
Brazilian Real	BRL	4.445	4.516	4.305	4.415
Chinese Renminbi	CNY	7.860	7.819	7.805	7.734
British Pound	GBP	0.897	0.847	0.885	0.878
Mexican Peso	MXN	22.520	21.197	22.708	21.555
US Dollar	USD	1.145	1.123	1.181	1.120

ACCOUNTING PRACTICES IN COUNTRIES WITH HYPERINFLATION

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

RECOGNITION OF SALES REVENUE

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

GOVERNMENT GRANTS

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

LEASES

According to IFRS 16, a lease exists when a contract entitles the right to control the use of an identified asset for a specific period in exchange for a consideration. With IFRS 16, accounting for lessees is based on a right-of-use model. In the statement of financial position, the lessee is to recognize right-of-use assets for the leased asset and liabilities for the payment obligations incurred. The previous expenses for operating leases are replaced by a depreciation of the right-of-use assets and interest expenses for the liabilities from the lease. The accounting for the lessor did not see such extensive changes through IFRS 16 as accounting for the lessee.

Since January 1, 2019, Symrise, as the lessee, recognizes right-of-use assets for the leased asset and liabilities for payment obligations incurred at present value for all leases in the statement of financial position. These payment obligations include fixed payments less any lease incentives, de facto fixed payments, variable payments linked to an index or interest rate, payments based on residual value guarantees, the price of purchase options deemed reasonably certain to be exercised and any premature termination penalties. Lease payments are generally discounted at the incremental borrowing rate of the respective Group company. Its determination is based on a maturity-equivalent base rate. At Symrise, this is determined separately for maturities up to and including 30 years based on yield curves of government bonds (or comparable bonds from public institutions) of the respective country. If such information is not available, the corresponding base rate is derived individually using recognized financial models. In addition, the incremental borrowing rate includes a credit risk premium. Asset-specific adjustments, however, are not included at Symrise as they are generally uncommon in the current financing structure. Right-of-use assets are valued at amortized cost. The initial recognition includes the amount resulting from the initial measurement of the lease obligation. In addition, lease payments made on or before preparation less lease incentives, initial direct costs and dismantling obligations are taken into account. The right-of-use asset is depreciated on a straight-line basis, whereby the depreciation period is the shorter period from the lease term and the economic life of the underlying leased asset. Right-of-use assets are recognized under property, plant and equipment; these also include the right-of-use assets from contracts previously classified as finance leases. The exemption from accounting for leases that expire within twelve months from the date of first use and those from low-value assets is being exercised so that payments are instead recognized as straight-line expenses in the consolidated income statement. Separate lease components must be recognized and measured separately, and the option to apply the portfolio approach is not being exercised. The option to separate lease components from non-lease components is being exercised only for real estate and vehicle lease contracts. A number of leases include extension and termination options to provide the Group with the maximum operational flexibility. To determine the lease term, consideration is given to all facts and circumstances that determine the economic incentive to exercise or not exercise options. Term changes are only considered if they are reasonably certain. The option to also apply IFRS 16 to intangible assets or rights to use such assets is not being exercised.

Until December 31, 2018, leases were recognized and measured pursuant to the provisions of IAS 17. These are described below: a lease was defined as an agreement whereby the lessor assigned to the lessee the right to use an asset for an agreed period of time in return for a payment or series of payments. Leases were classified as either finance leases or operating leases. Lease transactions that substantially transfered all rewards and risks incidental to ownership of the leased asset to the lessee were classified as finance leases. All other leases were classified as operating leases. Where Symrise was the lessee in a finance lease, the leased asset was recognized in the statement of financial position at the lower of the fair value of the leased asset or the present value of the minimum lease payments at the commencement of the lease term and simultaneously recognized in financial liabilities. The minimum lease payments essentially comprised finance costs and the principal portion of the remaining obligation, which was determined according to the effective interest method. The leased asset was depreciated on a straight-line basis over its assumed useful life or the term of the lease, whichever was shorter. Payments Symrise made as a lessee for operating leases were recognized as expenditure in the consolidated income statement on a straight-line basis over the term of the lease agreement.

INCOME TAXES

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

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

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

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

Current and deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current taxes receivable and payable and they relate to income taxes levied by the same tax authority on a company. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available in the future against which deductible temporary differences, unutilized tax loss carry forwards or unutilized tax credits can be offset. If an assessment of probability is not possible, deferred tax assets are diminished. This requires Symrise to make estimates, judgments and assumptions about the tax gains of every Group company. In determining the ability to use deferred tax assets, Symrise considers all available information including taxable income generated in the past and forecast taxable income in the periods in which the deferred tax assets will likely be realized. In determining future taxable income, the expected market conditions as well as other facts and circumstances are considered. Every change to these underlying facts or to estimates and assumptions can result in an adjustment to the balance of deferred tax assets. Further information can be found in note 21.

EARNINGS PER SHARE

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

As a result of the convertible bond issue in 2017, diluted earnings differ from the basic earnings. For the calculation of diluted earnings per share, the average number of shares issued is adjusted by the number of all dilutive potential shares. In this case, the maximum number of ordinary shares that are to be issued if all conversion rights are exercised from the convertible bond are taken into account. The consolidated net income attributable to the shareholders of Symrise AG is adjusted for the impact on earnings arising in connection with the convertible bond.

BUSINESS COMBINATIONS AND GOODWILL

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

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

OTHER INTANGIBLE ASSETS

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

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

Intangible assets	Useful life
Software	2–10 years
Recipes	5–25 years
Trademarks	6–40 years
Customer base	6–15 years
Patents and other rights	1–40 years

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

RESEARCH AND DEVELOPMENT EXPENSES

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

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

FINANCIAL INSTRUMENTS

General information

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

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

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

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

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

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

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

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

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

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

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

Trade receivables and other receivables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, balances on hand with banks and short-term liquid investments that can be converted into a fixed amount at any time and are subject to only insignificant fluctuations in value. Cash is principally measured at amortized cost and cash equivalents at fair value through profit or loss. Due to the external credit rating of the respective counterparty, Symrise considers its cash and cash equivalents to be low-risk.

Other financial assets

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

Equity instruments do not meet the cash flow conditions, as the cash flows resulting from such instruments do not exclusively represent solely payments of principal and interest on the principal amount outstanding. They are therefore measured at fair value through profit or loss, and changes in measurement are thus recognized in net income (FVTPL).

Other financial assets are recognized as either current or non-current assets according to management's plans regarding their sale.

Compound financial instruments

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

INVENTORIES

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

PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

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

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

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

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

OTHER PROVISIONS

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

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

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

Non-current provisions are recognized at the present value of the expected obligation amounts as of the end of the reporting period. Regularly updated interest rates for safe investments are used for discounting. Additions to provisions are generally recognized through profit or loss in the respective expense category of the affected functions. A positive or negative difference that resulted from the fulfillment of the obligation is recognized at its carrying amount under the corresponding functional expense. Where positive differences not relating to the period under review are concerned, these are recognized under other operating income.

IMPAIRMENTS

Trade receivables

Symrise chose the simplified accounting for trade receivables, in which impairment is calculated based on the lifetime expected credit loss. The financial situation of individual customers is first considered when analyzing the impairment of trade receivables. Impairment losses for individual customer balances are recognized if it is probable that the contractually agreed receivable will not be paid. Following this, impairment losses for trade receivables based on homogeneous receivable classes are recognized that correspond to the associated risk of default, past receivable defaults as well as general market conditions such as trade embargoes or natural disasters. Symrise creates a general bad debt allowance for impairment considerations for a portfolio of receivables when Symrise is of the opinion that the age of the receivables represents an indicator that it is probable that a loss has occurred or that none or only some of the amounts due can be collected.

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

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

Other financial assets

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

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

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

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

Non-financial assets

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

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

Goodwill

In accordance with IAS 36, goodwill is tested for impairment at least once per year. Symrise normally carries out its annual impairment test for goodwill on September 30. If events or changes in circumstances indicate that an impairment loss may need to be recognized, then tests are carried out more frequently. For impairment tests, goodwill is to be allocated to the cash-generating unit within the Group that is intended to benefit from the synergies of the business combination. Every unit with goodwill allocated to it represents the lowest level within the Group at which goodwill is monitored for internal management purposes and is not larger than an operating segment as defined by IFRS 8. Three reportable segments and cash-generating units were identified within the Symrise Group for allocation of goodwill: Scent & Care, Flavor and Nutrition.

Any impairment loss is ascertained by determining the recoverable amount attributable to the cash-generating unit to which the goodwill relates. The recoverable amount of a cash-generating unit is the higher of the fair value less any costs to sell (Level 3) and its value in use. Both values are based on the discounted cash flow method. If one of the two values exceeds its carrying amount, it is not necessary to determine both values. For Symrise, the determined fair value less costs to sell was higher than its carrying amount, so the value in use was not determined. The cash flows are derived from corporate planning and are mainly based on assumptions relating to future selling prices and/or sales volumes and costs while taking into account any changed economic circumstances. Net cash inflows outside of the planning period are determined on the basis of long-term business expectations using individual growth rates derived from the respective market information. The planning information is based on a detailed planning horizon for the fiscal years 2020 to 2024. A growth rate of 1.0 % (previous year: 1.0 %) was assumed for the measurement of perpetual annuity. The cash flows determined in this manner were discounted with a weighted average cost of capital factor (WACC) after taxes of 5.93 % for Scent & Care, 5.56 % for Flavor and 6.45 % for Nutrition (2018: 6.62 % for Scent & Care, 6.23 % for Flavor and 6.74 % for Nutrition). WACC before taxes was 7.75 % for Scent & Care, 7.08 % for Flavor and 8.06 % for Nutrition. Cost of equity and borrowing costs were weighted with a capital structure based on a group of comparable companies. Capital market data and data from comparable companies were used in determining cost of equity and borrowing costs. For this reason, different assumptions and estimates of future cash flows are used, which are of a complex nature and are associated with considerable discretionary judgments and assumptions regarding future developments. Actual cash flows and values can therefore widely vary from the forecast future cash flows and values that were determined by means of the discounted cash flows. Although Symrise believes that assumptions and estimates made in the past were reasonable, differing assumptions and estimates could substantially impact its net assets, financial position and results of operations. Additionally, the results of the impairment tests for goodwill are influenced by the allocation of this goodwill to cash-generating units.

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

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

DETERMINING FAIR VALUE

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

Financial instruments – General principles

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

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

Property, plant and equipment

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

Intangible assets

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

Inventories

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

3. SEGMENT INFORMATION

DESCRIPTION OF REPORTABLE SEGMENTS

For internal reporting purposes, Symrise presents business activities in a number of different ways, mainly based on segments and geographical regions. Based on this reporting information, the Executive Board, which carries responsibility as chief operating decision-maker for the success of the various segments and the allocation of resources, assesses the business activities from a number of angles. Operating segments are divided into divisions. The organization of the three reportable segments, Scent & Care, Flavor and Nutrition, is product based. The **Scent & Care** segment develops, produces and sells fragrance ingredients and compositions, cosmetic ingredients and mint flavors as well as specific application processes for such substances. The products and application processes developed by Symrise in the Scent & Care segment are used by customers in manufacturing perfumes, personal care and cosmetic products, cleaning products, detergents, air fresheners and oral care products. The **Flavor** segment develops, produces and sells flavors and functional ingredients used in the production of foods (savory and sweet foods as well as milk products), beverages and health products. Alongside functional ingredients, the **Nutrition** segment develops, produces and sells tailored solutions from natural raw materials. These are found in foods and beverages, pet foods, aquacultures and cosmetics. The segment reporting by region is aligned to the location of assets. Sales to customers are reported in the geographical region in which the customer is located. Countries are grouped together for internal accounting and reporting purposes into the regions EAME (Europe, Africa, Middle East), North America, Asia/Pacific and Latin America.

MEASUREMENT CRITERIA FOR THE SEGMENTS

Internal reporting in the Symrise Group is based on the IFRS accounting principles detailed in note 2.5. Transactions are only conducted between the segments to an immaterial extent. These are settled at market prices and have not been separately disclosed for materiality reasons. External sales represent the sales of the three segments to third parties and thus their sum equals consolidated sales of the Symrise Group. The revenue and expenditure of the Symrise Group's central units and functions are completely included in the three segments Scent & Care, Flavor and Nutrition based on performance-related, or utilization-related, criteria. The result-related determining factor for the management of the segments is the earnings before interest, taxes, depreciation and amortization (EBITDA). The depreciation and amortization charges that can be directly attributed to each segment are included in determining the segment contribution. The financial result is not included as the segments are mainly centrally financed. This is the reason why financial income and expenses are disclosed below at Group level and combined together in the form of the financial result. Taxes are treated in a similar manner so that net income after tax is reported combined to give the consolidated earnings. Investments made by a segment comprise all expenditure incurred during the reporting period for the purpose of acquiring intangible assets and property, plant and equipment. The Executive Board, which is the chief operating decision-maker, receives all information with respect to segment assets and liabilities in an aggregated form. The allocation of goodwill to segments is disclosed in note 18.

SEGMENT RESULTS

2018 T€	Scent & Care	Flavor	Nutrition	Segment total = Group total
External sales	1,324,051	1,191,140	638,841	**3,154,032**
Cost of goods sold	– 806,724	– 698,052	– 407,782	**– 1,912,558**
Gross profit	**517,327**	**493,088**	**231,059**	**1,241,474**
Selling and marketing expenses	– 195,551	– 182,222	– 112,168	**– 489,941**
Research and development expenses	– 97,535	– 73,468	– 29,438	**– 200,441**
Administration expenses	– 52,595	– 56,718	– 55,415	**– 164,728**
Other operating income	21,156	14,583	15,209	**50,948**
Other operating expenses	– 1,055	– 2,060	– 225	**– 3,340**
Income from operations/EBIT	**191,747**	**193,203**	**49,022**	**433,972**
Amortization and impairment of intangible assets	28,896	16,451	58,765	**104,112**
Depreciation and impairment of property, plant and equipment	33,753	34,216	24,468	**92,437**
EBITDA	**254,396**	**243,870**	**132,255**	**630,521**
Financial result				**– 44,929**
Earnings before income taxes				**389,043**
Income taxes				**– 109,356**
Net income				**279,687**
Other segment information				
Investments[1]				
Intangible assets	7,761	4,444	2,543	**14,748**
Property, plant and equipment	91,849	58,877	60,620	**211,346**

[1] Without additions from business combinations.

2019 T€	Scent & Care	Flavor	Nutrition	Segment total = Group total
External sales	1,419,064	1,257,333	731,457	**3,407,854**
Cost of goods sold	– 852,151	– 711,424	– 477,200	**– 2,040,775**
Gross profit	**566,913**	**545,909**	**254,257**	**1,367,079**
Selling and marketing expenses	– 208,321	– 201,707	– 121,498	**– 531,526**
Research and development expenses	– 105,162	– 77,945	– 30,242	**– 213,349**
Administration expenses	– 60,614	– 64,492	– 75,878	**– 200,984**
Other operating income	10,830	9,845	24,912	**45,587**
Other operating expenses	– 312	– 1,703	– 385	**– 2,400**
Result of companies accounted for using the equity method[1]	– 24	– 486	289	**– 221**
Income from operations/EBIT	**203,310**	**209,421**	**51,455**	**464,186**
Amortization and impairment of intangible assets	29,925	14,756	58,490	**103,171**
Depreciation and impairment of property, plant and equipment	44,765	44,287	34,466	**123,518**
EBITDA	**278,000**	**268,464**	**144,411**	**690,875**
Financial result				**– 45,825**
Earnings before income taxes				**418,361**
Income taxes				**– 113,224**
Net income				**305,137**
Other segment information				
Investments[2]				
Intangible assets	15,114	9,294	1,573	**25,981**
Property, plant and equipment	83,121	45,240	47,893	**176,254**
of which from leases	12,637	4,323	3,652	**20,612**

[1] Allocation to the segments is still preliminary.
[2] Without additions from business combinations; for further information please see note 2.4.

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

RESULT BY REGION

	Sales by region (point of delivery)		Investments[1]	
T€	2018	2019	2018	2019
EAME	1,378,505	1,430,636	61,481	75,331
North America	710,583	808,647	104,377	74,445
Asia/Pacific	681,972	757,890	35,682	28,273
Latin America	382,972	410,681	24,554	24,186
Total	**3,154,032**	**3,407,854**	**226,094**	**202,235**

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

Sales are generated in various countries; Germany accounts for € 292.0 million (2018: € 285.7 million). Sales in North America were mainly generated in the USA (€ 765.0 million; 2018: € 675.0 million).

Investments in property, plant and equipment include effects from leases amounting to € 20.6 million. These account for € 13.0 million in North America, € 3.9 million in Asia/Pacific, € 3.0 million in EAME and € 0.7 million in Latin America. Non-current assets – excluding financial instruments as well as investments in companies accounted for using the equity method and deferred tax assets – of € 3,733.5 million (December 31, 2018: € 2,975.6 million) are mainly located in Germany with € 1,870.6 million (December 31, 2018: € 1,260.3 million).

ADDITIONAL DISCLOSURES ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

4. SALES

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

Symrise breaks down and reports sales growth by segment – based on the previous year's sales – as the components "organic growth," "portfolio effects" and "exchange rate effects." Comparable exchange rates are used as the basis to determine organic growth for the sales of the reporting year and the previous year. Portfolio-related changes include the effects of additions to and disposals from the scope of consolidation. The remaining change is due to exchange rate movements.

The following table shows these components for the three segments:

T€	Scent & Care	Flavor	Nutrition
Sales 2018	**1,324,051**	**1,191,140**	**638,841**
Organic growth	74,800	44,781	59,679
Portfolio effects	0	0	31,993
Exchange rate differences	20,213	21,412	944
Sales 2019	**1,419,064**	**1,257,333**	**731,457**

Sales are recognized at a specific point in time and due within one year. Portfolio effects in the current fiscal year resulted from the business combination of ADF/IDF group described in note 2.4. For a breakdown of sales by segments and regions, please see the segment reporting under note 3 of the notes to the consolidated financial statements as well as the explanations in the Group management report.

5. COST OF GOODS SOLD

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

6. PERSONNEL EXPENSES

T€	2018	2019
Wages and salaries	– 508,281	– 562,607
Social security expenses	– 112,124	– 119,473
Pension expenses (excluding interest expenses)	– 16,853	– 16,117
Other personnel expenses	– 4,348	– 7,928
Total	**– 641,606**	**– 706,125**

The increase in wages and salaries as well as social security expenses compared to the previous year is primarily due to a higher number of employees as well as regular salary adjustments. Social security expenses include social security contributions that the organization is required to make by law. These include defined contribution plan benefits of € 21.3 million (2018: € 20.6 million).

Other personnel expenses include expenses for termination benefits and expenses for the multi-year performance-based remuneration of the Executive Board and selected employees. The annual bonuses and bonuses for other employees are recognized in wages and salaries.

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

Full-time equivalents (FTE)	2018	2019
Manufacturing & Technology	4,312	4,539
Sales & Marketing	2,243	2,337
Research & Development	1,686	1,743
Administration	779	826
Service companies	435	446
Number of employees	**9,455**	**9,891**
Apprentices and trainees	127	127
Total	**9,582**	**10,018**

7. SELLING AND MARKETING EXPENSES

Selling and marketing expenses from the period mainly include expenses for advertising and customer service as well as distribution and storage for finished products. They also contain transportation costs, expenses for commissions and licenses as well as amortization of customer bases and trademarks recognized as assets. The increase compared to the previous year is primarily attributed to increased personnel costs as well as sales-related higher freight and storage costs in the Flavor segment. Please refer to the segment reporting information for a presentation of selling and marketing expenses by segment (see note 3).

8. RESEARCH AND DEVELOPMENT EXPENSES

Besides basic research, research and development expenses include the development of products to generate sales revenue as well as new or improved processes to reduce the cost of goods sold. Such costs cannot be capitalized. The increase compared with the previous year is mainly due to higher personnel costs as a result of expanded research and development activities in the Scent & Care segment. Please refer to the segment reporting information for a presentation of research and development expenses by segment (see note 3).

9. ADMINISTRATION EXPENSES

Administration expenses mainly contain expenses for information technology, finances, human resources and legal as well as for factory security, work safety and administration buildings. Administration expenses increased compared to the previous year, mainly due to the acquisition and integration costs incurred in connection with the business combination of ADF/IDF (see note 2.4).

10. OTHER OPERATING INCOME

Other operating income includes items not related to the sale of products. This includes, for example, income from government grants to promote research projects (€ 9.2 million, 2018: € 13.4 million), income from service companies (logistics, technology, safety and environment) for services provided to third parties by Group companies (€ 7.2 million, 2018: € 5.7 million), and income from the reversal of provisions and liabilities where utilization is no longer expected or where it is certain it will not be utilized (€ 6.8 million, 2018: € 6.3 million). Other income includes gains from the disposal of non-current assets, income from research, development and other services rendered to third parties, insurance and other reimbursements as well as other non-periodic income.

11. FINANCIAL RESULT

T€	2018	2019
Interest income from bank deposits	1,906	2,646
Other interest income	2,741	2,241
Interest income	**4,647**	**4,887**
Other financial income	1,677	1,260
Financial income	**6,324**	**6,147**
Interest expenses from bank borrowings	– 2,844	– 3,537
Interest expenses from other borrowings	– 28,467	– 30,716
Other interest expenses	– 10,766	– 17,173
Interest expenses	**– 42,077**	**– 51,426**
Other financial expenses	– 9,176	– 546
Financial expenses	**– 51,253**	**– 51,972**
Financial result	**– 44,929**	**– 45,825**
of which interest result	– 37,430	– 46,539
of which other financial result	– 7,499	714

Other interest expenses mainly comprise the compounding of provisions for pensions amounting to € 11.0 million (2018: € 9.5 million) and interest expense for lease liabilities of € 3.2 million (2018: € 0.2 million within the framework for finance leases in accordance with IAS 17). Other financial expenses comprise predominantly currency translation effects. These mainly result from internal Group lending granted to foreign subsidiaries. Due to the very volatile nature of some currencies, there are regularly substantial changes in this position. Other financial expenses include a positive special effect of € 10.4 million from hedging for the purchase of USD in connection with the acquisition of the ADF/IDF group.

12. INCOME TAXES

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

T€	2018	2019
Current income taxes	**– 127,010**	**– 109,287**
Deferred tax expense/income from losses carried forward	– 6,886	6,967
Deferred tax expense/income from temporary differences	24,540	– 10,904
Deferred tax expense/income	**17,654**	**– 3,937**
Income taxes	**– 109,356**	**– 113,224**

Income taxes in the reporting year increased by € 3.9 million to € 113.2 million. The tax rate decreased compared with the previous year, amounting to 27.1 % (2018: 28.1 %).

The decrease in current income taxes of € 17.7 million to € 109.3 million is a result of increases in the operating result in countries with lower nominal tax rates as well as additional depreciation possibilities compared to the previous year. The change to the deferred tax result primarily results from the amortization of intangible assets.

DERIVATION OF THE EFFECTIVE TAX RATE

The income taxes disclosed in the year reported, amounting to € 113.2 million (2018: € 109.4 million), can be derived from an expected income tax expense, which would have arisen if the statutory tax rates, giving consideration to different local tax rates, had been applied to consolidated net income in accordance with IFRS before income taxes:

T€	2018	2019
Earnings before income taxes	**389,043**	**418,361**
Expected tax expense at local tax rates	– 99,785	– 105,080
Tax effect from previous periods	– 12,041	2,085
Tax effect from tax-free income	18,210	19,762
Tax effect from non-deductible expenses and taxable income	– 19,103	– 21,835
Non-recoverable withholding tax	– 4,899	– 4,756
Tax effect from value adjustments to deferred tax assets	3,765	– 4,987
Tax effect from change in tax rate	– 2,382	186
Other tax effects	6,879	1,401
Income tax expense	**– 109,356**	**– 113,224**

The resulting theoretical expected tax expense increased in absolute terms compared with the previous year, whereas the tax rate decreased. This mainly resulted from the relatively high profit shares in countries with lower nominal tax rates. The tax effect from non-deductible expenses mainly arose from non-deductible interest from the tax reform introduced in the USA in the year 2018, commercial tax additions in Germany, the inclusion of effects from dividends received and other local taxes not related to income. The proposed dividend for the 2019 fiscal year (see note 28) will not have any income tax consequences for Symrise. Future income and withholding taxes resulting from planned distributions of Group companies are recognized under deferred tax liabilities.

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

	2018			2019		
T€	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Exchange rate differences resulting from the translation of foreign operations	26,879	– 1,730	25,149	– 2,305	– 1,996	– 4,301
Cash flow hedge (currency hedges)	– 950	280	– 670	300	– 89	211
Remeasurement of defined benefit pension plans	23,879	– 6,782	17,097	– 77,654	22,156	– 55,498
Change in tax rate	0	– 99	– 99	0	456	456
Other comprehensive income	**49,808**	**– 8,331**	**41,477**	**– 79,659**	**20,527**	**– 59,132**
of which current taxes		591			253	
of which deferred taxes		– 8,922			20,274	

13. AMORTIZATION AND DEPRECIATION

Amortization of intangible assets and depreciation of property, plant and equipment are shown in the statement of changes in fixed assets in notes 18 and 19.

14. EARNINGS PER SHARE

	Unit	2018	2019
Consolidated net income attributable to shareholders of Symrise AG	**T€**	**275,330**	**298,308**
Weighted average number of ordinary shares	shares	129,812,574	134,802,828
Basic earnings per share	**€**	**2.12**	**2.21**

	Unit	2018	2019
Consolidated net income attributable to shareholders of Symrise AG	**T€**	**275,330**	**298,308**
Impact on net income from the convertible bond, after taxes	T€	3,919	3,953
Adjusted consolidated net income attributable to shareholders of Symrise AG	**T€**	**279,249**	**302,261**
Weighted average number of ordinary shares	shares	129,812,574	134,802,828
Dilutive potential shares	shares	4,354,476	4,354,476
Weighted average number of shares for diluted earnings	shares	134,167,050	139,157,304
Diluted earnings per share	**€**	**2.08**	**2.17**

The new shares resulting from the capital increase in February 2019 are included pro rata temporis in the calculation to determine the basic earnings.

ADDITIONAL DISCLOSURES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

15. CASH AND CASH EQUIVALENTS

T€	December 31, 2018	December 31, 2019
Cash	272,281	419,070
Cash equivalents	7,314	26,830
Total	**279,595**	**445,900**

Cash and cash equivalents comprise cash balances, balances on hand with banks and short-term liquid investments that can be converted into a fixed amount at any time and are subject to only insignificant fluctuations in value. The amount of funds held usually fluctuates as of the reporting date.

16. TRADE RECEIVABLES

T€	December 31, 2018	December 31, 2019
Trade receivables	607,467	657,660
Allowance	– 11,071	– 9,985
Total	**596,396**	**647,675**

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

The gross carrying amount of trade receivables includes € 574.0 million of trade receivables that are not overdue and with no allowance set up (December 31, 2018: € 533.7 million), € 71.5 million of trade receivables overdue with a partial allowance set up (December 31, 2018: € 68.7 million) and € 12.2 million of trade receivables that are not overdue but with a partial allowance set up (December 31, 2018: € 5.1 million). The impairment losses of € 10.0 million (December 31, 2018: € 11.1 million) recognized in the reporting year can be divided into a specific bad debt allowance of € 2.1 million (December 31, 2018: € 2.5 million) as well as a general bad debt allowance of € 7.9 million (December 31, 2018: € 8.6 million).

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

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

T€	2018	2019
January 1	**14,102**	**11,071**
Changes to the scope of consolidation	158	328
Allowances set up	4,975	2,932
Utilized in the reporting year	– 2,866	– 4,005
Reversals	– 4,950	– 429
Exchange rate differences	– 348	88
December 31	**11,071**	**9,985**

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

17. INVENTORIES

T€	December 31, 2018	December 31, 2019
Raw materials	291,034	280,140
Unfinished products	289,518	295,519
Finished products	283,760	335,755
Allowance	– 19,438	– 22,175
Total	**844,874**	**889,239**

The cost of goods sold includes material costs without currency translation effects amounting to € 1,494.6 million (December 31, 2018: € 1,401.9 million). The increase in finished products is mainly due to inventories of companies acquired in 2019. Inventories are solely subject to reservations of titles that are standard in the industry.

18. INTANGIBLE ASSETS

T€	Goodwill	Recipes and technologies	Other intangible assets[1]	Capitalized development costs	Advance payments and intangible assets in development	Total
Costs						
January 1, 2018	**1,225,718**	**712,066**	**920,476**	**18,394**	**18,858**	**2,895,512**
Additions from business combinations	9,532	927	6,492	0	0	**16,951**
Additions from acquisitions	0	0	4,336	0	9,240	**13,576**
Additions from internal development	0	0	0	722	450	**1,172**
Disposals	0	0	– 2,948	– 3,005	– 17	**– 5,970**
Transfers	0	0	6,763	284	– 7,047	**0**
Exchange rate differences	15,214	8,485	7,736	– 288	– 18	**31,129**
December 31, 2018	**1,250,464**	**721,478**	**942,855**	**16,107**	**21,466**	**2,952,370**
Accumulated amortization and impairment losses						
January 1, 2018	**– 43,021**	**– 555,191**	**– 318,154**	**– 13,256**	**0**	**– 929,622**
Amortization for the fiscal year	0	– 29,993	– 73,068	– 1,051	0	**– 104,112**
Disposals	0	0	2,948	3,005	0	**5,953**
Exchange rate differences	– 1,322	– 7,242	– 3,681	111	0	**– 12,134**
December 31, 2018	**– 44,343**	**– 592,426**	**– 391,955**	**– 11,191**	**0**	**– 1,039,915**
Carrying amounts						
January 1, 2018	1,182,697	156,875	602,322	5,138	18,858	**1,965,890**
December 31, 2018	**1,206,121**	**129,052**	**550,900**	**4,916**	**21,466**	**1,912,455**

[1] Other intangible assets mainly contain customer bases, trademarks, software, patents and other rights, as well as own IT developments.

T€	Goodwill	Recipes and technologies	Other intangible assets[1]	Capitalized development costs	Advance payments and intangible assets in development	Total
Costs						
January 1, 2019	**1,250,464**	**721,478**	**942,855**	**16,107**	**21,466**	**2,952,370**
Additions from business combinations	682,006	307	3,937	0	187	**686,437**
Additions from acquisitions	0	0	10,189	0	12,291	**22,480**
Additions from internal development	0	0	0	466	3,035	**3,501**
Disposals	0	0	– 6,688	– 253	– 175	**– 7,116**
Transfers	0	0	11,624	263	– 11,887	**0**
Exchange rate differences	– 23,946	5,523	4,954	– 161	6	**– 13,624**
December 31, 2019	**1,908,524**	**727,308**	**966,871**	**16,422**	**24,923**	**3,644,048**
Accumulated amortization and impairment losses						
January 1, 2019	**– 44,343**	**– 592,426**	**– 391,955**	**– 11,191**	**0**	**– 1,039,915**
Amortization for the fiscal year	0	– 28,341	– 73,938	– 892	0	**– 103,171**
Disposals	0	0	6,652	253	0	**6,905**
Exchange rate differences	– 325	– 4,636	– 2,287	63	0	**– 7,185**
December 31, 2019	**– 44,668**	**– 625,403**	**– 461,528**	**– 11,767**	**0**	**– 1,143,366**
Carrying amounts						
January 1, 2019	1,206,121	129,052	550,900	4,916	21,466	**1,912,455**
December 31, 2019	**1,863,856**	**101,905**	**505,343**	**4,655**	**24,923**	**2,500,682**

[1] Other intangible assets mainly contain customer bases, trademarks, software, patents and other rights, as well as own IT developments.

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

Please refer to note 2.4 for the additions from business combinations. The difference between the expected net assets and the consideration for the acquisition of the shares in the ADF/IDF group has been preliminarily capitalized as goodwill as of the end of the reporting period. The additions from acquisitions mostly relate to advance payments for software, primarily SAP applications, and to the registration of chemicals according to the European chemicals directive (REACH).

Capitalized development costs, including those currently in progress, amounted to € 5.1 million as of the end of the reporting period (December 31, 2018: € 5.4 million).

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

GOODWILL ACCORDING TO SEGMENT

T€	December 31, 2018	December 31, 2019
Scent & Care	238,397	237,532
Flavor	535,242	526,684
Nutrition	432,482	1,099,640
Total	**1,206,121**	**1,863,856**

19. PROPERTY, PLANT AND EQUIPMENT

T€	Land and buildings	Plants and machinery	Equipment	Assets under construction	Total
Costs					
January 1, 2018	**539,434**	**782,097**	**247,169**	**163,497**	**1,732,197**
Additions from business combinations	3,401	198	209	1,026	**4,834**
Other additions	4,888	11,760	12,493	182,205	**211,346**
Disposals	– 2,389	– 6,454	– 10,531	– 139	**– 19,513**
Transfers	52,100	66,997	7,596	– 126,693	**0**
Exchange rate differences	6,218	12,383	1,544	3,867	**24,012**
December 31, 2018	**603,652**	**866,981**	**258,480**	**223,763**	**1,952,876**
Accumulated depreciation and impairment losses					
January 1, 2018	**– 224,029**	**– 447,947**	**– 158,601**	**0**	**– 830,577**
Depreciation for the fiscal year	– 20,776	– 50,972	– 20,689	0	**– 92,437**
Disposals	1,951	6,008	7,970	0	**15,929**
Exchange rate differences	– 2,292	– 6,134	– 1,272	0	**– 9,698**
December 31, 2018	**– 245,146**	**– 499,045**	**– 172,592**	**0**	**– 916,783**
Carrying amounts					
January 1, 2018	315,405	334,150	88,568	163,497	**901,620**
December 31, 2018	**358,506**	**367,936**	**85,888**	**223,763**	**1,036,093**
of which finance leases	3,578	1,090	8	0	**4,676**

T€	Land and buildings	Plants and machinery	Equipment	Assets under construction	Total
Costs					
January 1, 2019	**603,652**	**866,981**	**258,480**	**223,763**	**1,952,876**
Adjustment due to IFRS 16	81,873	77	7,866	0	**89,816**
January 1, 2019 (adjusted)	**685,525**	**867,058**	**266,346**	**223,763**	**2,042,692**
Additions from business combinations	25,761	41,020	2,266	2,723	**71,770**
Other additions	20,257	11,364	17,964	126,669	**176,254**
Disposals	– 23,519	– 29,995	– 12,963	– 154	**– 66,631**
Transfers	44,954	132,094	8,396	– 185,444	**0**
Exchange rate differences	6,020	7,740	2,036	3,176	**18,972**
December 31, 2019	**758,998**	**1,029,281**	**284,045**	**170,733**	**2,243,057**
Accumulated depreciation and impairment losses					
January 1, 2019	**– 245,146**	**– 499,045**	**– 172,592**	**0**	**– 916,783**
Depreciation for the fiscal year	– 37,562	– 58,967	– 26,989	0	**– 123,518**
Disposals	1,486	6,358	11,355	0	**19,199**
Exchange rate differences	– 1,980	– 3,921	– 1,044	0	**– 6,945**
December 31, 2019	**– 283,202**	**– 555,575**	**– 189,270**	**0**	**– 1,028,047**
Carrying amounts					
January 1, 2019 (adjusted)	440,379	368,013	93,754	223,763	**1,125,909**
December 31, 2019	**475,796**	**473,706**	**94,775**	**170,733**	**1,215,010**

Regarding the adjustment due to IFRS 16, please refer to note 2.2; regarding the additions from business combinations, please refer to note 2.4. Other additions contain investments in capacity expansions such as the construction of a new site for the production of fragrances and flavors in China, the expansion of production capacities for menthols in Charleston (USA), the modernization of the production for terpene ingredients in the Aroma Molecules division in Jacksonville (USA) the expansion of the Flavor spray-drying capacities in Branchburg (USA) and the construction of a logistics center in Holzminden. Additions contain capitalized borrowing costs amounting to € 1.6 million (December 31, 2018: € 1.3 million). The underlying capitalization rate amounts to 1.80 % (December 31, 2018: 1.53 %).

The following table shows the leases recognized in property, plant and equipment:

T€	Land and buildings	Plants and machinery	Equipment	Total
Amortized costs January 1, 2019	89,674	1,166	7,797	98,637
Additions from business combinations	880	0	0	880
Other additions	16,588	692	3,332	20,612
Depreciation	– 15,026	– 287	– 4,880	– 20,193
Carrying amounts December 31, 2019	92,501	1,571	6,269	100,341

The amortized costs as of January 1, 2019, include all rights of use of leased assets according to the provisions of IFRS 16 – including already capitalized assets from finance leases in accordance with IAS 17. Within real estate, Symrise mainly leases warehouses and office buildings as well as land as part of leaseholds. Equipment includes the leased vehicle fleet; the contract term is generally 48 months. Leases can include extension and termination options, in rare cases also purchase options. Since contract terms are negotiated individually, there are a large number of variations.

Disclosures on the corresponding lease liabilities can be found in note 24.

20. INVESTMENTS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

Symrise holds shares in a range of joint ventures and associated companies that are not material on an individual basis. The following table breaks down the carrying amount and the profit share of these companies in an aggregated form.

T€	December 31, 2018	December 31, 2019
Carrying amount of investments in joint ventures and associated companies	–	15,396
Share in		
loss for the year	–	– 221
other comprehensive income	–	–
Share in total comprehensive income	**–**	**– 221**

A significant part of the carrying amount is attributable to the joint venture FITCO, L.L.C, which was added in the course of the acquisition of the ADF/IDF group (see note 2.4).

21. DEFERRED TAX ASSETS/LIABILITIES

T€	December 31, 2018 Tax assets	Tax liabilities	Income (+)/ Expenses (–)	December 31, 2019 Tax assets	Tax liabilities	Income (+)/ Expenses (–)
Intangible assets	8,101	171,284	20,505	8,927	148,204	24,535
Property, plant and equipment	7,399	64,939	– 6,708	7,146	103,206	– 38,520
Financial assets	774	10	– 239	378	2,908	– 3,294
Inventories	18,593	269	2,876	15,743	357	– 2,938
Trade receivables, prepayments and other assets	8,480	10,455	– 7,009	4,197	18,687	– 12,015
Provisions for pensions	74,083	0	705	96,907	0	810
Other provisions and other liabilities	27,145	8,089	15,410	47,279	7,705	20,518
Interests in subsidiaries	0	3,000	– 1,000	0	3,000	0
Losses carried forward	27,948	0	– 6,886	34,915	0	6,967
Subtotal	**172,523**	**258,046**	**17,654**	**215,492**	**284,067**	**– 3,937**
Offsetting	– 86,071	– 86,071	0	– 116,319	– 116,319	0
Total	**86,452**	**171,975**	**17,654**	**99,173**	**167,748**	**– 3,937**

Deferred tax expense amounted to € 3.9 million in the reporting year in contrast to a deferred tax income of € 17.7 million in the 2018 fiscal year. The change to deferred tax expense primarily resulted from the amortization of intangible assets, the use of losses carried forward, valuation differences from acquisitions, and the remeasurement of deferred taxes in Germany. Deferred tax expense relating to trade receivables, prepayments and other assets is influenced by the valuation of receivables and foreign currencies. With regard to the change in provisions for pensions and the related change in deferred taxes, please see note 12. Overall, corporation tax losses carried forward amounting to € 165.5 million (December 31, 2018: € 135.6 million) existed as of the end of the reporting date; deferred tax assets on corporation tax losses carried forward amounting to € 34.9 million were recognized. The increase of tax losses carried forward compared with the previous year led to an increase in deferred tax income. The use of tax losses carried forward and therefore the measurement of the corresponding deferred tax assets are substantiated through tax planning. The change in the nonrecognition of deferred tax assets as of December 31, 2019 amounts to € 2.0 million (December 31, 2018: € 0.5 million).

The calculation of foreign income taxes is based on the particular country's legal regulations. The tax rates of the individual companies range between 0 % and 35 %.

Pursuant to IAS 12 "Income Taxes," deferred tax liabilities are to be recognized on the difference between a subsidiary's proportional equity as recognized in the consolidated statement of financial position and the carrying amount of the investment in the subsidiary as recognized in the parent's tax accounts if realization is to be expected. (This amount is known as an outside-basis difference.) The cause of these differences is mainly undistributed profits from domestic and foreign subsidiaries. No deferred tax liabilities were recognized on these temporary differences of € 452.3 million in 2019 and € 342.2 million in the previous year since they will be reinvested for indefinite periods or are not subject to taxation. In the case of distributions from subsidiaries, these were subject to a dividend tax of 5 %. Distributions from foreign countries could trigger withholding taxes. As of December 31, 2019, deferred tax liabilities from shares in subsidiaries were recognized for planned dividend distributions of € 3.0 million (December 31, 2018: € 3.0 million).

22. TRADE PAYABLES

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

23. CURRENT AND NON-CURRENT BORROWINGS

	December 31, 2018			December 31, 2019		
T€	Current	Non-current	Total	Current	Non-current	Total
Bank borrowings	116,126	7,685	**123,811**	180,004	490	**180,494**
Other borrowings	499,880	1,028,331	**1,528,211**	317,463	1,462,342	**1,779,805**
Accrued interest	7,335	2	**7,337**	5,857	1	**5,858**
Total	**623,341**	**1,036,018**	**1,659,359**	**503,324**	**1,462,833**	**1,966,157**

The obligations from the term loan to finance the acquisition of the ADF/IDF group, the utilization of the revolving credit facilities, as well as the borrowings from the European Investment Bank (hereafter: EIB) are part of the bank borrowings. Other borrowings include liabilities from the Eurobond from 2019, the convertible bond, the US private placement and the promissory note loans.

The increase in other borrowings primarily resulted from the promissory note loan placed in the fiscal year (€ 250.0 million) and the Symrise AG bond received in the fiscal year (€ 500.0 million). The repayment of the Eurobond from 2014 (€ 500.0 million) had a counteractive effect.

The revolving credit facility EUR's value remains € 300.0 million with a residual term of two years. To date, no use has been made of the option to increase the volume to € 500.0 million. In addition to this credit line, other bilateral credit lines exist with various banks to cover short-term payment requirements. As of December 31, 2019, Symrise had unutilized credit lines available in nominal amounts of € 312.5 million (December 31, 2018: € 252.8 million), USD 19.0 million (December 31, 2018: USD 29.0 million), SEK 195.1 million (December 31, 2018: SEK 86.0 million) and MGA 68.1 billion (December 31, 2018: MGA 168.0 billion).

For two long-term borrowings, Symrise has entered into an obligation to keep the relationship between net debt and a contractually defined EBITDA (leverage covenant, see note 29) within defined limits. This ratio is reviewed on a half-year basis for compliance and was consistently met as in the previous year. Financial liabilities contain carrying amounts in foreign currencies (USD, MGA and CAD) totaling € 188.5 million (December 31, 2018: € 220.7 million).

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

T€	December 31, 2019
Liability component as of January 1, 2019	370,809
Compounding interest and amortized transaction costs	5,169
Liability component at the end of the reporting period	**375,978**

The equity component was recognized as part of the capital reserve when the convertible bond was issued.

	Maturity date	Nominal interest rate		Nominal volume in issue currency (T)
Symrise AG, Germany				
EIB loan	April 2020	2.59%	fixed	8,182 USD
Term loan	October 2024	0.55%	Euribor + 0.55 %	150,000 EUR
Revolving credit facility EUR[1]	May 2021	0.45%	Euribor + 0.45 %	0 EUR
Revolving credit facility USD[1]	May 2021	2.96%	Libor + 0.45 %	0 USD
Eurobond 2019	November 2025	1.25%	fixed	500,000 EUR
Convertible bond 2017	June 2024	0.24%	fixed	400,000 EUR
US private placement	November 2020	4.09%	fixed	175,000 USD
Promissory note loan 2015 (5Y)	December 2020	0.91%	fixed	122,500 EUR
Promissory note loan 2015 (5Y)	December 2020	0.70%	Euribor + 0.70%	38,500 EUR
Promissory note loan 2015 (7Y)	December 2022	1.34%	fixed	224,000 EUR
Promissory note loan 2015 (7Y)	December 2022	0.85%	Euribor + 0.85%	37,500 EUR
Promissory note loan 2015 (10Y)	December 2025	1.96%	fixed	67,500 EUR
Promissory note loan 2015 (10Y)	December 2025	1.10%	Euribor + 1.10%	10,000 EUR
Promissory note loan 2019 (5Y)	March 2024	0.68%	fixed	16,000 EUR
Promissory note loan 2019 (7Y)	March 2026	0.75%	Euribor + 0.75%	10,000 EUR
Promissory note loan 2019 (7Y)	March 2026	1.02%	fixed	144,000 EUR
Promissory note loan 2019 (10Y)	March 2029	1.45%	fixed	80,000 EUR
Origines S.a.r.L., Madagascar				
Credit facility MGA	September 2020	8.50%	TTB – 6.9%	42,948,062 MGA
Symrise S.a.r.L., Madagascar				
Credit facility MGA	September 2020	8.50%	TTB – 6.9%	8,976,897 MGA
Symrise Inc., USA				
Credit facility USD	indefinite	4.75%	Libor + 1.50%	10,000 USD
Probi AB, Sweden				
Revolving credit facility SEK[1]	July 2020	1.40%	Stibor + 1.40%	0 SEK
Proteinas Del Ecuador Ecuaprotein SA, Ecuador				
Shareholder loan	September 2020	5.00%	fixed	2,810 USD
Diana Food Canada Inc., Canada				
Promotional loan	April 2023	0.00%	fixed	1,976 CAD
Spécialités Pet Food SAS, France				
Promotional loan	June 2025	0.00%	fixed	503 EUR
Scelta Umami B.V., Netherlands				
Term loan	September 2029	1.90%	fixed	490 EUR
Octopepper, France				
Promotional loan	January 2022	4.90%	fixed	153 EUR
Term loan	December 2020	2.40%	fixed	191 EUR
Other borrowings				1,354 EUR

[1] The respective credit line used is stated as the nominal amount.

24. LEASES

With a few exceptions, Symrise acts as lessee in the lease contracts concluded. With the implementation of IFRS 16 as of January 1, 2019, a right-of-use asset must be capitalized and a lease liability recognized for each identified lease. According to the accounting standards applicable until December 31, 2018, this was only required for finance leases.

The cash outflow for lease liabilities recognized as of January 1, 2019, amounted to € 21.6 million in the past fiscal year. Details of future cash outflows in connection with leases are shown in the following table:

T€	December 31, 2018[1)]	December 31, 2019
Up to one year	840	20,764
Over one year and up to five years	2,796	44,672
Over five years	1,275	51,504
Total	**4,911**	**116,940**

1) The disclosure for the 2018 fiscal year relates to future cash flows from finance leases in accordance with IAS 17.

In the 2019 reporting year, the following expenses are recognized directly in income from operations of the consolidated income statement:

T€	2019
Expenses for short-term leases	3,939
Expenses for leases on low-value assets	783
Expenses for variable lease payments	1,567

As of the end of the reporting period, there are obligations for future payments amounting to € 1.8 million from the leases concluded and classified as short-term.

For information on the effects of leases on property, plant and equipment, please see note 19, and on liabilities from leases, note 30.

25. OTHER CURRENT NON-FINANCIAL LIABILITIES

T€	December 31, 2018	December 31, 2019
Employee-related liabilities	78,214	94,529
Liabilities to customers	24,502	27,909
Other taxes	27,304	25,326
Taxes on wages/salaries, social security contributions and other social benefits	16,706	15,793
Miscellaneous other liabilities	23,347	28,913
Total	**170,073**	**192,470**

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

26. OTHER CURRENT AND NON-CURRENT PROVISIONS

T€	Personnel provisions	Provisions for restoration obligations	Provisions for litigation	Miscellaneous other provisions	Total
January 1, 2019	**20,577**	**5,182**	**2,353**	**2,892**	**31,004**
of which non-current	14,168	5,151	1,675	433	**21,427**
Increases	8,599	1,175	1,747	93	**11,614**
Utilization	– 818	0	– 353	– 85	**– 1,256**
Reversals	– 824	0	– 827	– 430	**– 2,081**
Interest expenses	446	24	129	7	**606**
Exchange rate differences	203	137	– 396	238	**182**
December 31, 2019	**28,183**	**6,518**	**2,653**	**2,715**	**40,069**
of which non-current	19,952	6,487	2,255	518	**29,212**

The personnel provisions mainly comprise those for jubilees (€ 13.3 million; December 31, 2018: € 12.4 million) and for termination benefits (€ 3.8 million; December 31, 2018: € 3.2 million). The jubilee obligations were discounted using an interest rate of 1.2 % in the reporting year compared to 2.0 % last year.

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

The provisions for litigation exist for pending proceedings in Latin America and France. All of these legal disputes are minor and will have no significant influence on the Group's economic situation.

Miscellaneous other provisions do not contain any material items, which is why a separate disclosure was not provided. Symrise expects that the cash outflow for all current provisions will take place within the next few months and by the end of the year 2020 at the very latest.

27. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

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

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

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

GERMANY

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

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

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

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

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

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

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

USA

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

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

T€	2018	2019
Present value of defined benefit obligations		
January 1	**565,637**	**552,910**
Additions from business combinations	0	90
Reclassification of the effect of asset ceiling for plan assets	– 638	0
Recognized in income statement		
Current service cost	16,920	16,117
Past service cost	– 67	0
Interest expenses (+)	10,930	12,405
Recognized in other comprehensive income		
Actuarial gains (–)/losses (+)		
arising from changes in demographic assumptions	5,610	– 534
arising from changes in financial assumptions	– 34,712	82,958
arising from experience-based adjustments	948	953
Exchange rate differences	3,138	1,677
Other		
Benefits paid	– 14,856	– 15,053
December 31	**552,910**	**651,523**
of which pension plans	542,030	640,158
of which post-employment healthcare benefits	10,880	11,365
Fair value of plan assets		
January 1	**– 42,269**	**– 40,575**
Recognized in income statement		
Interest income (–)	– 1,471	– 1,455
Recognized in other comprehensive income		
Gains (–)/losses (+) on plan assets excluding amounts already recognized as interest income	4,013	– 6,085
Exchange rate differences	– 1,959	– 864
Other		
Employer contributions	– 1,082	– 1,107
Benefits paid	2,193	2,059
December 31	**– 40,575**	**– 48,027**
of which pension plans	– 40,575	– 48,027
Consideration of the effect of asset ceiling for plan assets		
January 1	**0**	**957**
Reclassification of the effect of asset ceiling for plan assets	638	0
Recognized in income statement		
Interest expense (+)/interest income (–)	3	4
Recognized in other comprehensive income		
Additions	262	362
Exchange rate differences	54	32
December 31	**957**	**1,355**
of which pension plans	957	1,355
Net defined benefit liability		
January 1	523,368	513,292
December 31	**513,292**	**604,851**
of which pension plans	502,412	593,486
of which post-employment healthcare benefits	10,880	11,365

As of the end of the reporting year, the entire present value of the defined benefit obligation contains T€ 370,838 for active employees (December 31, 2018: T€ 307,023), T€ 62,096 for former employees with vested claim entitlements (December 31, 2018: T€ 48,542) and T€ 218,589 for retirees and their dependents (December 31, 2018: T€ 197,345). From this entire present value of the defined benefit obligation, T€ 639,063 (December 31, 2018: T€ 542,206) is allocated to vested claims, while the remaining T€ 12,460 (December 31, 2018: T€ 10,704) relates to non-vested claims.

The average weighted term for the present value of the defined benefit obligation from defined benefit plans amounts to a total of 20.1 years (December 31, 2018: 19.3 years). It breaks down with 23.6 years for active employees, 22.8 years for former employees with vested claim entitlements and 11.5 years for retirees and their surviving dependents.

The defined benefit plans are not covered by plan assets except for the pension schemes in the USA (Mass Mutual Plan), Japan and India. Plan assets secure a present value of the defined benefit obligation of T€ 66,108 (December 31, 2018: T€ 53,163) as of the end of the year. Financing for the obligations not covered by plan assets is made through the cash flow from operating activities of Symrise AG and its subsidiaries.

Plan assets amounting to T€ 48,027 (December 31, 2018: T€ 40,575) are mainly used for provisions for pensions in the USA (T€ 42,117; December 31, 2018: T€ 35,043) and are invested in pooled separate accounts at the Massachusetts Mutual Life Insurance Company. Shares in fund assets are held in these accounts, which are invested in money market instruments and bonds as well as special growth and value-oriented securities. Price quotes for these shares are derived from active markets (Level 2). Plan assets also exist in Japan (T€ 5,529; December 31, 2018: T€ 5,201) and India (T€ 381; December 31, 2018: T€ 331). The assets in Japan are deposited at the Japan Master Trust Bank, which continued to invest the assets in Japanese and foreign bonds and shares as of the end of 2019 – the prices of which were also derivable from active markets. It exceeds the net defined benefit liability and was limited to the asset ceiling. The plan assets in India are deposited in a life insurance policy for which there is no active market for estimating the price.

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

T€	December 31, 2018	December 31, 2019
EAME	483,753	567,305
North America	23,944	30,183
Latin America	4,389	5,745
Asia/Pacific	1,206	1,618
Total	**513,292**	**604,851**

The actuarial measurements are based on the following assumptions:

%	2018	2019
Discount rate		
Germany	2.00	1.20
USA	4.31	3.01
Other countries	1.97	1.67
Salary trends		
Germany	2.25	2.25
Other countries	3.22	3.21
Pension trends		
Germany	1.70	1.50
Other countries	1.98	1.93
Medical cost trend rate		
USA	6.70	6.12
Other countries	8.27	8.37

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

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

	Change in present value of the defined benefit obligation			
	Increase		Decrease	
T€	2018	2019	2018	2019
Discount rate	– 97,099	– 119,059	126,340	156,307
Salary trends	18,892	22,165	– 17,020	– 20,165
Pension trends	64,425	76,392	– 54,725	– 63,237
Medical cost trend rate	1,336	1,353	– 1,106	– 1,121

To determine the sensitivity regarding life expectancy, the mortality rate for the beneficiaries covered by the plans was increased or reduced by 10.0 %. The reduction to the mortality rate results in an increase of life expectancy and depends on the ages of the individual beneficiaries. A 10.0 % increase to the mortality rate results in a reduction of the present value of the defined benefit obligation by T€ 27,236 (December 31, 2018: T€ 21,328). In comparison, a 10.0 % reduction results in an increase of the present value of the defined benefit obligation by T€ 29,812 (December 31, 2018: T€ 23,350).

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

	Change in current service costs			
	Increase		Decrease	
T€	2018	2019	2018	2019
Medical cost trend rate	70	72	– 56	– 58

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

28. EQUITY

SHARE CAPITAL

The share capital of Symrise AG amounts to € 135,426,610 (December 31, 2018: € 129,812,574) and is fully paid in. It is divided into 135,426,610 no-par-value bearer shares, each with a calculated nominal share value of € 1.00 per share.

Based on the authorization granted to the Executive Board through the Annual General Meeting on May 12, 2015 and excluding the shareholder's subscription rights, a capital increase based on authorized capital in the amount of 5,614,036 new shares with a par value of € 1 was carried out and entered into the commercial register on February 8, 2019. The new shares are dividend-entitled for 2018; they were authorized for trading on the stock exchange in the regulated market of the Frankfurt Securities Exchange and simultaneously added to the Prime Standard segment on February 11, 2019. They were included in the existing listing on February 12, 2019. To calculate the earnings per share, the new shares are included in the calculation pro rata temporis.

AUTHORIZED CAPITAL

The Annual General Meeting on May 12, 2015 authorized the Executive Board, subject to the consent of the Supervisory Board, to increase the share capital of the company up until May 11, 2020, by up to € 25,000,000 through one or more issuances of new, no-par-value bearer shares against contribution in cash and/or in kind. In 2019, a capital increase based on authorized capital in the amount of 5,614,036 new shares with a par value of € 1 was carried out and entered into the commercial register on February 8, 2019. The authorized capital of € 19,385,964 remaining after this partial utilization would have expired on May 11, 2020. At the Annual General Meeting on May 22, 2019, it was decided to repeal the remaining authorized capital and to create new authorized capital. The Executive Board is now 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 through one or more issuances of new, no-par-value bearer shares against contribution in cash and/or in kind.

ACQUISITION OF TREASURY STOCK

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

CONDITIONAL CAPITAL

At the Annual General Meeting on May 17, 2017, conditional capital for issuing option/convertible bonds amounting to € 20.0 million was authorized. The authorization to issue option/convertible bonds with or without term restrictions is limited to a nominal amount of € 1,500.0 million and expires on May 16, 2022 (“Conditional Capital 2017”).

On June 13, 2017, the company issued convertible bonds with a total nominal value of € 400.0 million using part of the aforementioned 2017 authorization. The bonds issued may be converted into new and/or existing no-par value bearer shares of the company starting five years after the issue date of the convertible bond. The initial conversion price was set at € 91.8595 and the conversion ratio of the new convertible bond was set at 1,088.6190 shares per bond. The share capital of the company is therefore conditionally increased by € 4,354,476.

At the Annual General Meeting on May 22, 2019, it was authorized to repeal the remaining Conditional Capital 2017 amounting to € 15,645,524 and to create new 2019 conditional capital. A corresponding 2019 conditional capital amounting to € 15,650,000 was authorized for issuing option/convertible bonds. The authorization to issue option/convertible bonds with or without term restrictions is limited to a nominal amount of € 1,500.0 million and expires on May 21, 2024 (“Conditional Capital 2019”).

CAPITAL RESERVE AND OTHER RESERVES

The capital reserve mainly comprises the share premium that arose as part of the initial public offering as well as three capital increases, two of which were performed in the 2014 fiscal year and one in the 2019 fiscal year. In addition, the equity component from the issue of the convertible bond in the 2017 fiscal year is taken into account. Since December 31, 2018, the capital reserve has increased by € 394,386,029 minus transaction costs of € 2,030,000 and the related taxes amounting to € 588,700 from € 1,405,084,800 to € 1,798,029,529.

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

Cumulative translation differences include exchange rate gains and losses from the currency translation of foreign subsidiaries at the beginning and end of the respective reporting period. In the 2019 fiscal year, there were significant effects from the translation of US Dollars into Euros. The adjustment to the financial statements required by IAS 29 “Financial Reporting in Hyperinflationary Economies” for companies whose functional currency is one from a country with hyperinflation is also included in cumulative translation differences. Specifically, the subsidiaries in Venezuela and Argentina were affected by the adjustments pursuant to IAS 29. The financial statements for these companies are mainly based on the concept of historical cost. In 2019, these needed to be adjusted due to changes in the general purchasing power of the functional currency and are therefore expressed in the measuring unit valid as of the end of the reporting period. Official inflation rates were published in Venezuela for the first time in the 2019 reporting year. Symrise used these for the preparation of the consolidated financial statements (source in the previous year: “Latin Focus Consensus”). Accordingly, a change in general purchasing power of 16,751.0 % (2018: 1,320,682.0 %) was assumed for 2019. As of December 31, 2019, the government of Argentina published the official inflation rates for the country, which assume a change in general purchasing power of 53.8 % (2018: 47.6 %) for 2019.

Other reserves contain the revaluation reserve and the cash flow hedge reserve. The revaluation reserve results from an acquisition in stages made in the past. The cash flow hedge reserve contains the effective part of the fair value changes from derivative financial instruments held for hedging currency risks. Reclassifications of ineffective parts from cash flow hedges into the consolidated income statement did not occur in 2019 fiscal year.

RECONCILIATION OF EQUITY COMPONENTS AFFECTED BY OTHER COMPREHENSIVE INCOME

2018 T€	Reserve for remeasure-ments (pensions)	Cumulative translation differences	Other reserves	Total other comprehen-sive income of Symrise AG shareholders	Non-controlling interests	Total other comprehen-sive income
Exchange rate differences resulting from the translation of foreign operations						
Exchange rate differences that occurred during the fiscal year	–	27,715	–	27,715	– 69	27,646
Gains/losses from net investments	–	– 2,497	–	– 2,497	–	– 2,497
Cash flow hedge (currency hedges)						
Gains/losses recorded during the fiscal year	–	–	– 1,426	– 1,426	– 58	– 1,484
Reclassification to the consolidated income statement	–	–	739	739	75	814
Remeasurement of defined benefit pension plans	17,098	–	–	17,098	– 1	17,097
Change in tax rate	– 9	– 75	– 15	– 99	0	– 99
Other comprehensive income	**17,089**	**25,143**	**– 702**	**41,530**	**– 53**	**41,477**

2019 T€	Reserve for remeasure-ments (pensions)	Cumulative translation differences	Other reserves	Total other comprehen-sive income of Symrise AG shareholders	Non-controlling interests	Total other comprehen-sive income
Exchange rate differences resulting from the translation of foreign operations						
Exchange rate differences that occurred during the fiscal year	–	– 5,541	–	– 5,541	274	– 5,267
Gains/losses from net investments	–	966	–	966	–	966
Cash flow hedge (currency hedges)						
Gains/losses recorded during the fiscal year	–	–	– 701	– 701	– 97	– 798
Reclassification to the consolidated income statement	–	–	909	909	100	1,009
Remeasurement of defined benefit pension plans	– 55,493	–	–	– 55,493	– 5	– 55,498
Change in tax rate	–	–	456	456	–	456
Other comprehensive income	**– 55,493**	**– 4,575**	**664**	**– 59,404**	**272**	**– 59,132**

DIVIDENDS

In accordance with the German Stock Corporation Act (AktG), the distributable dividend for shareholders of Symrise AG is to be determined with reference to the unappropriated profit calculated in accordance with the rules of German Commercial Code (HGB) and presented in the annual financial statements of Symrise AG. At the Annual General Meeting held on May 22, 2019, a resolution was passed to distribute a dividend for the 2018 fiscal year of € 0.90 for each ordinary share with a dividend entitlement (2017: € 0.88).

The Executive Board and the Supervisory Board recommend a dividend of € 0.95 per share based on Symrise AG's unappropriated net profit under commercial law as of December 31, 2019.

For dividend distributions of more than € 0.90 per share, the terms of the convertible bond require an adjustment of the conversion price, which will change the number of potential shares. This impacts the calculation of the diluted earnings per share.

NON-CONTROLLING INTERESTS

The non-controlling interests mainly relate to the Probi group. The shares of Probi AB are authorized for trading on the Swedish Nasdaq Stockholm.

29. DISCLOSURES ON CAPITAL MANAGEMENT

The capital situation is monitored through the use of a number of key indicators. The relationship between net debt (including provisions for pensions and similar obligations) to EBITDA and the equity ratio are important key indicators for this purpose. The objectives, methods and processes in this regard have not changed from the previous year as of the end of the reporting period on December 31, 2019.

With an equity ratio (equity attributable to shareholders of Symrise AG in relation to total equity and liabilities) of 40.4 % (December 31, 2018: 38.5 %), Symrise has a solid capital structure. One of Symrise's fundamental principles is to maintain a strong capital basis in order to retain the confidence of investors, creditors and the market and to be able to drive future business development forward in a sustainable manner.

Net debt is determined as follows:

T€	December 31, 2018	December 31, 2019
Borrowings	1,659,359	1,966,157
Lease liabilities (according to IFRS 16)	–	96,436
Cash and cash equivalents	– 279,595	– 445,900
Net debt	**1,379,764**	**1,616,693**
Provisions for pensions and similar obligations	513,292	604,851
Net debt including provisions for pensions and similar obligations	**1,893,056**	**2,221,544**

To calculate the net debt/EBITDA ratio, the net debt – with or without provisions for pensions and, since 2019, in each case including lease liabilities – is applied to the EBITDA or normalized EBITDA, if reported, of the past twelve months. Based on normalized EBITDA, net debt as of December 31, 2019, is 2.3 or 3.1 including provisions for pensions. For information on normalized EBITDA, see the Group management report. The inclusion of lease liabilities increases the ratio by 0.1.

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

The average interest rate for liabilities (including provisions for pensions and similar obligations) was 1.5 % (2018: 1.8 %).

30. ADDITIONAL DISCLOSURES ON THE STATEMENT OF CASH FLOWS

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

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

The change in non-current assets in the cash flow from operating activities results from a non-current receivable recognized in the previous year in connection with a tax court case pursued in Brazil to review the constitutionality of value-added tax. This case was concluded in the reporting year in favor of Symrise. The claim was settled in full in 2019. Other non-cash expenses and income mainly contain non-cash currency translation effects from external as well as intercompany transactions. The increase in income taxes paid compared with the previous year results from higher tax prepayments and tax payments for previous years and from exchange rate effects.

Cash flow from investing activities mainly includes payments for business combinations (T€ 763,036). These result from the purchase price for the acquisitions of the ADF/IDF group (T€ 771,179 minus acquired cash and cash equivalents amounting to T€ 20,332) as well as Cutech (T€ 9,221 minus acquired cash and cash equivalents amounting to T€ 2,029). Please refer to note 2.4 for the business combinations.

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

T€	Current financial liabilities	Non-current financial liabilities	Lease liabilities	Total liabilities from financing activities
January 1, 2018	**88,974**	**1,538,764**	**5,847**	**1,633,585**
Cash-effective change	– 6,131	0	– 1,785	**– 7,916**
Non-cash-effective change	540,498	– 502,746	248	**38,000**
Additions from business combinations	33	20	0	**53**
Transfers	515,179	– 515,179	0	**0**
Accrued interest	24,121	6,726	249	**31,096**
Exchange rate differences	1,165	5,687	– 1	**6,851**
of which without effect on other comprehensive income	– 699	– 83	– 1	**– 783**
of which with effect on profit or loss (financial result)	1,864	5,770	0	**7,634**
December 31, 2018	**623,341**	**1,036,018**	**4,310**	**1,663,669**

T€	Current financial liabilities	Non-current financial liabilities	Lease liabilities	Total liabilities from financing activities
January 1, 2019	**623,341**	**1,036,018**	**4,310**	**1,663,669**
Adjustment due to IFRS 16	0	0	88,785	**88,785**
January 1, 2019 (adjusted)	**623,341**	**1,036,018**	**93,095**	**1,752,454**
Cash-effective change	– 477,723	721,732	– 21,570	**222,439**
Non-cash-effective change	357,706	– 294,917	24,911	**87,700**
Additions from business combinations	5,713	17,804	880	**24,397**
Transfers	321,544	– 321,544	0	**0**
Accrued interest	27,135	7,118	3,173	**37,426**
Other additions	0	0	20,612	**20,612**
Exchange rate differences	3,314	1,705	246	**5,265**
of which without effect on other comprehensive income	– 570	101	113	**– 356**
of which with effect on profit or loss (financial result)	3,884	1,604	133	**5,621**
December 31, 2019	**503,324**	**1,462,833**	**96,436**	**2,062,593**

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

INFORMATION ON FINANCIAL INSTRUMENTS ACCORDING TO CATEGORY

		Value recognized under IFRS 9			
December 31, 2018 T€	Carrying amount	Amortized cost	Fair value through other comprehensive income	Fair value through profit or loss	Fair value
ASSETS					
Financial assets measured at amortized cost (FAAC)	**893,509**	**893,509**	**–**	**–**	**893,509**
Cash	272,280	272,280	–	–	272,280
Trade receivables	596,396	596,396	–	–	596,396
Other financial assets	24,833	24,833	–	–	24,833
Financial assets at fair value through profit or loss (FVTPL)	**13,127**	**–**	**–**	**13,127**	**13,127**
Cash equivalents	7,315	–	–	7,315	7,315
Securities	678	–	–	678	678
Equity instruments	3,371	–	–	3,371	3,371
Derivative financial instruments without hedge relationship	1,763	–	–	1,763	1,763
Derivative financial instruments with hedge relationship (n.a.)	**56**	**–**	**56**	**–**	**56**
LIABILITIES					
Financial liabilities at amortized cost (FLAC)	**1,978,813**	**1,978,813**	**–**	**–**	**2,009,156**
Trade payables	315,806	315,806	–	–	315,806
Borrowings	1,659,359	1,659,359	–	–	1,689,702
Other financial liabilities	3,648	3,648	–	–	3,648
Financial liabilities at fair value through profit or loss (FVTPL)	**3,296**	**–**	**–**	**3,296**	**3,296**
Derivative financial instruments without hedge relationship	2,418	–	–	2,418	2,418
Other financial liabilities	878	–	–	878	878
Derivative financial instruments with hedge relationship (n.a.)	**306**	**–**	**306**	**–**	**306**

December 31, 2019 T€	Carrying amount	Value recognized under IFRS 9 Amortized cost	 Fair value through other comprehensive income	 Fair value through profit or loss	Fair value
ASSETS					
Financial assets measured at amortized cost (FAAC)	**1,082,987**	**1,082,987**	**–**	**–**	**1,082,987**
Cash	419,070	419,070	–	–	419,070
Trade receivables	647,675	647,675	–	–	647,675
Other financial assets	16,242	16,242	–	–	16,242
Financial assets at fair value through profit or loss (FVTPL)	**34,880**	**–**	**–**	**34,880**	**34,880**
Cash equivalents	26,830	–	–	26,830	26,830
Securities	724	–	–	724	724
Equity instruments	5,520	–	–	5,520	5,520
Derivative financial instruments without hedge relationship	1,806	–	–	1,806	1,806
Derivative financial instruments with hedge relationship (n.a.)	**100**	**–**	**100**	**–**	**100**
LIABILITIES					
Financial liabilities at amortized cost (FLAC)	**2,302,618**	**2,302,618**	**–**	**–**	**2,433,716**
Trade payables	332,497	332,497	–	–	332,497
Borrowings	1,966,157	1,966,157	–	–	2,097,255
Other financial liabilities	3,964	3,964	–	–	3,964
Financial liabilities at fair value through profit or loss (FVTPL)	**497**	**–**	**–**	**497**	**497**
Derivative financial instruments without hedge relationship	497	–	–	497	497
Derivative financial instruments with hedge relationship (n.a.)	**260**	**–**	**260**	**–**	**260**

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

The short-term deposits and securities classified at fair value through profit or loss are assigned to Level 1 and the equity instruments to Level 3. The equity instruments include two holdings, one of which was increased by USD 2.0 million in the fiscal year. The valuation and thus the present value of the expected benefit from these investments is based on a discounted cash flow calculation. Non-observable input factors were based on a weighted average cost of capital of 9.5 % or 15.9 % and a long-term growth rate of 1.0 %. The fair value of equity instruments increased from T€ 3,371 to T€ 5,520 as of the reporting date due to the addition and exchange rate effects. Due to a lack of materiality, a sensitivity analysis was not performed. The valid forward exchange rates are used as the valuation rates for the mark-to-market valuation of currency forward contracts in Level 2 for currency forwards. These are established by the interest difference of the currencies involved while accounting for term duration. The fair values were not adjusted for the components of counterparty-specific risk (credit valuation adjustment – CVA/debt valuation adjustment – DVA) and the liquidity premium for the respective foreign currency (cross currency basis spread – CCBS) for reasons of materiality. There were no transfers between Levels 1 and 2 during the period under review. The determination of fair values is unchanged.

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

NET GAINS AND LOSSES ACCORDING TO VALUATION CATEGORY

T€	2018	2019
Financial assets at amortized cost (FAAC)	3,691	– 1,301
Financial instruments at fair value through profit or loss (FVTPL)	– 5,264	4,380
Financial liabilities at amortized cost (FLAC)	– 41,225	– 41,994
Total	**– 42,798**	**– 38,915**

Net gains and losses are mainly due to interest effects. The net interest result for financial assets and liabilities amounted to € 31.1 million (2018: € 27.2 million) in the fiscal year. Within financial instruments at fair value through profit or loss, gains (€ 10.4 million) from the valuation of derivatives that were concluded to hedge transactions from business combinations also made an impact. These were partially compensated for through opposing effects from currency forward contracts to hedge planned transactions.

OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

32. DISCLOSURES RELATING TO FINANCIAL INSTRUMENT RISK MANAGEMENT

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

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

INTEREST RISK

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

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

2018	Nominal	of which fixed	of which variable	of which unhedged	1.0 percentage point increase
T€	1,462,713	1,345,676	117,037	117,037	1,170
TUSD	237,921	203,921	34,000	34,000	340
TSEK	119,000	0	119,000	119,000	1,190

2019	Nominal	of which fixed	of which variable	of which unhedged	1.0 percentage point increase
T€	1,802,691	1,555,443	247,248	247,248	2,472
TUSD	195,992	185,992	10,000	10,000	100
TMGA	51,924,959	0	51,924,959	51,924,959	519,250

An increase to all relevant interest rates of one percentage point would have resulted in T€ 2,687 less net income as of December 31, 2019 (December 31, 2018: T€ 1,583). A decline in the interest rates would have had no material effect on net income due to provisions on negative interest rates stipulated in the credit agreements. The changes in interest rates from financial instruments have no impact on equity.

CURRENCY RISK

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

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

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

In 2019, Symrise established an in-house bank to increase transparency and better manage the currency risks arising from internal supply relationships. Affiliated companies are given accounts with the in-house bank in their functional currency. This frees them from currency risks; only the in-house bank maintains balances in foreign currency. These are hedged centrally via currency forward contacts.

The presentation of the existing currency risk as of the end of the reporting period is done in accordance with IFRS 7 using a sensitivity analysis. The foreign currency sensitivity is determined from the aggregation of all financial assets and liabilities that are denominated in a currency that is not the functional currency of the respective reporting company. The foreign currency risk determined by this analysis is measured at the closing rate and at a sensitivity rate that represents a 10 % appreciation/depreciation of the functional currency as compared to the foreign currency. The difference from this hypothetical measurement represents the effect on earnings before income taxes and on other comprehensive income before taxes. This sensitivity analysis is based on the assumption that all variables other than a change in the foreign currency exchange rate remain constant. In the sensitivity analysis, currency risks from internal monetary items were included as far as they result in translation gains or losses that are not eliminated as part of consolidation. Effects from the currency translation of subsidiaries whose functional currency is not the same as that of the Symrise Group do not affect the cash flows in the local currency and are therefore not included in the sensitivity analysis.

A significant currency risk for the Symrise Group in the reporting year resulted primarily in relation to the US Dollar, Chinese Renminbi and Japanese Yen. The foreign currency risk before hedging transactions at the end of the reporting period amounted to JPY 2,596.9 million (December 31, 2018: JPY 1,298.6 million), CNY 199.5 million (December 31, 2018: CNY 95.2 million) and USD 77.7 million (December 31, 2018: USD 35.7 million). The increase in relation to the Japanese Yen results from a higher level of internal Group borrowings in this currency, which were largely secured via currency forward contracts. The increase in relation to the Chinese Renminbi primarily results from a higher level of trade receivables and internal Group borrowings in this currency, which were largely secured via currency forward contracts. The increase in relation to the US Dollar results primarily from a higher level of internal Group borrowings in the respective currency, which were largely secured via currency forward contracts.

T€	2018	2019
Sensitivity from a value increase/decrease in the EUR as compared to the USD of +/– 10%		
Impact on earnings before income taxes	+/– 4,356	+/– 5,893
Impact on other comprehensive income before income taxes	–/+ 2,623	–/+ 1,165
Total	**+/– 1,733**	**+/– 4,728**
Sensitivity from a value increase/decrease in the EUR as compared to the CNY of +/– 10%		
Impact on earnings before income taxes	+/– 1,211	+/– 708
Impact on other comprehensive income before income taxes	–/+ 0	–/+ 0
Total	**+/– 1,211**	**+/– 708**
Sensitivity from a value increase/decrease in the EUR as compared to the JPY of +/– 10%		
Impact on earnings before income taxes	+/– 325	+/– 186
Impact on other comprehensive income before income taxes	–/+ 0	–/+ 0
Total	**+/– 325**	**+/– 186**

Derivative financial instruments were used to reduce currency risk.

Currency forward contracts with positive market values amounted to T€ 1,906 as of the end of the reporting period (December 31, 2018: T€ 1,819), while currency forward contracts with negative market values totaled T€ 757 (December 31, 2018: T€ 2,724).

Further information on the positive and negative fair values for currency forward contracts with and without hedge relationships can be found in the table on financial instruments in note 31 as well as in the notes on liquidity risk.

Symrise established a task force to monitor and assess the impact of the United Kingdom's withdrawal from the European Union (Brexit). At the moment, Symrise does not expect Brexit to have a significant impact on the Group, as the Group companies based in the United Kingdom have their own production facilities and primarily sell their products to local customers. Since the potential of a hard Brexit without a free trade agreement at the completion of the transition phase following the United Kingdom's withdrawal from the EU and the subsequent consequences cannot be assessed at this time, Symrise is actively working on mitigating measures. All key financing contracts are made with Symrise AG and are not subject to British law.

LIQUIDITY RISK

The liquidity risk – i.e., the risk that Symrise is unable to meet its financial obligations – is limited by creating the necessary financial flexibility within the existing financing arrangements and through effective cash management. Symrise manages the liquidity risk through the use of a 12-month rolling financial plan. This makes it possible to finance deficits that can be forecast under normal market conditions at normal market terms. Based on current planning, no liquidity risks are foreseen at the moment. As of the reporting date, Symrise had access to credit lines that are explained in greater detail in note 23.

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

2018 T€	Carrying amount	Expected outgoing payments	Maturity dates for expected payments up to 1 year	over 1 year to 5 years	over 5 years
Borrowings	1,659,359	1,739,077	640,768	616,138	482,171
Trade payables	315,806	315,806	315,806	0	0
Other non-derivative financial obligations	4,526	4,526	1,973	2,553	0

2019 T€	Carrying amount	Expected outgoing payments	Maturity dates for expected payments up to 1 year	over 1 year to 5 years	over 5 years
Borrowings	1,966,157	2,091,118	526,880	735,517	828,721
Trade payables	332,497	332,497	332,497	0	0
Other non-derivative financial obligations	3,964	3,988	2,367	1,621	0

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

T€	2018	2019
Currency forward contracts		
Assets	1,819	1,906
Liabilities	2,724	757
Expected incoming payments	165,115	222,548
Expected outgoing payments	166,020	221,399

DEFAULT AND CREDITWORTHINESS RISK

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

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

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

33. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

CONTINGENT LIABILITIES

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

Symrise is confronted with lawsuits and legal proceedings as a result of its normal business activities, which generally relate to the areas of labor law, product liability, warranty claims, tax law and intellectual property. Symrise sets up provisions for such cases when it is probable that an obligation arises from past events, when the amount of the obligation can be measured with sufficient reliability and the settlement of which is expected to result in an outflow of resources embodying economic benefits. For all currently pending legal proceedings, Symrise has set up provisions of € 2.7 million. Symrise is currently of the opinion that all the lawsuits and proceedings brought against the Group, both individually and as a whole, will have no material negative influence on business operations, net assets, financial position and results of operations. The recognized provisions are neither individually nor collectively material. The results of present and future proceedings are not foreseeable, meaning that legal or official decisions or settlement agreements could lead to expenses that are not or not completely covered by insurance services and that could therefore have material effects on the business and its results. Many of the processes are, however, covered by insurance benefits relating to product liability insurance.

OTHER FINANCIAL OBLIGATIONS

As of December 31, 2019, the Group has obligations to purchase property, plant and equipment amounting to € 41.2 million (December 31, 2018: € 72.1 million). This mainly relates to production facilities and laboratory and office equipment. Most are due during the course of 2020. Other obligations amounting to € 174.2 million (December 31, 2018: € 191.9 million) exist from not yet fulfilled commitments for purchases of goods.

Symrise AG has service contracts with various providers regarding the outsourcing of its internal IT. Some service contracts already existed in previous years. The remaining total obligation toward these service providers amounts to € 8.9 million (December 31, 2018: € 25.3 million), accounting for extraordinary termination rights. Miscellaneous other financial obligations amounted to € 12.4 million as of December 31, 2019 (December 31, 2018: € 15.3 million) and are mostly obligations from consulting, service and cooperation contracts (€ 7.7 million; December 31, 2018: € 8.1 million).

34. TRANSACTIONS WITH RELATED PARTIES

Consolidated companies, joint ventures and associated companies, the members of the Executive Board and Supervisory Board and their close relatives are considered related parties. The sales and purchases from related companies were completed under the same terms and conditions as though they had been transacted with third parties. As in the previous year, only a small amount of goods was purchased from joint ventures and associated companies in 2019. In addition to fixed remuneration and one-year variable remuneration, the members of the Executive Board also receive variable remuneration over several years (long-term incentive plan, LTIP). The individual remuneration components are explained in more detail in the remuneration report of the management report. In the 2019 fiscal year, members of the Executive and Supervisory Board received the following remuneration:

			2018			2019
T€	Executive Board	Supervisory Board	Total	Executive Board	Supervisory Board	Total
Short-term benefits	7,107	1,074	**8,181**	8,234	1,081	**9,315**
Other long-term benefits	1,103	0	**1,103**	2,999	0	**2,999**
Post-employment benefits	58	0	**58**	58	0	**58**
Total	**8,268**	**1,074**	**9,342**	**11,291**	**1,081**	**12,372**

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

T€	2018	2019
Total remuneration for active members		
Executive Board	7,107	8,234
Supervisory Board	1,074	1,081
Total remuneration for former members and their surviving dependents		
Executive Board	342	343

Provisions for current pensions and pension entitlements contain contributions of € 12.9 million (December 31, 2018: € 11.4 million) for former members of the Executive Board and € 5.2 million (December 31, 2018: € 4.1 million) for current members of the Executive Board.

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

35. EXECUTIVE BOARD AND SUPERVISORY BOARD SHAREHOLDINGS

The direct or indirect total holding of shares in Symrise AG by all members of the Executive and Supervisory Boards as of December 31, 2019, amounted to more than 1 %. Of the 5.46 % of shares in Symrise AG held by members of the Executive and Supervisory Boards, 5.23 % is held by members of the Supervisory Board while 0.23 % is held by members of the Executive Board.

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

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

37. AUDIT OF FINANCIAL STATEMENTS

The Annual General Meeting of Symrise AG, held on May 22, 2019, appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as auditor for the 2019 fiscal year.

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

T€	2018	2019
Audit of financial statements	711	894
Other audit assurance services	0	91
Tax advisory services	0	9
Total	**711**	**994**

A total of € 2.8 million (2018: € 2.2 million) was incurred worldwide in connection with the audit of the financial statements.

38. LIST OF INTERESTS IN ENTITIES

Fully consolidated subsidiaries as of December 31, 2019

Name and registered office of the entity	Share
Germany	
Busiris Vermögensverwaltung GmbH, Holzminden	100.00 %
DrinkStar GmbH, Rosenheim	100.00 %
Haarmann & Reimer Unterstützungskasse Gesellschaft mit beschränkter Haftung, Holzminden	100.00 %
Schimmel & Co. Gesellschaft mit beschränkter Haftung, Holzminden	100.00 %
Symotion GmbH, Holzminden	100.00 %
Symrise Beteiligungs GmbH, Holzminden	100.00 %
Symrise BioActives GmbH, Hamburg	100.00 %
Symrise Financial Services GmbH, Holzminden	100.00 %
Symrise US-Beteiligungs GmbH, Holzminden	100.00 %
Tesium GmbH, Holzminden	100.00 %
France	
Aromatics SAS, Clichy-la-Garenne	100.00 %
Arôme de Chacé SAS, Chace	100.00 %
Diana Food SAS, Antrain	100.00 %
Diana SAS, Saint Nolff	100.00 %
Diana Trans SAS, Saint Nolff	100.00 %
Octopepper SAS, Bordeaux	57.93 %
Société de Protéines Industrielles SAS, Berric	100.00 %
Spécialités Pet Food SAS, Elven	100.00 %
Symrise SAS, Clichy-la-Garenne	100.00 %
Villers SAS, Villers Les Pots	100.00 %
Rest of Europe	
Cobell Limited, Exeter, UK	100.00 %
Diana Food Limited, Spalding, UK	100.00 %
OOO "Symrise Rogovo", Rogovo, Russia	100.00 %
Probi AB, Lund, Sweden	57.79 %
Probi Feed AB, Lund, Sweden	57.79 %
Probi Food AB, Lund, Sweden	57.79 %
Scelta Umami B.V., Venlo, Netherlands	60.00 %
SPF Diana España SLU, Lleida, Spain	100.00 %
SPF Hungary Kft, Beled, Hungary	100.00 %
SPF RUS, Shebekino, Russia	100.00 %
SPF UK Ltd, Doncaster, United Kingdom	60.00 %
Symrise Group Finance Holding 1 BVBA, Brussels, Belgium	100.00 %
Symrise Holding Limited, Marlow Bucks, United Kingdom	100.00 %
Symrise Iberica S.L., Parets de Valles, Spain	100.00 %
Symrise IP Holding GCV, Brussels, Belgium	100.00 %
Symrise Kimya Sanayi Ticaret Ltd. Sirketi, Turkey	100.00 %
Symrise Limited, Marlow Bucks, United Kingdom	100.00 %
Symrise Luxembourg S.a.r.l., Luxembourg, Luxembourg	100.00 %
Symrise Spółka z ograniczoną odpowiedzialnością, Warsaw, Poland	100.00 %
Symrise S.r.l., Milan, Italy	100.00 %

Rest of Europe (Continuation from page 135)	
Symrise US Holding BV, Halle, Netherlands	100.00%
Symrise Vertriebs GmbH, Vienna, Austria	100.00%

North America	
American Dehydrated Foods, Inc., Springfield, USA	100.00%
Diana Food Canada Inc., Champlain (Quebec), Canada	100.00%
Diana Food Inc., Silverton, USA	100.00%
Diana US Inc., Wilmington, USA	100.00%
International Dehydrated Foods, Inc., Springfield, USA	100.00%
IsoNova Technologies LLC, Springfield, USA	100.00%
Probi US, Inc., Seattle, USA	57.79%
SPF Canada – Groupe Diana Inc, Chemin (Quebec), Canada	100.00%
SPF North America Inc., South Washington, USA	100.00%
SPF USA Inc., Wilmington, USA	100.00%
Symrise Holding Inc., Wilmington, USA	100.00%
Symrise Holding II Inc., Wilmington, USA	100.00%
Symrise Inc., Teterboro, USA	100.00%
Symrise US LLC, Teterboro, USA	100.00%

Latin America	
Aquasea Costa Rica, Canas, Costa Rica	100.00%
Citratus Fragrâncias Indústria e Comércio Ltda., Vinhedo, Brazil	100.00%
Diana Food Ecuador SA, Machala, Ecuador	100.00%
Diana Food Chile SpA, Buin, Chile	100.00%
Diana Pet Food Colombia, Buenos Aires, Colombia	100.00%
Proteinas Del Ecuador Ecuaprotein SA, Duran, Ecuador	67.70%
Spécialités Pet Food SA de C.V., El Marques queretato, Mexico	100.00%
SPF Argentina, Buenos Aires, Argentina	100.00%
SPF Do Brazil Indústria e Comércio Ltda, Sao Paulo, Brazil	100.00%
Symrise Aromas e Fragrâncias Ltda., Sao Paulo, Brazil	100.00%
Symrise C.A., Caracas, Venezuela	100.00%
Symrise Ltda., Bogota, Colombia	100.00%
Symrise S. de R.L. de C.V., San Nicolas de los Garza, Mexico	100.00%
Symrise S.A., Santiago de Chile, Chile	100.00%
Symrise S.R.L., Tortuguitas, Argentina	100.00%

Asia and Pacific	
Diana Group Pte (Singapore) Ltd, Singapore, Singapore	100.00%
Diana Petfood (Chuzhou) Company Limited, Chuzhou, China	100.00%
Diana Naturals Private Ltd, Mumbai, India	100.00%
P.T. Symrise, Jakarta, Indonesia	100.00%
Probi Asia-Pacific Pte Ltd, Singapore, Singapore	57.79%
SPF (Chuzhou) Pet Food Co. Ltd., Chuzhou, China	100.00%
SPF (Qingdao) Trading Co., Ltd, Qingdao City, China	100.00%
SPF Thailand, Bangkok, Thailand	51.00%
SPF Diana Australia Pty Ltd, Beresfield, Australia	100.00%
Symrise (China) Investment Co. Ltd., Nantong, China	100.00%
Symrise Asia Pacific Pte. Ltd., Singapore, Singapore	100.00%
Symrise Flavors & Fragrances (Nantong) Co. Ltd., Nantong, China	100.00%
Symrise Holding Pte. Limited, Singapore, Singapore	100.00%

Asia and Pacific (Continuation from page 136)	
Symrise Inc., Manila, Philippines	100.00%
Symrise K.K., Tokyo, Japan	100.00%
Symrise Limited, Seoul, South Korea	100.00%
Symrise Ltd., Bangkok, Thailand	100.00%
Symrise Private Limited, Chennai, India	100.00%
Symrise Pte. Ltd., Singapore, Singapore	100.00%
Symrise Pty. Ltd., Dee Why, Australia	100.00%
Symrise SDN. BHD, Petaling, Malaysia	100.00%
Symrise Shanghai Limited, Shanghai, China	100.00%

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

Joint ventures as of December 31, 2019

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

Associated companies as of December 31, 2019

Name and registered office of the entity	Share
Therapeutic Peptides Inc., Baton Rouge, USA	20.00%
Californulations, LLC, Columbus, USA	34.00%
VIDEKA, LLC, Kalamazoo, USA	49.00%

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

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

40. CORPORATE GOVERNANCE

The Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG) has been submitted for 2019 and has been made permanently available to shareholders through our website www.symrise.com.

41. EVENTS AFTER THE REPORTING PERIOD

No events of significance have occurred since the end of the fiscal year.

Holzminden, Germany, February 18, 2020

Symrise AG

The Executive Board

Dr. Heinz-Jürgen Bertram | Olaf Klinger | Achim Daub

Dr. Jean-Yves Parisot | Heinrich Schaper

Statement of the Executive Board

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

Holzminden, Germany, February 18, 2020

Symrise AG

The Executive Board

Dr. Heinz-Jürgen Bertram

Olaf Klinger

Achim Daub

Dr. Jean-Yves Parisot

Heinrich Schaper

Independent auditor's report

To Symrise AG

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

OPINIONS

We have audited the consolidated financial statements of Symrise AG, Holzminden, and its subsidiaries (the Group), which comprise the consolidated income statement and consolidated statement of comprehensive income for the fiscal year from 1 January 2019 to 31 December 2019, and the consolidated statement of financial position as at 31 December 2019, consolidated statement of cash flows, consolidated statement of changes in equity for the fiscal year from 1 January 2019 to 31 December 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Symrise AG for the fiscal year from 1 January 2019 to 31 December 2019. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance that is part of the group management report and was published on the website cited in the group management report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2019, and of its financial performance for the fiscal year from 1 January 2019 to 31 December 2019, and

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

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

BASIS FOR THE OPINIONS

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

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from 1 January 2019 to 31 December 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

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

1) IMPAIRMENT TESTING OF GOODWILL

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

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

The result of the impairment test performed as of 30 September 2019 to determine whether an impairment loss has to be recognized on goodwill is highly dependent on the executive directors' estimate of future cash flows and the respective discount rates used.

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

Auditor's response

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

With respect to the rollforward of the medium to the long-term plan, we examined in particular the assumptions on the growth rate. Our assessment of the results of the impairment tests as of 30 September 2019 was based among other things on a comparison with general and industry-specific market expectations underlying the expected cash inflows. Based on our understanding that even relatively small changes in the discount rates used can at times have significant effects on the amount of the business value calculated, we analyzed the inputs used to determine the discount rates and reperformed the calculation with regard to the relevant requirements of IAS 36. We also performed sensitivity analyses in order to estimate any potential impairment risk associated with a reasonably possible change in one of the significant assumptions used in the valuation.

We obtained evidence that the segments represent the lowest level within the Group at which independent cash inflows are generated and goodwill is monitored for internal management purposes.

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

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

Reference to related disclosures
With regard to the recognition and measurement policies applied for goodwill, refer to the disclosure on impairments in section "2.5 Summary of Significant Accounting Policies" of the notes to the consolidated financial statements. For the related disclosures on judgments by the executive directors and sources of estimation uncertainty as well as the disclosures on goodwill, refer to the disclosure in section "2.3 Estimates and Assumptions" and in note 18 "Intangible Assets" in the "Additional Disclosures on the Consolidated Statement of Financial Position" section of the notes to the consolidated financial statements.

2) RECOGNITION OF REVENUE FROM THE SALE OF PRODUCTS

Reasons why the matter was determined to be a key audit matter
Revenue from the sale of products is recognized in the consolidated financial statements of Symrise AG when control over the goods sold has been transferred to the customers.

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

Auditor's response
The executive directors of Symrise AG have issued detailed accounting instructions and implemented processes for recognizing revenue from product sales. During our audit, we considered, based on the criteria defined in IFRS 15, the recognition and measurement requirements applied in the consolidated financial statements of Symrise AG for the recognition of revenue. Our response included an examination of whether control passed to the buyers upon the sale of the products. We analyzed the processes implemented by the Executive Board of Symrise AG and the recognition and measurement policies for the recognition of product sales. We tested the operating effectiveness of the controls relating to revenue recognition and the correct cut-off of revenue. To substantiate the existence of revenue, we examined whether it led to trade receivables and in turn, if payments were received in settlement of these receivables. In addition, based on analytical procedures defined group-wide, we analyzed whether the revenue for fiscal year 2019 was recognized on an accrual basis. We analyzed the recognition of revenue based on the contractual arrangements on a sample basis with regard to the requirements of IFRS 15 for revenue recognition. We also obtained balance confirmations from customers.

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

Reference to related disclosures
With regard to the recognition and measurement policies applied for the recognition of revenue from the sale of products, refer to the disclosure on the recognition of revenue in section "2.5 Summary of Significant Accounting Policies" of the notes to the consolidated financial statements.

OTHER INFORMATION

The Supervisory Board is responsible for the Report of the Supervisory Board. In all other respects, the executive directors are responsible for the other information. The other information comprises

- the statement on corporate governance referred to above,
- the "Report of the Supervisory Board" included in the 2019 financial report,

- the responsibility statement pursuant to Sec. 297 (2) Sentence 4 HGB and Sec. 315 (1) Sentence 5 HGB contained in the "Statement of the Executive Board" section of the 2019 financial report,
- the information obtained in the "Corporate Governance" section of the 2019 financial report,
- the "Sustainability and Responsibility" section of the 2019 corporate report

and in the other sections of the 2019 financial report and in the 2019 corporate report, except for the consolidated financial statements, the group management report and our related auditor's report.

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

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

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

OTHER LEGAL AND REGULATORY REQUIREMENTS

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

We were elected as group auditor by the Annual General Meeting on 22 May 2019. We were engaged by the Supervisory Board on 4 December 2019. We have been the group auditor of Symrise AG without interruption since fiscal year 2017.

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

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

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

Hanover, 19 February 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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

Corporate Governance

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

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

Pursuant to the currently valid version of Section 3.10 of the German Corporate Governance Codex from February 7, 2017 ("DCGK 2017"), published in the official section of the Federal Gazette by the German Federal Ministry of Justice on April 24, 2017, and amended on May 19, 2017, the Corporate Governance Report, which is required to be issued annually by the Executive Board and the Supervisory Board, must be published together with the Corporate Governance Statement.

Due to the similarity of content between the Corporate Governance Report and the Corporate Governance Statement, we have once more decided to integrate the Corporate Governance Report in the meaning of Section 3.10 of the Corporate Governance Codex 2017 into the Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code in order to simplify orientation for the reader. By contrast, the remuneration report pursuant to Section 4.2.5 of the Corporate Governance Codex 2017 is no longer part of the Corporate Governance Report. The remuneration report is part of the management report included on pages 55 to 63 of the 2019 financial report.

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

DECLARATION OF COMPLIANCE PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT FROM SEPTEMBER 2019

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

WORDING OF THE DECLARATION

On the basis of their deliberations, the Executive Board and the Supervisory Board of Symrise AG issued a new declaration of compliance on September 17, 2019, pursuant to Section 161 of the German Stock Corporation Act. The declaration is worded as follows:

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

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

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

RELEVANT INFORMATION ON COMPANY PRACTICES

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

OUR CODE OF CONDUCT

Our Code of Conduct, which was last fundamentally revised in 2016, continues to apply in order to ensure uniform and exemplary actions and conduct. This Code of Conduct applies to the Executive Board and the Supervisory Board and to all Symrise employees in Germany and abroad, i.e., to managers and all employees in the Group equally. The Code of Conduct – a binding fundamental principle – defines minimum standards and sets out behavior enabling all employees to cooperate in meeting these standards. The purpose of the Code of Conduct is to help all employees cope with the ethical and legal challenges of their everyday work and provide them with guidance in conflict situations. In the interest of all employees and the Group, noncompliance with standards will be investigated and their causes remedied. This means that misconduct will be consistently prosecuted in accordance with national laws.

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

The Code of Conduct is based on our values and principles. By following it, we guarantee that every person is treated fairly and with respect, while ensuring that our behavior and business activities remain transparent, honest and consistent throughout the world.

Our Code of Conduct has been made permanently available on the Symrise website. It can be found at **https://www.symrise.com/code-of-conduct**.

OUR COMPLIANCE MANAGEMENT SYSTEM

INTRODUCTION

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

Our principle is clear and applies to all countries: "Any business that cannot align with our fundamental principles is not business for Symrise."

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

TECHNICAL COMPLIANCE AND LEGAL COMPLIANCE

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

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

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

OUR INTEGRITY HOTLINE

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

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

In 2019, one case per month on average was reported via the Integrity Hotline worldwide. In all cases, investigations were initiated and corrective measures were applied on a case-by-case basis pursuant to the applicable legal system and Group-internal regulations. In one case, labor law sanctions were imposed. No material damage to third parties or to our company resulted from these cases.

TRAINING COURSES ON COMPLIANCE ISSUES

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

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

CORPORATE GOVERNANCE

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

In the past, we have oriented ourselves toward internationally and nationally acknowledged standards of good and responsible corporate governance and will continue to do so in the future. In the 2019 fiscal year, the Executive and Supervisory Boards dealt intensively with all corporate governance issues on numerous occasions across all areas.

DESCRIPTION OF THE WORKING METHODS OF THE EXECUTIVE AND SUPERVISORY BOARDS

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

DUAL MANAGEMENT SYSTEM

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

EXECUTIVE BOARD

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

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

These provisions are available to the public on our website at **https://www.symrise.com/rules-of-procedure-executive-board**.

The Act on the Equal Participation of Women and Men in Management Positions in Private Economy and Public Service, which was passed by the German Bundestag on February 6, 2015, and the Bundesrat on March 27, 2015, has the aim of increasing the share of female managers holding upper management positions at companies and contributing to gender equality in the long term. Symrise AG aims to achieve a 20 % share of women on the Executive Board in the long term. Measures related to specific persons have been agreed between the Supervisory Board and the Executive Board for this purpose. Nevertheless, we must respect current employment contracts and ensure continuity in the Executive Board. The current members of the Executive Board have contracts that extend into the years 2021 to 2024.

Symrise is a globally operating company with several high-level management positions outside of Germany. The basis for Symrise's quota for female managers is therefore the global management structure at Symrise. The share of women at the first level of management beneath the Executive Board amounted to 24.1 % in 2019; at the second level of management it amounted to 40.9 %.

SUPERVISORY BOARD

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

These rules have been made available on our website at **https://www.symrise.com/rules-of-procedure-supervisory-board**.

COMPOSITION OF THE SUPERVISORY BOARD

Pursuant to Section 8 (1) of the company's articles of incorporation in conjunction with Section 96 (1) of the German Stock Corporation Act (AktG) and Section 7 (1) sentence 1 number 1 of the German Codetermination Act of May 4, 1976, the Supervisory Board consists of twelve members. Six members are elected by the General Meeting and six by the company's employees in accordance with the provisions of the Codetermination Act. The period of office is identical for all members.

For listed companies subject to the Codetermination Act, Section 96 (2) sentence 1 of the German Stock Corporation Act (AktG) stipulates, inter alia, that the Supervisory Board must comprise at least 30 % women and at least 30 % men. In order to comply with this minimum gender distribution requirement, at least four seats on the company's Supervisory Board must be held by women and four seats by men. This minimum distribution is to be met by the Supervisory Board in total (what is known as total compliance), unless the shareholder or employee representatives on the Supervisory Board object to this by way of a resolution (Section 96 (2) sentence 3 of the German Stock Corporation Act (AktG)). Total compliance with this requirement was rejected by both the representatives of the shareholders as well as employees in accordance with Section 96 (2) sentence 3 of the German Stock Corporation Act (AktG). The group of shareholder representatives as well as of employee representatives on the Supervisory Board are each required to comply with the minimum distribution of 30 % for their group, so that the six representatives of each group include at least two women and men respectively. Both groups on the Supervisory Board currently meet this requirement.

The six employee representatives were chosen from among the German staff on February 24, 2016, in compliance with the legally prescribed election process.

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

Ursula Buck, Managing Director of Top Management Consulting Buck Consult, Possenhofen; Horst-Otto Gerberding, Managing Partner at Gottfried Friedrichs (GmbH & Co.) KG, Holzminden; Bernd Hirsch, Chief Financial Officer of Bertelsmann Management SE, Neuler; and Prof. Dr. Andrea Pfeifer, Chief Executive Officer of AC Immune S. A., St. Légier, Switzerland.

Due to reaching the age limit, Dr. Winfried Steeger, Managing Director of Constanze GmbH & Co. KG, Hamburg, was elected to the Supervisory Board for a term that runs until the end of the Annual General Meeting that will decide on discharges for the 2019 fiscal year.

Dr. Thomas Rabe, Chief Executive Officer of Bertelsmann Management SE, Berlin, resigned from his position for personal reasons and on good terms with effect from the end of December 31, 2019. In his place, Michael König was appointed member of the Supervisory Board by order of the District Court of Hildesheim on January 15, 2020.

The following six employee representatives were chosen from among the German staff on February 24, 2016, in compliance with the legally prescribed election process, and elected to the Supervisory Board for the period lasting until the end of the Annual General Meeting that will decide on discharges for the fiscal year 2020:

Harald Feist, Chairman of the works council and Chairman of the general works council of Symrise AG, Holzminden; Andrea Püttcher, Vice Chairperson of the works council and Vice Chairperson of the general works council of Symrise AG, Bevern; André Kirchhoff, independent member of the works council of Symrise AG, Bevern; Jeannette Kurtgil, IG BCE trade union secretary for the North region, Burgdorf; Dr. Ludwig Tumbrink, Vice President Special Projects, Supply Chain Flavor EAME at Symrise AG, Höxter; and Peter Winkelmann, Regional Head of the IG BCE district South Lower Saxony, Alfeld.

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

Bernd Hirsch, who joined the Supervisory Board on May 16, 2018, is the first member to have previously been a member of the Executive Board. There was a period of two years, four months and 15 calendar days between the end of Mr. Hirsch's activity on the Executive Board and his election to the Supervisory Board. This satisfied the conditions of Section 100 (2) number 4 of the German Stock Corporation Act (AktG) (the "cooling-off" period). A neutral and independent consulting and monitoring of the Executive Board continues to be ensured without restriction. At least one independent member has expertise in accounting or auditing.

OBJECTIVES OF THE SUPERVISORY BOARD IN RELATION TO ITS COMPOSITION

The Supervisory Board is to name specific goals for its composition pursuant to Section 5.4.1 (2) sentence 1 of the Corporate Governance Code 2017, that, in keeping with the company's specific situation, take account of (i) the company's international activity, (ii) potential conflicts of interest, (iii) the number of independent Supervisory Board members, (iv) an age limit for Supervisory Board members to be defined, (v) a maximum period for membership in the Supervisory Board to be determined and (vi) diversity, among other things.

With the support of corresponding nominations, the Supervisory Board seeks to ensure that in its future composition at least 30 % of its members are female. The "Act on Equal Participation of Women and Men in Executive Positions", passed by the German Bundestag on February 6, 2015, and the Bundesrat on March 27, 2015, has been implemented since it came into force.

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

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

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

THE COMPETENCE PROFILE OF THE SUPERVISORY BOARD

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

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

SUPERVISORY BOARD COMMITTEES

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

The Personnel Committee is responsible for matters pertaining to the Executive Board. These matters particularly include making resolution recommendations at the full Supervisory Board meetings regarding the appointment of Executive Board members or regarding components of Executive Board members' employment contracts. This committee is also responsible for succession planning at the Executive Board level. In this process, candidates who have the potential to take over a position on the Executive Board undergo an assessment which, with the help of an external service provider, leads directly from an individual analysis to an individual development plan. Even at this early stage, the goals for the future composition of the Executive Board are given appropriate consideration. The aim is to be able to fill all positions on the Executive Board internally and on short notice. The Personnel Committee deals with the development of the Executive Board remuneration system – specifying the amount of remuneration and the related target agreements and making corresponding recommendations at the full Supervisory Board meetings. The Personnel Committee additionally resolved to incorporate the criterion of diversity when appointing future Executive Board members, striving in particular to give appropriate consideration to women. The Personnel Committee currently has six members, of which three members are chosen by the shareholder representatives and three are chosen by the employee representatives in the Supervisory Board. The members are Dr. Winfried Steeger (Chairman), Harald Feist, Horst-Otto

Gerberding, Prof. Dr. Andrea Pfeifer, Dr. Ludwig Tumbrink and Peter Winkelmann. The Personnel Committee convened twice in the 2019 fiscal year. The Personnel Committee does not have its own rules of procedure. The rules of procedure of the Supervisory Board are applied accordingly.

The Auditing Committee mainly focuses on matters relating to the annual financial statements and consolidated financial statements, which includes monitoring the accounting process, the effectiveness of the internal controlling system, the risk management system, the internal auditing system and the audit of annual accounts. It also monitors the independence and qualifications of the auditor as well as additional services provided by the auditor. Furthermore, the Auditing Committee discusses the interim reports in detail and approves them before they are published. The Auditing Committee prepares the Supervisory Board's decision on the approval of the annual financial statements and its approval of the consolidated financial statements. To this end, it is responsible for pre-auditing the annual financial statements, the consolidated financial statements, the management report and the proposal regarding appropriation of earnings. The regular agenda items also include the receipt of the reports from Internal Auditing and the Group Compliance office as well as the risk report. At least one member of the Auditing Committee must be independent and possess expertise in accounting or auditing. The Auditing Committee currently has six members. Three members are shareholder representatives on the Supervisory Board and three are employee representatives on the Supervisory Board. The members are Bernd Hirsch (Chairman), Ursula Buck, Harald Feist, Jeannette Kurtgil, Dr. Winfried Steeger and Peter Winkelmann. The Auditing Committee convened five times in the 2019 fiscal year. The Auditing Committee prepared the Supervisory Board's proposal to the Annual General Meeting to nominate Ernst & Young GmbH of Hanover as the new auditor. Furthermore, the Auditing Committee solicited a statement of independence from the auditor. It commissioned the auditor, established the main focuses of the audit and prepared the resolution for the Supervisory Board regarding the auditing fees.

The Auditing Committee does not have its own rules of procedure. The rules of procedure of the Supervisory Board are applied accordingly. Additionally, the Auditing Committee drew up its own regulation regarding its concrete procedure.

Shareholders and employees are equally represented on the Arbitration Committee pursuant to Section 27 (3) of the Codetermination Act. The Arbitration Committee has four members. The current members are Dr. Winfried Steeger (Chairman), Ursula Buck, Harald Feist and Dr. Ludwig Tumbrink. Once again, it was not necessary to convene the Arbitration Committee during the 2019 fiscal year. The Arbitration Committee does not have its own rules of procedure. The rules of procedure of the Supervisory Board are applied accordingly.

The Nominations Committee consists exclusively of shareholder representatives from the Supervisory Board in accordance with the German Corporate Governance Code 2017. Its task is to recommend shareholder representatives to the Annual General Meeting who would be suitable Supervisory Board members for upcoming Supervisory Board elections. The Nominations Committee consists of three members. Currently, these are Dr. Winfried Steeger (Chairman), Horst-Otto Gerberding and Prof. Dr. Andrea Pfeifer. The Nominations Committee convened once during the 2019 fiscal year. The Nominations Committee does not have its own rules of procedure. The rules of procedure of the Supervisory Board are applied accordingly.

TRANSPARENCY

Pursuant to Section 19 of the EU Market Abuse Directive (previously Section 15a of the German Securities Trading Act), which came into force on July 3, 2016, the members of the Executive and Supervisory Boards of Symrise AG, as well as certain employees with management duties and persons with whom they have a close relationship, must disclose the purchase or sale of Symrise shares and related financial instruments. This duty of disclosure applies if the value of the transactions undertaken by one of the aforementioned persons reaches or exceeds the sum of € 5,000. Symrise immediately publishes disclosures on such transactions on its website and transmits this information to the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistung/BaFin) and the company register for retention. All of the reports received by Symrise AG as of December 31, 2019, are published on our website at **https://www.symrise.com/investors/corporate-governance/directors-dealings**. This includes all such reports since the IPO in December 2006, including any persons who have meanwhile left the Executive Board or the Supervisory Board.

CONFLICTS OF INTEREST

As in the previous year, conflicts of interest involving members of the Executive Board, which have to be disclosed to the Supervisory Board without delay, did not occur in fiscal year 2019. The only consultant or service agreements or other exchange contracts between members of the Supervisory Board and the company in the 2019 fiscal year involved Mr. Horst-Otto Gerberding.

Mr. Horst-Otto Gerberding is entitled to a pension from Symrise AG stemming from an employment and supply contract between him and the company that existed through the end of September 2003. The total sum is € 26,055.81 per month.

The direct or indirect total holding of shares in Symrise AG by all members of the Executive and Supervisory Boards as of December 31, 2019, was more than 1 %. Of the 5.46 % of shares in Symrise AG held by members of the Executive and Supervisory Boards, 5.24 % is held by members of the Supervisory Board while 0.22 % is held by members of the Executive Board (values are rounded).

A summary of the respective mandates outside of the Symrise Group for the members of the Executive Board and the Supervisory Board can be found on pages 164 to 166 of the 2019 Financial Report.

A report on relationships to related companies and parties can be found on page 135 of the 2019 Financial Report.

RISK MANAGEMENT

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

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

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

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

SHAREHOLDERS AND ANNUAL GENERAL MEETING

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

Shareholders also have the possibility of voting online in the run-up to the Annual General Meeting or authorizing the voting proxy provided by the company on the web. Instructions on how voting rights are to be exercised may be given to a voting proxy before and during the Annual General Meeting on May 6, 2020, up until the end of the general debate.

It is possible to transfer the voting rights to a voting proxy electronically up until 6:00 p.m. on the evening of May 5, 2020. The invitation to the Annual General Meeting and the reports and information required for the decisions are published according to stock corporation law and made available on Symrise's website in German and English.

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

INFORMATION SERVICE FOR OUR SHAREHOLDERS

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

We inform company shareholders, analysts, shareholder associations and the public of all important recurring dates through a financial calendar. This is published in the Corporate and Financial Report, the half-yearly financial report and the interim quarterly reports as well as on the company's website. Regular meetings with analysts and institutional investors are part of our investor relations activities. This includes an annual analysts' conference as well as conference calls for analysts and investors coinciding with the publication of our interim half-yearly figures.

The most important presentations prepared for these and other events, such as the Annual General Meeting (**https://www.symrise.com/investors/annual-general-meeting**) and investor conferences, can also be viewed online. The locations and dates for investor conferences can also be found on our website at **https://www.symrise.com/investors/financial-calendar-and-presentations**.

OUR AUDITOR

With regard to the consolidated financial statements and the interim reports at Symrise, our accounting in the 2019 fiscal year was again based on the International Financial Reporting Standards (IFRS) as required to be applied in the European Union. The legally prescribed individual accounts of Symrise AG that are decisive for the payment of dividends have been prepared in accordance with the regulations of the German Commercial Code. Here, the 2019 annual financial statements, management report and consolidated annual financial statements of Symrise AG as well as the 2019 Group management report were audited by our auditors Ernst & Young GmbH, Wirtschaftsprufungsgesellschaft, Hanover. An agreement is also in place with the auditors to promptly notify the chairman of the Auditing Committee of any grounds for disqualification or prejudice that are identified during the audit, insofar as such circumstances cannot immediately be rectified.

The auditors are instructed to report without delay all findings and incidents of significance for the duties of the Supervisory Board that are identified during the audit to the Executive Board and the Supervisory Board. Moreover, the auditors are required to notify the Supervisory Board and make a note in the audit report if circumstances are identified during the audit that are incompatible with the Declaration of Compliance issued by the Executive Board and Supervisory Board in accordance with Section 161 of the German Stock Corporation Act.

DIVERSITY CONCEPT FOR THE EXECUTIVE BOARD AND SUPERVISORY BOARD

Sections 289f (2) number 6 and 315d of the German Commercial Code require Symrise to provide a description of the concept of diversity that is pursued with regard to the composition of the Executive Board and Supervisory Board in terms of aspects such as age, gender, educational or professional background, as well as the objectives of this concept of diversity, the manner in which it is implemented and the results achieved in the respective fiscal year. Symrise already has such a diversity concept due to the mandatory statutory regulations already in force for Symrise and the fact that all recommendations of the Corporate Governance Code 2017 have been implemented without exception. Consequently, Sections 289f (2) number 6 and 315d of the German Commercial Code have no further independent significance for Symrise. For a better understanding, we have summarized our concept of diversity in the following:

The "Act on Equal Participation of Women and Men in Executive Positions", passed by the German Bundestag on February 6, 2015, and the Bundesrat on March 27, 2015, was implemented since its entry into force. It seeks to increase the number of female executives in leading positions in business and to reach across-the-board gender equality in the long term, among other aims. Symrise AG aims to achieve a 20 % share of women on the Executive Board in the long term. Measures related to specific persons have been agreed between the Supervisory Board and the Executive Board for this purpose. Nevertheless, we must respect current employment contracts and ensure continuity in the Executive Board. The current members of the Executive Board have contracts that extend into the years 2021 to 2024.

Symrise is a globally operating company with several high-level management positions outside of Germany. The basis for the quota for female managers at Symrise is therefore the global management structure at Symrise AG. The share of women at the first level of management beneath the Executive Board amounted to 24.1 % in 2019; at the second level of management it amounted to 40.9 %.

The Supervisory Board named specific goals for its composition pursuant to Section 5.4.1 (2) sentence 1 of the Corporate Governance Codex 2017, that, in keeping with the company's specific situation, take account of (i) the company's international activity, (ii) potential conflicts of interest, (iii) the number of independent Supervisory Board members, (iv) an age limit for Supervisory Board members to be defined, (v) a maximum period for membership in the Supervisory Board to be determined and (vi) diversity, among other things.

Generally, at least seven independent members should always be represented in the Supervisory Board. Members of the Supervisory Board who are employed by Symrise AG are not regarded as independent members of the Supervisory Board. The necessary independence is particularly lacking when a Supervisory Board has a personal or business relationship with Symrise AG, its corporate bodies, a controlling shareholder or an affiliated company which may give rise to a material, and not merely temporary, conflict of interest. This goal is currently being met. Furthermore, the Supervisory Board strives to ensure that the share of Supervisory Board members from other nations does not fall below one-third. With regard to Symrise, this means that nationality is not the only focus. Rather, the decisive factor is that at least one-third of the members of the Supervisory Board have gained substantial experience in globally active groups in Germany and abroad. This goal is also currently being met.

The term of office for a Supervisory Board member must end at the conclusion of the Annual General Meeting following the member's 70th birthday. The maximum limit for membership in the Supervisory Board is four terms of office. These two goals are currently being met.

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

Report of the Supervisory Board of Symrise AG

Dear Shareholders,

International economic development in 2019 was characterized by only relatively slow growth. Global economic performance increased by an estimated 3.0 %, after 3.6 % and 3.8 % in the two previous years. The reasons for the slowdown in growth were mainly political: the trade disputes between the US and China, uncertainties in connection with the UK's withdrawal from the EU and the tensions in the Middle East heading toward a military conflict. The economic outlook is also burdened by these and other risk factors. Against this background, the business development of our company in the reporting year was very good. Symrise has a broad international positioning with its own production sites in the most important sales markets. The product portfolio is diversified and extends well beyond the world of fragrances and flavors. The customer structure is balanced, and the sourcing of important raw materials is secured in many areas. The company is on course with clear goals.

DR. WINFRIED STEEGER, Chairman of the Supervisory Board of Symrise AG

In this report, I would like to inform you about the key activities of the Supervisory Board. In 2019, the Supervisory Board of Symrise AG again fulfilled its responsibilities under the law and according to the articles of incorporation with great care. We regularly provided consultation to the Executive Board and supervised the company management. We are convinced that the company's business complied with all legal and regulatory requirements. The Supervisory Board was directly and intensely involved in all decisions of fundamental significance to the company. In the meetings of the Supervisory Board and its committees, we again discussed and reached agreements on a number of matters and business transactions subject to our approval. The Executive Board comprehensively discussed and coordinated the strategic planning and orientation of the company with us. As in the previous fiscal years, the Executive Board and Supervisory Board held a separate meeting in 2019 to examine and evaluate the Company's strategy.

Based on information received from the Executive Board, we intensively discussed and advised on all business transactions of significance to the company in our full assembly. To this end, the Executive Board provided us with regular, current and comprehensive reports in written and oral form on all aspects important to the company. This includes above all the development of the business and financial situation, the employment situation, ongoing and planned investments, basic corporate strategy and planning issues as well as the risk situation, risk management and the compliance management system. The Executive Board informed us of matters that, according to legal requirements and/or the articles of incorporation, are subject to our approval at an early stage and allowed us the needed time for making a decision. Wherever required by law or by the articles of association, we submitted our vote on the reports and proposed resolutions of the Executive Board after thorough analysis and discussion. In urgent special cases, decisions were made in consultation with the Chairman of the Supervisory Board, either by telephone or in writing.

The Executive Board provided us with a monthly report on all of the key financial figures. When there were any deviations in the course of business from the set plans and objectives, we received detailed explanations in written and oral form, enabling us to discuss the reasons for the deviations and targeted correction measures with the Executive Board.

Additionally, outside the meetings of the Supervisory Board and its committees, the Chairman of the Supervisory Board and the Chairman of the Auditing Committee in particular were in close and continuous dialogue with the Executive Board. The still relatively restrained global economic growth, continued low interest rates, the trade disputes between the US and China, uncertainties in connection with the UK's withdrawal from the EU and the tensions in the Middle East heading toward a military conflict, and their consequences for current and future business development were repeatedly a subject of our discussions with the Executive Board as was the status of essential projects and key business transactions in the three Group segments.

As in the previous year, conflicts of interest of members of the Executive and Supervisory Boards, which must be disclosed to the Supervisory Board without delay and reported to the Annual General Meeting along with their underlying circumstances and a report of how they will be handled, did not occur in 2019.

THE SUPERVISORY BOARD'S WORK IN COMMITTEES

As in the past, the Supervisory Board formed a total of four committees to fulfill its responsibilities more efficiently. These committees draft the Supervisory Board's resolutions and prepare the agenda items to be addressed in the full meetings. To the extent that it was legally admissible, the Supervisory Board delegated decision-making to its committees in individual cases. This practice of delegation has proved successful in our experience. The Supervisory Board established an Auditing Committee, an Arbitration Committee pursuant to Section 27 (3) of the Codetermination Act (MitbestG), a Personnel Committee and a Nominations Committee as permanent committees. The task of the latter is to recommend suitable candidates as shareholder representatives on the Supervisory Board when new Supervisory Board elections are coming up. The Chairman of the Supervisory Board chairs all of the committees with the exception of the Auditing Committee.

In the Supervisory Board meetings, the chairmen of the committees report regularly and extensively on the content and results of the committee meetings. As a result, the Supervisory Board always has a comprehensive basis of information for its consultations.

The Personnel Committee is responsible for matters pertaining to the Executive Board. These matters particularly include making resolution recommendations at the full Supervisory Board meetings regarding the appointment of Executive Board members or regarding components of Executive Board members' employment contracts. It is also responsible for succession planning at the Executive Board level. In this process, candidates who have the potential to take over a position on the Executive Board undergo an assessment which, with the help of an external service provider, leads directly from an individual analysis to an individual development plan. Even at this early stage, the goals for the future composition of the Executive Board are given appropriate consideration. The aim is to be able to fill all positions on the Executive Board internally and on short notice. The Personnel Committee deals with the development of the Executive Board remuneration system, specifies the amount of remuneration including target agreements and makes corresponding recommendations at the full Supervisory Board meetings. The Personnel Committee additionally resolved to incorporate the criterion of diversity when appointing future Executive Board members, striving in particular to give appropriate consideration to women. In the long term, the share of women on the Executive Board should reach 20 %. The Personnel Committee currently has six members, of which three members are chosen by the shareholder representatives and three are chosen by the employee representatives in the Supervisory Board. The members are Dr. Winfried Steeger (Chairman), Harald Feist, Horst-Otto Gerberding, Prof. Dr. Andrea Pfeifer, Dr. Ludwig Tumbrink and Peter Winkelmann.

The Personnel Committee convened twice in the 2019 fiscal year. All members were present for both meetings. Its agenda points included evaluating the Executive Board members' performance during the 2018 fiscal year, setting new goals for the 2019 fiscal year and reviewing the appropriateness of Executive Board members' remuneration. The focus of the review was on the multi-year remuneration program (LTIP) and performance evaluation. Other topics included managerial development at the level of management beneath the Executive Board and long-term succession planning at Executive Board level.

The Auditing Committee mainly focuses on matters relating to the annual financial statements and consolidated financial statements, which includes monitoring the accounting process, the effectiveness of the internal controlling system, the risk management system, the internal auditing system, the audit of annual accounts and the compliance management system. It also monitors the independence and qualifications of the auditor as well as additional services provided by the auditor.

To the extent that the auditor also provides tax advisory services for companies of the Symrise Group, these must be expressly approved in advance by the Auditing Committee. The Auditing Committee approved a general budget of € 250,000 for such tax advisory services by the auditor in the fiscal year 2019. Any expenditures beyond this budget would require further approval by the Auditing Committee. Furthermore, the Auditing Committee discussed the quarterly reports and the half-yearly financial report in detail and approved them before they were published. The Auditing Committee prepares the Supervisory Board's decision on the approval of the annual financial statements and its approval of the consolidated financial statements. To this end, it is responsible for pre-auditing the annual financial statements, the consolidated financial statements, the management reports and the proposal regarding appropriation of earnings. The non-financial statement required to be prepared for the fiscal year 2019 in accordance with Section 289b of the German Commercial Code (HGB) has not been dealt with separately by the Auditing Committee. The full Supervisory Board meetings addressed this matter. The regular agenda items also include the receipt of the reports from Internal Auditing and the Group Compliance Officer as well as the risk report. At least one member of the Auditing Committee must be independent and possess expertise in accounting or auditing. The Auditing Committee currently has six members. Three members are shareholder representatives on the Supervisory Board and three are employee representatives on the Supervisory Board. The members are Bernd Hirsch (Chairman), Ursula Buck, Harald Feist, Jeannette Kurtgil, Dr. Winfried Steeger and Peter Winkelmann. The Auditing Committee convened five times in the 2019 fiscal year, one of which was a conference call. One member of the Auditing Committee was unable to attend one meeting.

The CFO regularly attends the meetings of the Auditing Committee while the auditor, CEO and other guests, such as the head of Internal Auditing or the Compliance Officer, are present for individual agenda items when needed. This year, the Auditing Committee dealt in detail with the control systems established in the Group, their interaction and effectiveness. The maturity profile of the individual financing elements and the handling of individual currency risks was also a focus of the deliberations. The auditor reported in detail on all findings and incidents of significance to the duties of the Supervisory Board that were identified during the audit and reviews of the interim financial statements following the conclusion of the first half of the year.

The Auditing Committee prepared the Supervisory Board's proposal to the Annual General Meeting to nominate Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hanover, as the auditor for the 2019 fiscal year. Furthermore, the Auditing Committee solicited the corresponding statement of independence from the auditor Ernst & Young. The Auditing Committee commissioned the auditor, agreed on a risk-oriented auditing approach and determined the main focuses of the audit for the 2019 fiscal year. It also made preparations for the decision of the Supervisory Board regarding auditing fees.

Shareholders and employees are equally represented on the Arbitration Committee pursuant to Section 27 (3) of the Codetermination Act (MitbestG). It consists of four members: Dr. Winfried Steeger (Chairman), Ursula Buck, Harald Feist and Dr. Ludwig Tumbrink. Once again, it was not necessary to convene the Arbitration Committee during the 2019 fiscal year.

The Nominations Committee consists exclusively of shareholder representatives from the Supervisory Board in accordance with the German Corporate Governance Code. Its task is to recommend shareholder representatives to the Annual General Meeting who would be suitable Supervisory Board members for upcoming Supervisory Board elections. The three members are Dr. Winfried Steeger (Chairman), Horst-Otto Gerberding and Prof. Dr. Andrea Pfeifer. The Nominations Committee convened once during the 2019 fiscal year.

TOPICS OF THE SUPERVISORY BOARD MEETINGS

Important points of focus of our work and subjects of regular discussions in the Supervisory Board were, once again, the still relatively restrained global economic growth, continued low interest rates, the trade disputes between the US and China, uncertainties in connection with the UK's withdrawal from the EU and the tensions in the Middle East heading toward a military conflict, and their consequences for current and future business development, as well as status of essential projects and key business transactions in the three Group segments. The continuing high volatility of energy and raw materials prices, which also affects our industry, as well as the ongoing European debt crisis and its potential impact on our company were also a subject of our deliberations.

In light of these matters, we discussed with the Executive Board in detail the measures it had enacted as well as those planned for the future. Regular deliberations within the Supervisory Board also covered the development of sales, earnings and employment at Symrise and its three segments in the individual regions given the economic conditions present there. It also discussed the company's financial and liquidity situation as well as important investment projects and their development as measured against the planned objectives. In the 2019 fiscal year, the Supervisory Board held five ordinary sessions and one extraordinary session, two of which focused on specific topics. The first meeting on a specific topic centered around the company's strategy, its monitoring in view of the changing economic environment and the state of its implementation, while the second such meeting focused on the annual planning for 2020. No member of the Supervisory Board was present at less than half of the meetings for the Supervisory Board or its committees.

In our extraordinary session on January 15, 2019, we discussed the acquisition of American Dehydrated Foods, Inc. (ADF)/ International Dehydrated Foods, Inc. (IDF) in detail and gave our approval thereto. We also discussed in detail the financing of this acquisition and gave our approval for the necessary financing and refinancing instruments.

In our meeting on March 5, 2019, we consulted and coordinated with the Executive Board on the approval of the annual financial statements and the consolidated financial statements for 2018. We also discussed the preparation for the Annual General Meeting 2019, the Corporate Governance Statement and the Corporate Governance report. The results of the 2019 efficiency review were also discussed in detail at this meeting. The Supervisory Board regularly reviews the efficiency of its activities in the form of a self-assessment. Topic areas included the procedure of Supervisory Board meetings, cooperation with the Executive Board, providing information to the Supervisory Board and setting priorities for the individual key topics. The audit conducted by DQS CFS GmbH on behalf of the Supervisory Board of the separate non-financial report in accordance with Section 289b of the German Commercial Code (HGB) and its results were also discussed in detail at this meeting. All members of the Supervisory Board and the auditor attended this meeting.

In our meeting on May 21, 2019, the Executive Board's report on the company's performance during the first three months of the 2019 fiscal year and its outlook for the rest of the year represented the main focus of the meeting as did the impending Annual General Meeting. The Executive Board additionally informed the Supervisory Board on the status of ongoing investment projects. At this meeting we also gave our approval for the refinancing of the corporate bond maturing on July 10, 2019, in the amount of € 500 million. All Supervisory Board members attended this meeting.

The meeting on August 7, 2019, was mainly dominated by company's performance during the second quarter and first half of 2019 and its update to the outlook for the entire year of 2019. At this meeting, the Supervisory Board also dealt with the status quo of several acquisition projects and elected Dr. Winfried Steeger as the new Chairman of the Supervisory Board. All Supervisory Board members attended this meeting.

At the strategy meeting on September 17, 2019, the Executive Board and the Supervisory Board intensively discussed the status of implementation and refinement of our corporate strategy. In this context, a possible need for correction and, if necessary, repositioning of key elements regarding customer focus, sustainability and end consumer behavior were also discussed. For the first time, new and disruptive technologies and business models with implications for the business environment of Symrise were presented in this meeting.

These include, for example, the successful use of artificial intelligence in the composition of perfume oils and the use of digital technologies for a personalized pet care business that should make it possible for customers to assess the health of their pets in daily interactions. In addition, new technologies for carrying out chemical reactions and building the necessary reactors using 3D printing technology were presented and demonstrated. The recycling of byproducts from conventional production processes was also demonstrated with concrete examples. This will open up further possibilities for generating additional values. Other topics of discussion included the annual investment volume up to and including 2024 for new technologies, the implementation of the IT strategy and the introduction of SAP S4 Hana, as well as general maintenance and the expansion in capacity of existing facilities. These investments are intended to ensure the growth of profitable products while expanding backward integration. Also at this meeting, together with the Executive Board, we issued the annual Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act. One member of Supervisory Board did not attend this meeting.

The meeting on December 4, 2019, was devoted to the corporate planning for the upcoming 2020 fiscal year. The Supervisory Board approved the corporate planning for the 2020 fiscal year in this meeting. The Supervisory Board assessed the status of Corporate Governance at Symrise together with the Executive Board and coordinated the content of the Corporate Governance Report in the Corporate Governance Statement. We confirmed the goals regarding the composition of the Supervisory Board as unchanged from the previous year. This also includes the competence profile of the Supervisory Board as a whole, which is to be compiled in accordance with Section 5.4.1 (2) sentence 1 of the German Corporate Governance Code. As a result of the provision in Section 289b (1) of the German Commercial Code (HGB), Symrise is also obliged to publish a "non-financial statement" as part of the management report for the 2019 fiscal year. Here, Symrise is exercising the option provided for in Section 289b (3) of the German Commercial Code (HGB) and is again preparing a separate non-financial report for the 2019 fiscal year, as well, outside of the management report. This will be published at the same time as the annual financial statements for 2019 and can also be found on the Symrise website at **https://cr2019.symrise.com/sustainability/sustainability-record**.

Pursuant to Section 171 of the German Stock Corporation Act, the Supervisory Board is also responsible for verifying that the separate non-financial report complies with the legal requirements. In this regard, the Supervisory Board has, as in the previous year, exercised the option provided for in Section 111 (2) sentence 4 of the German Stock Corporation Act and has commissioned DQS CFS GmbH to examine the content of Symrise AG's separate non-financial report 2019 as external experts. The Nominations Committee also presented, to the Supervisory Board, the status of the search for candidates to succeed Supervisory Board members Dr. Thomas Rabe and Dr. Winfried Steeger. One member of Supervisory Board did not attend this meeting.

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS 2019

The auditor Ernst & Young, audited the annual financial statements for the fiscal year from January 1, 2019, to December 31, 2019, which were prepared by the Executive Board according to HGB (German Commercial Code) standards, as well as the Symrise AG management report. The Auditing Committee issued the order for the audit in accordance with the May 21, 2019, resolution of the Annual General Meeting. The auditor issued an unqualified audit opinion.

The Symrise AG consolidated financial statements were prepared in accordance with Section 315a HGB on the basis of the International Financial Reporting Standards (IFRS), as applicable in the European Union. The auditor Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft also certified the consolidated financial statements and the Group management report without qualification.

The auditor's report on these financial statements as well as additional auditing reports and documentation were delivered to all members of the Supervisory Board in a timely manner. They were discussed thoroughly in the meetings of the Auditing Committee of February 12 and March 3, 2020, and in the full meeting of the Supervisory Board of March 4, 2020. The auditors participated in the deliberations on the annual and consolidated financial statements in both committees.

Here they reported on the key audit results and were available to the Auditing Committee and the Supervisory Board to answer any questions and provide additional information.

Following our own review of the annual financial statements, the consolidated financial statements, the management report and the Group management report, we accepted the findings of the auditor. In our meeting of March 4, 2020, we approved the annual financial statements and the consolidated financial statements upon the recommendation of the Auditing Committee. The annual financial statements are thereby approved. After examining it, we endorsed the proposal of the Executive Board for the use of the accumulated profit for the year. The Supervisory Board considers the proposal regarding the use of profits to be appropriate.

The content of the separate non-financial report prepared for the 2019 fiscal year was audited by DQS CFS GmbH. The audit did not lead to any reservations.

The separate non-financial report is available on the Symrise website at **https://cr2019.symrise.com/sustainability/sustainability-record**.

CORPORATE GOVERNANCE

Pursuant to Section 3.10 of the German Corporate Governance Code (DCGK), the Executive Board reports on corporate governance at Symrise AG, also on behalf of the Supervisory Board, once a year in connection with the publication of the Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code. The Corporate Governance Statement includes (i) the Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act, (ii) relevant disclosures on corporate governance practices, (iii) a description of the working methods of the Executive Board and the Supervisory Board as well as the composition and working methods of their committees, (iv) target figures for the proportion of women in the Executive Board and for the two management levels below the Executive Board, together with deadlines for implementation, and (v) a description of the diversity concept with regard to the composition of the Executive Board and Supervisory Board. Pursuant to the version applicable to Symrise of Section 3.10 of the German Corporate Governance Codex from February 7, 2017 ("DCGK 2017"), published in the official section of the Federal Gazette by the German Federal Ministry of Justice on April 24, 2017, and amended on May 19, 2017, the Corporate Governance Report, which is required to be issued annually by the Executive Board and the Supervisory Board, must be published together with the Corporate Governance Statement.

Due to the similarity of content between the Corporate Governance Report and the Corporate Governance Statement, we have once more decided to integrate the Corporate Governance Report in the meaning of Section 3.10 of the Corporate Governance Codex 2017 into the Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code in order to simplify orientation for the reader. By contrast, the remuneration report pursuant to Section 4.2.5 of the Corporate Governance Codex 2017 is no longer part of the Corporate Governance Report. The remuneration report is part of the management report included on pages 55 to 63 of the 2019 financial report.

The Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code is published on the Symrise AG website, together with the integrated Corporate Governance Report of the Executive Board and Supervisory Board.

It can be found at **https://www.symrise.com/corporate-governance-statement**.

In 2019, we observed the refinement of corporate governance standards in Germany and abroad and will continue to do so in the future.

On September 17, 2019, the Executive Board and the Supervisory Board submitted an updated Declaration of Compliance according to Section 161 of the German Stock Corporation Act and made this permanently available to the shareholders on the company's website. It is also included in the Corporate Governance Statement.

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

CHANGES IN THE EXECUTIVE BOARD AND SUPERVISORY BOARD

There were no personnel changes in the Executive Board in the reporting year. Dr. Thomas Rabe resigned from the Supervisory Board at his own request and on good terms with effect from the end of December 31, 2019. The District Court of Hildesheim appointed Michael König as a member of the Supervisory Board with effect from January 15, 2020. He will stand for election by the shareholders at the Annual General Meeting on May 6, 2020.

The more than 10,000 current employees of the Symrise Group around the world make a crucial contribution to the success of our company. The Supervisory Board would like to thank all of the members of the Executive Board, the Group's employees in Germany and abroad as well as all employee representatives for their commitment, their constructive and creative collaborations in service of our customers and their outstanding accomplishments in the 2019 fiscal year.

On behalf of the Supervisory Board,

Dr. Winfried Steeger
Chairman

Holzminden, Germany, March 4, 2020

Bodies and Mandates – Executive Board and Supervisory Board

EXECUTIVE BOARD:

DR. HEINZ-JÜRGEN BERTRAM
Chief Executive Officer

Membership in Legally Mandated Domestic Supervisory Boards None

Membership in Comparable Supervisory Bodies (Domestic and International) None

ACHIM DAUB
President Scent & Care

Membership in Legally Mandated Domestic Supervisory Boards None

Membership in Comparable Supervisory Bodies (Domestic and International)
- Phlur, Inc., Austin/Texas, USA, Member of the Supervisory Board

OLAF KLINGER
Chief Financial Officer

Membership in Legally Mandated Domestic Supervisory Boards None

Membership in Comparable Supervisory Bodies (Domestic and International) None

DR. JEAN-YVES PARISOT
President Nutrition (Diana)

Membership in Legally Mandated Domestic Supervisory Boards None

Membership in Comparable Supervisory Bodies (Domestic and International)
- Probi AB, Lund, Sweden, Chairman of the Supervisory Board
- VetAgroSup, Lyon, France, Chairman of the Supervisory Board

HEINRICH SCHAPER
President Flavor

Membership in Legally Mandated Domestic Supervisory Boards None

Membership in Comparable Supervisory Bodies (Domestic and International) None

SUPERVISORY BOARD:

DR. THOMAS RABE
Chief Executive Officer at Bertelsmann Management SE
Chief Executive Officer at RTL Group S.A. (since April 1, 2019)

Membership in Legally Mandated Domestic Supervisory Boards
- Symrise AG, Holzminden, Chairman of the Supervisory Board (until August 7, 2019) and full member (until December 31, 2019)

Membership in Comparable Supervisory Bodies (Domestic and International)
- Majorel Group Luxembourg S.A., Luxembourg, Chairman of the Supervisory Board (since January 4, 2019)
- RTL Group S.A., Luxembourg, Chairman of the Supervisory Board (until March 31, 2019)
- Penguin Random House LLC, UK, Chairman of the Supervisory Board
- Adidas AG, Member of the Supervisory Board (since May 9, 2019)

DR. WINFRIED STEEGER
Chief Executive Officer at Constanze GmbH & Co. KG

Membership in Legally Mandated Domestic Supervisory Boards
- Symrise AG, Holzminden, Chairman of the Supervisory Board (since August 8, 2019)
- Verwaltungsgesellschaft Otto mbH, Hamburg, Member of the Supervisory Board
- EUROKAI GmbH & Co. KGaA, Hamburg, Chairman of the Supervisory Board
- Blue Elephant Energy AG, Hamburg, Member of the Supervisory Board
- EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen, Member of the Supervisory Board

Membership in Comparable Domestic and Foreign Supervisory Bodies
- August Prien Verwaltung GmbH, Hamburg, Chairman of the Supervisory Board
- Familie Thomas Eckelmann Verwaltungsgesellschaft mbH, Hamburg, Vice Chairman of the Board of Directors
- Kurt F.W.A. Eckelmann GmbH, Hamburg, Vice Chairman of the Board of Directors
- Familie Thomas Eckelmann GmbH & Co. KG, Hamburg, Vice Chairman of the Board of Directors

URSULA BUCK
Managing Director at Top Managementberatung BuckConsult

Membership in Legally Mandated Domestic Supervisory Boards
- Symrise AG, Holzminden, Member of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International) None

HARALD FEIST
Chairman of the works council and Chairman of the general works council at Symrise AG

Membership in Legally Mandated Domestic Supervisory Boards
- Symrise AG, Holzminden, Vice Chairman of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and international) None

HORST-OTTO GERBERDING
Managing Partner at Gottfried Friedrichs (GmbH & Co.) KG

Membership in Legally Mandated Domestic Supervisory Boards
- Symrise AG, Holzminden, Member of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International) None

BERND HIRSCH
Chief Financial Officer at Bertelsmann Management SE

Membership of statutory supervisory boards of other German companies
- Symrise AG, Holzminden, Member of the Supervisory Board
- Evotec AG, Hamburg, Vice Chairman of the Supervisory Board (until June 19, 2019)

Membership of comparable supervisory bodies (in Germany or abroad)
- Bertelsmann Inc., Wilmington, USA, Chairman of the Supervisory Board
- Penguin Random House LLC, UK, Member of the Supervisory Board
- RTL Group S.A., Luxembourg, Member of the Supervisory Board

ANDRÉ KIRCHHOFF
Independent member of the works council at Symrise AG

Membership in Legally Mandated Domestic Supervisory Boards
- Symrise AG, Holzminden, Member of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International) None

JEANNETTE KURTGIL
IG BCE trade union secretary for the North region

Membership in Legally Mandated Domestic Supervisory Boards
- Symrise AG, Holzminden, Member of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International)
- Esco GmbH, Hanover, Member of the Advisory Board

PROF. DR. ANDREA PFEIFER
Chief Executive Officer at AC Immune S.A.

Membership in Legally Mandated Domestic Supervisory Boards
- Symrise AG, Holzminden, Member of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and international)
- Bio MedInvest AG, Basel, Switzerland, Chairperson of the Board of Directors
- AB2 Bio SA, Lausanne, Switzerland, Chairperson of the Board of Directors

ANDREA PÜTTCHER
Vice Chairperson of the works council and Vice Chairperson of the general works council at Symrise AG

Membership in Legally Mandated Domestic Supervisory Boards
- Symrise AG, Holzminden, Member of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and international) None

DR. LUDWIG TUMBRINK
Vice President Special Projects, Supply Chain Flavor EAME at Symrise AG

Membership in Legally Mandated Domestic Supervisory Boards
- Symrise AG, Holzminden, Member of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International) None

PETER WINKELMANN
Regional Head of the IG BCE district Südniedersachsen

Membership in Legally Mandated Domestic Supervisory Boards
- Symrise AG, Holzminden, Member of the Supervisory Board
- amedes Holding GmbH, Hamburg, Vice Chairman of the Supervisory Board
- aenova Holding GmbH, Starnberg, Vice Chairman of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International) None

Glossary

AFF
Aroma Molecules, Flavors & Fragrances

AKTG
Stock Corporation Act (Aktiengesetz)

FLAVOR
A complex mix of flavors and/or fragrances often based on chemical compounds (flavoring substances), which can be aromatics themselves

GDP
Gross Domestic Product: A statistic used to measure the economic strength (goods and services) of a country

CAGR
Compound Annual Growth Rate /average annual growth rate of particular significance

CORE LIST
List of preferred suppliers

COSO II
COSO (Committee of Sponsoring Organizations of the Treadway Commission) aims to improve financial reporting through ethical action, effective internal controls and good corporate governance Published in 2004, COSO II is an expansion of the original control model

COVENANTS
Loan agreements (under the normal market conditions)

EAME
Region comprised of Europe, Africa and the Middle East

EBIT
Earnings before interest and taxes

EBITDA
Earnings before interest, taxes, depreciation and amortization on property, plant and equipment and intangible assets

EX VIVO MODEL
Live tissue (e.g. ovules, grafts) is isolated and tested under laboratory conditions

F & F
Flavors & Fragrances / Flavorings and fragrances

FISC
The four key pillars of the Symrise sustainability strategy: F = Footprint; I = Innovation; S = Sourcing; C = Care

FLAC
Financial liabilities measured at amortized cost

GREEN CHEMISTRY
Sustainable chemistry that reduces environmental pollution, saves energy and produces in an environmentally friendly way

HGB
German Commercial Code (Handelsgesetzbuch)

IAL
Industrial and market research consultancy company

IKS
Internal Controlling System

INCOTERMS
International Commercial Terms

INVESTMENT GRADE
Companies, institutions or securities with good to very good credit ratings

ISO 31000
A standard that defines the framework for a risk management system

LAR
Loans and receivables

LTIP
Long Term Incentive Plan/a remuneration plan for staff, especially for managerial staff

OPEN INNOVATION
Opening up of the innovation process of organizations and thus the active strategic use of the external world for the expansion of innovative potential. The open innovation concept describes the purposeful use of knowledge flowing into and out of the company, while making use of internal and external marketing channels in order to generate innovations

CASH FLOW FROM OPERATING ACTIVITIES
Cash generated from the operations of a company, defined as the revenues minus operating expenses; an important indicator of a company's earning power

REACH
Chemicals directive for the registration, evaluation, authorization and restriction of chemicals

REVOLVING CREDIT FACILITY
Credit limits that the borrower can access at any time and over very flexible repayment options

SUPPLY CHAIN
Process chain from procurement to manufacturing and sale of a product. This therefore includes suppliers, producers and consumers

US PRIVATE PLACEMENT
Non-public sale of debt securities to US investors, which is regulated, however, by the SEC (United States Securities and Exchange Commission)

WORKING CAPITAL
Financial indicator derived by subtracting current operating liabilities from current operating assets

Financial Calendar 2020

April 28, 2020
Trading Statement January – March 2020

May 6, 2020
Annual General Meeting, Holzminden

August 6, 2020
Interim Group Report January – June 2020

October 29, 2020
Trading Statement January – September 2020

Imprint

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Symrise AG
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Concept and Editing
PvF Investor Relations, Oberursel

Concept, Design and Realization
3st kommunikation, Mainz

Translation
EnglishBusiness AG, Hamburg

Photography
Getty Images

Typography
BG media design GmbH, Darmstadt

Printed by
AC medienhaus GmbH, Wiesbaden-Nordenstadt

Publication Date of the Report
March 10, 2020

Symrise online
www.symrise.com
www.symrise.com/sustainability
www.symrise.com/investors
cr2019.symrise.com

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