Financial statements 2023

FOR THE PERIOD ENDED DECEMBER 31, 2023

Firmenich

for good, naturally

Consolidated income statement

For the period ended

In millions of CHF	Notes	(6 months) December 31, 2023	(12 months) June 30, 2023
Net sales	27	**2'271.5**	**4'836.7**
Cost of sales	20/21	(1'328.3)	(3'166.2)
Gross profit		**943.2**	**1'670.5**
as % of revenue		*41.5%*	*34.5%*
Distribution expenses	20/21	(70.1)	(154.6)
Research and development	20/21	(195.4)	(392.1)
Marketing and sales	20/21	(244.4)	(501.0)
General and administrative	20/21	(166.6)	(317.3)
Other operating income	20	64.8	5.4
Operating profit		**331.5**	**310.9**
as % of revenue		*14.6%*	*6.4%*
Financing costs	22	(29.4)	(47.6)
Net other financial expenses	23	(20.3)	(124.8)
Share of profit of joint ventures and associates, net of taxes	6	1.7	4.1
Profit before taxes		**283.5**	**142.6**
Income tax expense	24	(85.7)	(53.0)
Net profit for the period		**197.8**	**89.6**
Attributable to:			
Non-controlling interests	14	6.1	7.1
Equity holders of the parent		**191.7**	**82.5**
as % of revenue		*8.4%*	*1.7%*
Basic and diluted earnings per share (in CHF)	13	23.90	10.20

The notes 1 to 33 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

For the period ended

In millions of CHF	Notes	(6 months) December 31, 2023	(12 months) June 30, 2023
Net profit for the period		**197.8**	**89.6**
Items that may be reclassified subsequently to the income statement			
Exchange differences on translating foreign operations		(166.6)	(233.8)
Exchange differences on translating foreign operations in jointly controlled entities and associates		0.6	(3.5)
Items that will not be reclassified to the income statement			
Remeasurement of employee benefit obligations	15	(50.3)	(35.5)
Equity investments at fair value through other comprehensive income		(14.7)	(27.7)
Related tax on remeasurement of employee benefit obligations	24	7.3	3.0
Related tax on equity investments at fair value through other comprehensive income	24	2.3	3.3
Total other comprehensive income for the period, net of tax		**(221.4)**	**(294.2)**
Total comprehensive income for the period		**(23.6)**	**(204.6)**
Attributable to:			
Non-controlling interests	14	2.6	2.0
Equity holders of the parent		(26.2)	(206.6)

The notes 1 to 33 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at

In millions of CHF	Notes	December 31, 2023	June 30, 2023
Assets			
Goodwill and intangible assets	3	2'541.4	2'697.0
Property, plant and equipment	4	1'509.3	1'549.1
Financial investments and other non-current assets	5	501.6	527.6
Share in associates and joint ventures	6	64.3	67.7
Deferred tax assets	24	88.2	80.5
Total non-current assets		**4'704.8**	**4'921.9**
Inventories	7	984.2	1'041.0
Trade receivables	8/25	922.0	941.0
Other receivables and prepaid expenses	9	206.1	177.4
Derivatives	10/25	7.9	10.4
Income tax receivables		65.8	65.9
Financial investments	11/25	97.1	384.5
Cash and cash equivalents	25	163.5	194.2
Total current assets		**2'446.6**	**2'814.4**
Total assets		**7'151.4**	**7'736.3**
Equity and liabilities			
Share capital	12	40.1	40.1
Retained earnings and other reserves		4'516.3	4'518.8
Remeasurement of employee benefit obligations		(70.9)	(27.9)
Translation of foreign operations		(921.0)	(769.1)
Equity attributable to equity holders of the parent		**3'564.5**	**3'761.9**
Non-controlling interests	14	48.8	47.5
Total equity		**3'613.3**	**3'809.4**
Employee benefit liabilities	15	214.7	166.9
Provisions	16	40.4	62.0
Deferred tax liabilities	24	221.1	238.7
Borrowings	17/25	1'601.9	1'694.2
Other non-current liabilities	18	19.4	36.2
Total non-current liabilities		**2'097.5**	**2'198.0**
Trade payables	25	408.3	362.7
Other payables and accrued expenses	19	563.7	602.6
Derivatives	10/25	1.9	3.3
Employee benefit liabilities	15	46.4	31.2
Provisions	16	10.6	8.8
Income tax payables		142.4	91.2
Redemption liability	18/25	23.6	23.5
Borrowings	17/25	243.7	605.6
Total current liabilities		**1'440.6**	**1'728.9**
Total liabilities		**3'538.1**	**3'926.9**
Total equity and liabilities		**7'151.4**	**7'736.3**

The notes 1 to 33 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

In millions of CHF	Share capital	Retained earnings and other reserves	Remeasure-ment of employee benefit obligations	Fair value reserve	Translation of foreign operations	Attributable to equity holders of the parent	Non-controlling interests (*)	**Total Equity**
Balance as at July 1, 2022	**40.5**	**4'710.1**	**4.6**	**18.5**	**(532.1)**	**4'241.6**	**55.0**	**4'296.6**
Net profit for the period		82.5				82.5	7.1	**89.6**
Other comprehensive income for the period		4.8	(32.5)	(24.4)	(237.0)	(289.1)	(5.1)	**(294.2)**
Total comprehensive income for the period		**87.3**	**(32.5)**	**(24.4)**	**(237.0)**	**(206.6)**	**2.0**	**(204.6)**
Dividends		(250.0)				(250.0)	(5.5)	**(255.5)**
Change in the share capital (note 12)	(0.4)	0.4				-		-
Remuneration on deeply subordinated fixed rate resettable perpetual notes (note 12)		(27.5)				(27.5)		**(27.5)**
Changes in non-controlling interests		4.4				4.4	(4.0)	**0.4**
Net change in other equity items	**(0.4)**	**(272.7)**				**(273.1)**	**(9.5)**	**(282.6)**
Balance as at June 30, 2023	**40.1**	**4'524.7**	**(27.9)**	**(5.9)**	**(769.1)**	**3'761.9**	**47.5**	**3'809.4**
Balance as at July 1, 2023	**40.1**	**4'524.7**	**(27.9)**	**(5.9)**	**(769.1)**	**3'761.9**	**47.5**	**3'809.4**
Net profit for the period		191.7				191.7	6.1	**197.8**
Other comprehensive income for the period		(10.6)	(43.0)	(12.4)	(151.9)	(217.9)	(3.5)	**(221.4)**
Total comprehensive income for the period		**181.1**	**(43.0)**	**(12.4)**	**(151.9)**	**(26.2)**	**2.6**	**(23.6)**
Dividends		(143.0)				(143.0)	(1.2)	**(144.2)**
Remuneration on deeply subordinated fixed rate resettable perpetual notes (note 12)		(27.0)				(27.0)		**(27.0)**
Changes in non-controlling interests		(1.2)				(1.2)	(0.1)	**(1.3)**
Net change in other equity items		**(171.2)**				**(171.2)**	**(1.3)**	**(172.5)**
Balance as at December 31, 2023	**40.1**	**4'534.6**	**(70.9)**	**(18.3)**	**(921.0)**	**3'564.5**	**48.8**	**3'613.3**

(*) Refer to note 14

The notes 1 to 33 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the period ended

In millions of CHF	Notes	(6 months) December 31, 2023	(12 months) June 30, 2023
Cash flows from operating activities			
Net profit for the period		197.8	89.6
Income tax expense	24	85.7	53.0
Profit before taxes		**283.5**	**142.6**
Depreciation of property, plant and equipment	4/20	82.4	180.0
Amortization of intangible assets	3/20	47.9	101.8
Impairment losses	4/20	-	71.3
Changes in provisions and employee benefits		(48.8)	51.3
Other non cash items		17.3	129.3
Net interests		18.1	38.9
Share of profit of associates and joint ventures	6	(1.7)	(4.1)
Adjustment for non-cash items		**115.2**	**568.5**
Changes in inventories		46.0	(35.1)
Changes in trade and other receivables		(83.6)	34.6
Changes in trade and other payables		58.2	(190.2)
Changes in working capital		**20.6**	**(190.7)**
Interests paid		**(30.3)**	**(45.6)**
Income tax paid		**(57.1)**	**(75.3)**
Cash flows from operating activities		**331.9**	**399.5**
Cash flows used in investing activities			
Purchase of property, plant and equipment	4/27	(78.8)	(165.5)
Purchase of intangible assets	3/27	(15.8)	(41.8)
Disposal of intangible assets, property, plant and equipment		2.1	(4.9)
Net investments		**(92.5)**	**(212.2)**
Proceeds / (acquisition) of short-term financial investments		278.0	(215.2)
Proceeds / (acquisition) of long-term financial investments		1.4	7.6
Interests received		10.2	4.8
Dividends received		5.5	5.0
Cash flows from / (used in) investing activities		**202.6**	**(410.0)**
Cash flows used in financing activities			
Proceeds from borrowings	17	131.4	72.3
Repayments of borrowings	17	(496.9)	(47.6)
Payment of lease liabilities	17	(19.3)	(44.1)
Payment of redemption liabilities and other debt		(0.1)	(22.1)
Remuneration on deeply subordinated fixed rate resettable perpetual notes	12	(27.0)	(27.5)
Dividend payment to equity holders of the parent	13	(143.0)	(250.0)
Acquisition of non-controlling interests	14	-	(50.0)
Dividend paid to non-controlling interests	14	(1.2)	(5.5)
Cash flows used in financing activities		**(556.1)**	**(374.5)**
Net decrease in cash and cash equivalents		**(21.6)**	**(385.0)**
Cash and cash equivalents			
Cash and cash equivalents at beginning of period		194.2	591.7
Net effect of currency translation on cash and cash equivalents		(9.1)	(12.5)
Cash and cash equivalents at end of period		163.5	194.2
Cash and cash equivalents variation		**(21.6)**	**(385.0)**

The notes 1 to 33 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. Accounting information and policies

Firmenich Group

Firmenich International SA is incorporated and domiciled in Switzerland (7, rue de la Bergère, 1242 Satigny, Canton of Geneva). These consolidated financial statements comprise Firmenich International SA and its subsidiaries (the Group).

The Firmenich Group operates worldwide and has affiliated companies and representative offices in over 30 countries. The Group is a global supplier of fragrances and flavors.

The Group is owned by DSM-Firmenich AG (domiciled in Kaiseraugst, Switzerland), as a consequence of the dsm-firmenich merger.

A list of main entities of the Group is disclosed in note 33.

The Board of Directors elected to align the current financial period to that of the dsm-firmenich group reporting calendar. As a result, the current financial period covers the 6-month period from July 1, 2023 to December 31, 2023. The comparative financial year covers the 12-month period from July 1, 2022 to June 30, 2023.

Basis of accounting

The Group's consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and Swiss law. The consolidated financial statements are prepared on an accrual basis and using the historical cost convention, unless otherwise stated.

The Firmenich International SA Board of Directors approved for issue these consolidated financial statements on April **3**, 2024.

In the following notes all amounts are shown in millions of Swiss francs (CHF) unless otherwise stated.

Critical accounting estimates and judgments

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses, disclosure of contingent assets and liabilities at the date of the financial statements. Actual outcomes could differ from those estimates. The estimates and underlying assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Furthermore, the application of the Group's accounting policies may require management to make judgments, apart from those involving estimates that can have a significant effect on the amounts recognized in the financial statements.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next twelve months are:

a) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with IFRS Accounting Standards. The recoverable amounts of cash-generating units (i.e. CGU) have been determined based on value-in-use calculations. These calculations require the use of estimates (refer to note 3).

b) Pensions and other post-employment benefits

The Group operates various pensions and post-employment benefit plans. The net defined liability recognized in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method and is determined by discounting the estimated future cash outflows. The latter will depend on assumptions such as expected salary increases, pension increases, plan participants withdrawal rate and life expectancy. The actuarial assumptions (including the discount rate) used may differ materially from actual results due to changes in market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants and significantly impact the amount of pension costs and pension liabilities to be recognized (refer to note 15).

c) Provisions and contingencies

The use of management judgments and estimates is applied to the recognition and measurement of provisions and contingencies and to the underlying key assumptions that are used in defining the resulting financial impacts (refer to notes 16 and 28).

Changes in accounting policies

New or amended standards that are effective from July 1, 2023 do not have a material effect on the consolidated financial statements.

The Group adopted International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) upon their release on May 23, 2023. The Group applies the temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately.

Pillar Two legislation has been enacted or substantively enacted in a number of jurisdictions in which the Group operates. Since the newly enacted tax legislation is not yet in effect in these jurisdictions in 2023, there is no current tax impact for the Group for the period ended December 31, 2023.

The Group is actively monitoring developments and the global legislative status of Pillar Two implementation in the jurisdictions where we operate. Furthermore, an assessment is made regarding the potential Pillar Two impact.

Standards issued but not yet effective

A number of standards are effective for annual periods beginning after July 1, 2023 and earlier application is permitted. However, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The Group is currently considering the implications of all other amendments and new standards on its consolidated financial statements.

Group material accounting policies

Principles of consolidation

I. Subsidiaries

Subsidiaries are entities controlled (directly or indirectly) by the Group. The financial statements of subsidiaries are included in the consolidated financial statement from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

II. Interests in joint ventures and associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for the liabilities.

Interests in jointly controlled entities and associates are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income (OCI) of jointly controlled entities and associates, until the date on which joint control or significant influence ceases. Under this method, these investments are shown in the statement of financial position at the Group's share of the net assets of the companies and the movement for the period in these investments is shown in the income statement.

III. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with jointly controlled entities and associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Foreign currencies

The Group's presentation currency is Swiss francs (CHF), which is the parent company's functional currency.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into CHF at the exchange rates prevailing at the period-end. The income statement accounts are translated into CHF at the exchange rates at the dates of the transactions. Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI. Statement of cash flows are translated into CHF by applying to the foreign currency amount the exchange rate at the dates of the transactions. On the disposal of a foreign operation, the cumulative translation adjustments relating to that foreign operation are recognized in the income statement as part of the gain or loss on disposal.

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the respective company's functional currency at the exchange rate at the reporting date. Foreign currency differences are generally recognized in income statement and presented within Net other financial expenses, including the effects of forward contracts, except for transactions qualified as net investment in a foreign operation. Exchange gains and losses arising on such transactions are recognized in other comprehensive income.

Net sales

The Group generates net sales from contracts with customers for the sales of fragrance and flavor products. The performance obligation is satisfied when control over a good is transferred to the customer. Net sales are recognized at that point in time based on the price specified in the contract, net of the estimated volume discounts provided that it is highly probable that a significant reversal will not occur. The Group recognizes net sales when it transfers control over a good to a customer which is deemed upon shipment.

No element of financing is deemed present as the sales are made with a short-term credit term.

Other material accounting policies are included in the relevant notes and applied throughout the consolidated financial statements.

2. Business combinations

There were no businesses acquired by the Group for the periods ended December 31, 2023 and June 30, 2023, respectively.

3. Goodwill and intangible assets

Goodwill arising on the acquisition of businesses is measured at cost less accumulated impairment losses. Intangible assets are initially recorded at cost of purchase or development and are measured at cost less accumulated amortization and any accumulated impairment losses.

Amortization of intangible assets

The amortization on a straight-line basis is done over the following periods:

Customer base	10 to 20 years
Technology and formulas	5 to 10 years
Brands and trademarks	5 to 20 years
Software and other	5 to 20 years

Impairment

At each reporting date, the Group reviews the carrying amounts of its intangible assets to determine whether there is an indication of impairment. If any such indication exists, then the assets' recoverable amounts are estimated. Goodwill is tested for impairment at each reporting date.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash-flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. No impairment loss was recognized for the current period. During the prior period, an impairment loss of CHF 14.3 was recognized on Technology and formulas as a result of the Pinova site shutdown.

Goodwill

Goodwill is allocated to CGUs according to the geography and business units that are expected to benefit from the synergies of the business combination. As a result of the dsm-firmenich merger, the Group re-aligned the CGUs identified for testing goodwill to be consistent with the new management structure.

In millions of CHF	December 31, 2023	June 30, 2023
CASH GENERATING UNITS		
Perfumery & Beauty (Firmenich) (*)	1'161.4	1'231.3
Taste, Texture & Health (Firmenich)	645.2	674.0
Total goodwill	**1'806.6**	**1'905.3**

(*) The goodwill allocated to the 'Perfumery & Ingredients' (prior period: CHF 984.1), 'Perfumery' (prior period: CHF 13.8) and 'Consumer Fragrance' (prior period: CHF 233.4) CGUs were allocated to the 'Perfumery & Beauty (Firmenich)' CGU.

The recoverable amount of CGUs is determined based on value-in-use calculations. These calculations use cash flow projections based on financial business plans and budgets approved by management covering a five-year period, as well as a terminal value. The terminal value growth rate beyond the five-year period is determined with the assumption of inflationary growth. The discount rates used are based on the Group's weighted average cost of capital adjusted for currency risks associated with the cash flow projections. A pre-tax discount rate of 7.5% (June 30, 2023: 8.5%) was applied to cash-flow projections for the 'Perfumery & Beauty (Firmenich)' CGU, and 7.6% (June 30, 2023: 7.9%) for the 'Taste, Texture & Health (Firmenich)' CGU.

The key sensitivities for the impairment tests are the growth in net sales, the operating margin and the discount rate. Reducing the expected net sales growth rate, the operating margin or increasing the discount rate by reasonable basis points would not result in the carrying amount of a cash-generating unit exceeding its recoverable amount.

No impairment loss resulted from the impairment tests for goodwill.

Customer base

Customer base consists of client relationships to key customers that complement the Group’s client portfolio and increase market share.

Technology and formulas

Application technologies and formulas consist of manufacturing recipes, production and natural extraction know-how acquired via business combinations.

Brands and trademarks

The Group acquired several brands and trademarks as part of business combinations for the 'Taste, Texture & Health' and 'Perfumery & Beauty' divisions.

Software, licenses and patents

Software

Costs associated with developing or maintaining internally generated computer software programs are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate future economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the software development costs, comprising employees’ and consultants’ cost, and an appropriate portion of relevant overheads.

Patents, licenses

Acquired patents, licenses and other purchased rights are initially recorded at their acquisition cost and are amortized on a straight-line basis over the lower of their estimated economic lives or legal duration, up to a maximum of 20 years. Incorporation expenses are not capitalized but recognized as an expense when incurred.

Research and development

Research expenditure is recognized as an expense as incurred. Development costs are recognized as intangible assets only if the costs can be reliably measured, future economic benefits are probable, the product is technically feasible and the Group has the intent and the resources to complete the project. Capitalized development costs are amortized on a straight-line basis over the period of the expected benefit. In most cases development costs are expensed as incurred, as they do not meet the criteria for recognition as an asset.

Internally generated

Internally generated intangible assets consist of development expenses for a tool for mass reformula and molecules development (Amyris Inc) CHF 6.3 (June 30, 2023: CHF 8.9); DRT SAP implementation CHF 12.8 (June 30, 2023: CHF 12.4) and various other projects including software developments CHF 36.4 (June 30, 2023: CHF 29.2).

These intangible assets not being yet available for use, they are subject to a review for impairment annually, or more frequently if events or circumstances indicate this is necessary. Any impairment is charged to the income statement as it arises.

In millions of CHF	Goodwill	Customer base	Technology and formulas	Brands and trademarks	Software, licenses and patents	Internally generated	Total
COST							
Opening balance July 1, 2022	**1'995.9**	**727.6**	**479.9**	**144.5**	**541.1**	**44.6**	**3'933.6**
Additions	-	-	-	-	0.5	41.2	**41.7**
Disposals	-	-	-	-	(0.6)	-	**(0.6)**
Transfers (*)	-	-	0.6	5.1	30.1	(35.1)	**0.7**
Currency translation	(90.6)	(28.9)	(13.0)	(9.4)	(3.4)	(0.2)	**(145.4)**
Closing balance June 30, 2023	**1'905.3**	**698.7**	**467.5**	**140.2**	**567.7**	**50.5**	**3'829.9**
Additions	-	-	-	-	0.1	15.7	**15.8**
Disposals	-	-	-	-	1.8	(0.1)	**1.7**
Transfers (*)	-	-	0.2	-	11.2	(10.4)	**1.0**
Currency translation	(98.7)	(26.1)	(7.0)	(5.6)	(5.4)	(0.2)	**(143.0)**
Closing balance December 31, 2023	**1'806.6**	**672.6**	**460.7**	**134.6**	**575.4**	**55.5**	**3'705.4**
ACCUMULATED AMORTIZATION							
Opening balance July 1, 2022		**258.3**	**280.6**	**39.7**	**454.7**		**1'033.3**
Charge of the period		30.7	26.4	12.3	32.3		**101.7**
Impairment losses		-	14.3	-	-		**14.3**
Transfers (*)		(0.0)	(0.0)	2.0	(2.0)		**-**
Currency translation		(6.1)	(4.3)	(3.5)	(2.5)		**(16.4)**
Closing balance June 30, 2023		**282.9**	**317.0**	**50.5**	**482.5**		**1'132.9**
Charge of the period		14.6	11.9	5.4	16.0		**47.9**
Disposals		-	-	-	2.1		**2.1**
Transfers (*)		-	0.0	(0.1)	0.1		**-**
Currency translation		(7.1)	(4.8)	(3.2)	(3.8)		**(18.9)**
Closing balance December 31, 2023		**290.4**	**324.1**	**52.6**	**496.9**		**1'164.0**
NET BOOK VALUE							
Closing balance June 30, 2023	**1'905.3**	**415.8**	**150.5**	**89.7**	**85.2**	**50.5**	**2'697.0**
Closing balance December 31, 2023	**1'806.6**	**382.2**	**136.6**	**82.0**	**78.5**	**55.5**	**2'541.4**

(*) Transfers from Internally generated to other intangibles categories.

4. Property, plant and equipment

In millions of CHF	Land and buildings	Plant and equipment	Under construction	Total
Acquired property, plant and equipment	608.6	572.0	212.9	**1'393.5**
Right-of-use of assets	124.7	30.9	-	**155.6**
Closing balance June 30, 2023	**733.3**	**602.9**	**212.9**	**1'549.1**

In millions of CHF	Land and buildings	Plant and equipment	Under construction	Total
Acquired property, plant and equipment	629.3	526.0	199.2	**1'354.5**
Right-of-use of assets	127.2	27.6	-	**154.8**
Closing balance December 31, 2023	**756.5**	**553.6**	**199.2**	**1'509.3**

Acquired property, plant and equipment

Property, plant and equipment are initially recorded at cost of purchase or construction and depreciated on a straight-line basis over the expected useful lives of the assets. Subsequent expenditure on an item is capitalized at cost only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Impairment

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is an indication of impairment. If any such indication exists, then the assets' recoverable amounts are estimated.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. No impairment loss was recognized for the current period. During the prior period, an impairment loss of CHF 52.6 was recognized as a result of the Pinova site shutdown.

Depreciation

The depreciation on a straight-line basis is done over the following periods:

Buildings	10 to 50 years
Plant and equipment	3 to 20 years

Land is not depreciated. The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are recognized in the income statement.

In millions of CHF	Land and buildings	Plant and equipment	Under construction	**Total**
COST				
Opening balance July 1, 2022	**1'407.7**	**1'697.9**	**199.8**	**3'305.3**
Additions (*)	4.0	5.4	158.2	**167.6**
Disposals	(2.0)	(14.9)	(0.1)	**(17.0)**
Transfers (***)	27.1	70.6	(98.4)	**(0.7)**
Currency translation	(68.0)	(59.6)	(35.0)	**(162.5)**
Closing balance June 30, 2023	**1'368.9**	**1'699.4**	**224.5**	**3'292.8**
Additions (*)	3.8	3.5	72.0	**79.3**
Disposals	(3.2)	(4.7)	(0.2)	**(8.1)**
Transfers (***)	38.1	25.7	(63.8)	**-**
Currency translation	(21.4)	(75.3)	(21.7)	**(118.4)**
Closing balance December 31, 2023	**1'386.2**	**1'648.6**	**210.8**	**3'245.6**
ACCUMULATED DEPRECIATION				
Opening balance July 1, 2022	**733.8**	**1'065.5**	**-**	**1'799.3**
Charge of the period (**)	44.4	91.1	-	**135.5**
Impairment losses	10.2	30.9	11.6	**52.6**
Disposals	(1.7)	(14.3)	-	**(16.0)**
Transfers (***)	(0.1)	0.1	-	**-**
Currency translation	(26.2)	(45.9)	-	**(72.1)**
Closing balance June 30, 2023	**760.3**	**1'127.4**	**11.6**	**1'899.3**
Charge of the period (**)	21.3	41.4	-	**62.7**
Disposals	(1.2)	(4.3)	-	**(5.5)**
Transfers (***)	1.2	(0.3)	-	**0.9**
Currency translation	(24.7)	(41.6)	-	**(66.3)**
Closing balance December 31, 2023	**757.0**	**1'122.6**	**11.6**	**1'891.1**

(*) Additions of Property, plant and equipment exclude the government grants received of CHF -0.5 (June 30, 2023: CHF -2.1).

(**) Depreciation charge of the period for Property, plant and equipment excludes the release of government grants of CHF -1 (June 30, 2023: CHF -2.4).

(***) Include transfers from assets under construction to other tangibles categories.

Right-of-use assets

The Group leases land, offices, warehouses, vehicles, machinery and IT equipment. Lease arrangements are typically made for fixed periods but may have extension options. The Group has applied judgement to determine the lease term at lease commencement date, which affects the amount of lease liabilities and right-of-use assets recognized, by assessing whether the Group is reasonably certain to exercise such options. These extension options are exercisable only by the Group and not by the lessors.

Contracts may contain both lease and non-lease components. The Group has elected not to separate lease and non-lease components for lease arrangements other than real estate and accounts for these as a single lease component. However, for leases of real estate the Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Refer to note 17 for details on lease liabilities and amounts recognized in the income statement.

During the current period, no impairment loss was recognized (prior period: an impairment loss of CHF 4.4 was recognized as a result of the Pinova site shutdown).

In millions of CHF	Land and buildings	Plant and equipment	**Total**
COST			
Opening balance July 1, 2022	**203.1**	**69.0**	**272.0**
Additions	19.0	19.8	**38.7**
Derecognition	(15.8)	(22.5)	**(38.3)**
Currency translation	(8.9)	(2.6)	**(11.5)**
Closing balance June 30, 2023	**197.3**	**63.7**	**260.9**
Additions	28.4	6.6	**35.0**
Derecognition	(15.7)	(3.2)	**(18.9)**
Currency translation	(11.7)	(3.8)	**(15.5)**
Closing balance December 31, 2023	**198.3**	**63.3**	**261.5**
ACCUMULATED DEPRECIATION			
Opening balance July 1, 2022	**57.4**	**32.1**	**89.4**
Charge of the period	23.6	23.1	**46.8**
Impairment losses	4.4	-	**4.4**
Derecognition	(9.6)	(21.0)	**(30.6)**
Currency translation	(3.3)	(1.4)	**(4.7)**
Closing balance June 30, 2023	**72.5**	**32.8**	**105.3**
Charge of the period	13.3	7.5	**20.8**
Derecognition	(10.5)	(2.7)	**(13.2)**
Currency translation	(4.3)	(1.9)	**(6.2)**
Closing balance December 31, 2023	**71.0**	**35.7**	**106.7**

5. Financial investments and other non-current assets

In millions of CHF	Notes	December 31, 2023	June 30, 2023
Equity instruments at fair value through OCI	25	400.1	416.4
Financial assets at fair value through income statement	25	37.2	39.0
Net defined benefit assets	15	27.1	26.1
Loans at amortized cost	25	37.2	46.1
Land use rights		12.4	13.3
Other loans and receivables		17.5	24.6
Loans to related parties		6.6	7.4
Loans to personnel		0.7	0.8
Financial investments and other non-current assets		**501.6**	**527.6**

For accounting policy on financial investments and loans refer to note 25.

Equity instruments at fair value through OCI

The Group owns 21.8% of Robertet SA's share interests, representing circa 13.1% of voting rights. At December 31, 2023, this investment amounts to CHF 379.4 (June 30, 2023: CHF 398.4).

The Group owns as well 10% of S H Kelkar and Co Ltd 's share interests, representing circa 10% of voting rights. At December 31, 2023, this investment amounts to CHF 20.7 (June 30, 2023: CHF 18.0).

These equity instruments are long-term strategic investments (not held for trading). On initial recognition, the Group irrevocably elected to present subsequent changes in these investments' fair value in other comprehensive income (also refer to note 25).

During the current period, the Group received a net dividend income of CHF 4.5 (prior period: CHF 3.5) from these investments.

Financial assets at fair value through income statement

Non-current financial investments held at fair value through income statement include funds in relation with a deferred compensation scheme of CHF 28.9 (June 30, 2023: CHF 30.2) that are restricted to employee benefits use only. Assets are invested mainly in various mutual funds to cover the company’s obligations under deferred compensation arrangements (also refer to note 15). They mainly consist of insurance policy and deposits covering employee benefits.

Loans at amortized cost

Loans to related parties mainly consist of a long-term financing granted to Prolitec Inc of CHF 5.4 (June 30, 2023: CHF 5.8).

6. Associates and joint ventures

The following is a summary of the movements in the joint ventures and associates. Jasmine Concrete Exports Private Ltd, InnovAroma SA and Authentic Product Industry SA are joint ventures in which the Group has a joint control. Essential Labs, LLC, Biomass Energy Solutions VSG SAS, The Nelixia Company SA and Prolitec Inc are associated companies in which the Group has a significant influence.

No impairment has been recognized for the current period. During the prior period due to financial performance being lower than expectations as well as declining market conditions, an impairment loss of CHF 75.1 was recognized in the income statement on the associated company Essential Labs, LLC. This amount was part of Other non-cash items of CHF 129.3 disclosed in the Consolidated statement of cash flows.

In millions of CHF	Associates	Joint ventures	**Total**
MOVEMENT IN ASSOCIATES AND JOINT VENTURES			
Opening balance July 1, 2022	**141.8**	**7.0**	**148.8**
Acquisition	-	0.3	**0.3**
Share of profit / (loss)	3.8	0.3	**4.1**
Impairment loss	(75.1)	-	**(75.1)**
Dividend paid	(1.2)	(0.2)	**(1.5)**
Change in control	(0.7)	(0.0)	**(0.7)**
Currency translation adjustment	(7.5)	(0.7)	**(8.2)**
Closing balance June 30, 2023	**61.0**	**6.7**	**67.7**
Share of profit / (loss)	1.5	0.2	**1.7**
Dividend paid	(0.9)	-	**(0.9)**
Currency translation adjustment	(3.7)	(0.5)	**(4.2)**
Closing balance December 31, 2023	**57.9**	**6.4**	**64.3**

The joint ventures and associates have no significant contingent liabilities to which the Group is exposed.

The Group has no outstanding capital commitments to the joint ventures.

7. Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of finished goods and work-in-progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. Allowances for slow-moving and obsolete inventories have been made. Cost is determined using the weighted average cost formula.

In millions of CHF	December 31, 2023	June 30, 2023
INVENTORY SPLIT BY CATEGORY		
Raw material and supplies	345.6	382.5
Work in progress	465.9	476.3
Finished goods	206.2	267.6
Allowance for slow-moving and obsolete inventories	(33.5)	(85.4)
Total inventories	**984.2**	**1'041.0**

In millions of CHF	December 31, 2023	June 30, 2023
MOVEMENT IN INVENTORY ALLOWANCE		
Opening balance	(85.4)	(25.9)
Increase in allowance (*)	(30.3)	(98.5)
Use and reversal of allowance	80.3	36.3
Currency translation adjustment	1.9	2.7
Closing balance	**(33.5)**	**(85.4)**

(*) The increase in allowance for the prior period mainly consisted of CHF 51.4 relating to the Pinova site shutdown.

Total inventory losses for the period ended December 31, 2023 reached CHF 9.7 (June 30, 2023: CHF 54.1).

8. Trade receivables

Trade receivables are initially measured at the transaction price and classified as financial assets at amortized cost less loss allowance. They are carried at non-discounted values as they do not contain a significant financing component.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected credit loss allowance for all trade receivables. ECL's are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

In millions of CHF	December 31, 2023	June 30, 2023
Trade receivables (gross)	930.7	951.0
Allowance for doubtful debts	(8.7)	(10.0)
Total trade receivables	**922.0**	**941.0**

The Group has several major global clients, as well as a vast number of customers internationally dispersed. As a consequence, the credit risk with respect to trade receivables is limited. Their carrying amount approximates the fair value.

In millions of CHF	December 31, 2023	June 30, 2023
AGEING OF PAST DUE BUT NOT IMPAIRED		
Neither past due nor impaired	875.0	900.0
Less than 30 days	40.6	35.5
30 to 60 days	8.3	6.9
60 to 90 days	3.5	2.9
More than 90 days	3.3	5.7
Less allowance for doubtful debts	(8.7)	(10.0)
Total trade receivables	**922.0**	**941.0**

In millions of CHF	December 31, 2023	June 30, 2023
MOVEMENT IN LOSS ALLOWANCE FOR IMPAIRMENT		
Opening balance	(10.0)	(9.1)
Increase in allowance for impairment	(4.9)	(14.1)
Reversal of allowance for impairment	4.9	11.7
Use of allowance for impairment	0.6	0.3
Currency translation adjustment	0.7	1.2
Closing balance	**(8.7)**	**(10.0)**

Total trade receivables written-off for the period ended December 31, 2023 are CHF 0.1 (June 30, 2023: CHF 0.4).

9. Other receivables and prepaid expenses

In millions of CHF	December 31, 2023	June 30, 2023
VAT receivables	56.8	64.6
Other receivables and accrued income (*)	127.3	76.7
Prepaid expenses	22.0	36.1
Total other receivables and prepaid expenses	**206.1**	**177.4**

(*) Other receivables and accrued income as at December 31, 2023 include an insurance receivable of CHF 57.0 related to the Pinova shutdown (June 30, 2023: nil).

10. Derivatives

In millions of CHF	December 31, 2023		June 30, 2023	
Fair value	Assets	Liabilities	Assets	Liabilities
Forward exchange contracts	7.9	1.9	10.4	3.3
Total derivatives	**7.9**	**1.9**	**10.4**	**3.3**

The fair value of derivative financial instruments is determined based on information obtained from financial institutions.

Also refer to note 25 for the classification of Derivative financial instruments according to IFRS 9.

11. Financial investments

In millions of CHF	December 31, 2023	June 30, 2023
Fixed term deposits	91.7	378.6
Equity securities	5.4	5.9
Financial investments	**97.1**	**384.5**

Deposits with a maturity between 48 hours and 12 months are classified as current investments. For accounting policy on financial investments and further details, refer to note 25.

There are no restrictions on marketable securities.

In millions of CHF	December 31, 2023	June 30, 2023
FINANCIAL INVESTMENTS SPLIT BY CURRENCIES		
CHF	-	150.0
USD	21.9	133.1
CNY	10.1	10.9
INR	46.0	21.3
EUR	0.5	54.6
Other	18.6	14.6
Total	**97.1**	**384.5**

12. Share capital and retained earnings

	December 31, 2023	June 30, 2023
Registered shares		
Number of shares	8'019'000	8'019'000
Nominal value (in CHF)	5.0	5.0
Share capital (in millions of CHF)	**40.1**	**40.1**

The ordinary share capital of Firmenich International SA has been authorized, issued and fully paid.

Deeply subordinated fixed rate resettable perpetual notes

Firmenich International SA issued EUR 750.0 (CHF 794.5) deeply subordinated fixed rate resettable perpetual notes on June 3, 2020 with a coupon of 3.75% payable annually at the sole discretion of the issuer until the first reset date (i.e. September 3, 2025). Thereafter, the interest rate is reset every 5 years. In the current period the remuneration on the deeply subordinated fixed rate resettable perpetual notes amounts to CHF 27.0 (prior period: CHF 27.5).
In accordance with the provisions of IAS 32 Financial Instruments – Presentation, this instrument is accounted for in equity in the Group's consolidated financial statements.

13. Earnings per share

Basic earnings per share is calculated by dividing the net income attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

In millions of CHF (except for earnings per share)	December 31, 2023	June 30, 2023
Net income attributable to Firmenich International SA	191.7	82.5
Earnings per share (in CHF)	**23.90**	**10.20**

The Group has not issued share capital related instruments that could have affected earnings per share.

Dividend distribution

On July 3, 2023, the Board of Directors proposed to the extraordinary shareholders' meeting an extraordinary dividend distribution of EUR 145.9. The extraordinary shareholders' meeting held on July 3, 2023, approved the appropriation of available earnings as proposed by the Board of Directors. The extraordinary dividend was paid on July 4, 2023.

The Board of Directors proposes to carry forward available earnings for the period ended December 31, 2023.

14. Non-controlling interests

In April 2023, the Group completed the purchase of all remaining non-controlling interests in VKL Seasoning Private Ltd, reaching 100% ownership for a payout of CHF 50.0.

The following provides information on the non-controlling interests of the Group's subsidiaries.

In millions of CHF	DRT Anthea Aroma Chemicals Pvt. Ltd	PT Firmenich Indonesia	ArtSci Biology Technologies Co Ltd	Kunming Firmenich Aromatics Co. Ltd.	Other (*)	**Total**
MOVEMENT IN NON-CONTROLLING INTERESTS						
Opening balance July 1, 2022	**21.4**	**9.2**	**8.2**	**5.8**	**10.4**	**55.0**
Share of profit	3.2	1.8	0.5	0.6	1.0	**7.1**
Dividends	(3.5)	(0.7)	(1.1)	(0.1)	(0.1)	**(5.5)**
Changes in non-controlling interests	-	-	-	-	(4.0)	**(4.0)**
Currency translation adjustment	(2.2)	(0.7)	(1.1)	(0.8)	(0.3)	**(5.1)**
Closing balance June 30, 2023	**18.9**	**9.6**	**6.5**	**5.5**	**7.0**	**47.5**
Share of profit	2.3	2.7	0.4	0.4	0.3	**6.1**
Dividends	(0.5)	(0.5)	-	(0.1)	(0.1)	**(1.2)**
Changes in non-controlling interests	-	-	-	-	(0.1)	**(0.1)**
Currency translation adjustment	(1.5)	(1.0)	(0.4)	(0.3)	(0.3)	**(3.5)**
Closing balance December 31, 2023	**19.2**	**10.8**	**6.5**	**5.5**	**6.8**	**48.8**

(*) Essex Laboratories LLC, DRT Approvisionnement Biomasse SAS and Watt Burgas OOD KD are included under Other. VKL Seasoning Private Ltd is included until April 2023.

15. Employee benefit liabilities

In millions of CHF	December 31, 2023	June 30, 2023
Non-current employee benefit liabilities		
Pension plans and other post-employment benefit liabilities	162.8	120.6
Other employee benefits	51.9	46.3
Total non-current employee benefit liabilities	**214.7**	**166.9**
Current employee benefit liabilities		
Other employee benefits	46.4	31.2
Total current employee benefit liabilities	**46.4**	**31.2**

15.1 Pension plans and other post-employment benefit liabilities

The Group companies operate various defined benefit and defined contribution pension plans in accordance with local conditions and practices in the countries concerned. The pension plans are generally funded by payments from employees and by the relevant Group companies, taking into account the recommendations of independent qualified actuaries.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The net defined liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows in respect of prior service using the yields on high-quality corporate bonds that are denominated in the currency and approximate duration of the related defined benefit pensions obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statement of other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the income statement.

Pension assets and liabilities in different defined benefits plans are not offset unless the Group has a legally enforceable right and obligation to use the surplus in one plan to settle obligations in the other plan.

Net defined benefit assets are only recognized to the extent that the Group is able to derive future economic benefits in the way of refunds from the plan or reductions of future contributions.

The Group’s contributions to defined contribution pension plans are charged to the income statement in the period to which the contributions relate.

The Group distinguishes two categories of defined benefit plans i.e. pension plans and other post-employment benefits. The most significant plans are held in Switzerland, the United States of America and the United Kingdom.

15.1.a Defined benefit pension plans

Defined benefit pension plans are either funded or unfunded plans. The assets of funded plans are held independently of the Group’s assets in separate funds.

15.1.b Other post-employment benefits

Other post-employment benefits are not funded and comprise healthcare benefits, jubilees, long-service leaves, other discretionary benefits as well as temporary benefits in relation to retirements of Corporate management. The entitlement to healthcare benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued to the date when further service will lead to no material amount of further benefits using the same accounting methodology as used for defined benefit pension plans.

The table below outlines defined benefit plans reflected in the financial statements.

In millions of CHF	December 31, 2023	June 30, 2023
OBLIGATIONS		
Defined benefit pensions	112.0	66.9
Other post-employment benefits	50.8	53.7
Liability in statement of financial position	**162.8**	**120.6**
INCOME STATEMENT CHARGES		
Defined benefit pensions	17.5	35.2
Other post-employment benefits	(0.1)	4.4
Total included in income statement	**17.4**	**39.6**
REMEASUREMENT		
Defined benefit pensions	47.4	33.1
Other post-employment benefits	2.9	2.4
Total remeasurement included in other comprehensive income	**50.3**	**35.5**

For further details please refer to sections 'Main defined benefit pension plans description' and 'Other post-employment benefits description' respectively.

During the current period, expenses related to defined contribution plans recognized in the income statement are CHF 27.8 (prior period: CHF 55.2).

15.1.a Defined benefit pension plans

In millions of CHF	Funded and unfunded defined benefit obligations	Fair value of plan assets	Impact of minimum funding requirement/ asset ceiling	Net (Assets) / Liabilities recognized in the balance sheet
MOVEMENT IN NET (ASSETS) / LIABILITIES OVER THE PERIOD				
Opening balance as at July 1, 2023	**1'405.1**	**(1'378.3)**	**14.0**	**40.8**
INCLUDED IN INCOME STATEMENT				
Current service cost	14.9			**14.9**
Plan administration expenses		2.7		**2.7**
Past service cost	(0.7)			**(0.7)**
Interest expense / (income)	16.5	(16.0)	0.1	**0.6**
Total included in income statement	**30.7**	**(13.3)**	**0.1**	**17.5**
INCLUDED IN OTHER COMPREHENSIVE INCOME				
Remeasurement arising from:				
Loss / (gain) from change in demographic assumptions	(3.4)			**(3.4)**
Loss / (gain) from change in financial assumptions (*)	61.8			**61.8**
Experience loss / (gain)	(6.0)			**(6.0)**
Return on plan assets excluding interest income		(3.7)		**(3.7)**
Asset ceiling change, excluding movement through income statement (**)			(1.3)	**(1.3)**
Total included in other comprehensive income	**52.4**	**(3.7)**	**(1.3)**	**47.4**
OTHER				
Benefits paid	(60.2)	59.7		**(0.5)**
Contributions by plan participants	6.5	(6.5)		**-**
Employer contributions		(18.7)		**(18.7)**
Settlements	-	-		**-**
Other to explain	(0.1)	-		**(0.1)**
Currency translation adjustment and other	(14.8)	13.3		**(1.5)**
Total other	**(68.6)**	**47.8**	**-**	**(20.8)**
Closing balance as at December 31, 2023	**1'419.6**	**(1'347.5)**	**12.8**	**84.9**
Composed of:				
Net defined benefit assets (note 5)				**(27.1)**
Net defined benefit liabilities				**112.0**
Total				**84.9**

The net defined benefit assets represent a recognized surplus mainly related to a Swiss and US pension plans, for which future economic benefits are available to the Group.

(*) The defined benefit pensions measurement is the consequence of changes in financial assumptions, in particular the lower discount rate on the Swiss pension funds (from 1.8% to 1.3%).

(**) One of the Group's Swiss pension plans has a surplus that is not recognized, on the basis that future economic benefits are not available to the Group in the form of a reduction in future contributions or a cash refund.

In millions of CHF	Funded and unfunded defined benefit obligations	Fair value of plan assets	Impact of minimum funding requirement/ asset ceiling	Net (Assets) / Liabilities recognized in the balance sheet
MOVEMENT IN NET (ASSETS) / LIABILITIES OVER THE PERIOD				
Opening balance as at July 1, 2022	**1'431.5**	**(1'421.4)**	**10.3**	**20.4**
INCLUDED IN INCOME STATEMENT				
Current service cost	28.6	-	-	**28.6**
Plan administration expenses	-	5.9	-	**5.9**
Interest expense / (income)	36.3	(35.8)	0.2	**0.7**
Total included in income statement	**64.9**	**(29.9)**	**0.2**	**35.2**
INCLUDED IN OTHER COMPREHENSIVE INCOME				
Remeasurement arising from:				
Loss / (gain) from change in demographic assumptions	(9.1)	-	-	**(9.1)**
Loss / (gain) from change in financial assumptions (*)	34.4	-	-	**34.4**
Experience loss / (gain)	(12.4)	-	-	**(12.4)**
Return on plan assets excluding interest income	**-**	16.7	-	**16.7**
Asset ceiling change, excluding movement through income statement (**)	**-**	-	3.5	**3.5**
Total included in other comprehensive income	**12.9**	**16.7**	**3.5**	**33.1**
OTHER				
Benefits paid	(102.3)	102.3	-	**-**
Contributions by plan participants	13.6	(13.6)	-	**-**
Employer contributions	-	(45.7)	-	**(45.7)**
Currency translation adjustment	(15.5)	13.3	-	**(2.2)**
Total other	**(104.2)**	**56.3**	**-**	**(47.9)**
Closing balance as at June 30, 2023	**1'405.1**	**(1'378.3)**	**14.0**	**40.8**
Net defined benefit assets (note 5)				**(26.1)**
Net defined benefit liabilities				**66.9**
Total				**40.8**

The net defined benefit assets represent a recognized surplus mainly related to a Swiss pension plan, for which future economic benefits are available to the Group.

(*) The defined benefit pensions measurement is the consequence of changes in financial assumptions, in particular the lower discount rate on the Swiss pension funds (from 2.2% to 1.8%).

(**) One of the Group's Swiss pension plans has a surplus that is not recognized, on the basis that future economic benefits are not available to the Group in the form of a reduction in future contributions or a cash refund.

In millions of CHF	December 31, 2023	June 30, 2023
PLAN ASSETS SPLIT BY CATEGORY		
Equity	302.0	322.7
Bonds	491.4	498.9
Hedge funds	99.0	115.0
Derivatives	0.9	0.1
Property	193.7	202.4
Insurance policies	44.0	44.9
Other	158.2	151.0
Cash and bank deposits	58.3	43.3
Total plan assets	**1'347.5**	**1'378.3**

The expected contributions to post-employment benefit plans for the period ended December 31, 2024 are CHF 42.3.

Equities and bonds: all significant positions are quoted in an active market.

Property, hedge funds, commodities, insurance policies: not quoted in an active market.

The table below outlines the funding situation by geographic area:

December 31, 2023

In millions of CHF	Switzerland	United States of America	United Kingdom	Other countries	**Total**
DEFINED BENEFIT PENSION PLANS					
Funded and unfunded defined benefit obligations	1'171.5	169.6	42.5	36.0	**1'419.6**
Fair value of plan assets	(1'124.7)	(176.6)	(42.6)	(3.6)	**(1'347.5)**
Net excess of liabilities/(assets) over obligations	**46.8**	**(7.0)**	**(0.1)**	**32.4**	**72.1**
Unrecognized assets due to asset ceiling (*)	12.8				12.8
Net excess of liabilities/(assets) over obligations recognized	**59.6**	**(7.0)**	**(0.1)**	**32.4**	**84.9**
Composed of:					
Net defined benefit assets (note 5)	(19.5)	(7.5)	(0.1)	-	**(27.1)**
Net defined benefit liabilities	79.1	0.5	-	32.4	**112.0**
Total	**59.6**	**(7.0)**	**(0.1)**	**32.4**	**84.9**

(*) One of the Group's Swiss pension plans has a surplus of CHF 12.8 that is not recognized.

June 30, 2023

In millions of CHF	Switzerland	United States of America	United Kingdom	Other countries	**Total**
DEFINED BENEFIT PENSION PLANS					
Funded and unfunded defined benefit obligations	1'145.4	176.8	43.0	39.9	**1'405.1**
Fair value of plan assets	(1'147.9)	(183.1)	(43.1)	(4.2)	**(1'378.3)**
Net excess of liabilities/(assets) over obligations	**(2.5)**	**(6.3)**	**(0.1)**	**35.7**	**26.8**
Unrecognized assets due to asset ceiling (*)	14.0				14.0
Net excess of liabilities/(assets) over obligations recognized	**11.5**	**(6.3)**	**(0.1)**	**35.7**	**40.8**
Composed of:					
Net defined benefit assets (note 5)	(19.2)	(6.8)	(0.1)	(0.0)	**(26.1)**
Net defined benefit liabilities	30.7	0.5	0.0	35.7	**66.9**
Total	**11.5**	**(6.3)**	**(0.1)**	**35.7**	**40.8**

(*) One of the Group's Swiss pension plans has a surplus of CHF 14.0 that is not recognized.

Key actuarial assumptions

December 31, 2023	Switzerland	United States of America	United Kingdom	Other countries
Discount rate	1.30%	5.00%	4.50%	2.2% to 7.35%
Salary increases	2.25%	3.00%	0.00%	0 % - 8.7 %
Pension increases	0.00%	0.00%	0.03%	0 % - 2.2 %
Mortality assumptions	BVG 2020 G CMI LTR 1.25%	Pri-2012 Generational Mortality Table with MP 2021	S3PA with CMI 2022, 1.25% long-term trend	
Life expectancy at age 65 for a male/female member currently aged 65	21.9/23.6	20.7/22.7	21.4/23.9	

June 30, 2023	Switzerland	United States of America	United Kingdom	Other countries
Discount rate	1.80%	5.20%	5.20%	2.2% to 7.45%
Salary increases	1.50%	3.00%	0.00%	0 % - 8.7 %
Pension increases	0.00%	0.00%	2.80%	0 % - 2 %
Mortality assumptions	BVG 2020 G CMI LTR 1.25%	Pri-2012 Generational Mortality Table with MP 2021	S3PA with CMI 2021, 1.25% long-term trend	
Life expectancy at age 65 for a male/female member currently aged 65	21.8/23.5	20.6/22.6	22.0/24.4	

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the principal actuarial assumptions is:

In millions of CHF	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	(87.1)	92.5
Future salary increases	0.50%	8.2	(7.5)
Future pension increases	0.50%	56.4	(54.1)
Life expectancy	1 year	34.7	(34.8)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Main defined benefit pension plans description

Switzerland

According to the Swiss Federal Law on Occupational Retirement, Survivors and Disability (LPP/BVG), the Swiss Pension plans are managed by independent and legally autonomous entities which have the legal structure of foundation.

The Pension Boards are composed of equal numbers of employee and employer representatives. Each year, the Pension Boards decide the level of interest, if any, to apply to the retirement accounts in accordance with the pension policy.

It is also responsible for the investment of the assets and defining the investment strategy for long-term returns with an acceptable level of risk. The Pension Funds provide benefits on a defined contribution basis.

The Base Plan insures all employees of Firmenich SA. The complementary plan insures exclusively some of the Senior Executives.

The purposes of both plans are to protect the employees against the economic consequences of retirement, disability and death.

The employer and employees pay contributions to the pension plan at rates set out in the pension plans rules based on a percentage of salary.

The amount of the retirement account can be taken by the employee at retirement in the form of pension or capital.

Under IAS 19 Employee benefits, the pension plans are classified as defined benefit plans due to the promises and underlying benefits guarantees. Consequently the pension obligation is calculated by using the projected unit credit method.

The Group expects to contribute CHF 28.9 to these plans during the year ended December 31, 2024.

The weighted average duration of the defined benefit obligation is 13.6 years.

International Pension Plan

The purpose of the plan is to ensure that key international employees obtain a level of benefits in case of disability, death, retirement or termination of employment close to those they would have had if they were covered by the Swiss pension system applicable to the employees of Firmenich SA, taking of course into account any local coverage that these employees may have abroad. The benefit, if any, can only be paid as a lump-sum to the Participant or the Beneficiary.

This plan is intended to be an unfunded and unsecured plan maintained primarily for the purpose of providing pension benefits for key international employees.

The weighted average duration of the defined benefit obligation is 3.7 years.

United States of America

The US pension plan is qualified under and is managed in accordance with the requirements of US federal law. In accordance with federal law the assets of the plan are legally separate from the employer and are held in a pension trust. The law requires minimum and maximum amounts that can be contributed to the trust, together with limitations on the amount of benefits that may be provided under the plan.

There are named fiduciaries that are responsible for ensuring the plan is managed in accordance with the law. The fiduciaries are responsible for defining the investment strategy for long-term returns with an acceptable level of risk as well as the oversight of the investment of plan assets.

The employees do not contribute to the plan and the employer contributes to the plan amounts which are at least equal to the minimum required by the law and not more than the maximum that would limit the tax deductibility of the contributions. The plan provides benefits on a defined benefit basis, and is closed to all new employees. The plan was also closed to the majority of current employees for future benefit accruals. The grandfathered Group of participants to the defined benefit plan continue to accrue benefits which are payable at retirement and on death in service. With exceptions for optional lump sum amounts for certain sections of the plan, the benefits are paid out as annuities. Under IAS 19 Employee benefits, the pension obligations are calculated by using the projected unit credit method.

The Group expects to contribute CHF 7.1 to these plans during the year ended December 31, 2024.

The weighted average duration of the defined benefit obligation is 9.1 years.

United Kingdom

The occupational pension scheme Firmenich Wellingborough Employee Benefits Plan is arranged under the applicable UK Pension Schemes and Pension Acts and is managed as a legally autonomous pension trust by the Board of Trustees.

The Board of Trustees is composed of two member-nominated representatives (one of whom is a current pensioner of the Scheme) and two employer-nominated representatives. The Board of Trustees is responsible for the investment of the assets, defining the investment strategy for long-term returns with an acceptable level of risk. The Trust provides benefits on a defined benefit basis. This defined benefit Scheme is closed to new members.

The scheme is closed to accrual of further benefits. Previous active members of this scheme now receive contributions from the Company's Group Personal Pension Plan. At the last Scheme Funding Assessment for the Firmenich Wellingborough scheme a shortfall in the assets below the liabilities was identified – as a result, the employer has agreed to contribute fixed sums to the Scheme in order to address this shortfall. With exceptions for trivial amounts, transfer values, lump sum death benefits and tax free lump sums, the benefits are paid out as regular payments to Scheme members for life (and for the life of their spouse or a dependent where applicable).

Under IAS 19 Employee benefits, the defined benefit pension obligations in the Firmenich Wellingborough Employee Benefits Plan are calculated by using the projected unit credit method.

The Board of Trustees, with agreement of the Employer, purchased a bulk annuity contract on March 31, 2023 that insures all expected benefits due to be paid from the Plan. All assets of the Plan have been crystallized and transferred to the insurer to pay for the bulk annuity and the Employer made a one-off payment to meet the purchase price and secure member benefits. The Plan continues to operate as before with regard to paying member benefits but receives a matching payment from the insurance arrangement. There are no further contributions due at this time in light of the one-off payment made and a revised Schedule of Contributions has been put in place to reflect this.

The weighted average duration of the defined benefit obligation is 10.5 years.

Asset - liability management and funding arrangement

Plan trustees or General Assemblies are responsible for determining the mix of asset classes and target allocations of the plans with the support of investment advisors. Periodical reviews of the assets mix are made by mandating external consultants to perform asset-liability matching analyses. Such analyses aim at comparing dynamically the fair value of assets and the liabilities in order to determine the most adequate strategic asset allocation.

The overall investment policy and strategy for the Group’s funded defined benefit plans is guided by the objective of achieving an investment return which, together with the contributions paid, is sufficient to maintain reasonable control over the various funding risks of the plans. As those risks evolve with the development of capital markets and asset management activities, the Group addresses the assessment and control process of the major investment pension risks. In order to protect the Group’s defined benefit plans funding ratio and to mitigate the financial risks, protective measures on the investment strategies are in force. To the extent possible, the risks are shared equally amongst the different stakeholders.

Risks related to defined benefit plans

The Group is exposed to a number of risks in relation to operating defined benefit plans. The most significant risks are longevity risk as well as market and liquidity risks. In order to minimize these risks, the Group regularly reviews related assumptions. When and where feasible, measures to reduce or transfer the risks are considered.

15.1.b Other post-employment benefits

In millions of CHF	December 31, 2023	June 30, 2023
MOVEMENT IN OTHER POST-EMPLOYMENT BENEFITS		
Opening balance	**53.7**	**61.9**
INCLUDED IN INCOME STATEMENT		
Current service cost	(0.5)	3.6
Past service cost	-	(0.5)
(Gains) / losses on settlements	(0.2)	0.0
Interest cost	0.6	1.3
Total included in income statement	**(0.1)**	**4.4**
INCLUDED IN OTHER COMPREHENSIVE INCOME		
Remeasurement arising from:		
Loss / (gain) from change in demographic assumptions	-	(0.3)
Loss / (gain) from change in financial assumptions	3.0	1.5
Experience loss / (gain)	(0.1)	1.2
Total included in other comprehensive income	**2.9**	**2.4**
OTHER		
Benefits paid	(4.9)	(14.7)
Currency translation adjustment	(0.8)	(0.3)
Total other	**(5.7)**	**(15.0)**
Closing balance	**50.8**	**53.7**

In millions of CHF	December 31, 2023	June 30, 2023
AMOUNTS RECOGNIZED IN INCOME STATEMENT		
Contributions to medical insurance	(0.4)	2.3
Annual premium	(0.2)	0.4
Other pensions	-	0.1
Retirement compensation	0.5	1.6
Total included in income statement	**(0.1)**	**4.4**
AMOUNTS RECOGNIZED IN STATEMENT OF FINANCIAL POSITION		
Contributions to medical insurance	38.2	38.1
Annual premium	4.5	4.7
Other pensions	1.9	2.1
Retirement compensation	6.2	8.8
Total other post-employment benefits	**50.8**	**53.7**

Key financial actuarial assumptions

December 31, 2023	Switzerland	United States of America
Discount rate	1.3%	5.0%
Medical cost trend rate		4.5% to 6.25%

June 30, 2023	Switzerland	United States of America
Discount rate	1.8%	5.2%
Medical cost trend rate		4.5% to 6.25%

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the principal actuarial assumptions is:

In millions of CHF	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	(2.2)	2.4
Life expectancy	1 year	1.9	(1.8)
Medical cost trend rate	1.0%	3.6	(3.3)

The table below outlines the funding situation by geographic area:

December 31, 2023

In millions of CHF	Switzerland	United States of America	Other countries	Total
Present value of unfunded obligations	45.2	5.1	0.5	**50.8**

June 30, 2023

In millions of CHF	Switzerland	United States of America	Other countries	Total
Present value of unfunded obligations	46.5	6.0	1.2	**53.7**

Other post-employment benefits description

Switzerland

The Swiss post-employment benefits plans are not funded and comprise healthcare benefits, jubilees, long-service leaves, other discretionary benefits as well as temporary benefits in relation to retirements of corporate management. The entitlement to these other post-employment benefits is usually conditional on the employee remaining in service up to retirement age.

The weighted average duration of the defined benefit obligation is 10.7 years.

United States of America

The US retiree medical plan provides certain medical benefits to retirees of the US subsidiary. There are no funded plan assets for these benefits and the related unfunded liability is included in the Group's balance sheet. The defined benefit obligation associated with this plan is reappraised annually by an independent actuary. In July 2002, the plan was closed to all future employees. In January 2013, the plan was closed to all previously grandfathered employees who retire after June 30, 2014.

The weighted average duration of the defined benefit obligation is 5.0 years.

15.2 Other employee benefits

The plans described below qualify as employee benefits.

Long-term incentives

The long-term incentive (LTI) plans are delayed payment schemes eligible to the senior management and tied to the performance of the Group.

Deferred compensation

Deferred compensation liability is mainly covered by assets that are primarily invested in various mutual funds to cover the Group's obligations under deferred compensation arrangements (refer to note 5).

NON-CURRENT OTHER EMPLOYEE BENEFITS

In millions of CHF	December 31, 2023	June 30, 2023
Provision for long-term remuneration incentives	20.6	13.8
Deferred compensation	31.3	32.5
Closing balance	**51.9**	**46.3**

CURRENT OTHER EMPLOYEE BENEFITS

In millions of CHF	December 31, 2023	June 30, 2023
Provision for long-term remuneration incentives	42.4	26.6
Deferred compensation	4.0	4.6
Closing balance	**46.4**	**31.2**

MOVEMENT IN DEFERRED COMPENSATION AND PROVISIONS FOR LTI

In millions of CHF	Deferred compensation	Provision for long-term incentives	**Total**
Opening balance July 1, 2022	**51.7**	**79.1**	**130.8**
Additional provisions	9.7	92.5	**102.2**
Unused provisions reversed	(1.2)	(0.6)	**(1.8)**
Used during period	(19.7)	(127.9)	**(147.5)**
Currency translation adjustment	(3.4)	(2.7)	**(6.2)**
Closing balance June 30, 2023	**37.1**	**40.4**	**77.5**
Additional provisions	1.0	32.3	**33.3**
Unused provisions reversed	-	(4.7)	**(4.7)**
Used during period	(0.7)	(3.6)	**(4.3)**
Currency translation adjustment	(2.1)	(1.4)	**(3.5)**
Closing balance December 31, 2023	**35.3**	**63.0**	**98.3**

16. Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Judgment is required by the management in determining the various provisions. A range of possible outcomes are determined to make reliable estimates of the obligation that is sufficient for the recognition of a provision.

The underlying assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Differences between the final obligations and the estimates impact the income statement in the period in which such determination is made.

In millions of CHF	Provision for business risk	Long service leaves	Provision for restructuring charges	Provision for litigation	Product warranty liability	Other provisions	Total
MOVEMENT IN PROVISIONS							
Opening balance July 1, 2023	**0.1**	**2.5**	**50.9**	**0.2**	**2.8**	**14.3**	**70.8**
Additional provisions	0.1	0.4	1.4	2.9	4.9	4.5	**14.2**
Unused provisions reversed	-	-	-	-	(0.4)	(0.3)	**(0.7)**
Used during period	(0.1)	(1.0)	(22.9)	-	(1.0)	(5.6)	**(30.6)**
Reclassification	-	0.7	-	-	-	-	**0.7**
Currency translation adjustment	(0.1)	(0.1)	(2.0)	(0.1)	(0.3)	(0.8)	**(3.4)**
Closing balance December 31, 2023	**-**	**2.5**	**27.4**	**3.0**	**6.0**	**12.1**	**51.0**
Total non-current provisions	-	2.3	26.3	3.0	-	8.8	**40.4**
Total current provisions	-	0.2	1.1	-	6.0	3.3	**10.6**

17. Bonds and borrowings

In millions of CHF	Notes	December 31, 2023	June 30, 2023
Non-current bonds		1'382.7	1'460.1
Non-current bank borrowings		90.7	105.5
Non-current lease liabilities		128.5	128.6
Current bonds		-	475.0
Current bank borrowings		92.4	48.4
Current financing from related parties (*)		117.5	46.1
Current lease liabilities		33.8	36.1
Total Bonds and borrowings	25	**1'845.6**	**2'299.8**

(*) The Group is party of an in-house cash account agreement with DSM Finance B.V.

In millions of CHF	Current bank borrowings, bonds and related parties financing	Non-current bank borrowings and bonds	Current lease liabilities	Non-current lease liabilities	Total
CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES					
Opening balance July 1, 2022	**66.2**	**2'102.8**	**39.5**	**147.5**	**2'356.0**
New lease contracts	-	-	10.5	28.1	**38.6**
Leases termination of contract	-	-	(1.5)	(7.8)	**(9.3)**
Proceeds from borrowings	70.5	1.8	-	-	**72.3**
Repayments of lease liabilities and borrowings	(31.2)	(16.4)	(44.1)	-	**(91.7)**
Reclassification	475.0	(475.0)	33.9	(33.9)	**(0.0)**
Currency translation adjustment	(11.0)	(47.6)	(2.2)	(5.3)	**(66.1)**
Closing balance June 30, 2023	**569.5**	**1'565.6**	**36.1**	**128.6**	**2'299.8**
New lease contracts	-	-	7.9	27.1	**35.0**
Leases termination of contract	-	-	(3.3)	(4.9)	**(8.2)**
Proceeds from borrowings	131.3	0.1	-	-	**131.4**
Repayments of lease liabilities and borrowings	(487.3)	(9.6)	(19.3)	-	**(516.2)**
Reclassification	-	-	14.6	(14.6)	**-**
Currency translation adjustment	(3.6)	(82.7)	(2.2)	(7.7)	**(96.2)**
Closing balance December 31, 2023	**209.9**	**1'473.4**	**33.8**	**128.5**	**1'845.6**

AMOUNTS RECOGNIZED IN INCOME STATEMENT

In millions of CHF	December 31, 2023	June 30, 2023
Interest on lease liabilities	(2.5)	(4.5)
Variable lease payments not included in the measurement of lease liabilities	(11.2)	(15.6)
Total expenses recognized in income statement	**(13.7)**	**(20.1)**

BONDS

Bonds are initially recorded at the amount of proceeds received, net of transaction costs. They are subsequently carried at amortized cost with the difference between the proceeds, net of transaction costs, and the amount due on redemption being amortized using the effective interest rate method and charged to interest expenses over the period of the relevant bond.

	Face value					Carrying amount	
In millions of CHF	December 31, 2023	June 30, 2023	Coupon	Year of issue - maturity	Effective interest rate	December 31, 2023	June 30, 2023
ISSUER/FACE VALUE							
Firmenich Productions Participations SAS (France)/ EUR 750	694.5	733.7	1.375%	2020-2026	1.44%	692.9	731.7
Firmenich Productions Participations SAS (France)/ EUR 750	694.5	733.7	1.750%	2020-2030	1.84%	689.8	728.4
Total bonds issued in EUR 1 500	**1'389.0**	**1'467.4**				**1'382.7**	**1'460.1**
Firmenich International SA/ CHF 425 (*)	n.a.	425.0	1.000%	2020-2023	0.99%	-	425.0
Firmenich International SA/ CHF 50 (*)	n.a.	50.0	1.000%	2020-2023	0.81%	-	50.0
Total bonds issued in CHF	**n.a.**	**475.0**				**-**	**475.0**
Total bonds	**1'389.0**	**1'942.4**			**1.49%**	**1'382.7**	**1'935.1**

(*) Bonds issued by Firmenich International SA were reimbursed for an amount of CHF 475.0 in December 2023.

The total fair value of bonds outstanding is CHF 1'312.2 (prior period: CHF 1'799.1).

18. Redemption liabilities and other non-current liabilities

In millions of CHF	Notes	December 31, 2023	June 30, 2023
Redemption liabilities	25	23.6	23.5
Government grants		14.7	16.0
Other debt		4.7	20.2
Total redemption liabilities and other non-current liabilities		**43.0**	**59.7**

Redemption liabilities

In April 2022, the Group recognized a redemption liability of CHF 24.8 on the remaining 10% interest in ArtSci. As at December 31, 2023, the liability amounted to CHF 23.6 (June 30, 2023: CHF 23.5). The conditions precedent to the completion were met during the first quarter of 2024 (also refer to note 33).

Government grants

The Group received various government grants that will be released to the income statement over the useful live of the underlying assets. These grants are included in liabilities as deferred income.
- Two grants are to indemnify for the forced relocation of production sites in China. In Kunming, the amount is to compensate the relocation costs and the related investments. In Shanghai, the amount is to compensate part of the leased land of the new location. As at December 31, 2023, the remaining value of these two grants was CHF 8.8 (prior period: CHF 10.1).
- Other grants are to help fund environmental projects in China and France. As at December 31, 2023, the remaining value of these grants was CHF 5.9 (prior period: CHF 5.9).

During the current period, CHF 1.0 (prior period: CHF 2.4) have been released to the income statement.

Other debt

Other debt includes CHF 4.7 (prior period: CHF 20.1) of a net put and call option liability for the acquisition of the remaining 51% shares in the associated company Essential Labs LLC.

19. Other payables and accrued expenses

In millions of CHF	December 31, 2023	June 30, 2023
Payables to other creditors	267.6	278.0
Accruals for rebates and interest payables	155.1	168.0
Employee-related liabilities and social security payables	57.6	108.5
Payables towards related parties (*)	43.5	9.3
VAT payables and other	39.9	38.8
Other payables and accrued expenses	**563.7**	**602.6**

(*) This balance consists of positions towards DSM companies.

20. Expenses by nature

Significant expenses by nature consist of:

In millions of CHF	Notes	December 31, 2023	June 30, 2023
COST OF SALES AND OPERATING EXPENSES BY NATURE			
Raw material and consumables used		957.6	2'219.2
Employee benefits	21	537.7	1'215.1
Supplies		72.6	163.2
Services		294.7	553.6
Depreciation, amortization and impairment of assets		130.4	353.1
Loss on assets		1.0	8.1
Operating taxes		10.8	18.9
Other operating income		(64.8)	(5.4)
Total expenses		**1'940.0**	**4'525.8**

Costs related to the dsm-firmenich merger for the current period amounted to CHF 27.6, of which CHF 20.4 were included in Employee benefits, CHF 6.6 in Services and CHF 0.6 in Loss on assets in the current period. For the prior period, they amounted to CHF 95.5, of which CHF 68.1 were included in Employee benefits and CHF 27.4 in Services.

Costs related to the Pinova site shutdown amounted to CHF 4.6 (prior period: CHF 41.0) and were included in Services. During the current period, a reversal of inventory allowance of CHF 13.5 (included in Raw materials and consumables used) and an insurance income of CHF 58.8 (included in Other operating income) were recognized. During the prior period, costs were recognized as follows: CHF 71.2 included in Impairment of assets, CHF 51.4 of inventory loss included in Raw materials and consumables used, CHF 22.0 included in Employee benefits and CHF 4.0 included in Loss on assets.

21. Employee benefits

In millions of CHF	December 31, 2023	June 30, 2023
EMPLOYEE BENEFIT EXPENSES		
Wages and salaries	407.1	903.4
Social security	75.5	177.9
Post-employment benefits	33.5	70.9
Other expenses	21.6	62.9
Total employee benefit expenses	**537.7**	**1'215.1**

For the period ended December 31, 2023, the total personnel costs include departure indemnities of CHF 17.5 (prior period: CHF 90.5), with related social charges of CHF 0.5 (prior period: CHF 5.0).

22. Financing costs

In millions of CHF	December 31, 2023	June 30, 2023
FINANCING COSTS		
Interest expenses	28.3	45.6
Interest on net defined benefit liability	1.1	2.0
Total Financing costs	**29.4**	**47.6**

23. Net other financial expenses

In millions of CHF	December 31, 2023	June 30, 2023
Interest and dividend income	0.3	4.4
Fair value gains / (losses)	1.3	2.1
Gains / (losses) on sale on financial investments	-	(0.7)
Gains / (losses) on derivative financial instruments	14.6	(4.5)
Results on investments held at fair value through income statement	**16.2**	**1.3**
Other interest and dividend income	11.0	5.2
Other results on financial assets and investments in associates (*)	0.2	(75.3)
Net exchange losses	(33.3)	(37.5)
Net exchange (losses) / gains on currency options and contracts	(3.8)	7.8
Net of cash discount received and (granted), (bank charges and other financial charges)	(10.6)	(26.3)
Net other financial expenses	**(20.3)**	**(124.8)**

(*) No impairment has been recognized for the current period. During the prior period, an impairment loss of CHF 75.1 was recognized in the income statement on the associated company Essential Labs, LLC (refer to note 6).

24. Taxes

Income tax expense

In millions of CHF	December 31, 2023	June 30, 2023
INCOME TAX EXPENSE		
Current income tax expense	87.7	87.9
Previous period tax adjustment	4.4	(1.1)
Deferred tax income	(7.1)	(34.2)
Previous period adjustment on deferred tax	0.7	0.4
Income tax expense	**85.7**	**53.0**
Income tax expense at the Group's average applicable tax	**50.7**	**26.4**
Change in income tax rate	(2.3)	(2.6)
Tax effect of:		
Income not taxable	(7.1)	(30.6)
Expenses not deductible	52.0	9.2
Utilization of tax loss carry forward	(17.7)	(3.3)
Current period losses for which no deferred tax asset is recognized	5.2	54.4
Recognition of previously unrecognized (derecognition of previously recognized) deductible temporary differences	(0.4)	0.2
Prior period and other adjustments	5.3	(0.7)
Income tax expense at the Group's effective tax rate	**85.7**	**53.0**

Since the Group operates internationally, it is subject to income taxes in many different tax jurisdictions. The Group calculates its average applicable tax rate as a weighted average of the tax rates in the tax jurisdictions in which the Group operates, including withholding tax on dividends, interest and royalties, but excluding research tax credits and substantial one-time elements.

In the current period, the Group’s effective tax rate decreased to 30.2% (prior period: 37.2%). In the prior period, the effective tax rate was impacted by unrecognized deferred tax asset on the restructuring costs and on the impairment loss related to the Pinova site closure.

Deferred taxes

Given the fact that temporary differences are created between local books and reporting submitted, deferred tax impacts have to be taken into account.

Deferred taxation is provided using the full liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from intangible assets, property, plant and equipment, inventories, revaluation of derivative contracts, provisions for defined benefit pension plans and other post-employment benefits.

No deferred tax liabilities for withholding tax that would be payable on unremitted earnings have been recognized as at December 31, 2023 (prior period: CHF 15.7). As at December 2023, the Group determined that the criteria for the recognition exemption of a deferred tax liability on unremitted earnings are met. The amount of undistributed reserves on which no withholding tax has been provided for represents CHF 1'561.2 (prior period: CHF 1'386.8).

Current and deferred tax assets and liabilities are offset when the income tax expense is levied by the same taxation authority and when there is a legally enforceable right to offset them. Determination of deferred tax expenses / income is based on present enacted tax rate or substantively enacted income tax rate.

In millions of CHF	December 31, 2023	June 30, 2023
DEFERRED TAXES		
Deferred tax assets	88.2	80.5
Deferred tax liabilities	(221.1)	(238.7)
Net deferred tax liabilities	**(132.9)**	**(158.2)**

Deferred tax liabilities on intangible assets are mainly relating to customer base and extraction technology resulting from acquisitions.

Deferred tax assets on provisions are mainly relating to provision for defined benefit pension plans and other post-employment benefits in Switzerland and the USA.

The movement in deferred tax assets and liabilities during the current period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is usually charged / (credited) to the income statement. Deferred tax movements relating to employee benefit liabilities and to equity investments at fair value through OCI for an amount of CHF 9.6 (prior period: CHF 6.4) are credited to other comprehensive income with no material amount of currency translation adjustments.

In millions of CHF	December 31, 2023	June 30, 2023
Amount of tax losses available	505.8	560.6
Amount of tax losses considered to accrue deferred tax assets	150.0	142.5

As at December 31, 2023, the Group had CHF 505.8 of tax losses available (June 30, 2023: CHF 560.6). This decrease is mainly due to the Pinova site closure incurring restructuring & transformation costs and impairment loss for which no deferred tax is recognized. Consequently, only CHF 150.0 are considered to carry forward against future taxable income (June 30, 2023: CHF 142.5). The deferred tax assets relating to tax loss carried forward are recognized as at December 31, 2023 for CHF 40.0 (June 30, 2023: CHF 34.4). They are recognized only to the extent that realization of the related tax benefit is probable. These tax losses do not expire.

Unused tax losses for which no deferred tax assets have been recognized amount to CHF 355.7 (June 30, 2023: CHF 418.1) with a potential tax benefit of CHF 82.3 (June 30, 2023: CHF 100.4). These unused tax losses are mainly located in affiliates in US and France.

December 31, 2023

In millions of CHF	Opening balance	(Credited) / Debited to income statement	(Credited) / Debited to other comprehensive income	Set off tax	Currency translation adjustments	Closing balance
Intangible assets	0.1	-	-	(0.1)	0.1	0.1
Property, plant and equipment	1.3	0.2	-	(1.4)	1.0	1.1
Long-term assets	11.0	(0.5)	2.1	(11.5)	7.9	9.0
Inventories	3.3	0.5	-	(18.8)	17.8	2.8
Prov. for def. benefit obligations	7.2	4.8	7.7	(3.7)	2.5	18.5
Long-term liabilities	5.1	1.9	-	(6.9)	5.3	5.4
Tax loss carry forwards	34.4	1.7	-	4.9	(1.0)	40.0
Other assets	3.1	(0.8)	(0.1)	(2.1)	1.5	1.6
Other liabilities	15.0	(2.7)	-	(13.0)	10.4	9.7
Deferred tax assets	**80.5**	**5.1**	**9.7**	**(52.6)**	**45.5**	**88.2**
Intangible assets	(155.2)	(3.3)	-	12.7	1.3	(144.5)
Property, plant and equipment	(43.7)	(8.6)	-	17.3	2.1	(32.9)
Long-term assets	(3.7)	-	0.4	0.1	(0.2)	(3.4)
Inventories	(9.7)	1.1	-	0.9	(3.3)	(11.0)
Prov. for def. benefit obligations	(18.3)	(0.4)	(0.5)	25.6	(23.6)	(17.2)
Tax loss carry forwards	-	-	-	(4.9)	-	(4.9)
Other assets	(7.5)	0.1	-	0.6	(0.1)	(6.9)
Other liabilities	(0.6)	(0.4)	-	0.3	0.4	(0.3)
Deferred tax liabilities	**(238.7)**	**(11.5)**	**(0.1)**	**52.6**	**(23.4)**	**(221.1)**

June 30, 2023

In millions of CHF	Opening balance	(Credited) / Debited to income statement	(Credited) / Debited to other comprehensive income	Set off tax	Currency translation adjustments / Other	Closing balance
Intangible assets	0.2	(2.2)	-	(0.1)	2.2	0.1
Property, plant and equipment	1.3	(0.2)	-	(1.0)	1.2	1.3
Long-term assets	2.6	158.9	(0.3)	(9.1)	(141.1)	11.0
Inventories	4.1	(3.3)	-	(19.7)	22.2	3.3
Prov. for def. benefit obligations	13.8	(71.7)	3.4	(9.1)	70.8	7.2
Long-term liabilities	7.9	(23.9)	-	(4.2)	25.3	5.1
Tax loss carry forwards	32.4	4.8	-	-	(2.8)	34.4
Other assets	5.6	(29.8)	(0.3)	(2.6)	30.2	3.1
Other liabilities	15.7	40.5	-	(14.1)	(27.1)	15.0
Deferred tax assets	**83.6**	**73.1**	**2.8**	**(59.9)**	**(19.1)**	**80.5**
Intangible assets	(177.5)	(70.5)	-	20.6	72.2	(155.2)
Property, plant and equipment	(49.1)	(13.9)	-	5.8	13.5	(43.7)
Long-term assets	(8.0)	(0.1)	3.7	0.3	0.4	(3.7)
Inventories	(11.5)	(1.7)	-	1.3	2.2	(9.7)
Prov. for def. benefit obligations	(20.4)	(15.3)	(0.1)	29.2	(11.7)	(18.3)
Tax loss carry forwards	-	-	-	0.9	(0.9)	-
Other assets	(8.0)	(2.0)	-	1.0	1.5	(7.5)
Other liabilities	(1.6)	(3.4)	-	0.8	3.6	(0.6)
Deferred tax liabilities	**(276.1)**	**(106.9)**	**3.6**	**59.9**	**80.8**	**(238.7)**

25. Financial risk management

Financial risk factors

As an international company, the Group is exposed to financial risks in the normal course of business. A major objective of Group Treasury is to minimize the impact of market, liquidity and credit risk on the value of the Group and its profitability. In order to achieve this, a systematic financial and risk management system has been established.

In seeking to minimize the risks and costs associated with such activities, Group Treasury manages exposure to changes in foreign currency exchange rates, when deemed appropriate, through the use of derivative financial instruments, such as forward contracts. The Group does not use financial instruments for speculative or trading purposes.

Classification and measurement of financial instruments

The Group classifies and measures financial instruments as follows.

Financial assets

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, measured at fair value through income statement and measured at fair value through other comprehensive income.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The Group recognizes loss allowances for expected credit losses (ECLs) only on financial assets measured at amortized cost. The Group measures loss allowances at an amount equal to lifetime ECLs except for debt securities and bank balances, which are measured at 12-month ECLs in case of low credit risk or non significant evolution of the credit risk since initial recognition. Lifetime ECLs result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion that result from default events that are possible within the 12 months after the reporting date.

a) Financial assets at amortized cost

The Group classifies its financial assets as at amortized cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of the principal and interest.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses.

Financial assets at amortized cost comprise cash and cash equivalents, loans, trade receivables, other receivables in the Statement of financial position. They are included in current assets, except for maturities exceeding 12 months after the end of the reporting period, which are classified as non-current assets.

Cash and cash equivalents comprise petty cash, cash on hand, bank balances and short-term deposits at 48 hours. The same definition is applied to cash and cash equivalents as disclosed in the Statement of cash flows. Bank overdrafts are included in Short-term bank borrowings in current liabilities.

b) Financial assets at fair value through income statement

Financial assets at fair value through income statement comprise marketable securities and derivative financial assets not designated as hedging instruments. Marketable securities are mainly composed of short-term deposits over 48 hours and equity and debt securities, which are traded in liquid markets. They are classified as current assets as they are potentially realizable within 12 months of the reporting date.

On initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost as at fair value through income statement if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All purchases and sales of marketable securities are recognized on the trade date, which is the date that the Group commits to purchase, or sell the asset. Marketable securities are initially recorded at fair value and subsequently measured at fair value. Fair value is determined by reference to share exchange quoted selling prices and net asset values determined and communicated by hedge fund managers at close of business on the reporting date.

Realized and unrealized gains and losses arising from changes in the fair value of financial assets at fair value through income statement are included in the income statement in the period in which they arise.

c) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and which have been irrevocably elected at initial recognition to be recognized in this category. This election is made on an investment-by-investment basis. These are long-term strategic investments and this classification is considered to be more relevant.

At initial recognition, financial assets at fair value through other comprehensive income are measured including transaction costs that are directly attributable to the acquisition of the financial asset.

These equity securities are subsequently measured at fair value. Dividends continue to be recognized in the income statement, unless the dividend clearly represents a recovery of part of the cost of the investment, whereas other net gains and losses are recognized in OCI and are never reclassified to the income statement.

On derecognition any related balance within the fair value through other comprehensive income reserve is reclassified to retained earnings.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or fair value through income statement. A financial liability is classified as at fair value through income statement if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the income statement. Any gain or loss on derecognition is also recognized in the income statement.

December 31, 2023

In millions of CHF	Notes	At amortized cost	At fair value through income statement	At fair value through other comprehensive income	**Total**
FINANCIAL ASSETS					
Non-current financial investments and loans	5	37.2	37.2	400.1	**474.4**
Trade receivables	8	922.0			**922.0**
Other receivables	9	127.3			**127.3**
Derivatives	10		7.9		**7.9**
Current financial investments	11	91.7	5.4		**97.1**
Cash and cash equivalents		163.5			**163.5**
FINANCIAL LIABILITIES					
Non-current borrowings	17	1'601.9			**1'601.9**
Redemption liabilities (*)	18		23.6		**23.6**
Current borrowings	17	243.7			**243.7**
Trade and other payables (**)		863.9			**863.9**
Options	18		4.7		**4.7**
Derivatives	10		1.9		**1.9**

(*) The movements of fair value of the redemption liabilities are recognized directly in equity.

(**) Accrued expenses that are not financial liabilities (CHF 108.1) are not included.

June 30, 2023

In millions of CHF	Notes	At amortized cost	At fair value through income statement	At fair value through other comprehensive income	**Total**
FINANCIAL ASSETS					
Non-current financial investments and loans	5	46.1	39.0	416.4	**501.5**
Trade receivables	8	941.0			**941.0**
Other receivables	9	76.7			**76.7**
Derivatives	10		10.4		**10.4**
Current financial investments	11	378.6	5.9		**384.5**
Cash and cash equivalents		194.2			**194.2**
FINANCIAL LIABILITIES					
Non-current borrowings	17	1'694.2			**1'694.2**
Redemption liabilities (*)	18		23.5		**23.5**
Current borrowings	17	605.6			**605.6**
Trade and other payables (**)		850.2			**850.2**
Options	18		20.1		**20.1**
Derivatives	10		3.3		**3.3**

(*) The movements of fair value of the redemption liabilities are recognized directly in equity.

(**) Accrued expenses that are not financial liabilities (CHF 115.1) are not included.

Except where mentioned in the relevant notes, the carrying amount of each class of financial assets and financial liabilities disclosed in the above tables approximates the fair value.

Derivative financial instruments and hedging activities

Derivative financial instruments are classified as at fair value through income statement and initially recognized in the statement of financial position at fair value including directly attributable transaction cost and subsequently remeasured at their fair value based on quoted market prices at the reporting date.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules in IFRS 9. Changes in the fair value of derivative instruments that do not qualify for hedge accounting under IFRS 9 are recognized immediately in the income statement. None of the Group's derivatives qualify for hedge accounting.

Impairment of financial assets

Loss allowances for trade receivable and other current financial assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full or the financial asset is more than 90 days past due.

The Group considers a debt security to have a low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be Baa3 or higher rate per Moody's or BBB- or higher per Standard & Poor's.

Lifetime ECLs result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Additional information about how the Group measures the allowance for impairment is described below under "Credit risk".

Market risk

a) Foreign exchange risk

Foreign exchange risk is the risk that adverse movements of foreign currencies negatively impact the results of operations and the financial condition of the Group, for example due to losses on assets or liabilities in foreign currencies.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to US Dollar, Euro and to a lesser extent to Asian and Latin American currencies.

Therefore, exchange rate fluctuations have a significant impact in the form of both translation risk and transaction risk on the Group’s income statement and other comprehensive income statement. Transaction risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is different from the functional currency. Translation risk arises from the conversion of net assets of the Group’s foreign operations to the presentation currency.

The major foreign exchange transaction risk is managed centrally by Group Treasury by entering into forward contracts as well as currency options. The use of these instruments is limited to the hedging of the underlying position.

Only residual foreign exchange risk being foreign exchange exposure not covered either by Group Treasury hedging activity or by bank overdraft/credit lines representing natural hedges in terms of amount and currency is managed by local Group companies under the supervision of Group Treasury.

The Group manages its currency exposures on current and forecasted transactions. Group Treasury centrally monitors the exposures on a regular basis and takes appropriate actions. The Group has set up currency limits for the current exposures.

It is the Group’s policy to enter into derivative transactions to hedge current and forecasted foreign currency transactions.

Main balance sheet currency exposures

December 31, 2023

In millions of CHF	EUR / CHF	USD / CHF	SGD / CHF	USD / TRY	USD / ARS	USD / IDR
Currency exposure without hedge	-111.4	+142.2	-36.0	-29.4	-21.9	+23.3
Hedged amount (*)	-18.6	-142.2	+36.0	+27.6	0.0	-27.2
Currency exposure including hedge	**-130.0**	**-0.0**	**0.0**	**-1.9**	**-21.9**	**-3.9**

+ long position; - short position

(*) Hedged amounts include foreign exchange forward contracts maturing within three to six months.

June 30, 2023

In millions of CHF	EUR / CHF	USD / CHF	SGD / CHF	USD / TRY	USD / ARS	USD / IDR
Currency exposure without hedge	+193.5	+135.1	-57.9	-22.8	-21.9	+19.2
Hedged amount (*)	-188.9	-135.1	+57.8	+22.4	+20.6	-17.2
Currency exposure including hedge	**+4.5**	**+0.0**	**-0.2**	**-0.4**	**-1.3**	**+2.0**

+ long position; - short position

(*) Hedged amounts include foreign exchange forward contracts maturing within three to twelve months.

Sensitivity analysis

The following table summarizes the Group's sensitivity to transactional currency exposures of the main currencies. The sensitivity is based on the net exposure after hedging at period end and based on assumptions, which have been deemed reasonable by the management, showing the impact on profit before taxes. To determine the reasonable change, the Group uses historical volatilities of the below currency pairs.

December 31, 2023

In millions of CHF	EUR / CHF	USD / CHF	SGD / CHF	USD / TRY	USD / ARS	USD / IDR
Reasonable shift in %	5%	5%	10%	20%	35%	10%
Impact on net income if underlying currency strengthens	(6.5)	(0.0)	(0.0)	(0.4)	(7.7)	(0.4)
Impact on net income if underlying currency weakens	6.5	0.0	0.0	0.4	7.7	0.4

June 30, 2023

In millions of CHF	EUR / CHF	USD / CHF	SGD / CHF	USD / TRY	USD / ARS	USD / IDR
Reasonable shift in %	5%	5%	10%	20%	20%	10%
Impact on net income if underlying currency strengthens	0.2	0.0	(0.0)	(0.1)	(0.3)	0.2
Impact on net income if underlying currency weakens	(0.2)	(0.0)	0.0	0.1	0.3	(0.2)

In the exposure calculations the intra-Group positions are included.

b) Price risk

Financial instruments that are subject to changes in stock exchange prices or indexes are subject to a price risk. The Group is exposed to equity and bond securities price risk because of investments held by the Group (refer to note 11). To manage its price risk arising from investments in equity and bond securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity and bond price risks at the reporting date. The equity portfolio of the Group includes a residual part of alternative investments, in liquidation. As such the sensitivity analysis cannot be based on the historical volatility as it should in normal circumstances.

If equity prices had been 5% higher/lower, the net profit for the period would have increased/decreased by CHF 0.3 (prior period: CHF 0.3) and the OCI would have increased/decreased by CHF 20.0 (prior period: CHF 20.8).

c) Interest rate risk

Interest rate risk is the risk that adverse movements of interest rates lead to high costs on interest-bearing debt or assets, which negatively impact the Group's capability to honor its commitments. The aim is to minimize the interest rate risks associated with the financing of the Group and thus at the same time optimizing the net interest costs. Hence, cash flow interest rate risk arises when the Group invests or borrows funds at floating rates whereas exposure to fair value interest rate risk arises when the Group invests or borrows funds at fixed rates.

The Group mainly borrows funds at fixed interest rates but also uses credit lines and other financial facilities granted by third party financial institutions at floating interest rates to finance part of its activity.

Interest rate hedging is managed in full by Group Treasury which transacts in the name and for the account of the holding company, in which the risk is located. The use of these instruments is limited to the hedging of the underlying position and no leverage is authorized.

Group Treasury is also entitled to obtain long-term credit lines from first quality financial institutions.

Sensitivity analysis

The analysis below shows the sensitivity of the Group to interest rate changes. The sensitivity is based on the exposure at period end and based on assumptions, which have been deemed reasonable by the management, showing the impact on profit before taxes and equity.

In millions of CHF	December 31, 2023	June 30, 2023
Reasonable shift in basis point (bps)	150 bps	150 bps
Impact on net income if interest rate increase	(1.9)	(2.1)
Impact on net income if interest rate decrease	1.9	2.1

Credit risk

Credit risk is the risk that a (commercial or financial) counterparty may not be able to honor a financial commitment according to the contractual agreement with the Group.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Trade receivables are subject to a policy of active risk management which focuses on the assessment of country risk, credit limits, ongoing credit evaluation and account monitoring procedures.

The Group is exposed to credit risk on cash and cash equivalents, fixed-term deposits and derivative financial instruments. The Group has minimized financial counterparty risk by concentrating core financing needs with high quality banks having significant experience and reputation in the field of the related deals.

There are no significant concentrations within trade receivables of counter-party credit risk, due to the large number of customers that the Group deals with and their wide geographical spread. Country risk limits and exposures are continuously monitored.

The following table presents the Group's credit risk exposure of cash and cash equivalents and fixed-term deposits to individual financial institutions:

In millions of CHF	December 31, 2023	June 30, 2023
AA- to AAA	5.0	164.8
A- to A+	187.7	237.8
BBB- to BBB+	40.5	115.9
BB+ and below	22.0	11.2

Ratings shown are assigned by international credit-rating agencies.

Liquidity risk

Liquidity risk is the financial risk that an entity does not have and/or cannot access enough liquid cash and/or assets to meet its obligations.

Prudent liquidity risk management implies maintaining sufficient cash and short-term financial investments, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury maintains flexibility in funding by maintaining availability under committed and uncommitted credit lines. The Group has access to sufficient funding to meet its obligations within the next twelve months.

Group Treasury monitors and manages cash at Group level. Furthermore Group Treasury defines affiliates' cash level. Affiliates' short-term cash needs and long-term excesses are managed through the cash-pooling structure. Structural financing needs for affiliates are arranged either by using the in-house bank structure or, if not possible, by arranging local financing with banks selected by Group Treasury. There is no significant amount of cash and cash equivalents held by the Group that is not available for use.

The Group invests in short-term deposits with high quality banks and in bonds and other interest rate instruments issued by a high quality issuer, where the amount issued allows high liquidity when dealing. Furthermore, the Group is also invested in low liquidity assets, which are subject to delayed fund availability when sold. These low liquidity assets are limited to a proportion, which should not affect the global liquidity of the Group.

The following table analyzes the Group's remaining contractual maturity for the carrying amount of financial liabilities.

December 31, 2023

In millions of CHF	Up to 6 months	6 up to 12 months	1 to 5 years	More than 5 years	Total
Current bank borrowings and bonds	209.9	-			**209.9**
Trade and other payables (*)	863.9	-			**863.9**
Gross derivative financial instruments - outflows	(995.2)	-	-	-	**(995.2)**
Gross derivative financial instruments - inflows	1'005.8	-	-	-	**1'005.8**
Non-current bank borrowings and bonds			781.7	691.7	**1'473.4**
Redemption liabilities		23.6			**23.6**
Options			4.7		**4.7**
Total financial liabilities	**1'084.4**	**23.6**	**786.4**	**691.7**	**2'586.1**

(*) Accrued expenses that are not financial liabilities (CHF 108.1) are not included.

The undiscounted cash flows related to lease liabilities are CHF 20.3 within 6 months, CHF 20.0 within 6 to 12 months, CHF 93.1 within 1 to 5 years and CHF 52.4 thereafter.

June 30, 2023

In millions of CHF	Up to 6 months	6 up to 12 months	1 to 5 years	More than 5 years	Total
Current bank borrowings	569.5	-			**569.5**
Trade and other payables (*)	850.2	-			**850.2**
Gross derivative financial instruments - outflows	(1'379.8)	(0.3)	-	-	**(1'380.1)**
Gross derivative financial instruments - inflows	1'374.8	0.3	-	-	**1'375.1**
Non-current bank borrowings and bonds			835.2	730.4	**1'565.6**
Redemption liabilities		23.5			**23.5**
Options			20.1		**20.1**
Total financial liabilities	**1'414.7**	**23.5**	**855.3**	**730.4**	**3'023.9**

(*) Accrued expenses that are not financial liabilities (CHF 115.1) are not included.

The undiscounted cash flows related to lease liabilities are CHF 22.5 within 6 months, CHF 20.7 within 6 to 12 months, CHF 102.5 within 1 to 5 years and CHF 42.5 thereafter.

Fair value measurements recognized in the consolidated statement of financial position

The following table presents the Group's assets and liabilities that are measured at fair value at period end grouped into levels 1 to 3 on the degree to which the fair value is observable:

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The redemption liabilities disclosed under level 3 are based on a valuation model considering the present value of the net cash flows expected. The cash flow projections include specific estimates for the remaining four years. The expected net cash flows are discounted using a risk-adjusted discount rate.

December 31, 2023

In millions of CHF	Notes	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS					
Non-current assets					
Financial investments	5	430.6		6.7	**437.3**
Current assets - derivatives					
Forward foreign exchange contract	10		7.9		**7.9**
Current financial investments					
Equity securities	11	1.4	4.0		**5.4**
FINANCIAL LIABILITIES					
Non-current liabilities					
Redemption liability	18			23.6	**23.6**
Options	18			4.7	**4.7**
Current liabilities - derivatives					
Forward foreign exchange contract	10		1.9		**1.9**

June 30, 2023

In millions of CHF	Notes	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS					
Non-current assets					
Financial investments	5	448.9		6.5	**455.4**
Current assets - derivatives					
Forward foreign exchange contract	10		10.4		**10.4**
Current financial investments					
Equity securities	11	1.4	4.5		**5.9**
FINANCIAL LIABILITIES					
Non-current liabilities					
Redemption liabilities	18			23.5	**23.5**
Options	18			20.1	**20.1**
Current liabilities - derivatives					
Forward foreign exchange contract and options	10		3.3		**3.3**

There has been no significant movements in the fair value hierarchy.

Reconciliation of movements in Level 3 valuations

	Assets		Liabilities	
In millions of CHF	December 31, 2023	June 30, 2023	December 31, 2023	June 30, 2023
Opening balance	6.5	5.7	43.6	116.6
Gains and losses recognized in income statement	-	-	(15.4)	3.2
Purchases and new issues	0.2	1.1	-	-
Movement of redemption liabilities	-	-	0.1	(76.2)
Currency translation adjustment	-	(0.3)	-	-
Closing balance	**6.7**	**6.5**	**28.3**	**43.6**

Fair value estimation

The fair value of financial instruments traded in active markets is determined by reference to share exchange quoted selling prices at the close of business on the reporting date.

The fair value of financial instruments that are not traded in active markets is determined by reference to observable market transactions and on valuations provided by reputable financial institutions and hedge fund managers.

The carrying value less allowance for doubtful debts of trade receivables and payable are assumed to approximate fair values, due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group.

The fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used in the year ended June 30, 2023.

Capital risk management

The objective of the Group when managing capital is to maintain the ability to continue as a going concern in order to maximize shareholder value through an optimal balance of debt and equity and to optimize the cost of capital.

We define Net Debt as the sum of current and non-current financial debt less cash, cash equivalents and current financial investments.

In millions of CHF	Notes	December 31, 2023	June 30, 2023
Current bank borrowing, bonds and lease liabilities	17	(243.7)	(605.6)
Non-current bank borrowings, bonds and lease liabilities	17	(1'601.9)	(1'694.2)
Cash and cash equivalents and current financial investments		260.6	578.7
Net debt		**(1'585.0)**	**(1'721.1)**

26. Risk assessment

The risk management framework is based on the COSO Enterprise Risk Management model. It supports the Group and its various functions in managing risks that might prevent it from achieving strategic, financial, and operational objectives and in protecting company assets, including reputation. It also supports compliance with laws and regulations, as well as reliable financial and non-financial reporting.

The realization of an ambitious strategy will always entail risks. To enable informed decision-making, these risks are identified and assessed at all levels in the organization. Risk assessments may focus on various topics (e.g., Safety, Health and Environment (SHE), security, climate) and are regularly updated. At least once per year, the Executive Committee discusses the material risks for the company as part of the Group risk assessment, and the Board of Directors reviews and approves these material risks.

Mitigation actions are defined for the material risks and the annual internal audit plan is derived from the findings of the latest risk assessment.

27. Operating segments

Business segment information

Following the merger, the dsm-firmenich group is organized into four distinct business units, out of which the following two business units are relevant for the Firmenich Group: 'Perfumery & Beauty' and 'Taste, Texture & Health'. Each is monitored on a regular basis and allows the Executive Committee to make decisions about the resources to be allocated to these operating segments and assess their performance.

Perfumery & Beauty (Firmenich)

Perfumery & Beauty creates premium scents with proven benefits, using the best and largest palette of natural, synthetic, and biotech ingredients. For the Firmenich Group, this business unit consists of the former 'Perfumery & Ingredients' business.

Taste, Texture & Health (Firmenich)

Taste, Texture & Health helps customers create food and beverage products that are delicious, nutritious, affordable, and sustainable. Providing enjoyment and nourishment for consumers, business success for customers, and better health for people and planet. For the Firmenich Group, this business unit consists of the former 'Taste & Beyond' business.

Group financing (including financial income and expenses) and income taxes are managed on a Group basis and are not allocated to these operating segments.

Inter-segment sales are not significant.

In millions of CHF	Perfumery & Beauty (Firmenich) (6 months) December 31, 2023	(12 months) June 30, 2023	Taste, Texture & Health (Firmenich) (6 months) December 31, 2023	(12 months) June 30, 2023	Total (6 months) December 31, 2023	(12 months) June 30, 2023
Net sales	1'478.6	3'133.3	792.9	1'703.4	2'271.5	4'836.7
Adjusted EBITDA (*)	**281.1**	**564.3**	**159.9**	**341.3**	**441.0**	**905.6**
Depreciation and amortization	(85.0)	(253.8)	(45.3)	(99.3)	(130.3)	(353.1)
APM adjustments (*)	36.0	(203.1)	(15.2)	(38.5)	20.8	(241.6)
Operating profit	**232.1**	**107.4**	**99.4**	**203.5**	**331.5**	**310.9**
Purchase of property, plant, equipment and intangibles	**70.3**	**163.3**	**24.3**	**44.0**	**94.6**	**207.3**

(*) Earnings before interest, tax, depreciation and amortization (EBITDA) is the IFRS metric operating profit plus depreciation, amortization, and impairments. Adjusted earnings before interest, tax, depreciation and amortization (Adjusted EBITDA) is EBITDA adjusted for material items of profit or loss, defined as 'APM adjustments'. Further detail is provided in the Appendix to this report: Alternative Performance Measures. Adjusted EBITDA is a measure used by our Executive Committee and Board of Directors to evaluate our core operating performance. These metrics are unaudited.
In the prior period, costs relating to the Pinova site shutdown were exclusively attributed to the 'Perfumery & Beauty' operating segment.

Geographical information

In millions of CHF	Net sales (by destination) December 31, 2023	June 30, 2023	Non-current assets (carrying amount) December 31, 2023	June 30, 2023
Switzerland	27.4	74.7	523.6	529.7
Europe	737.3	1'597.4	2'009.4	2'105.9
North America	522.3	1'177.8	912.7	962.6
Latin America	249.3	490.8	87.6	98.9
India, Middle East and Africa	289.0	571.6	179.2	193.1
South East Asia	232.2	487.7	70.2	70.6
North and East Asia	214.0	436.7	332.3	353.1
Total	**2'271.5**	**4'836.7**	**4'115.0**	**4'313.8**

No customer exceeds 10% of net sales.

28. Contingent assets and liabilities

Contingent assets

The Group has no contingent asset.

Contingent liabilities

From time to time and in varying degrees, the Group operations and earnings continue to be affected by political, legislative, fiscal and regulatory developments, including those relating to environmental protection, in the countries in which it operates. The activities in which the Group is engaged are also subject to risks of various kinds. The nature and frequency of these developments and events, not all of which are covered by insurance contracts, as well as their effects on future operations and earnings are not predictable.

In 2023, certain competition authorities commenced an industry-wide investigation into the fragrances sector. As part thereof, unannounced inspections were carried out at several Firmenich offices and Firmenich received a subpoena from the Antitrust Division of the United States Department of Justice. The company is fully cooperating with the authorities. The investigations are expected to continue at least until next year. As per the date of release of this report, no further update on the status or outcome of the investigation is available. In addition, multiple lawsuits have been filed against the company in the USA and Canada relating to the investigations.

29. Commitments

As of December 31, 2023 the Group has several commitments resulting from contractual obligations as well as capital commitments.

Commitments resulting from contractual obligations

In millions of CHF	December 31, 2023	June 30, 2023
Commitments resulting from contractual obligations	3.4	3.8

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

In millions of CHF	December 31, 2023	June 30, 2023
Property, plant and equipment	12.6	15.6
Intangible assets	1.3	7.8
Total	**13.9**	**23.4**

30. Restrictions on the titles to assets

At the closing date, there is no material restriction on the title to assets, except those disclosed in note 5 (deferred compensation scheme).

31. Subsequent events

In March 2024, the Group acquired the remaining 10% of the share capital of ArtSci Biology Technologies Co Ltd for a purchase price of CHF 24.7. This transaction has no impact on these consolidated financial statements.

32. Exchange rates

The following major exchange rates are used to establish the consolidated financial statements:

- closing rates for the consolidated statement of financial position correspond to the exchange rates prevailing at the period end.

- average rates for the consolidated income statement and the consolidated statement of cash flows correspond to the average exchange rates of the period.

		December 31, 2023		June 30, 2023	
ISO code	Units	Closing rate	Average rate	Closing rate	Average rate
USD	1	0.838	0.886	0.894	0.944
EUR	1	0.926	0.958	0.978	0.985
CNY	1	0.118	0.122	0.124	0.136
SGD	1	0.635	0.656	0.661	0.690
GBP	1	1.066	1.110	1.132	1.133
JPY	100	0.592	0.606	0.620	0.688

33. List of main entities of the Group

The consolidated financial statements include the following main entities.

Country	Entity name	Share in percentage	Currency	Share capital in thousands
Switzerland	Firmenich International SA	100	CHF	40'095
	Firmenich SA (*)	100	CHF	30'000
	Firmenich Finance SA (*)	100	CHF	100
	Fragar (America) SA (*)	100	CHF	20'000
	Fragar Trading SA (*)	100	CHF	2'500
	Fragar (Europe) SA (*)	100	CHF	2'500
	Firmenich Trading Corporation (*)	100	CHF	12'500
Argentina	Firmenich S.A.I.C. y F.	100	ARS	4'867'288
Australia	Firmenich Limited	100	AUD	2'780
Austria	Firmenich Ges.m.b.H	100	EUR	37
Belgium	Firmenich Belgium SA	100	EUR	1'240
Brazil	Firmenich & Cia Ltda.	100	BRL	77'151
Bulgaria	Watt Burgas OOD KD	80	BGN	5
Canada	Firmenich of Canada Ltd.	100	CAD	1
China	Kunming Firmenich Aromatics Co. Ltd.	80	CNY	167'281
	Firmenich Aromatics (Shanghai) Co. Ltd.	100	CNY	4'139
	Firmenich Aromatics (China) Co. Ltd.	100	CNY	564'605
	Artsci Biology Technologies Co. Ltd.	90	CNY	20'000
	Zhejiang Quanteng import and export trading Co. Ltd	90	CNY	10'000
	Firmenich Aromatics (ZhangjiaGang) Co., Ltd	100	CNY	220'697
Colombia	Firmenich S.A.	100	COP	2'300'000
Denmark	Firmenich Denmark APS	100	DKK	11'625
France	Firmenich & Cie SAS	100	EUR	5'000
	Firmenich Productions SAS	100	EUR	13'600
	Firmenich Grasse SAS	100	EUR	25'756
	Alpha Beta International SAS	100	EUR	248'683
	Les Dérivés Résiniques et Terpéniques	100	EUR	19'961
	Société Béarnaise de Synthèse SASU	100	EUR	50
	Resimmo SCI	100	EUR	10
	DRT Approvisionnement Biomasse SAS	64	EUR	700
	Action Pin SA	100	EUR	1'372
Germany	Firmenich GmbH	100	EUR	6'300
	Firmenich Trostberg GmbH	100	EUR	25
India	Firmenich Aromatics Production (India) Private Ltd	100	INR	2'322'400
	VKL Seasoning Private Ltd	100	INR	13'184
	DRT-Anthea Aroma Chemicals Private Limited	50	INR	19'116
Indonesia	PT Firmenich Indonesia	85	IDR	5'305'000
	Firmenich Aromatics Indonesia	100	IDR	45'097'500
Italy	Firmenich S.p.A.	100	EUR	103
	Firmenich Holding (Italy) SPA	100	EUR	30'000
	Campus S.r.l.	100	EUR	501

(*) Direct investments of Firmenich International SA.

Country	Entity name	Share in percentage	Currency	Share capital in thousands
Japan	Nihon Firmenich K.K.	100	JPY	90'000
Korea	Firmenich Co. Ltd.	100	KRW	500'000
Mexico	Firmenich de Mexico S.A. de C.V.	100	MXN	104'327
	Campus Italia de Mexico S. de R.L. de C.V.	100	MXN	113'668
Nigeria	Firmenich Western Africa Limited	100	NGN	10'000
Norway	Firmenich Bjørge Biomarin AS	100	NOK	125'250
	Campus Scandinavia AS	100	NOK	100
Philippines	Firmenich (Philippines) Inc.	100	PHP	13'075
Poland	Firmenich Sp. Z.o.o.	100	PLN	2'000
Russia	Firmenich LLC	100	RUB	44'481
Singapore	Firmenich Asia Pte Ltd.	100	SGD	6'000
South Africa	Firmenich (Pty) Ltd.	100	ZAR	220'000
Spain	Firmenich S.A.	100	EUR	300
Thailand	Firmenich Thailand Ltd.	100	THB	100'000
Turkey	Firmenich Dis Ticaret Limited Sirketi	100	TRY	166
	Gulcicek Kimya ve Ucan Yaglar Sanayi ve Ticaret A.S.	100	TRY	30'000
UAE	Firmenich FZ-LLC	100	USD	400
UK	Firmenich UK Ltd.	100	GBP	7'000
	Bergère Ltd. (*)	100	USD	391
USA	Firmenich Inc.	100	USD	31'350
	Chem-Fleur Inc.	100	USD	27'641
	Intercit Inc.	100	USD	567
	MCP Food Inc.	100	USD	5'000
	Essex Laboratories LLC	75	USD	9'637
	Agilex Holdings, Inc.	100	USD	163'603
	DRT America Inc.	100	USD	97'474
	DRT America LLC	100	USD	56'232
	Pinova Inc.	100	USD	78'329
Vietnam	Firmenich Vietnam LLC	100	VND	6'308'700

(*) Direct investments of Firmenich International SA.

The consolidated financial statements recognize the following main associates and joint ventures.

Country	Entity name	Share in percentage	Currency	Share capital in thousands
France	Biomass Energy Solutions VSG SAS	37	EUR	5'718
India	Jasmine Concrete Exports Private Ltd	49	INR	17'382
USA	Essential Labs, LLC.	49	USD	170

The voting rights are the same as the share in percentage for all entities.

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Report of the Independent Auditor to the Board of Directors of Firmenich International SA, Satigny

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Firmenich International SA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements (pages 1 to 44) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the “Auditor's Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the requirements of the Swiss audit profession, as well as the International Ethics Standards Board of Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors is responsible for the other information. The other information comprises of the information in the Alternative Performance Measures, but does not include the consolidated financial statements, the stand-alone financial statements of the company, and our auditor’s reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards, and for such internal control as the Board of Directors determines is 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 Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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 to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatement 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.

As part of an audit in accordance with ISA, 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, 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 opinion. 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 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 the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of 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 our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. 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 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 represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors 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.

KPMG SA

Elodie Elloy Licensed Audit Expert	Carlos Alvarez Licensed Audit Expert

Geneva, 3 April 2024

Enclosure:
- Consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows and notes to the consolidated financial statements.

Income statement

For the six months ended December 31, 2023

In millions of CHF	Notes	01.07.2023 -31.12.2023	01.07.2022 -30.06.2023
Dividend income	1	0.0	316.8
Other operating income		0.0	0.2
Other financial income	2	47.5	59.8
Total income		**47.5**	**376.8**
Financial expenses	3	(73.2)	(78.4)
Other operating expenses	4	(4.3)	(12.6)
Direct taxes		(0.5)	0.4
Total expenses		**(78.0)**	**(90.6)**
(Loss) / Profit for the period		**(30.5)**	**286.2**

Balance sheet

As at December 31, 2023

In millions of CHF	Notes	31.12.2023	30.06.2023
Assets			
Cash and cash equivalents		1.1	25.2
Bank deposits		0.0	308.9
Derivative financial instruments with an observable market price	5	3.8	1.7
Other short-term receivables from companies in which the entity holds an investment		1'023.3	1'191.8
Prepaid expenses and accrued income	6	13.3	14.7
Total current assets		**1'041.5**	**1'542.3**
Securities listed on a stock exchange	7	379.4	390.9
Financial assets	7	5.5	5.3
Loans granted to companies in which the entity holds an investment		1'197.7	1'164.5
Investments	8	362.7	362.7
Prepaid expenses and accrued income	6	1.6	3.0
Total non-current assets		**1'946.9**	**1'926.4**
Total assets		**2'988.4**	**3'468.7**
Liabilities and Shareholders' equity			
Trade accounts payable		0.0	0.8
Short-term interest-bearing liabilities	9	670.5	960.9
Derivative financial instruments with an observable market price	5	0.5	1.3
Accrued expenses	10	17.3	32.1
Total short-term liabilities		**688.3**	**995.1**
Long-term interest-bearing liabilities	11	694.5	733.7
Deferred unrealised exchange gains		129.0	89.8
Total long-term liabilities		**823.5**	**823.5**
Total liabilities		**1'511.8**	**1'818.6**
Share capital			
Registered shares	12	40.1	40.1
Legal capital reserves			
Other capital reserves		2.2	2.2
Legal retained earnings			
General legal retained earnings reserves		244.0	244.0
Voluntary retained earnings reserves			
Special reserve		330.0	330.0
Ordinary reserve		40.5	40.5
Available earnings			
Profit brought forward		850.3	707.1
(Loss) / Profit for the period		(30.5)	286.2
Total shareholders' equity		**1'476.6**	**1'650.1**
Total liabilities and shareholders' equity		**2'988.4**	**3'468.7**

Notes to the financial statements

Principles

General aspects

Firmenich International SA, Satigny, Switzerland, is the holding company of the Firmenich Group. The Group is a global supplier of fragrances and flavors. Since May 8, 2023, the Group is owned by DSM-Firmenich AG as a consequence of the DSM-Firmenich merger. Prior to the merger with DSM, Firmenich International SA was controlled by Sentarom SA. The parent company Sentarom SA was merged with Firmenich International SA retroactively as from November 1, 2022.

These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

The Board of Directors elected to align the financial period to that of the dsm-firmenich group. As a result, the current financial period covers the 6-month period from July 1, 2023 to December 31, 2023. The comparative financial year covers the 12-month period from July 1, 2022 to June 30, 2023.

Foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange ruling at the date of the transaction. Assets and liabilities denominated in a foreign currency are translated into CHF at year-end exchange rates. All transaction gains or losses, realised and unrealised, are taken directly to the year's results, including the effects of forward contracts, with the exception of unrealised exchange gains that are carried on the balance sheet as a liability.

Exchange gains and losses are compensated by currency and the resulting net exchange gain or net exchange loss is disclosed in the notes to the financial statements.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances and short-term deposits at 48 hours. Bank overdrafts are shown under current liabilities.

Bank deposits

Bank deposits are composed of short-term deposits over 48 hours.

Securities listed on a stock exchange

Securities listed on a stock exchange, which are traded in liquid markets, are initially recorded at cost and subsequently carried at fair value (quoted market price). Securities listed on a stock exchange that represent strategic investments classified as long-term are valued at historical cost.
Realised and unrealised gains and losses arising from changes in the fair value are included in the income statement in the period in which they arise. A valuation adjustment reserve has not been accounted for.

All purchases and sales of marketable securities are recognised on the trade date, which is the date of the commitment to purchase, or sell the asset.

Derivative financial instruments with an observable market price

Derivative financial instruments are initially recognised in the balance sheet at fair value plus directly attributable transaction cost and subsequently remeasured at their fair value based on observable market prices at the balance sheet date. Gains and losses, realised or unrealised, from forward exchange contracts used to hedge potential exchange rate exposures are included in the year’s results. A valuation adjustment reserve has not been accounted for.

Derivative financial instruments with an observable market price that is positive are classified as assets whereas derivative financial instruments with an observable market price that is negative are classified as liabilities.

Financial assets

Financial assets include securities that have no quoted market price or no other observable market price. Financial assets with no observable market price are valued at their acquisition cost adjusted for impairment losses.

Loans granted to companies in which the entity holds an investment

In the current period, two loans benefit from a letter of support issued by a dsm-firmenich group company (June 30, 2023: none).

Investments

Investments in companies where the entity holds an investment are valued at acquisition cost less adjustments for impairment of value.

Bonds

Bonds are valued at nominal value. Any bond premium, discount and transaction costs directly related to the issue of the bond are amortized over the duration of the bond.

Foregoing a cash flow statement and additional disclosures in the notes

As DSM-Firmenich AG has prepared its consolidated financial statements in accordance with a recognised accounting standard (IFRS), Firmenich International SA has decided to forego presenting additional information on interest-bearing liabilities and audit fees in the notes as well as a cash flow statement in accordance with the law.

In the following notes, all amounts are shown in millions of CHF unless otherwise stated.

Notes to the financial statements

1. Dividend income

In millions of CHF	01.07.2023 -31.12.2023	01.07.2022 -30.06.2023
Firmenich SA	0.0	141.5
Fragar (America) SA	0.0	48.6
Fragar Trading SA	0.0	31.8
Firmenich Trading Corporation	0.0	94.9
Total dividend income	**0.0**	**316.8**

2. Other financial income

In millions of CHF	01.07.2023 -31.12.2023	01.07.2022 -30.06.2023
Interest and other financial income from companies in which the entity holds an investment	22.3	31.2
Net unrealised exchange gains on derivative financial instruments	2.9	0.0
Net realised exchange gains on derivative financial instruments	2.3	0.0
Net exchange gains	18.8	1.2
Net realised exchange gains on currency spot transactions	0.0	21.4
Interest and dividend income from third parties	1.2	6.0
Total other financial income	**47.5**	**59.8**

3. Financial expenses

In millions of CHF	01.07.2023 -31.12.2023	01.07.2022 -30.06.2023
Interest to companies in which the entity holds an investment	13.4	8.0
Interest expenses	15.0	32.1
Discounts and transaction costs on bonds	1.0	2.0
Net realised exchange losses on currency spot transactions	0.5	0.0
Unrealised exchange losses	16.9	9.0
Realised exchange losses	13.6	3.8
Net market losses on securities and other financial assets	11.5	5.1
Net unrealised exchange losses on derivative financial instruments	0.0	9.0
Net realised exchange losses on derivative financial instruments	0.0	6.6
Bank fees and charges	1.3	2.8
Total financial expenses	**73.2**	**78.4**

4. Other operating expenses

In millions of CHF	01.07.2023 -31.12.2023	01.07.2022 -30.06.2023
Employee benefits	0.0	0.4
Board of Directors fees and remuneration	0.3	3.3
Professional services	3.8	8.4
Service and management fees to companies in which the entity holds an investment	0.2	0.5
Total other operating expenses	**4.3**	**12.6**

Notes to the financial statements

5. Derivative financial instruments with an observable market price

In millions of CHF	Nominal value	Positive fair values (assets)	Negative fair values (liabilities)
December 31, 2023			
Forward exchange contracts			
Sell USD	(80.6)	3.7	
Buy EUR	24.3		(0.5)
Sell Other	(4.9)	0.1	(0.0)
	(61.2)	**3.8**	**(0.5)**
Total derivative financial instruments with an observable market price		**3.8**	**(0.5)**

In millions of CHF	Nominal value	Positive fair values (assets)	Negative fair values (liabilities)
June 30, 2023			
Forward exchange contracts			
Sell USD	(89.4)	1.7	0.0
Sell EUR	(119.4)	0.0	(1.0)
Sell Other	(17.1)	0.0	(0.1)
Buy Other	17.1	0.0	(0.2)
	(208.8)	**1.7**	**(1.3)**
Total derivative financial instruments with an observable market price		**1.7**	**(1.3)**

Financial assets

In millions of CHF	31.12.2023	30.06.2023
Derivative financial instruments with companies in which the entity holds an investment	3.7	1.7
Derivative financial instruments with third parties	0.1	0.0
Total derivative financial instruments with an observable market price	**3.8**	**1.7**

Financial liabilities

In millions of CHF	31.12.2023	30.06.2023
Derivative financial instruments with companies in which the entity holds an investment	0.5	0.0
Derivative financial instruments with third parties	0.0	1.3
Total derivative financial instruments with an observable market price	**0.5**	**1.3**

6. Prepaid expenses and accrued income

In millions of CHF	31.12.2023	30.06.2023
Accrued interests from companies in which the entity holds an investment	7.9	5.4
Accrued dividend income	0.0	4.2
Bonds discounts and transaction costs	2.0	2.0
Prepaid bank fees	0.8	0.8
Other accrued income and prepaid expenses	2.6	2.3
Total short-term prepaid expenses and accrued income	**13.3**	**14.7**
Bonds discounts and transaction costs	1.4	2.4
Prepaid long-term bank fees	0.2	0.6
Total long-term prepaid expenses and accrued income	**1.6**	**3.0**

Notes to the financial statements

7. Securities listed on a stock exchange and Financial assets

In millions of CHF	31.12.2023	30.06.2023
Securities listed on a stock exchange	379.4	390.9
Investment funds	5.5	5.3
Total long-term financial assets	**384.9**	**396.2**

In October 2019, Firmenich International SA acquired 21.8% of Robertet SA's share interests, representing circa 11.4% of voting rights. This equity instrument represents a long-term strategic investment valued at historical acquisition cost, adjusted for impairment losses.

8. Investments

	Share capital in millions				Share in capital/voting rights in %	
Company		31.12.2023		30.06.2023	31.12.2023	30.06.2023
Firmenich SA	CHF	30.0	CHF	30.0	100	100
Fragar (America) SA	CHF	20.0	CHF	20.0	100	100
Fragar (Europe) SA	CHF	2.5	CHF	2.5	100	100
Fragar Trading SA	CHF	2.5	CHF	2.5	100	100
Firmenich Trading Corporation	CHF	12.5	CHF	12.5	100	100
Bergere Limited	CHF	0.5	CHF	0.5	100	100
Firmenich Finance SA	CHF	0.1	CHF	0.1	100	100

		Carrying value in millions of CHF	
Company	Domicile	31.12.2023	30.06.2023
Firmenich SA	Satigny, Switzerland	325.0	325.0
Fragar (America) SA	Satigny, Switzerland	20.0	20.0
Fragar (Europe) SA	Satigny, Switzerland	2.5	2.5
Fragar Trading SA	Satigny, Switzerland	2.5	2.5
Firmenich Trading Corporation	Satigny, Switzerland	12.0	12.0
Bergere Limited	Hamilton, Bermuda	0.6	0.6
Firmenich Finance SA	Satigny, Switzerland	0.1	0.1
Total investments		**362.7**	**362.7**

A list of main indirect Group companies held by Firmenich International SA is included in the consolidated financial statements of Firmenich International SA.

9. Short-term interest-bearing liabilities

In millions of CHF	31.12.2023	30.06.2023
Current accounts with companies in which the entity holds an investment	459.0	390.1
Current portion of long-term bonds	0.0	475.0
Due to companies in which the entity holds an investment	47.9	49.7
Due to related parties	163.6	46.1
Total short-term interest-bearing liabilities	**670.5**	**960.9**

Current portion of long-term bonds In millions of CHF	Face value	Issue price	Coupon	Year of issue/ maturity	31.12.2023	30.06.2023
Public bonds	CHF 425	100.335%	1.00%	2020-2023	0.0	425.0
Public bonds	CHF 50	100.896%	1.00%	2020-2023	0.0	50.0
Total bonds					**0.0**	**475.0**

Bonds were redeemed in December 2023.

Notes to the financial statements

10. Accrued expenses

In millions of CHF	31.12.2023	30.06.2023
Accrued interest	9.2	25.9
Accrued expenses for professional services	2.8	2.6
Accrued expenses for Board of Directors fees and remuneration	0.3	0.3
Accrued taxes	3.4	1.3
Other accruals	1.5	2.0
Total accrued expenses and deferred income	**17.2**	**32.1**

11. Long-term interest-bearing liabilities

In millions of CHF	31.12.2023	30.06.2023
Bonds	694.5	733.7
Total long-term interest-bearing liabilities	**694.5**	**733.7**

BONDS In millions of CHF	Face value	Issue price	Coupon	Year of issue/ maturity	31.12.2023	30.06.2023
Deeply Subordinated Fixed Rate Resettable Perpetual Notes (*)	EUR 750	99.429%	3.75%	2020	694.5	733.7
Total bonds					**694.5**	**733.7**

(*)Firmenich International SA issued EUR 750 million deeply subordinated fixed rate resettable perpetual notes on June 3, 2020 with a coupon of 3.75% payable annually at the sole discretion of the issuer until the first reset date i.e. September 3, 2025. Thereafter, the interest rate is reset every 5 years.

12. Share capital

Share capital in the amount of CHF 40.1 million consists of 8'019'000 registered shares at a par value of CHF 5.
The share capital of Firmenich International SA was restructured in the comparative period. A and B shares of nominal value CHF 50 per A share and CHF 5 per B share were converted into 8'100'000 registered shares of nominal value CHF 5 each. During the comparative period, Firmenich International SA purchased 81'000 of its own B shares at nominal value of CHF 5 each for a total cost of CHF 0.4 million. These treasury shares were cancelled with a corresponding decrease of the share capital.

Notes to the financial statements

Other information

Full-time equivalents

The annual average number of full-time employees for the current period, as well as the comparative period, does not exceed 250.

Guarantees

Guarantees and comfort letters issued in favor of affiliated companies amount to CHF 341.1 (June 30, 2023: CHF 390.7).

Bonds issuance guaranteed by Firmenich International SA:

In millions	Face value	Coupon	Year of issue/ maturity	Face value 31.12.2023	Face value 30.06.2023
ISSUER					
Firmenich Productions Participations SAS (France)	EUR 750	1.375%	2020-2026	CHF 694.5	CHF 733.7
Firmenich Productions Participations SAS (France)	EUR 750	1.750%	2020-2030	CHF 694.5	CHF 733.7
	EUR 1 500			**CHF 1 389.0**	**CHF 1 467.4**

Significant events after the balance sheet date

There is no subsequent event after the reporting period that might have a material impact on the financial statements as at December 31, 2023.

Contingent liabilities

In 2023, certain competition authorities commenced an industry-wide investigation into the fragrances sector. As part thereof, unannounced inspections were carried out at several Firmenich offices and Firmenich received a subpoena from the Antitrust Division of the United States Department of Justice. Firmenich International SA is fully cooperating with the authorities. The investigations are expected to continue at least until next year. As per the date of release of this report, no further update on the status or outcome of the investigation is available. In addition, multiple lawsuits have been filed against the company in the USA and Canada relating to the investigations.

Appropriation of available earnings

Proposal of the Board of Directors to the General Meeting of Shareholders

As at December 31, 2023

	CHF
Available earnings as at December 31, 2023	
Profit brought forward	850'322'497
Loss for the period	(30'524'666)
Total available earnings	**819'797'831**

The Board of Directors proposes to the next General Meeting of Shareholders the following appropriation of available earnings:

	CHF
Available earnings	
Total available earnings	819'797'831
Distribution of an ordinary dividend	0
Total appropriation of available earnings	0
Balance to be carried forward	**819'797'831**

The general legal retained earnings reserves exceed 20% of the share capital. As such, the first attribution is not required.

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Report of the Statutory Auditor to the General Meeting of Firmenich International SA, Satigny

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Firmenich International SA (the Company), which comprise the balance sheet as at 31 December 2023, the income statement for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 48 to 56) comply with Swiss law and the Company's articles of in-corporation.

Basis for Opinion
We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor's Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information
The Board of Directors is responsible for the other information. The other information comprises of the information in the Alternative Performance Measures, but does not include the consolidated financial statements, the standalone financial statements of the Company and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Financial Statements
The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. 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 financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 opinion. 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 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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. 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 Company to cease to continue as a going concern.

We communicate with the Board of Directors 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 the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the 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 or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG SA

Elodie Elloy
Licensed Audit Expert
Auditor in Charge

Carlos Alvarez
Licensed Audit Expert

Geneva, 3 April 2024

Enclosure(s):
- Financial statements (balance sheet, income statement and notes)
- Proposed appropriation of available earnings

Appendix: Alternative Performance Measures
(unaudited)

For the six months ended December 31, 2023

In monitoring the financial performance of the Firmenich Group, our Executive Committee uses certain Alternative performance measures (APMs) not defined by IFRS. These APMs should not be viewed in isolation as alternatives to the equivalent IFRS measures and should be used as supplementary information in conjunction with the most directly comparable IFRS measures. APMs do not have standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies.

Growth at constant currency

Growth at constant currency is used by our Executive Committee to evaluate operating performance. We believe that the elimination of the effect of foreign currency variations can provide useful period-to-period comparisons of our operating performance and enable a better understanding of the underlying factors contributing to such performance.

Growth at constant currency is computed by comparing current period results converted at prior period foreign exchange rates to prior period results at prior period foreign exchange rates.

Growth on an organic basis

Growth on an organic basis is used by our Executive Committee to evaluate operating performance. We believe that the elimination of the impact of business acquisitions and disposals can provide useful period-to-period comparisons of our operating performance and enable a better understanding of the underlying factors contributing to such performance.

Growth on an organic basis is calculated by excluding the impact of business acquisitions and disposals for a period of 12 months following or preceding the date of such business acquisition or disposal, respectively.

Net sales growth on an organic basis at constant currency

Net sales growth on an organic basis at constant currency is used by our Executive Committee to evaluate operating performance. We believe that the elimination of the impact of business acquisitions, disposals and foreign currency variations from net sales can provide useful like-for-like period-to-period comparisons of our sales performance and enable a better understanding of the underlying factors contributing to such performance.

Net sales growth on an organic basis at constant currency is calculated as described above in the respective sections "Growth at constant currency" and "Growth on an organic basis".

The table below provides the reconciliation of Net sales growth on an organic basis at constant currency to Net sales:

For the six months ended, in millions of CHF	December 31, 2023	December 31, 2022	Year-over-year	Year-over-year in %
Net sales	**2'271.5**	**2'440.1**		
Net sales growth			**-168.6**	**-6.9%**
Effect of foreign exchange rates			-169.9	-7.0%
Growth at constant currency			**1.3**	**0.1%**
Effect of business acquisitions and disposals			-	0.0%
Net sales growth on an organic basis at constant currency			**1.3**	**0.1%**

EBITDA

Earnings before interest, tax, depreciation and amortization (EBITDA) is the IFRS metric operating profit plus depreciation, amortization, and impairments.

For the six months ended, in millions of CHF	December 31, 2023	December 31, 2022
Operating profit	**331.5**	**228.5**
Depreciation of property, plant and equipment	82.4	91.7
Amortization of intangible assets	47.9	50.9
EBITDA	**461.9**	**371.1**

Adjusted EBITDA

Adjusted earnings before interest, tax, depreciation and amortization (Adjusted EBITDA) is EBITDA adjusted for material items of profit or loss, defined as 'APM adjustments'.

APM adjustments are adjustments made for material items of income and expense arising from circumstances such as acquisitions and divestments, restructuring, and other events. Other APM adjusting events include site closure costs, environmental cleaning, litigation settlements, or other non-operational (contractual) arrangements.

Adjusted EBITDA is a measure used by our Executive Committee to evaluate our core operating performance.

The table below discloses the APM adjustments included in the EBITDA:

For the six months ended, in millions of CHF	December 31, 2023	December 31, 2022
EBITDA	**461.9**	**371.1**
Restructuring (*)	(40.6)	10.0
Acquisitions/divestments	0.6	59.0
Other (**)	19.1	-
Adjusted EBITDA	**441.0**	**440.1**

(*) These mainly consist of costs related to the dsm-firmenich merger for CHF 27.6 million, additional costs related to the Pinova site closure for CHF 4.6 million, offset by an insurance income of CHF (58.8) million and an inventory allowance reversal of CHF (13.5) million. See note 20 of the Consolidated Financial Statements of Firmenich International SA.

(**) These mainly consist of litigation costs.

Free Cash Flow (FCF)

Free Cash Flow is a measure used by our Executive Committee to evaluate our ability to generate cash to return capital to shareholders, repay debt and fund potential acquisitions.

We define Free Cash Flow as Cash flows from operating activities less purchase of intangible assets and property plant and equipment net of disposals.

Reconciliation of Cash flows from operating activities to Free cash flow is as follows:

For the six months ended, in millions of CHF	December 31, 2023	December 31, 2022
Cash flows from operating activities	**331.9**	**55.9**
Purchase of property, plant and equipment	(78.8)	(61.0)
Purchase of intangible assets	(15.8)	(13.0)
Disposal of intangible assets, property, plant and equipment	2.1	0.8
Free Cash Flow	**239.4**	**(17.3)**

Net Debt

Net Debt is a measure used by our Executive Committee to assess our financial position.

We define Net Debt as the sum of current and non-current financial debt less cash, cash equivalents and current financial investments. See note 25 of the Consolidated Financial Statements of Firmenich International SA.

As at, in millions of CHF	December 31, 2023	June 30, 2023
Current bank borrowings, bonds and lease liabilities	(243.7)	(605.6)
Non-current bank borrowings, bonds and lease liabilities	(1'601.9)	(1'694.2)
Cash, cash equivalents and current financial investments	260.6	578.7
Net Debt	**(1'585.0)**	**(1'721.1)**

DISCLAIMER

This document and the related results contain forward-looking statements related to Firmenich International SA (the "Company") and its future business and financial performance and future events or developments, including statements regarding: trends; exchange rates; plans, strategies and objectives of management; anticipated production; capital costs and scheduling; operating costs and supply chain issues; provisions and contingent liabilities; tax and regulatory developments.

Forward-looking statements can be identified by the use of terminology such as 'intend', 'aim', 'project', 'anticipate', 'estimate', 'plan', 'believe', 'expect', 'may', 'should', 'will', 'continue', 'annualized' or similar words. These statements discuss future expectations concerning the results of operations or financial conditions, or provide other forward-looking statements. These forward-looking statements are not guarantees, or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control, and which may cause actual results to differ materially from those expressed in the statements contained in this presentation. Readers are cautioned not to put undue reliance on forward-looking statements. Other than in accordance with its legal or regulatory obligations, the Company does not undertake to update or revise any forward-looking statement to reflect any changes in events, conditions or circumstances on which any such statement is based.

Non-IFRS measures have not been subject to audit or review and should not be considered as an indication of, or alternative to, an IFRS measure of profitability, financial performance or liquidity.

Nothing in this presentation should be construed as either an offer to sell, or a solicitation of an offer, to buy or sell securities in any jurisdiction, or be treated or relied upon as a recommendation or advice by the Company. This document has been prepared for, and only for, the shareholders of the Company, as a body, and no other persons. The Company, its directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come, and any such responsibility or liability is expressly disclaimed.

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