Half year 2022 results

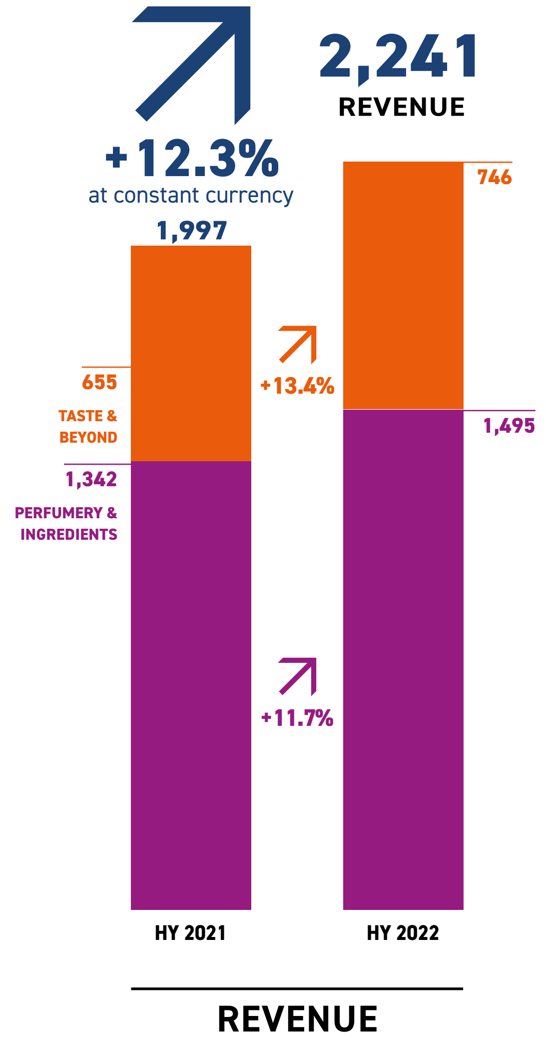
6 MONTHS ENDED 31 DECEMBER 2021

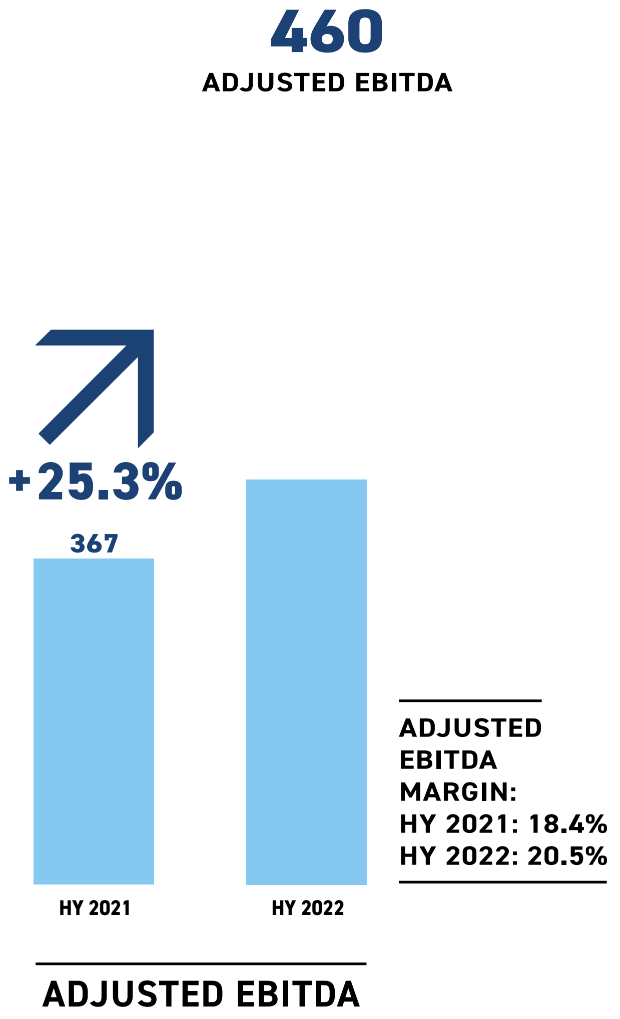
Firmenich
for good, naturally

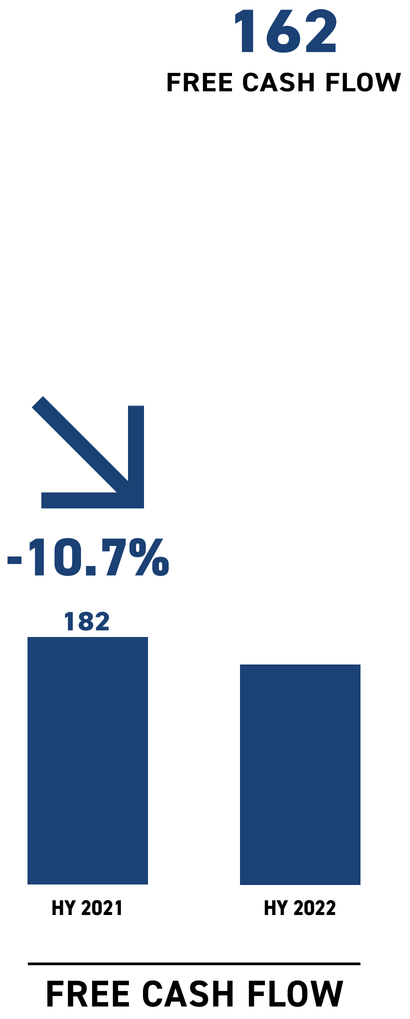
Contents

Family owned founded in Geneva, 1895

At a glance (CHF millions)







Management commentary

FIRMENICH DELIVERS STRONG RESULTS IN FIRST HALF OF FISCAL YEAR 2022

Double-digit Revenue and Adjusted EBITDA growth, despite challenging raw material and supply chain environment

Financial highlights

- Revenue reached CHF 2,241 million, up +12.3% year-over-year at constant currency. On a reported basis, Revenue increased +12.2% year-over-year
- EBITDA of CHF 451 million, up +24.9% year-over-year
- Adjusted EBITDA of CHF 460 million, up +25.3% year-over-year, driven by topline growth across the business, and a favorable product mix. Adjusted EBITDA margin, as percentage of revenue, of 20.5%, up +2.1 percentage points year-over-year
- Free Cash Flow of CHF 162 million, down -10.7% year-over-year, driven by an impact of CHF 117 million on working capital of higher safety inventories to preserve customer service levels and support our customers in a volatile global supply chain environment

+12.3%
REVENUE AT CONSTANT CURRENCY

20.5% (+2.1 PPT)
ADJUSTED EBITDA MARGIN

Operating highlights

- Double-digit revenue growth across both Perfumery & Ingredients and Taste & Beyond divisions, achieving new business wins in a context of improving market conditions
- Growth across all regions, and strong momentum in our key geographies, including Europe (+22.2%), India (+12.9%), China (+10.4%), and North America (+7.0%)
- Prioritized customer service levels, ensuring safety of supply in a challenging global raw material and supply chain environment
- Continued to benefit from our ongoing investment in growing segments, key geographies and differentiated offerings, including: Sugar Reduction, Naturals & Renewable Ingredients, Plant-based Foods, Clean & Responsible Fragrances, E-commerce and Digital Channels
- Continued investment in strategic growth markets, opening an end-to-end fragrance and taste co-creation center for customers in South China and launching construction of a state-of-the-art production hub in Turkey
- Launched new innovations offering superior performance and active benefits to our fragrances, as well as new renewable ingredients such as Muguissimo™ and 100% natural ingredients including Muguet Firgood™
- Progressed on our Environmental Social and Governance (ESG) targets for 2025 and 2030. Secured a fourth consecutive Triple "A" rating from CDP, a new industry-leading Sustainalytics ESG risk score of 7.5, in the top 50 companies rated worldwide, and a second consecutive EcoVadis Platinum Sustainability Rating, with an industry-leading score of 88/100, in the top 1% of all companies assessed

"Firmenich has performed solidly in the first half of FY2022, delivering strong revenue growth, despite a challenging global raw material and supply chain environment. We also continue to lead the industry in responsible business, making further progress against our ESG ambitions and achieving the highest global standards in ESG."

PATRICK FIRMENICH, CHAIRMAN OF THE BOARD.

"Our focus on creativity, digitalization, customer service and innovation has paid off, as we have delivered double-digit top and bottom-line growth, despite global challenges in raw materials, supply chains, and new waves of Covid-19. Since the start of the pandemic, we have demonstrated the resilience of our business and continued to invest in growing segments, key geographies and differentiating technologies. We will continue building strong customer intimacy and delivering superior service with our dedicated workforce, focused innovation and strong vertical integration."

GILBERT GHOSTINE, CEO OF FIRMENICH.

HY 2022 performance

Revenue

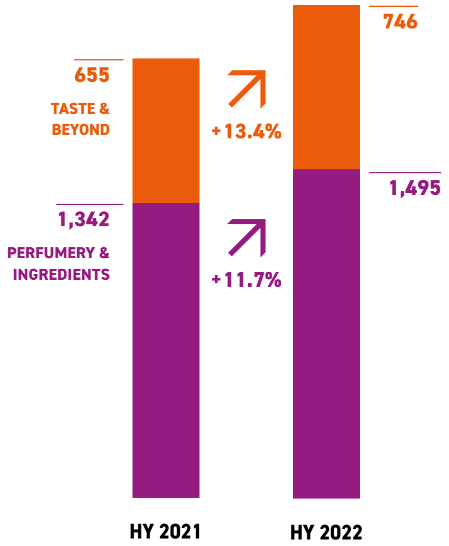
Revenue reached CHF 2,241 million, up +12.3% year-over-year at constant currency. On a reported basis, Revenue increased +12.2% year-over-year. Foreign exchange, in comparison to prior year rates, had a negligible impact on Revenue.

Taste & Beyond delivered an industry-leading Revenue growth of +13.4% at constant currency, with double-digit growth across all segments and strategic initiatives. We made strong progress in our drive to establish strategic partnerships with key customers, to help them win the hearts and minds of consumers through our strengths in innovation, consumer insights, naturals, and "beyond flavors" solutions.

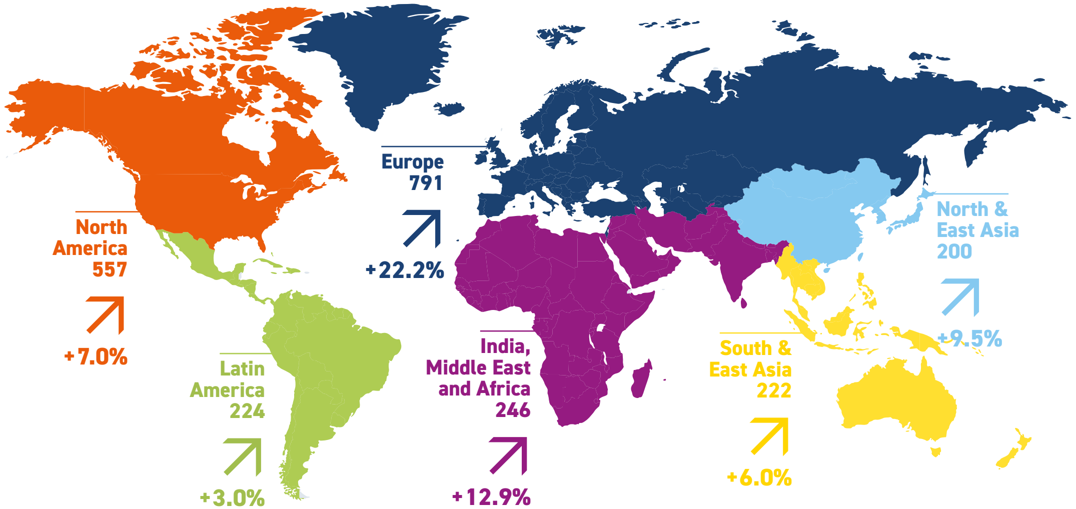
Perfumery & Ingredients Revenue increased +11.7% at constant currency, driven primarily by strong growth in Fine Fragrance and Ingredients. Fine Fragrance delivered industry-leading growth, surpassing pre-pandemic levels despite ongoing softness in travel retail. This was driven by a combination of restocking and new business wins, as a result of our strong pipeline of innovation aligned with customer needs and our leadership in the prestige segment. In Ingredients, we continued to achieve strong growth momentum, with double-digit revenue growth across the portfolio, on the back of sustained customer demand. Consumer Fragrance revenue was nearly flat, following a strong comparable period the previous year, as end-market softness affected global customers, while raw material shortages and logistical challenges impacted the production capacity of some mid-to-small customers.

Our geographic diversification is one of our strengths and we have achieved strong Revenue growth across all regions. On a constant currency basis, we grew Revenue by +7.0% in North America; +9.5% in North & East Asia, driven by +10.4% growth in China; +12.9% in India, Middle East & Africa, driven by +12.9% in India; +22.2% in Europe; +6.0% in South East Asia and +3.0% in Latin America.

Revenue by Division (CHF millions, Growth at constant currency)



HY 2022 Revenue by Region (CHF millions, Growth at constant currency)



Gross Profit

Gross Profit increased by +11.9% year-over-year, reaching CHF 908 million. In comparison to prior year rates, foreign exchange had a negligible impact on Gross Profit.

Gross Margin as a percentage of revenue was 40.5%, a decrease of -0.1 percentage point year-over-year, as inflationary pressures on raw materials and energy were mitigated by favorable mix and a year-over-year increase in margins in our Ingredients business.

Adjusted EBITDA

Adjusted EBITDA reached CHF 460 million, up +25.3% year-over-year. In comparison to prior year rates, foreign exchange had a favorable impact of CHF 2 million on the Adjusted EBITDA. Excluding the impact of foreign exchange, Adjusted EBITDA would have increased by +24.8% year-over-year.

Adjusted EBITDA margin, as a percentage of revenue, increased to 20.5%, up +2.1 percentage points, driven by topline growth across the business, and a favorable product mix linked to growth in Fine Fragrance, Ingredients and Taste & Beyond. Excluding the impact of foreign exchange, Adj. EBITDA margin would have increased by +2.0 percentage points year-over-year.

Like the rest of the industry, we are facing an increasingly challenging global environment with raw material shortages and cost increases, logistical difficulties, higher absenteeism, and rising energy prices. We will continue to act proactively to navigate this volatile and inflationary environment.

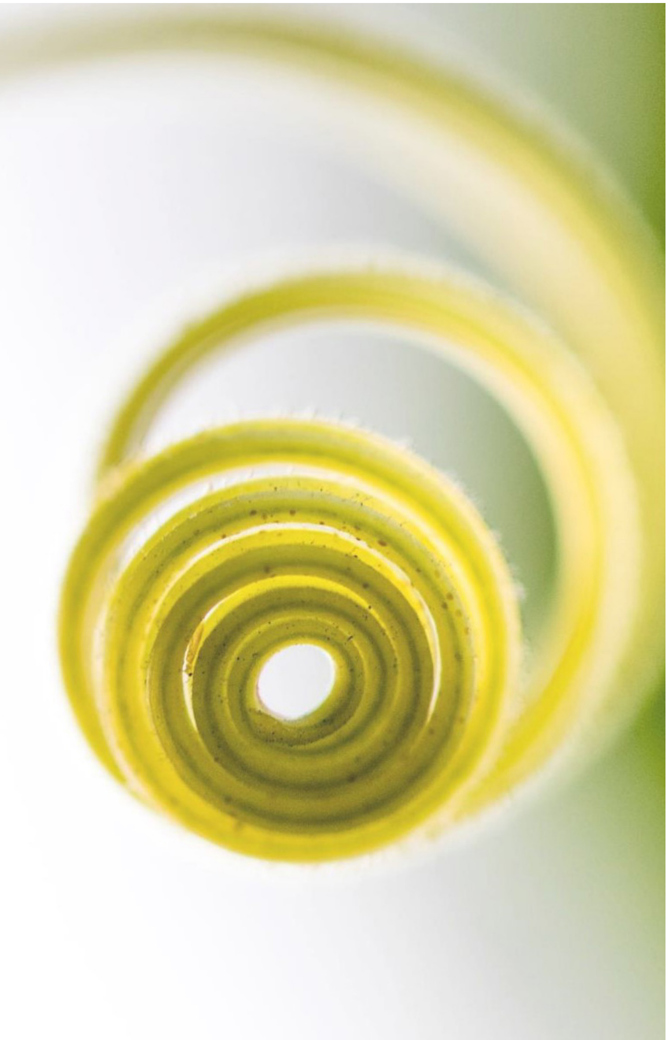
Financing costs and other financial expenses

Financing costs decreased to CHF 23.2 million, compared to CHF 24.8 million in the first half of the previous year. Net other financial expenses reached CHF 6.7 million, compared to CHF 12.2 million the previous year, primarily due to foreign exchange fluctuations.

Tax

The Group effective tax rate reached 15.2%. In the same period in the prior year, the Group effective tax rate was 14.7%.

Adjusted EBITDA margin, as a percentage of revenue, increased to 20.5%, (+2.1ppt) driven by topline growth across the business, and a favorable product mix in Fine Fragrance, Ingredients and Taste & Beyond



Net Income

Net Income attributable to equity holders of the Parent reached CHF 234 million, an increase of +44.9% year-over-year, driven by growth in Operating Profit, partly offset by higher income tax expenses.

Free Cash Flow

Free Cash Flow decreased by -10.7% year-over-year to CHF 162 million. Profit growth was offset by unfavorable working capital, linked to the CHF 117 million impact of higher safety inventories. In line with our prudent execution, we increased safety inventories to ensure we could preserve customer service levels in this volatile global supply chain environment. We remain committed to balancing customer service with solid cash generation.

Financial position

The Group's financial position remained strong. Net debt stood at CHF 1,773 million, up from CHF 1,591 million in June 2021, the increase being linked primarily to payment of dividend and execution of our M&A strategy. Our Net debt relative to our EBITDA is in line with our expectations and our commitment to maintaining a strong investment-grade credit rating.

Total assets reached CHF 7,979 million, compared to CHF 8,328 million in June 2021. Non-current assets reached CHF 5,317 million, and current assets stood at CHF 2,662 million.

CHF 234m (+44.9%)

NET INCOME CHF

CHF 162m (-10.7%)

FREE CASH FLOW

Responsible business

Responsible business is a core part of Firmenich's values and a source of trust and differentiation for our customers, our investors, and all our stakeholders. Having achieved the ambitious 2020 environmental goals it set after the COP21 Paris climate conference, and announced new commitments for 2025 and 2030, Firmenich has continued its efforts to raise the bar in ESG in its industry.

This Half Year, Firmenich further improved its Sustainalytics ESG risk rating to 7.5 points, ranking 37th out of nearly 15,000 companies rated worldwide, and number 1 in the Chemicals industry.

Firmenich also received a CDP Triple "A" rating for the fourth consecutive year, one of only two companies in the world to achieve this.

Firmenich achieved the highest EcoVadis rating, Platinum, for the second time in a row with a score of 88/100. EcoVadis awarded Firmenich its best score ever, ranking Firmenich in the top 1% among the 85,000+ companies evaluated worldwide since 2009, and the leader in our industry.

Firmenich was ranked 10th out of 350 companies in the World Benchmarking Alliance Food & Agriculture Benchmark. The Food and Agriculture Benchmark measures and ranks keystone companies on key issues underpinning the food systems transformation agenda in line with the United Nations Sustainable Development Goals (SDG).

Responsible business is a core part of Firmenich's values and a source of trust and differentiation for our customers, our investors, and all our stakeholders

SUSTAINALYTICS
ESG
GLOBAL 50
TOP RATED
2022

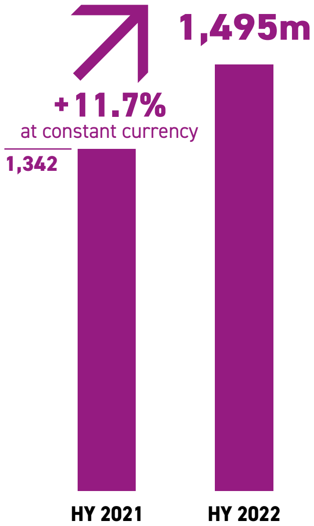
CDP
DISCLOSURE INSIGHT ACTION
A LIST
2021
CLIMATE FORESTS WATER

PLATINUM Top 1%
2021
ecovadis
Sustainability Rating

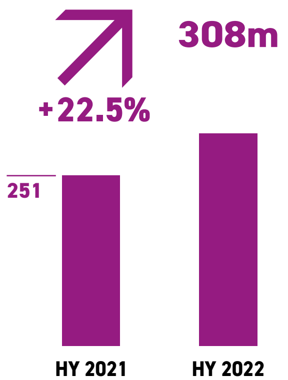
Perfumery & Ingredients

Double-digit revenue and Adj. EBITDA growth,driven by Fine Fragrance and Ingredients

REVENUE (IN CHF)



ADJUSTED EBITDA
(IN CHF)



ADJUSTED EBITDA MARGIN:
HY 2021: 18.7%
HY 2022: 20.6%

In HY 2022, Perfumery & Ingredients has achieved record revenue growth, driven by double-digit growth in Fine Fragrance and in Ingredients, while Consumer Fragrances remained nearly flat.

This strong performance is the payoff for our constant investment throughout the crisis, with a strategy focused on innovation, digitalization, and sustainability. Inspired by our Positive Perfumery vision, we are reinventing fragrance design to produce high-performance fragrances, made of clean, renewable, biodegradable and responsibly sourced ingredients that delight consumers. This is supported by our unparalleled customer intimacy and our commitment to best-in-class customer service levels. This has positioned us well to capitalize on the renewed growth in consumption in Fine Fragrance, an affordable luxury to which consumers are increasingly turning in the wake of the pandemic. In addition, we benefited from the strong market demand in Ingredients supported by our vertical integration and differentiating local supply in Europe and North America, as well as our strength in renewable ingredients and economies of scale.

During the first half of the year, we have faced significant headwinds, in particular raw material cost inflation and shortages, energy cost inflation, global supply chain and logistics challenges, and market softness in the Consumer Fragrances category. We are proactively managing our resources to continue protecting our customer service levels as well as balancing cash generation and margins.

HY 2022 performance

Perfumery & Ingredients Revenue reached CHF 1,495 million, an increase of +11.7% year-over-year at constant currency. Growth was driven by strong performance in Ingredients and in Fine Fragrance, continuing the momentum seen in the second half of FY21. We achieved double-digit growth in Europe and high single-digit growth in India and North America. Our e-commerce channel also achieved double-digit revenue growth, at constant currency. Foreign exchange, in comparison to prior year rates, had an unfavorable impact of -0.3 percentage points on Revenue growth. As a result, Revenue increased by +11.4% year-over-year on a reported basis.

Adjusted EBITDA reached CHF 308 million, up +23.1% year-over-year at constant currency. Adjusted EBITDA margin was 20.6%, an increase of 1.9 percentage points compared to the previous year. This was the result of volume growth, favorable product mix linked to growth in Fine Fragrance, as well as favorable pricing and stronger profitability in our Ingredients business. Foreign exchange, in comparison to prior year rates, had minimal impact on Adjusted EBITDA. Excluding the impact of foreign exchange, Adjusted EBITDA margin would have been 20.6%.

Fine Fragrance

Our Fine Fragrance segment achieved industry-leading, double digit Revenue growth during this first half of the year, surpassing pre-pandemic levels despite continued softness in travel retail, thanks to our strength in the Prestige segment. This was achieved through a combination of restocking and significant new wins with key customers, as our continued investment behind innovation, and our customer intimacy are paying off. Consumption in Fine Fragrance increased strongly during the past six months, as consumers increasingly turned to this segment to satisfy self-care and wellbeing needs in the wake of the pandemic. We grew by double digits with our top 20 customers, and in the key market of China.

Consumer Fragrances

The Consumer Fragrances segment experienced a soft first half of the year, with Revenue nearly flat year-over-year. This was the result of an unfavorable comparison to the previous year, as strong initial growth at the onset of the pandemic, particularly in Home Care categories, has subsided. In addition to a market slowdown, particularly among global customers, raw material shortages and logistical challenges impacted the production capacity of some mid-to-small customers. In this challenging context, we have achieved several significant customer brief wins during this first half of the year. We continue to invest for the future and increase our customer intimacy, having also been selected as a core supplier by several key customers during the past six months.

Ingredients

In Ingredients, we continued to deliver strong momentum, with double-digit revenue growth across the portfolio, outperforming the industry. This was driven by sustained customer demand in addition to favorable pricing. Our footprint close to key customers in Europe and North America, and our critical mass, made us the partner of choice to capture these growth opportunities.

This performance was achieved against a challenging backdrop of capacity constraints, raw material and energy inflation, and supply chain and logistics disruptions affecting the entire industry. During the first half of the year, we have launched initiatives to further improve operating efficiency, address production challenges, and lift capacity constraints, to continue serving strong customer demand.

Principal Perfumer Marie Salamagne

We gained share in Fine Fragrance, an affordable luxury to which consumers are returning in the wake of the pandemic. We continued our strong momentum in Ingredients, supported by our vertical integration and strength in renewables

Innovation and Creation

Fine Fragrance and Consumer Fragrances

We continue to lead in redefining the future of fragrance, in collaboration with our customers, based on our deep consumer insights and world-class scientific research.

- **Superior performance for our customers**

New launches incorporating our PopScent® and HaloScent® systems. These allow fragrances to be released right when consumers need them and to last longer, for a more rounded olfactory experience.

We continue to leverage our pioneering capabilities in malodor control, a key product expectation for consumers. Our DeodArome® technologies enable a range of malodor management mechanisms, including microbial control before malodor formation, perceptual odor blending, or receptor blocking once the malodor has formed.

- **Supporting consumer choice through olfaction and emotions**

Our EmotiOn program leverages decades of cutting-edge neuroscientific research with distinguished scientific partners and our deep consumer insights to help our customers develop perfect product mixes. Our EmotiWaves™ ingredients, which are subjected to brain activity testing, provide scientific support for products that claim to enhance specific human emotions, resulting in several customer brief wins and product launches over the past six months.

- **Supporting our creators through our digital capabilities**

We are expanding Scentmate™, our fully integrated, AI-enabled fragrance platform aimed at entrepreneurs and independent brands in Europe, into the new category of Aromachology.

- **Innovating in eco-friendly encapsulation**

We launched our first generation of biodegradable renewable capsules, and are continuing to innovate towards microplastic-free fragrance encapsulation.

Ingredients

Innovation and responsible business are core elements of our identity and a source of competitive advantage. We are leveraging our capabilities at the intersection of natural ingredients and technology, green chemistry, ethical sourcing, upcycling of waste or unused materials, and biodegradability, resulting in double-digit growth in clean and sustainable ingredients.

We have also achieved substantial synergies between the biorefinery capabilities of our DRT acquisition and our innovation platform, positioning us to deliver on increasing demand for renewable products.

In the first half of the year, we have continued to pursue innovation in Ingredients and launch new products around the four platforms announced last year:

- **Renewable ingredients** for perfumery

As part of our **Sylvergreen™ platform** dedicated to the conversion and development of renewable ingredients, we commissioned a new multipurpose production unit for renewable ingredients in France, which will expand the production capacity of our Castets facility by 50%.

This strengthens our global leadership in renewable ingredients, and positions us to capture growth opportunities, with additional capacity close to our perfumery customers in Europe.

- **Muguissimo™,** a readily biodegradable new molecule

This competitive lily-of-the-valley ingredient, developed through Green Chemistry, brings elegant and fresh floral notes with a natural petal effect to fragrances. Highly appreciated by perfumers, this molecule complements our **Green Gate™ platform** for sustainable new ingredients.

Muguissimo™, a new biodegradable lily-of-the-valley ingredient, developed with green chemistry

- **Muguet Firgood™** in partnership with the French start-up Jungle

Developed for the luxury perfume market, Muguet Firgood™ is a pure and 100% natural ingredient that takes advantage of Jungle's unique capabilities in vertical farming, and our proprietary and pioneering Firgood™ natural extraction technology. This innovative ingredient is a unique addition to our **Naturals Together™ platform**, for excellence in sustainable procurement and natural ingredients, and reinforces our leadership in naturals.

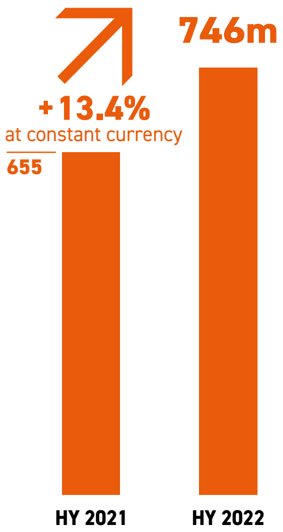
- **New ingredients** for industry

We launched a new molecule, produced in France, for the pharmaceutical industry and redefined our brand portfolio in nutrition and cosmetics as part of our **Active Circle™ platform**, which includes bio-sourced and renewable ingredients for new specialties markets in industrial, health & beauty and nutrition sectors.

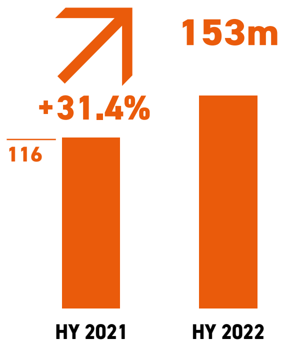
Also, Firmenich's DRT Ingredients business won the France Chimie ESG Innovation Award for Dertal® renewable bioliquids, sustainable alternatives to heavy fuel and mineral oils to generate green heat, steam and power. This award recognizes the creativity and impact of our initiatives, demonstrating our strong commitment to sustainability and responsible resource management.

We are redefining the future of fragrance, based on our deep consumer insights and world class scientific research, with innovation and responsible business as sources of competitive advantage

REVENUE (IN CHF)



ADJUSTED EBITDA (IN CHF)



ADJUSTED EBITDA MARGIN:
HY 2021: 17.8%
HY 2022: 20.5%

Taste & Beyond delivered strong performance in the first half of the year. We continued to grow Revenue ahead of the industry, while significantly increasing profitability, in a market context supported by recovery in Foodservice and stock-building by retailers.

Chef Nicolas Maire prepares plant-based burger

This strong performance is the result of our strategy to offer focused innovation in the categories that are driving industry expansion, following consumers' evolving food and beverage needs and aligned with our ambition in Diet Transformation.

We continue growing by double digits in "beyond flavors" categories, offering our customers superior integrated solutions that combine our world-class research, consumer insights, strength in Naturals and the capabilities brought by our recent acquisitions.

Our sharpened commercial focus has resulted in strong progress to grow with our partner customers, helping them win bigger in a rapidly evolving market.

We continue our digital transformation journey, leveraging our digital tools to support our creators, increase our agility and responsiveness to customer briefs, and offer a superior customer experience through our e-commerce channel.

We are proactively managing our resources to navigate a global raw material environment with increasing shortages, and inflation. At the same time, we are redoubling our efforts to address supply chain challenges and protect our customer service levels.

HY 2022 performance

Revenue reached CHF 746 million, an increase of +13.4% year-over-year, at constant currency. This performance was driven by double-digit growth across all categories. Our performance is underpinned by our strengths in Sugar Reduction, Plant-based foods, Naturals and Nutrition, which allow us to respond to evolving consumer trends and diet transformation. We continue to grow strongly in key geographies, achieving double-digit Revenue growth in China, India, Europe and Latin America, and single-digit growth in North America and South East Asia. Foreign exchange, in comparison to prior year rates, had a favorable impact of +0.5 percentage points on Revenue. As a result, Revenue increased by +13.9% on a reported basis.

Adjusted EBITDA reached CHF 153 million, an increase of +31.4% year-over-year. Adjusted EBITDA margin was 20.5%, an increase of +2.7 percentage points. This was the result of volume growth and lower commercial expenses, which more than offset the negative impact of ongoing inflation in raw materials. Excluding the impact of foreign exchange, Adjusted EBITDA margin would have increased by +2.3 percentage points.

Beverages

In Beverages, we achieved strong double-digit Revenue growth, at constant currency, driven by new customer brief wins in Carbonated Soft Drinks, Special Soft Drinks, and Low-Alcohol Drinks, in a context of recovery in Foodservice. Growth was driven by global partner customers, as well as local clients. Our innovations strongly supported this growth, thanks to our strengths in Sugar Reduction and Low-Alcohol Drinks platforms.

Sweet Goods

In the Sweet Goods category, Revenue grew by double digits, at constant currency, driven by strong performance in Confectionery, Dairy and Bakery. We achieved strong growth both with global and local customers, as well as with start-up customers, supported by our strength in Sugar Reduction, and Plant-based Dairy analogs.

Savory

Revenue in the Savory category rebounded by double digits, at constant currency. Growth was driven by Plant-Based Meat analogs, across global customers, local customers and new entrants into the category. Since the start of the pandemic, we have continued to invest in this category, where we expect to see long-term growth driven by the consumer shift to healthier meat alternatives and flexitarian diets. The easing of lockdown restrictions in most markets has led to a return to growth, driven by plant-based foods and foodservice. Our performance was supported by our strengths in Clean Label solutions and Ingredient solutions.

Our performance is underpinned by our strengths in Sugar Reduction, Plant-based foods, Naturals and Nutrition, which allow us to respond to evolving consumer trends and diet transformation

Innovation and Beyond Flavors

Both our Innovation and our Beyond Flavors portfolios grew strongly in the first half of the year, as we continue to focus on addressing powerful consumer macro-trends.

Supporting the consumer diet transformation

In October, we announced our ambition to lead global diet transformation, by helping to create healthier, great-tasting food and beverages with more natural and sustainable ingredients to enhance wellbeing for people and planet. This is fully aligned with our Taste & Beyond ESG targets, around people, nature and climate.

Taste is the catalyst to serve this transformation, bringing better nutrition and helping to accelerate a plant-based revolution.

Transforming into natural

Our Naturals Transformation ambition centers on deriving the best from nature sustainably to meet increasing consumer demand for more natural and less transformed products, with a better impact on the environment.

We strive to measure our sustainability footprint with new proprietary digital tools that allow us to share knowledge on our ingredients, with the objective of providing our customers greater transparency to meet the requirements of consumers. We continue to evolve our creation palette with a portfolio of natural and clean label ingredients, utilizing proprietary gentle extraction technology to bring authentic flavor while minimizing plant waste.

Over the past six months, we have added 19 new natural ingredients to our palette, in the meat, fruits, citrus, vanilla and brown notes portfolios.

Plant-based revolution

We are helping to accelerate the consumer-led plant-based revolution through our SmartProteins® continuous innovation program in meat and dairy analogs, featuring proprietary solutions across Aroma, Taste, Texture and Salt Reduction.

Since our acquisition of Campus, we have continued to differentiate in the analog space by helping to create plant-based eating experiences which delight the senses. In the first half of the year, we deployed our latest SmartProteins® innovation for the rapidly growing dairy analog space with SMART TX. This is a portfolio of integrated and multifunctional solutions to improve creaminess and mouthfeel of dairy analogs, dietary and nutrition products. Our solutions allow sugar reduction as well as manage off-notes from a wide range of plant protein, using more familiar ingredients desired by customers and consumers.

Our innovation in the Plant-based space has allowed us to more than double Revenue in the SmartProteins® program during the first half of the year, at constant currency, despite volatility caused by the pandemic.

Better nutrition, with less sugar

Our proprietary consumer research shows that reducing sugar intake is the top health change that consumers intend to make. We lead innovation in the industry in Sugar Reduction, with an integrated range of solutions that preserve taste authenticity. Our Sugar Reduction portfolio has grown by strong double-digits across all categories this half year, at constant currency.

This first half, we continued to develop our Nutrition Innovation program, to help consumers better balance their diet and wellbeing through better-tasting food and beverage, with nutritional ready-to-use integrated solutions using fibers, vitamins, minerals and extracts.

We are making great strides in innovation focused on the growing market trend towards wellbeing and moderation. We continue to develop finished flavors that maintain organoleptic performance in low- and reduced-alcohol beverages, including beers, ciders and spirits. We have developed a large palette of optimization tools to address taste and texture gaps in sugar- and fat-reduced nutritional drinks and alcoholic beverages, as well as to improve taste in non-alcoholic beers.

Our Naturals Transformation ambition centers on deriving the best from nature sustainably to meet increasing consumer demand for more natural and less transformed products

Unaudited consolidated interim financial statements

Firmenich
for good, naturally

Interim consolidated financial statements

Consolidated income statement

For the six months ended

In millions of CHF	Notes	December 31, 2021	December 31, 2020
Revenue	9	**2 241.3**	**1 996.9**
Cost of goods sold	5	(1 333.6)	(1 185.8)
Gross profit		**907.7**	**811.1**
as % of revenue		*40.5%*	*40.6%*
Distribution expenses	5	(75.4)	(56.0)
Research and development expenses	5	(194.2)	(188.2)
Commercial and marketing expenses	5	(223.9)	(214.6)
Administration expenses	5	(118.7)	(127.0)
Other operating income	5	9.7	0.6
Operating profit		**305.2**	**225.9**
as % of revenue		*13.6%*	*11.3%*
Financing costs	6	(23.2)	(24.8)
Net other financial expenses	7	(6.7)	(12.2)
Share of profit of jointly controlled entities and associates, net of taxes		5.2	2.3
Income before taxes		**280.5**	**191.2**
Income tax expense		(42.7)	(28.2)
Net income for the period		**237.8**	**163.0**
Attributable to:			
Non-controlling interests		3.5	1.3
Equity holders of the parent		**234.3**	**161.7**
as % of revenue		*10.5%*	*8.1%*
Basic and diluted earnings per A share (in CHF)	3	289.24	199.68
Basic and diluted earnings per B share (in CHF)	3	28.92	19.97

The notes 1 to 10 are an integral part of these interim consolidated financial statements.

Consolidated statement of comprehensive income

For the six months ended

In millions of CHF	December 31, 2021	December 31, 2020
Net income for the period	**237.8**	**163.0**
Items that may be reclassified subsequently to the income statement		
Exchange differences on translating foreign operations	(107.2)	(133.9)
Exchange differences on translating foreign operations in jointly controlled entities and associates	(0.7)	(0.4)
Items that will not be reclassified to the income statement		
Remeasurement of employee benefit obligations	42.8	32.8
Equity investments at fair value through other comprehensive income	(58.8)	79.3
Related tax on remeasurement of employee benefit obligations	(6.2)	(7.0)
Related tax on equity investments at fair value through other comprehensive income	8.3	(11.1)
Total other comprehensive income for the period, net of tax	**(121.8)**	**(40.3)**
Total comprehensive income for the period	**116.0**	**122.7**
Attributable to:		
Non-controlling interests	3.0	(0.5)
Equity holders of the parent	113.0	123.2

The notes 1 to 10 are an integral part of these interim consolidated financial statements.

Consolidated statement of financial position

At period ended

In millions of CHF	Notes	December 31, 2021	June 30, 2021
Assets			
Goodwill and intangible assets		2 690.1	2 888.4
Property, plant and equipment		1 580.2	1 635.0
Financial investments and loans		666.8	686.1
Investments in jointly controlled entities and associates	2	263.2	146.3
Deferred tax assets		116.7	116.5
Total non-current assets		**5 317.0**	**5 472.3**
Inventories		1 022.1	896.1
Trade accounts receivable		896.5	958.2
Other receivables and prepaid expenses		157.7	145.3
Derivative financial instruments assets	8	5.1	1.8
Current income tax assets		59.5	59.2
Financial investments	8	80.1	223.2
Cash and cash equivalents		441.2	571.4
Total current assets		**2 662.2**	**2 855.2**
Total assets		**7 979.2**	**8 327.5**
Equity and liabilities			
Share capital	3	40.5	40.5
Retained earnings and other reserves	3	4 665.1	4 755.5
Remeasurement of employee benefit obligations		(208.2)	(244.8)
Translation of foreign operations		(639.7)	(527.6)
Equity attributable to equity holders of the parent		**3 857.7**	**4 023.6**
Non-controlling interests		46.0	44.9
Total equity		**3 903.7**	**4 068.5**
Employee benefit obligations		415.2	463.0
Provisions		12.3	12.7
Deferred tax liabilities		278.1	301.8
Long-term borrowings	4	2 190.7	2 287.5
Redemption liabilities	8	71.9	77.4
Other debt		23.1	18.1
Total non-current liabilities		**2 991.3**	**3 160.5**
Trade accounts payable		417.6	354.1
Other payables and accrued expenses		450.9	529.4
Derivative financial instruments liabilities	8	3.7	6.5
Employee benefit obligations		20.0	18.2
Provisions		6.0	11.5
Current income tax liabilities		82.2	80.8
Short-term borrowings	4	103.8	98.0
Total current liabilities		**1 084.2**	**1 098.5**
Total liabilities		**4 075.5**	**4 259.0**
Total equity and liabilities		**7 979.2**	**8 327.5**

The notes 1 to 10 are an integral part of these interim consolidated financial statements.

Consolidated statement of changes in equity

For the six months ended

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, 2020	**40.5**	**4 377.8**	**(461.4)**	**6.5**	**(486.0)**	**3 477.4**	**45.0**	**3 522.4**
Net income for the period		161.7				161.7	1.3	**163.0**
Other comprehensive income for the period		(12.3)	34.6	68.2	(129.0)	(38.5)	(1.8)	**(40.3)**
Total comprehensive income for the period		**149.4**	**34.6**	**68.2**	**(129.0)**	**123.2**	**(0.5)**	**122.7**
Dividends		(180.2)				(180.2)	(1.2)	**(181.4)**
Remuneration on deeply subordinated fixed rate resettable perpetual notes (note 3)		(7.6)				(7.6)		**(7.6)**
Changes in non-controlling interests		(0.8)				(0.8)	(2.0)	**(2.8)**
Net change in other equity items		**(188.6)**				**(188.6)**	**(3.2)**	**(191.8)**
Balance as at December 31, 2020	**40.5**	**4 338.6**	**(426.8)**	**74.7**	**(615.0)**	**3 412.0**	**41.3**	**3 453.3**
Balance as at July 1, 2021	**40.5**	**4 616.8**	**(244.8)**	**138.7**	**(527.6)**	**4 023.6**	**44.9**	**4 068.5**
Net income for the period		234.3				234.3	3.5	**237.8**
Other comprehensive income for the period		4.7	36.6	(50.5)	(112.1)	(121.3)	(0.5)	**(121.8)**
Total comprehensive income for the period		**239.0**	**36.6**	**(50.5)**	**(112.1)**	**113.0**	**3.0**	**116.0**
Dividends		(250.3)				(250.3)	(1.2)	**(251.5)**
Remuneration on deeply subordinated fixed rate resettable perpetual notes (note 3)		(30.4)				(30.4)		**(30.4)**
Changes in non-controlling interests		1.8				1.8	(0.7)	**1.1**
Net change in other equity items		**(278.9)**				**(278.9)**	**(1.9)**	**(280.8)**
Balance as at December 31, 2021	**40.5**	**4 576.9**	**(208.2)**	**88.2**	**(639.7)**	**3 857.7**	**46.0**	**3 903.7**

The notes 1 to 10 are an integral part of these interim consolidated financial statements.

Consolidated statement of cash flows

For the six months ended

In millions of CHF	Notes	December 31, 2021	December 31, 2020
Cash flows from operating activities			
Net income for the period		237.8	163.0
Income tax expense		42.7	28.2
Income before taxes		**280.5**	**191.2**
Depreciation of property, plant and equipment	5	87.3	84.4
Amortization of intangible assets	5	52.6	50.3
Impairment losses	5	5.5	-
Changes in provisions and employee benefits		(9.4)	16.2
Other non cash items		16.8	12.0
Net interests		18.8	21.4
Share of (profit) / loss of jointly controlled entities and associates		(5.2)	(2.3)
Adjustment for non-cash items		**166.4**	**182.0**
Changes in inventories		(150.7)	(33.4)
Changes in trade and other receivables		9.2	99.4
Changes in trade and other payables		10.3	(112.7)
Changes in working capital		**(131.2)**	**(46.7)**
Interests paid		**(22.8)**	**(17.6)**
Income tax paid		**(49.9)**	**(29.3)**
Cash flows from operating activities		**243.0**	**279.6**
Cash flows used in investing activities			
Purchase of property, plant and equipment		(69.2)	(83.4)
Purchase of intangible assets		(11.5)	(14.8)
Disposal of intangible assets, property, plant and equipment		-	0.2
Net investments		**(80.7)**	**(98.0)**
Acquisition of businesses (net of cash)		-	(123.8)
Acquisition of jointly controlled entities and associates (net of cash)	2	(108.0)	-
Proceeds / (acquisition) of short-term financial investments		142.1	(61.9)
Acquisition / (proceeds) of long-term financial investments		(47.9)	0.4
Interests received		3.5	3.6
Dividend received from jointly controlled entities and associates		2.3	-
Cash flows used in investing activities		**(88.7)**	**(279.7)**
Cash flows (used in) / from financing activities			
Proceeds from borrowings		55.6	52.4
Repayments of borrowings		(27.6)	(56.4)
Payment of lease liabilities		(22.1)	(23.2)
Other debt		0.0	3.7
Remuneration on deeply subordinated fixed rate resettable perpetual notes	3	(30.4)	(7.6)
Dividend payment to equity holders of the parent		(250.3)	(180.2)
Acquisition of non-controlling interests		(4.3)	-
Dividend paid to non-controlling interests		(1.2)	(1.2)
Cash flows used in financing activities		**(280.3)**	**(212.5)**
Net decrease in cash and cash equivalents		**(126.0)**	**(212.6)**
Cash and cash equivalents			
Cash and cash equivalents at beginning of period		571.4	704.7
Net effect of currency translation on cash and cash equivalents		(4.2)	(3.7)
Cash and cash equivalents at end of period		441.2	488.4
Cash and cash equivalents variation		**(126.0)**	**(212.6)**

The notes 1 to 10 are an integral part of these interim consolidated financial statements.

Notes to the interim 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.

Firmenich International SA is controlled by Sentarom SA. The ultimate controlling party is the Firmenich family.

The financial year 2022 covers the period from July 1, 2021 to June 30, 2022.

Basis of accounting

These financial statements are the interim consolidated financial statements of the Group for the six months period ended December 31, 2021. They have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended June 30, 2021 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The Group operates in markets where no significant seasonal or cyclical variations in revenue are experienced during the financial year.

The Firmenich International SA Board of Directors approved these interim consolidated financial statements on February 8, 2022.

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

Critical accounting estimates and judgments

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Changes in significant accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended June 30, 2021.

A number of new amendments are effective from July 1, 2021, but they do not have a material effect on the Group's financial statements.

Standards issued but not yet effective

A number of standards are effective for annual periods beginning after July 1, 2021 and earlier application is permitted. However, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

2. Associates

In September 2021, the Group acquired 49% of the shares of Essential Labs LLC for CHF 108. This investment is treated as an associate and initialy measured at cost. The Group simultaneously entered a put and call options agreement with the sellers to acquire the remaining 51% shares. The initial valuation of these options amounts to a net financial liability of CHF 5 and was recognized against the initial cost of investment.

3. Share capital, retained earnings and earnings per share

	December 31, 2021	June 30, 2021
Registered A shares		
Number	729 000	729 000
Nominal value (in CHF)	50.0	50.0
Total A shares (in millions of CHF)	**36.45**	**36.45**
Registered B shares		
Number	810 000	810 000
Nominal value (in CHF)	5.0	5.0
Total B shares (in millions of CHF)	**4.05**	**4.05**
Share capital (in millions of CHF)	**40.5**	**40.5**

Each share carries the right to one vote. When a dividend on ordinary share is declared, holders of A shares are entitled to a preferential dividend equivalent to 10% of the nominal share value in priority to other dividend payments.

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. As of December 31, 2021 the remuneration on the deeply subordinated fixed rate resettable perpetual notes amounts to CHF 30.4 (2020: CHF 7.6).

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 year.

For the six months ended, in millions of CHF (except for earnings per share)	December 31, 2021	December 31, 2020
Net income attributable to Firmenich International SA	234.3	161.7
A shares part of share capital in %	90.0%	90.0%
A shares part of net income from ordinary activities	210.9	145.6
B shares part of share capital in %	10.0%	10.0%
B shares part of net income from ordinary activities	23.4	16.2
Earnings per A share (in CHF)	**289.24**	**199.68**
Earnings per B share (in CHF)	**28.92**	**19.97**

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

Dividend distribution

At the General meeting held in October 2021, a distribution on financial year 2020 net income of CHF 309.0 gross per A share and CHF 30.9 gross per B share was approved (October 2020: CHF 222.5 per A share and CHF 22.25 per B share).

The dividend has been paid in October 2021.

4. Bonds and borrowings

In millions of CHF	December 31, 2021	June 30, 2021
Bonds	2 016.7	2 110.8
Long-term bank borrowings	42.7	34.2
Long-term lease liabilities	131.3	142.5
Short-term bank borrowings	66.3	59.8
Short-term lease liabilities	37.5	38.2
Total Bonds and borrowings	**2 294.5**	**2 385.5**

5. Expenses by nature

Significant expenses by nature consist of:

For the six months ended, in millions of CHF	December 31, 2021	December 31, 2020
COST OF GOODS SOLD AND OPERATING EXPENSES BY NATURE		
Raw material and consumables used	957.8	838.0
Employee benefits	525.5	530.5
Supplies	69.0	59.7
Services	237.2	196.2
Depreciation, amortization and impairment of assets	145.4	134.7
(Gain) / loss on assets	1.4	2.0
Operating taxes	9.5	10.5
Other operating income	(9.7)	(0.6)
Total expenses	**1 936.1**	**1 771.0**

6. Financing costs

For the six months ended, in millions of CHF	December 31, 2021	December 31, 2020
FINANCING COSTS		
Interest expenses	22.3	23.0
Interest on net defined benefit liability	0.9	1.8
Total Financing costs	**23.2**	**24.8**

7. Net other financial expenses

For the six months ended, in millions of CHF	December 31, 2021	December 31, 2020
Interest and dividend income	3.0	2.0
Fair value gains	0.3	1.2
Gains on sale on financial investments	0.4	0.5
Results on investments held at fair value through income statement	**3.7**	**3.7**
Other interest and dividend income	1.4	1.6
Net exchange losses	(19.7)	(11.5)
Net exchange (losses) / gains on currency options and contracts	15.7	(4.6)
Net of cash discount received and (granted), (bank charges and other financial charges)	(7.8)	(1.4)
Net other financial expenses	**(6.7)**	**(12.2)**

8. Financial risk management

Financial risk factors

The Group, as a result of its financing activities, is exposed to a variety of risks, including the effects of volatility of foreign currency exchange rates and interest rates, which may adversely affect its results of operations and financial conditions. In seeking to minimize the risks and costs associated with such activities, the Group manages exposure to changes in foreign currency exchange rates, interest rates and commodity prices, when deemed appropriate, through the use of derivative financial instruments. The instruments utilized include: forward contracts, currency options, interest rate swaps. The Group does not use financial instruments for speculative or trading purposes.

Financial risk management is carried out by a central treasury department (Group Treasury) under Group policies and principles. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the operating units. Group policies also cover areas such as (net debt) /net cash management and bank relationship management.

Financial instruments

In November, Firmenich acquired 9.99% of S H Kelkar and Co Ltd 's share interests, representing 10.23.% of voting rights for a total price of CHF 30.0 (INR 2'461'883). This equity instrument is a long-term strategic investment (not held for trading). On initial recognition, the Group irrevocably elected to present subsequent changes in the investment’s fair value in other comprehensive income.

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 December 31, 2021, 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, 2021

In millions of CHF	Level 1	Level 2	Level 3	**Total**
FINANCIAL ASSETS				
Non-current assets				
Financial investments	593.6		5.4	**599.0**
Current assets - derivative financial instruments				
Forward foreign exchange contract and options		5.1		**5.1**
Current financial investments				
Equity securities	2.7			**2.7**
FINANCIAL LIABILITIES				
Non-current liabilities				
Redemption liabilities			71.9	**71.9**
Options			4.6	**4.6**
Current liabilities - derivative financial instruments				
Forward foreign exchange contract and options		3.7		**3.7**

June 30, 2021

In millions of CHF	Level 1	Level 2	Level 3	**Total**
FINANCIAL ASSETS				
Non-current assets				
Financial investments	624.5		5.2	**629.7**
Current assets - derivative financial instruments				
Forward foreign exchange contract and options		1.8		**1.8**
Current financial investments				
Equity securities	2.4			**2.4**
FINANCIAL LIABILITIES				
Non-current liabilities				
Redemption liabilities			77.4	**77.4**
Current liabilities - derivative financial instruments				
Forward foreign exchange contract and options		6.5		**6.5**

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

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 accounts receivable 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, 2021.

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.

In millions of CHF	2022	2021
Short-term bank borrowings and lease liabilities	(103.8)	(98.0)
Long-term bank borrowings, bonds and lease liabilities	(2 190.7)	(2 287.5)
Cash and cash equivalents and short-term financial investments	521.3	794.6
Net debt (*)	**(1 773.2)**	**(1 590.9)**

(*) We define Net Debt as the sum of short term and long term financial debt less cash, cash equivalents and short-term financial investments.

9. Operating segments

Business segment information

For management purposes, the Group identifies two divisions as operating segments: 'Perfumery & Ingredients' and 'Taste & Beyond'. Each of these divisions is monitored based on a regular basis and allows the Executive Team to make decisions about the resources to be allocated to the division and assess its performance.

Perfumery & Ingredients

The Perfumery & Ingredients segment develops, manufactures and sells fragrances into three global business lines: fine fragrance, consumer fragrances and ingredients.

Taste & Beyond

The Taste & Beyond segment develops, manufactures and sells products used in the production of foods (savory and sweet) and beverages.

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

Inter-segment sales are not significant.

	Perfumery & Ingredients		Taste & Beyond		**Total**	
For the six months ended, in millions of CHF	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Revenue	1 495.5	1 342.1	745.8	654.8	2 241.3	1 996.9
EBITDA (*)	**299.8**	**246.7**	**150.8**	**113.9**	**450.6**	**360.6**
Depreciation and amortization	(95.7)	(88.7)	(49.7)	(46.0)	(145.4)	(134.7)
Operating profit	**204.1**	**158.0**	**101.1**	**67.9**	**305.2**	**225.9**
Financing costs					(23.2)	(24.8)
Net other financial expenses					(6.7)	(12.2)
Share of profit of jointly controlled entities and associates, net of taxes					5.2	2.3
Income before tax					**280.5**	**191.2**
Income tax expense					(42.7)	(28.2)
Net income for the period					**237.8**	**163.0**

(*) EBITDA is defined as earnings before financial income (expense), tax, depreciation and amortization. It corresponds to operating profit before depreciation, amortization and impairment losses.

Geographical information

	Revenue	
For the six months ended, in millions of CHF	December 31, 2021	December 31, 2020
Switzerland	33.3	25.5
Europe	758.1	628.7
North America	557.4	521.1
Latin America	224.3	218.5
India, Middle East and Africa	245.6	216.0
South East Asia	222.2	209.7
North and East Asia	200.4	177.4
Total	**2 241.3**	**1 996.9**

10. Subsequent events

There is no subsequent event after the reporting period that might have a material impact on these interim consolidated financial statements as of December 31, 2021.

Appendix: Alternative Performance Measures

For the six months ended 31 December 2021

The management and Board of Directors of Firmenich International SA use a number of Alternative Performance Measures (APM) to monitor the performance of the business, in addition to the International Financial Reporting Standard (IFRS) measures.

An alternative performance measure is a financial measure of historical financial performance, financial position or cash flows other than a financial measure defined or specified in the applicable recognised accounting standards (i.e. IFRS).

In order to provide users with a comprehensive understanding of our performance, our Alternative Performance Measures are listed and defined below. They should be considered in addition to, not as a substitute for operating profit, net income, operating cash flow and other measures of financial performance and liquidity reported in accordance with IFRS.

Growth at Constant Currency (CCY)

Growth at Constant Currency is used by our management and Board of Directors 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 (Organic)

Growth on an Organic Basis is used by our management and Board of Directors 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.

Revenue Growth on an Organic Basis at Constant Currency (OCCY)

Revenue Growth on an Organic Basis at Constant Currency is used by our management and Board of Directors to evaluate operating performance. We believe that the elimination of the impact of business acquisitions, disposals and foreign currency variations from Revenue 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.

Revenue 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 OCCY to Revenue growth is as follows:

For the six months ended, in millions of CHF	December 31, 2021	December 31, 2020	Year-over-year	Year-over-year in %
Revenue	**2 241.3**	**1 996.9**		
Revenue growth			**244.4**	**12.2%**
Effect of foreign exchange rates			-1.1	-0.1%
Growth at Constant Currency (CCY)			**245.5**	**12.3%**
Effect of business acquisitions and disposals			-	-
Revenue Growth on an Organic Basis at Constant Currency (OCCY)			**245.5**	**12.3%**

EBITDA

EBITDA is defined as earnings before financial income (expense), tax, depreciation and amortization. It corresponds to operating profit before depreciation, amortization and impairment losses.

For the six months ended, in millions of CHF	December 31, 2021	December 31, 2020
Operating profit	**305.2**	**225.9**
Depreciation of property, plant and equipment	87.3	84.4
Amortization of intangible assets	52.6	50.3
Impairment losses	5.5	-
EBITDA	**450.6**	**360.6**

Adjusted EBITDA

Adjusted EBITDA is a measure used by our management and Board of Directors to evaluate our core operating performance.

We define Adjusted EBITDA as EBITDA adjusted to eliminate the impact of identified items of non-recurring nature and/or not directly attributable to the operating performance that may materially distort period-to-period comparisons and/or the evaluation of our on-going business performance.

The defined list of adjusted items comprises restructuring and transformation costs, acquisition and disposal-related costs, gain and loss on disposals of intangible assets and property, plant and equipment, and other items of a one-time and/or non-operating nature, which may include elements such as legal claims and settlements, or curtailments of defined benefits pension plans.

The table below discloses the adjusted items included in the EBITDA:

For the six months ended, in millions of CHF	December 31, 2021	December 31, 2020
EBITDA	**450.6**	**360.6**
Restructuring and transformation costs	3.0	2.0
Acquisition and disposal related costs	5.1	4.8
Loss on disposal of intangible assets and property, plant and equipment	1.7	0.1
Adjusted EBITDA	**460.4**	**367.5**

Free Cash Flow (FCF)

Free Cash Flow is a measure used by our management and Board of Directors 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 period ended, in millions of CHF	December 31, 2021	December 31, 2020
Cash flows from operating activities	**243.0**	**279.6**
Purchase of property, plant and equipment	(69.2)	(83.4)
Purchase of intangible assets	(11.5)	(14.8)
Disposal of intangible assets, property, plant and equipment	-	0.2
Free Cash Flow	**162.3**	**181.6**

Net Debt

Net Debt is a measure used by our management and Board of Directors to assess our financial position.

We define Net Debt as the sum of short term and long term financial debt less cash, cash equivalents and short-term financial investments. See note 8 of the Interim Consolidated Financial Statements of Firmenich International SA. Net Debt comprises:

In millions of CHF	December 31, 2021	June 30, 2021
Short-term bank borrowings and lease liabilities	(103.8)	(98.0)
Long-term bank borrowings, bonds and lease liabilities	(2 190.7)	(2 287.5)
Cash, cash equivalents and financial investments	521.3	794.6
Net Debt	**(1 773.2)**	**(1 590.9)**

Firmenich
for good, naturally

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