2023 Half Year Report

Solid business performance

Givaudan

Human by nature

Human by nature.

We seek to elevate the human experience with the products and solutions we craft.
We believe in the wisdom of nature and it is our mission to protect it.
We are growing with purpose.

Creating for happier, healthier lives, with love for nature.

Let’s imagine together.

Givaudan is committed to driving purpose-led, long-term growth by increasing our positive impact on nature and improving people’s health and happiness.

Responsible business
Balancing profit with purpose

Working hand-in-hand with our customers, we respond to changing consumer needs for products that support health and wellbeing yet also meet sustainability expectations and demand for greater transparency. Responsible business practices are fundamental to our values and create value for all stakeholders through our business activities and all along our value chain.

Our efforts to raise the bar in sustainability and ESG have been widely recognised externally. This includes our ESG risk rating by Sustainalytics which categorised the business as low-risk and amongst industry leaders with a ranking of 13 out of 539. It also includes CDP double A rating for the fourth consecutive year for leadership in climate action and water stewardship, a gold EcoVadis medal, inclusion in the SXI Swiss Sustainability 25 index, inclusion in FTSE4Good Index Series ranking us in top 2% performers among peers, and in MSCI ESG AAA rating since 2017.

Sustainable performance is fundamentally important to our strategy and our funding strategy must therefore be aligned. In 2022, we organised our first sustainable-linked financing event with renewal of the Group Committed Credit Facility.

Our solid track-record of ESG ratings

Double 'A rating' for climate and water for three consecutive years

CDP leader board recognition for supplier engagement

Awarded the **EcoVadis Gold** medal, ranking us in the top 3% out of 75,000 businesses

Rated as 'low-risk' in 2022 with a score of 19.3 and a chemicals industry **ranking 13 out of 539**

FTSE4Good Index Series

Ranked in the top 2% in the **FTSE4Good Index Series,** among our peers

Included in **SXI Swiss Sustainability 25 Index**

Since 2017 Givaudan has been rated AAA by **MSCI ESG RATINGS**

Our 2025 ambition

Givaudan, a high-performing company that is a force for good

Creations E S G
We create inspiring solutions for happier, healthier lives

People S G
We nurture a place where we all love to be and grow

Nature E G
We show our love for nature through impactful actions

Communities E S G
We bring benefits to all communities that work with us.

Excellence, Innovation and Simplicity in everything we do

Impact on Environment, Society and Governance

Performance commitments

SALES GROWTH

4.0% to 5.0%

2021 – 2025 Average
Like for Like[1] Sales Growth

FREE CASH FLOW

>12% of sales

2021 – 2025 Average
FCF[2] as % of sales

PURPOSE COMMITMENTS

Purpose linked targets

2021 – 2025 Progress towards all
published purpose targets

1. Like-for-like (LFL) is defined as: (a) sales calculated using the invoicing exchange rates of the prior year, (b) excluding sales of businesses acquired from the acquisition date until the period end date, up to 12 months from the acquisition date, and (c) excluding sales of the businesses disposed of from the disposal date until the period end date of the comparable prior period.

2. Free Cash Flow (FCF) refers to operating cash flow after net investments, interest paid, lease payments and purchase and sale of own equity instruments.

At a glance

SALES	NET INCOME	COMPARABLE EBITDA MARGIN	FREE CASH FLOW	SUPPLIER ENGAGEMENT
CHF million 3,535	CHF million 449	22.7%	2.9%	CDP A rating
Up 2.4% on a like-for-like basis and - 3.2% in Swiss francs		compared to 22.5% in 2022	of sales	Givaudan recognised for global leadership in engaging its supply chain on climate (Supplier Engagement Rating Leaderbaord)

"We are pleased with our solid performance in the first half of 2023, with particularly strong performance in Fine Fragrances and in high growth markets. In an environment where we are still facing ongoing challenges in some key markets and business segments, I am very happy with our delivery against our performance improvement plan objectives, as well as our continued strong focus on supporting the growth of our customers around the world."

Gilles Andrier, CEO

First half of 2023

KEY FIGURES

For the six months ended 30 June, in millions of Swiss francs, except for earnings per share data	2023	2022	Percentage change
Group sales	**3,535**	**3,652**	**(3.2%)**
Fragrance & Beauty sales	1,672	1,646	1.6%
Taste & Wellbeing sales	1,863	2,006	(7.1%)
Like-for-like sales growth	**2.4%**	**6.2%**	
Gross profit	**1,448**	**1,459**	**(0.8%)**
as % of sales	41.0%	40.0%	
EBITDA [a]	**763**	**816**	**(6.6%)**
as % of sales	21.6%	22.4%	
Operating income	**586**	**631**	**(7.2%)**
as % of sales	16.6%	17.3%	
Income attributable to equity holders of the parent	**449**	**440**	**2.0%**
as % of sales	12.7%	12.1%	
Operating cash flow	**340**	**131**	**159.5%**
as % of sales	9.6%	3.6%	
Free cash flow	**104**	**(147)**	**170.7%**
as % of sales	2.9%	(4.0%)	
Earnings per share – basic (CHF)	**48.69**	**47.74**	**2.0%**

a) EBITDA defined as Earnings before interest (and other financial income (expense), net), Tax, Depreciation and Amortisation, corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.

SALES PERFORMANCE FROM JANUARY TO JUNE

in millions of Swiss francs	2022 Sales as reported	like-for-like develop-ment	2023 Sales like-for-like	Change % on like-for-like basis	Acquisition impact (net)	Currency effects	2023 Sales as reported	Change % in Swiss francs
Group	**3,652**	**88**	**3,740**	**2.4%**	**10**	**(215)**	**3,535**	**(3.2%)**
- Fragrance & Beauty	1,646	105	1,751	6.4%	11	(90)	1,672	1.6%
- Taste & Wellbeing	2,006	(17)	1,989	(0.9%)	(1)	(125)	1,863	(7.1%)

SALES EVOLUTION BY MARKET – JANUARY TO JUNE

in millions of Swiss francs	2022 Sales as reported	like-for-like develop-ment	2023 Sales like-for-like	Change % on like-for-like basis	Acquisition impact (net)	Currency effects	2023 Sales as reported	Change % in Swiss francs
Mature markets	2,076	(53)	2,023	(2.6%)	6	(75)	1,954	(6.0%)
High growth markets	1,576	141	1,717	8.9%	4	(140)	1,581	0.4%

SALES EVOLUTION BY REGION – JANUARY TO JUNE

in millions of Swiss francs	2022	2023	Change % on like-for-like basis	Change % in Swiss francs
LATAM	420	423	11.1%	0.5%
APAC	883	852	3.2%	(3.5%)
NOAM	984	855	(10.6%)	(13.0%)
EAME	1,365	1,405	8.5%	3.0%

Note: Like-for-like (LFL) is defined as: (a) sales calculated using the invoicing exchange rates of the prior year, (b) excluding sales of businesses acquired from the acquisition date until the period end date, up to 12 months from the acquisition date, and (c) excluding sales of the businesses disposed of from the disposal date until the period end date of the comparable prior period.

Business performance

Sales performance

Givaudan Group sales for the first six months of the year were **CHF 3,535 million**, an increase of 2.4% on a like-for-like[1] (LFL) basis and a decrease of 3.2% in Swiss francs.

In an operating environment which continues to be challenging in some key markets and segments, Givaudan sustained good business momentum whilst maintaining its operations and supply chain at a high level. The solid growth was achieved across product segments and geographies, with the high growth markets growing at 8.9% and the mature markets declining by 2.6% LFL.

With sustained higher input costs in 2023, the Company continues to implement price increases in collaboration with its customers to fully compensate for the increases in input costs.

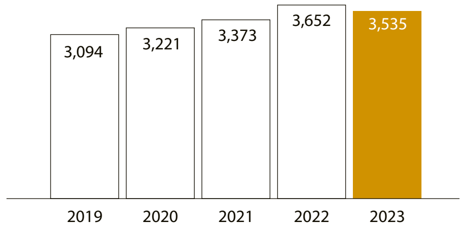
Fragrance & Beauty sales were CHF 1,672 million, an increase of 6.4% LFL[1] and 1.6% in Swiss francs. The good growth was driven by the strong performance of Fine Fragrances with sustained high levels of new business, as well as the impact of price increases across all businesses.

On a business unit basis, Fine Fragrance sales increased by 16.2% LFL against a high prior year comparable growth of 17.9%, Consumer Products sales increased by 3.7% LFL and sales of Fragrance Ingredients and Active Beauty increased by 4.4% LFL.

Taste & Wellbeing sales were CHF 1,863 million, a decrease of 0.9% LFL[1] and a decrease of 7.1% in Swiss francs.

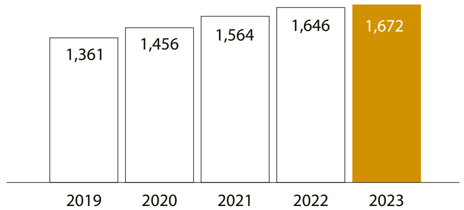
On a regional basis, sales in Asia Pacific decreased by 5.0% LFL; in South Asia, Africa and the Middle East, sales increased by 19.1% LFL; in Europe, sales increased by 3.6% LFL; in North America sales decreased by 11.7% LFL, and in Latin America, sales increased by 10.5% LFL.

Within the product segments, there was strong double-digit growth in snacks and good momentum in sweet goods, whilst weaker volumes in other segments resulted in a reduced sales level compared to the same period in 2022.



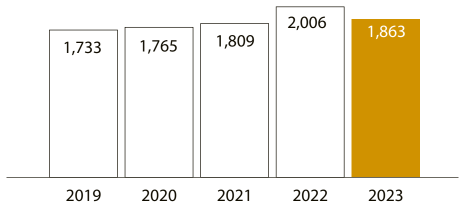
Group – Sales

in millions of Swiss francs



Fragrance & Beauty – Sales

in millions of Swiss francs



Taste & Wellbeing – Sales

in millions of Swiss francs

Gross profit

The gross profit decreased by 0.8% from CHF 1,459 million in 2022 to CHF 1,448 million in 2023, although the gross profit increased by 5.4% when measured in local currency terms. The gross margin dilution effect of the pricing actions to compensate for higher input costs, as well as the lower cost absorption due to lower volumes were offset by the margin improvement measures taken under the Group's Performance improvement programme announced and initiated at the beginning of the year. As a result, the gross margin increased to 41.0% in 2023 compared to 40.0% in 2022.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)[2]

The EBITDA decreased by 6.6% to CHF 763 million from CHF 816 million for the same period in 2022, whilst the EBITDA margin was 21.6% in 2023 compared to 22.4% in 2022. On a comparable basis, the EBITDA margin[3] increased to 22.7% in 2023 compared to 22.5% in 2022, again as a result of the Group's Performance improvement programme, including continuing effective cost management across the business during the first half of 2023.

The EBITDA of Fragrance & Beauty increased to CHF 383 million in 2023 compared to CHF 362 million for the first six months of 2022, whilst the EBITDA margin increased to 22.9% in 2023 from 22.0% in 2022. On a comparable basis the EBITDA margin of Fragrance & Beauty was 24.3% in 2023 compared to 22.2% in 2022.

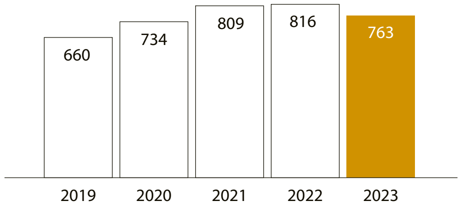
The EBITDA of Taste & Wellbeing decreased to CHF 380 million from CHF 454 million in 2022 and the EBITDA margin decreased to 20.4% in 2023, from 22.6% in 2022. On a comparable basis the EBITDA margin of Taste & Wellbeing was 21.3% in 2023 compared to 22.7% in 2022.

Operating income

The operating income decreased to CHF 586 million, compared to CHF 631 million in 2022, a decrease of 7.2%. When measured in local currency terms, the operating income increased by 0.2%. The operating margin decreased to 16.6% in 2023 from 17.3% in 2022.

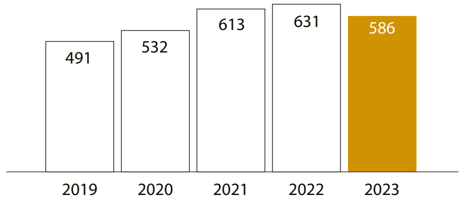
The operating income for Fragrance & Beauty increased to CHF 313 million in 2023, versus CHF 291 million for the same period in 2022. The operating margin increased to 18.7% in 2023 from 17.7% in 2022.

In Taste & Wellbeing, the operating income decreased to CHF 273 million in 2023 from CHF 340 million in 2022, a decrease of 19.7%. The operating margin decreased to 14.6% in 2023 compared to 16.9% in 2022.



Group – EBITDA

in millions of Swiss francs



Group – Operating income

in millions of Swiss francs

Financial performance

Financing costs were CHF 61 million in the first half of 2023, an increase versus CHF 48 million for the same period in 2022, due to higher interest expenses, largely related to the increases in borrowing rates. Other financial expenses, net of income, were CHF 9 million in 2023 versus CHF 71 million in 2022, with the decrease related to lower mark-to-market adjustments on marketable securities and a reduction in foreign exchange losses compared to the prior year.

The interim period income tax expense as a percentage of income before taxes was 13% in 2023, compared with 14% for the same period in 2022.

Net income

The net income for the first six months of 2023 was CHF 449 million compared to CHF 440 million in 2022, an increase of 9.0% when measured in local currency terms, resulting in a net profit margin of 12.7% versus 12.1% in 2022. Basic earnings per share were CHF 48.69 versus CHF 47.74 for the same period in 2022.

Cash flow

Givaudan delivered an operating cash flow of CHF 340 million for the first six months of 2023, compared to CHF 131 million in 2022.

Net working capital was 31.2% of sales compared to 29.6% in June 2022, due to the currency effects of the sales reported in Swiss francs. When measured in local currency net working capital was 29.3% of sales, a decrease of 0.3% compared to June 2022.

Total net investments in property, plant and equipment were CHF 103 million, compared to CHF 130 million in 2022. Intangible asset additions were CHF 25 million in 2023, compared to CHF 34 million in 2022.

Total net investments in tangible and intangible assets were 3.6% of sales, compared to 4.5% in 2022.

Operating cash flow after net investments was CHF 212 million versus CHF –33 million recorded in 2022. Free cash flow[4] was CHF 104 million in the first half of 2023, versus CHF -147 million for the comparable period in 2022. As a percentage of sales, free cash flow in the first six months of 2023 was 2.9%, compared to –4.0% in 2022.

Financial position

Givaudan's financial position remained solid at the end of June 2023, as the Company continues to invest for future growth, whilst managing the short term working capital challenges. Net debt at June 2023 was CHF 5,236 million, up from CHF 4,530 million at the end of December 2022 and CHF 5,129 million in June 2022, mainly due to the debt funded acquisition of the Cosmetic ingredients business from Amyris. The net debt to EBITDA ratio[5] was 3.68, compared to 3.07 at the end of December 2022 and 3.45 in June 2022.

Mid and long term ambitions

Our 2025 strategy, 'Committed to Growth, with Purpose', is our intention to deliver growth in partnership with our customers, through creating inspiring products for happier, healthier lives and having a positive impact on nature, people and communities.

Ambitious targets are an integral part of this strategy, with the Company aiming to achieve organic sales growth of 4–5% on a like-for-like basis[1] and free cash flow[4] of at least 12%, both measured as an average over the five-year period strategy cycle. In addition, we aim to deliver on key non-financial targets around sustainability, diversity and safety, linked to Givaudan's purpose.

BY 2030
Doubling our business through creations that contribute to happier, healthier lives

BEFORE 2025
Becoming a leading employer for inclusion

BY 2030
Sourcing all materials and services in a way that protects the environment and people

BEFORE 2050
Becoming climate positive

Our bold and ambitious long-term purpose goals are defined in four domains: creations, nature, people and communities. Our ambitions include doubling our business through creations that contribute to happier, healthier lives by 2030, becoming climate positive before 2050, becoming a leading employer for inclusion before 2025 and sourcing all materials and services in a way that protects the environment and people by 2030.

1. Like-for-like (LFL) is defined as: (a) sales calculated using the invoicing exchange rates of the prior year, (b) excluding sales of businesses acquired from the acquisition date until the period end date, up to 12 months from the acquisition date, and (c) excluding sales of the businesses disposed of from the disposal date until the period end date of the comparable prior period.
2. EBITDA defined as Earnings before interest (and other financial income (expense), net), Tax, Depreciation and Amortisation, corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.
3. Comparable EBITDA is the reported EBITDA, as adjusted for significant items of a non-recurring nature which have an impact on the understanding of the underlying normal operating activities.
4. Free cash flow (FCF) refers to operating cash flow after net investments, interest paid, lease payments and purchase and sale of own equity instruments.
5. Net debt to EBITDA ratio is defined as follows:
   – Net debt is calculated as the total of the consolidated short-term and long-term debt, less cash and cash equivalents.
   – EBITDA is defined as Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation, which corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.

2023 Half Year Financial Report

Interim condensed consolidated financial statements (unaudited)

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June

in millions of Swiss francs, except for earnings per share data	Note	2023	2022
Sales	6	3,535	3,652
Cost of sales		(2,087)	(2,193)
Gross profit		**1,448**	**1,459**
as % of sales		41.0%	40.0%
Selling, marketing and distribution expenses		(449)	(450)
Research and product development expenses		(262)	(268)
Administration expenses		(96)	(102)
Share of results of joint ventures and associates		3	11
Other operating income	7	16	16
Other operating expense	8	(74)	(35)
Operating income		**586**	**631**
as % of sales		16.6%	17.3%
Financing costs	9	(61)	(48)
Other financial income (expense), net	10	(9)	(71)
Income before taxes		**516**	**512**
Income taxes		(67)	(72)
Income for the period		**449**	**440**
Attribution			
Income attributable to non-controlling interests		–	–
Income attributable to equity holders of the parent		449	440
as % of sales		12.7%	12.1%
Earnings per share – basic (CHF)	11	**48.69**	**47.74**
Earnings per share – diluted (CHF)	11	**48.53**	**47.52**

The notes on pages 17 to 24 form an integral part of these interim condensed financial statements (unaudited).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June

in millions of Swiss francs	2023	2022
Income for the period	**449**	**440**
Items that may be reclassified to the income statement		
Cash flow hedges		
Movement in fair value, net	(25)	181
Gains (losses) removed from equity and recognised in the consolidated income statement	4	5
Movement on income tax	2	(14)
Exchange differences arising on translation of foreign operations		
Movement in fair value arising on hedging instruments of the net assets in foreign operations	31	25
Currency translation differences	(148)	(58)
Movement on income tax	(2)	(3)
Items that will not be reclassified to the income statement		
Defined benefit pension plans		
Remeasurement gains (losses) of post-employment benefit obligations	4	157
Movement on income tax	(1)	(25)
Other comprehensive income for the period	**(135)**	**268**
Total comprehensive income for the period	**314**	**708**
Attribution		
Total comprehensive income attributable to non-controlling interests	–	–
Total comprehensive income attributable to equity holders of the parent	314	708

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At period ended

in millions of Swiss francs	Note	30 June 2023	31 December 2022
Assets			
Cash and cash equivalents		244	475
Derivative financial instruments	4	19	21
Financial assets at fair value through income statement	4	6	13
Accounts receivable - trade		1,650	1,512
Inventories		1,541	1,423
Current tax assets		67	71
Prepayments		72	64
Other current assets		148	128
Current assets		**3,747**	**3,707**
Derivative financial instruments	4	118	144
Property, plant and equipment		2,254	2,293
Intangible assets		4,716	4,646
Deferred tax assets		125	112
Post-employment benefit plan assets		24	22
Financial assets at fair value through income statement	4	276	286
Interests in joint ventures and investments in associates		51	53
Other non-current assets		255	246
Non-current assets		**7,819**	**7,802**
Total assets		**11,566**	**11,509**

in millions of Swiss francs	Note	30 June 2023	31 December 2022
Liabilities and equity			
Short-term debt	12	1,407	356
Derivative financial instruments	4	20	70
Accounts payable - trade and others		845	861
Accrued payroll and payroll taxes		143	164
Current tax liabilities		127	123
Financial liability - own equity instruments		64	76
Provisions		33	9
Other current liabilities		251	266
Current liabilities		**2,890**	**1,925**
Derivative financial instruments	4	10	18
Long-term debt	12	4,073	4,649
Financial liability - own equity instruments		28	46
Provisions		66	75
Post-employment benefit plan liabilities		172	177
Deferred tax liabilities		273	270
Other non-current liabilities		108	112
Non-current liabilities		**4,730**	**5,347**
Total liabilities		**7,620**	**7,272**
Share capital	13	92	92
Retained earnings and reserves	13	6,446	6,614
Own equity instruments	14	(216)	(228)
Other components of equity		(2,381)	(2,246)
Equity attributable to equity holders of the parent		**3,941**	**4,232**
Non-controlling interests		5	5
Total equity		**3,946**	**4,237**
Total liabilities and equity		**11,566**	**11,509**

The notes on pages 17 to 24 form an integral part of these interim condensed financial statements (unaudited).

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June

2023 in millions of Swiss francs	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Currency translation differences	Remeasurement of post employment benefit obligations	Equity attributable to equity holders of the parents	Non-controlling interests	Total equity
Balance as at 1 January	**92**	**6,614**	**(228)**	**92**	**(2,166)**	**(172)**	**4,232**	**5**	**4,237**
Income for the period		449					449	–	449
Other comprehensive income for the period				(19)	(119)	3	(135)		(135)
Total comprehensive income for the period		**449**		**(19)**	**(119)**	**3**	**314**	**–**	**314**
Dividends paid		(617)					(617)		(617)
Movement in own equity instruments, net			12				12		12
Non-controlling interests								–	–
Net change in other equity items		**(617)**	**12**				**(605)**	**–**	**(605)**
Balance as at 30 June	**92**	**6,446**	**(216)**	**73**	**(2,285)**	**(169)**	**3,941**	**5**	**3,946**

2022 in millions of Swiss francs	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Currency translation differences	Remeasurement of post employment benefit obligations	Equity attributable to equity holders of the parents	Non-controlling interests	Total equity
Balance as at 1 January	**92**	**6,365**	**(211)**	**(89)**	**(1,926)**	**(302)**	**3,929**	**12**	**3,941**
Income for the period		440					440	–	440
Other comprehensive income for the period				172	(36)	132	268		268
Total comprehensive income for the period		**440**		**172**	**(36)**	**132**	**708**	**–**	**708**
Dividends paid		(607)					(607)		(607)
Movement in own equity instruments, net			(14)				(14)		(14)
Non-controlling interests								(7)	(7)
Net change in other equity items		**(607)**	**(14)**				**(621)**	**(7)**	**(628)**
Balance as at 30 June	**92**	**6,198**	**(225)**	**83**	**(1,962)**	**(170)**	**4,016**	**5**	**4,021**

The notes on pages 17 to 24 form an integral part of these interim condensed financial statements (unaudited).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June

in millions of Swiss francs	Note	2023	2022
Income for the period		449	440
Income tax expense		67	72
Interest expense		57	45
Non-operating income and expense		13	74
Operating income		**586**	**631**
Depreciation of property, plant and equipment	6	101	103
Amortisation of intangible assets	6	76	82
Impairment of long-lived assets	6	–	–
Other non-cash items			
- share-based payments		11	8
- pension expense		17	22
- additional and unused provisions, net		26	3
- other non-cash items		(3)	(62)
Adjustments for non-cash items		**228**	**156**
(Increase) decrease in inventories		(156)	(191)
(Increase) decrease in accounts receivable		(193)	(221)
(Increase) decrease in other current assets		(30)	29
Increase (decrease) in accounts payable		28	(7)
Increase (decrease) in other current liabilities		(31)	(86)
(Increase) decrease in working capital		**(382)**	**(476)**
Income taxes paid		**(66)**	**(152)**
Pension contributions paid		(21)	(20)
Provisions used		(5)	(8)
Cash flows from (for) operating activities		**340**	**131**

in millions of Swiss francs	Note	2023	2022
Increase in long-term debt	12	–	300
(Decrease) in long-term debt	12	(389)	(1)
Increase in short-term debt	12	2,013	1,906
(Decrease) in short-term debt	12	(1,105)	(1,341)
Cash flows from debt, net		**519**	**864**
Interest paid		(47)	(35)
Purchase and sale of derivative financial instruments, net		6	3
Lease payments	12	(31)	(28)
Transactions of non-controlling interest			(7)
Other, net		(4)	(4)
Cash flows from financial liabilities		**443**	**793**
Distribution to the shareholders paid	13	(617)	(607)
Purchase and sale of own equity instruments, net		(30)	(51)
Cash flows from (for) financing activities		**(204)**	**135**
Acquisition and disposal related cash flows			
- Purchase of property, plant and equipment		(105)	(130)
- Purchase of intangible assets		(25)	(34)
- Acquisition of assets in the form of an asset deal	5	(183)	
- Proceeds from the disposal of property, plant and equipment		2	–
- Proceeds from sales of intangible assets		–	–
(Increase) decrease in share capital of jointly controlled entities		4	(1)
Interest received		3	5
Purchase and sale of financial assets at fair value through income statement, net		3	(3)
Impact of financial transactions on investing, net		(27)	(55)
Other, net		(15)	(14)
Cash flows from (for) investing activities		**(343)**	**(232)**
Net increase (decrease) in cash and cash equivalents		**(207)**	**34**
Net effect of currency translation on cash and cash equivalents		(24)	2
Cash and cash equivalents at the beginning of the period		475	274
Cash and cash equivalents at the end of the period		**244**	**310**

The notes on pages 17 to 24 form an integral part of these interim condensed financial statements (unaudited).

Notes to the interim condensed consolidated financial statements (unaudited)

1. Group organisation

Givaudan SA and its subsidiaries (hereafter 'the Group') operate under the name Givaudan. Givaudan SA is a limited liability company incorporated and domiciled in Switzerland. The Group is headquartered in Vernier, near Geneva, Switzerland. Givaudan is a leading supplier of creative fragrance, beauty, taste and wellbeing products. The Group operates in over 100 countries and has subsidiaries and branches in more than 40 countries. Worldwide, it employs 16,439 people.

The Group is listed on the SIX Swiss Exchange (GIVN).

2. Basis of financial statements

These financial statements are the unaudited interim condensed consolidated financial statements (hereafter 'the interim financial statements') of the Group for the six months period ended 30 June 2023 (hereafter 'the interim period'). They have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'.

The interim financial statements include the operations of Givaudan SA and its controlled subsidiaries. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

These interim financial statements should be read in conjunction with the 2022 consolidated financial statements as they provide an update of the most recent financial information available.

Taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual earnings.

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

The 31 December 2022 statement of financial position has been derived from the audited 2022 consolidated financial statements.

Givaudan SA's Board of Directors approved these interim financial statements on 18 July 2023.

3. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2022. Several standards and amendments apply for the first time in 2023 including Amendments to IAS 1: Disclosure of Accounting Policies, IFRS 17 (and amendments to IFRS 17) Insurance Contracts, Amendments to IAS 8: Definition of Accounting Estimates and Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction. None of these had a material impact on the Group's Financial Statements.

4. Financial risk management

Fair value measurements recognised in the statement of financial position

Financial assets and liabilities at fair value through income statement are measured with Level 1, Level 2 and Level 3 inputs and consist of:

- Level 1 financial assets of CHF 100 million (31 December 2022: CHF 107 million) consist of marketable securities quoted on financial market;
- Level 2 financial assets and liabilities consist of:
  - › Cross-currency swaps and forward foreign exchange contracts that are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts, and interest swaps that are measured using quoted interest rates and yield curves derived from quoted interest rates matching maturities of the contracts. These level 2 instruments amount to financial assets of CHF 137 million (31 December 2022: CHF 165 million) and financial liabilities of CHF 30 million (31 December 2022: CHF 88 million);
  - › Corporate owned life insurance (COLI) of CHF 66 million (31 December 2022: CHF 65 million) that are measured on quoted instruments with similar credit ratings and terms in a mix of money market, fixed income and equity funds managed by unrelated fund managers;
  - › Investments in bonds and warrants of a publicly traded company of CHF 4 million (31 December 2022: CHF 5 million);
- Level 3 financial assets of CHF 112 million (31 December 2022: CHF 122 million) consist of:
  - › Investment funds in venture capital that are measured quarterly by independent third parties using proprietary valuation models which are audited by qualified authorities.
  - › Furthermore, level 3 financial assets also include the b.kolor investment made by the Group as well as the option to acquire a controlling stake in the business. The value of the b.kolor investment was determined by performing a Discounted Cash Flow analysis on the basis of the latest business plan information available to the Group. On the other hand, the fair value measurement of the option was determined through a Monte Carlo valuation model which requires assumptions and inputs that can lead to volatility of the underlying value. The volatility used in the model was estimated based on a group of comparable quoted companies using their daily and monthly share prices over a period of three years.
  - › The total loss relating to level 3 financial assets recognised in other financial income (expenses), net amounted to CHF 5 million (2022: CHF 5 million loss); and
- Finally, level 3 financial liabilities of CHF 52 million (31 December 2022: CHF 52 million) consist of the deferred consideration related to the acquisition of DDW, expected to be settled after a period of three years from the date of acquisition, which was in December 2021.

There were no transfers between the level categories in the period.

5. Acquisitions and investments

Amyris

Givaudan acquired a cosmetic ingredients portfolio from Amyris, Inc on 4 April 2023 for the amount of CHF 183 million (USD 200 million).

The initial measurement of the identifiable assets of Amyris was at cost. The acquisition cost has been allocated to the assets on a relative fair value basis at the date of acquisition. The total assets acquired consist of intangible assets of CHF 183 million.

In addition to the cash settlement of CHF 183 million, Givaudan may make additional cash payments up to a maximum of USD 150 million in relation to performance related incentives over the three years from the date of acquisition. These cash payments are not included in the initial cost of the assets at the date of acquisition, instead they will be added to the cost of the assets when they are incurred.

Given that this acquisition does not fall under the scope of IFRS 3 Business Combinations, no goodwill was recognised.

6. Segment information

Business segments

For the six months ended 30 June, in millions of Swiss francs	Fragrance & Beauty		Taste & Wellbeing		Group	
	2023	2022	2023	2022	2023	2022
Segment sales	1,672	1,646	1,863	2,006	3,535	3,652
Less inter segment sales [a]	–	–	–	–	–	–
Segment sales to third parties	**1,672**	**1,646**	**1,863**	**2,006**	**3,535**	**3,652**
EBITDA	**383**	**362**	**380**	**454**	**763**	**816**
as % of sales	22.9%	22.0%	20.4%	22.6%	21.6%	22.4%
Depreciation	(41)	(41)	(60)	(62)	(101)	(103)
Amortisation	(29)	(30)	(47)	(52)	(76)	(82)
Impairment of long-lived assets		–	–	–	–	–
Additions to Property, plant and equipment	49	55	62	51	111	106
Acquisitions of Property, plant and equipment						
Additions to Intangible assets	14	14	16	21	30	35
Acquisitions of Intangible assets (excluding goodwill)	183				183	
Total gross investments	**246**	**69**	**78**	**72**	**324**	**141**

a) Transfer prices for inter-divisional sales are set on an arm's length basis.

Reconciliation table to Group's operating income

For the six months ended 30 June, in millions of Swiss francs	Fragrance & Beauty		Taste & Wellbeing		Group	
	2023	2022	2023	2022	2023	2022
EBITDA	**383**	**362**	**380**	**454**	**763**	**816**
Depreciation	(41)	(41)	(60)	(62)	(101)	(103)
Amortisation	(29)	(30)	(47)	(52)	(76)	(82)
Impairment of long-lived assets		–	–	–	–	–
Operating income	**313**	**291**	**273**	**340**	**586**	**631**
as % of sales	18.7%	17.7%	14.6%	16.9%	16.6%	17.3%
Financing costs					(61)	(48)
Other financial income (expense), net					(9)	(71)
Income before taxes					**516**	**512**
as % of sales					14.6%	14.0%

Entity-wide disclosures

The breakdown of sales from the major group of similar products is as follows:

For the six months ended 30 June, in millions of Swiss francs	2023	2022
Fragrance & Beauty		
Compounds	1,416	1,403
Ingredients and Active Beauty	256	243
Taste & Wellbeing		
Compounds	1,863	2,006
Total sales	**3,535**	**3,652**

Classification of amortisation expenses is as follows:

For the six months ended 30 June, in millions of Swiss francs	Fragrance & Beauty		Taste & Wellbeing		Group	
	2023	2022	2023	2022	2023	2022
Cost of sales	7	6	9	8	16	14
Selling, marketing and distribution expenses	10	12	19	15	29	27
Research and product development expenses	7	7	11	20	18	27
Administration expenses	1	1	2	4	3	5
Other operating expenses	4	4	6	5	10	9
Total	**29**	**30**	**47**	**52**	**76**	**82**

7. Other operating income

For the six months ended 30 June, in millions of Swiss francs	2023	2022
Gains on disposal of fixed assets	1	–
Other income	15	16
Total other operating income	**16**	**16**

8. Other operating expense

For the six months ended 30 June, in millions of Swiss francs	2023	2022
Project related expenses	39	–
Amortisation of intangible assets	11	8
Impairment of long-lived assets	–	–
Losses on disposal of fixed assets	2	2
Business taxes	10	10
Acquisition and integration related expenses	1	3
Other expenses	11	12
Total other operating expense	**74**	**35**

The project related expenses mainly include restructuring costs related to the Group's Performance Improvement programme, announced in January 2023, which is aiming for increased operational excellence and margin improvement through organisational simplification, working capital improvement as well as footprint optimisation.

9. Financing costs

For the six months ended 30 June, in millions of Swiss francs	2023	2022
Interest expense	57	45
Net interest related to defined benefit pension plans	3	2
Amortisation of debt discounts	1	1
Total financing costs	**61**	**48**

10. Other financial (income) expense, net

For the six months ended 30 June, in millions of Swiss francs	2023	2022
Fair value and realised (gains) losses from derivatives instruments, net (at fair value through income statement)	15	133
Exchange (gains) losses, net	(14)	(88)
Unrealised (gains) losses from financial instruments measured at fair value through income statement	1	26
Interest (income)	(3)	(5)
Capital taxes and other non-business taxes	3	4
Other (income) expense, net	7	1
Total other financial (income) expense, net	**9**	**71**

11. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the net income attributable to shareholders by the weighted average number of shares outstanding:

For the six months ended 30 June	2023	2022
Income attributable to equity holder of the parent (in millions of Swiss francs)	**449**	**440**
Weighted average number of shares outstanding		
Ordinary shares	9,233,586	9,233,586
Treasury shares	(11,996)	(17,254)
Net weighted average number of shares outstanding	**9,221,590**	**9,216,332**
Basic earnings per share (CHF)	**48.69**	**47.74**

Diluted earnings per share

For the calculation of diluted earnings per share, the weighted average number of shares outstanding is adjusted to assume conversion of all potentially dilutive shares:

For the six months ended 30 June	2023	2022
Income attributable to equity holder of the parent (in millions of Swiss francs)	**449**	**440**
Weighted average number of shares outstanding for diluted earnings per share of 31,080 (2022: 43,454)	**9,252,670**	**9,259,786**
Diluted earnings per share (CHF)	**48.53**	**47.52**

12. Debt

2023 in millions of Swiss francs	Bank borrow-ings	Bank facility	Bank overdrafts	Public bonds	Private place-ments	Total short-term and long-term debt	Total lease liabilities	Total debt
Balance as at 1 January	**258**	**391**		**3,564**	**391**	**4,604**	**401**	**5,005**
Cash flows	1,044	(388)	–		(137)	519	(31)	488
Non-cash changes								
- Amortisation of debt discount				1		1	4	5
- Acquisition / Divestment								
- Currency effects	(14)	(3)		(28)	(5)	(50)	(8)	(58)
- Lease liabilities							40	40
Balance as at 30 June	**1,288**		**–**	**3,537**	**249**	**5,074**	**406**	**5,480**
Within 1 year	1,209			150		1,359	48	1,407
Within 1 to 3 years	38			836	249	1,123	68	1,191
Within 3 to 5 years	35			636		671	54	725
Thereafter	6			1,915		1,921	236	2,157
Balance as at 30 June	**1,288**			**3,537**	**249**	**5,074**	**406**	**5,480**

2022 in millions of Swiss francs	Bank borrow-ings	Bank facility	Bank overdrafts	Public bonds	Private place-ments	Total short-term and long-term debt	Total lease liabilities	Total debt
Balance as at 1 January	**285**		**1**	**3,474**	**503**	**4,263**	**410**	**4,673**
Cash flows	(21)	409	(1)	200	(99)	488	(57)	431
Non-cash changes								
- Amortisation of debt discount				2		2	6	8
- Acquisition / Divestment								
- Currency effects	(6)	(18)		(112)	(13)	(149)	(7)	(156)
- Lease liabilities							49	49
Balance as at 31 December	**258**	**391**		**3,564**	**391**	**4,604**	**401**	**5,005**
Within 1 year	168				139	307	49	356
Within 1 to 3 years	45			842	252	1,139	65	1,204
Within 3 to 5 years	38	391		792		1,221	52	1,273
Thereafter	7			1,930		1,937	235	2,172
Balance as at 31 December	**258**	**391**		**3,564**	**391**	**4,604**	**401**	**5,005**

Details of the Group's various debt transactions are as follows:

Issuer	Issue date	Type of debt	Currency of principal	Principal amount in millions	Redeemable	Interest rate	Type of interest	30 June 2023	31 Dec 2022
								In millions of Swiss francs	
Givaudan United States, Inc.	2012	Private placements[a]	USD	150	06 Feb 2023	3.300%	Fixed	Reimbursed	139
				60	06 Feb 2025	3.450%		54	55
Givaudan SA	2014	Public bonds	CHF	150	19 Mar 2024	1.750%		150	150
	2016			200	05 Dec 2031	0.625%		200	200
	2017	Private Placement	EUR	200	20 Dec 2024	1.331%	Fixed	195	197
	2018	Public bonds	CHF	200	09 Apr 2025	0.375%		200	200
			EUR	500	17 Sep 2025	1.125%		486	492
				800	17 Sep 2030	2.000%		779	788
	2020		CHF	150	10 Nov 2028	0.150%		150	150
	2021			150	07 Jun 2027	0.125%		150	150
				150	07 Jun 2030	0.375%		150	150
	2022			150	15 Jun 2026	1.125%		150	150
				150	15 Jun 2029	1.625%		150	150
	2023	Other local borrowings	CHF	550	Various maturities		Floating	550	
			USD	200	19 Oct 2023			179	
	2022	Revolving Credit Facility	USD	420	15 Jun 2028				391
Givaudan Finance Europe BV	2020	Public bonds	EUR	500	22 Apr 2027	1.000%	Fixed	486	492
				500	22 Apr 2032	1.625%		486	492
	2022	Other local borrowings	EUR	150	Various maturities	1.577%		464	148
	2023			479		3.550%			
Other entities	2022	Other local borrowings	EUR	2	Various maturities	1.180%	Fixed	2	2
	2023			2					
	2022		CNY	752			Floating	91	101
	2023			736					
	2022		INR	670				2	7
	2023			160					
Total short-term and long-term debt[b]								5,074	4,604

a) There are various covenants contained in these transactions covering conditions on net worth, indebtedness and EBITDA ratio to net interest expense of Givaudan United States, Inc. The company is and has been in full compliance with the covenants set.
b) The fair value of the short-term and long-term debt is approximately 6% lower than its carrying value as at 30 June 2023 (31 December 2022: 7%).

13. Equity

At the Annual General Meeting held on 23 March 2023 the distribution of an ordinary dividend of CHF 67.00 per share (2022: ordinary dividend of CHF 66.00 per share) was approved. The dividend payment has been paid out of available retained earnings. At 30 June 2023 the share capital amounts to CHF 92,335,860, divided into 9,233,586 fully paid-up registered shares with a nominal value of CHF 10.00 each. Each share gives the right to one vote.

14. Own equity instruments

The Group holds own equity instruments and derivatives on own shares mainly to cover the anticipated obligations related to the executive share plans. At 30 June 2023 the Group held 6,337 own shares (2022: 6,772), as well as derivatives on own shares, equating to a total long position of 25,500 (2022: 34,500).

15. Contingent liabilities

From time to time and in varying degrees, 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 physical risks of various kinds. The nature and frequency of these developments and events, not all of which are covered by insurance, as well as their effect on the future operations and earnings are not predictable.

Givaudan Group companies are involved in various legal and regulatory proceedings of a nature considered typical of its business, including contractual disputes and employment litigation.

Givaudan Flavors Corporation has been named as a defendant in numerous lawsuits and Ungerer & Company is named in one lawsuit that were brought against them and other flavour and raw chemical supply companies. The plaintiffs allege that they sustained pulmonary injuries due to flavours that contain diacetyl, 2,3 pentanedione and other flavouring chemicals. To date, many of the cases filed against the Group's affiliates have been settled or dismissed, however, numerous new cases have been filed. The Group has already recovered a portion of the prior defence and settlement costs from its insurance policies, and will continue to recover a portion of such future costs.

Alternative Performance Measures Appendix to the 2023 Half Year Results

Introduction

On 1 January 2019 the Directive Alternative Performance Measures (DAPM), issued by the SIX Exchange Regulation, came into force with the purpose to promote the clear and transparent use of alternative performance measures.

The Directive prescribes that clear and comprehensible definitions must be disclosed for all alternative performance measures used. Also, for alternative performance measures that are based on a measure included in the financial statements prepared in accordance with recognised accounting standards and which have been adjusted by adding or omitting specific items, a reconciliation statement must be disclosed to a comparable measure in the financial statement according to the recognised accounting standard. Significant reconciliation items must be explained.

Givaudan's Alternative Performance Measures

In the 2023 Half Year Results Media Release and on pages 9–11 of the 2023 Half Year Report, the Group uses a number of Alternative Performance Measures that are listed and defined below.

Like-for-Like (LFL)

LFL is defined as: (a) sales calculated using the invoicing exchange rates of the prior year, (b) excluding sales of businesses acquired from the acquisition date until the period end date, up to 12 months from the acquisition date, and (c) excluding sales of the businesses disposed of from the disposal date until the period end date of the comparable prior period.

Reconciliation tables of the LFL sales to the reported sales in accordance with IFRS have been included in the 2023 Half Year Results Media Release.

EBITDA

EBITDA defined as Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation, corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.

For the six months ended 30 June, in millions of Swiss francs	2023	2022
Income for the period	**449**	**440**
Interest and other financial (income) expense, net	70	119
Income taxes	67	72
Operating income	**586**	**631**
Depreciation	101	103
Amortisation	76	82
Impairment	–	–
EBITDA	**763**	**816**

Comparable EBITDA

Comparable EBITDA is the reported EBITDA, as adjusted for significant items of a non-recurring nature which have an impact on the understanding of the underlying normal operating activities.

A reconciliation table of the published EBITDA to the Comparable EBITDA (EBITDA as defined in the section EBITDA above) has been included in the 2023 Half Year Results Media Release. In that reconciliation table, all significant one-off items have been explained.

Free Cash Flow (FCF)

FCF refers to operating cash flow after net investments, interest paid, lease payments and purchase and sale of own equity instruments.

For the six months ended 30 June, in millions of Swiss francs	2023	2022
Cash flows from (for) operating activities	**340**	**131**
Purchase of property, plant and equipment	(105)	(130)
Proceeds from the disposal of property, plant and equipment	2	–
Purchase of intangible assets	(25)	(34)
Proceeds from the disposal of intangible assets	–	–
Interest paid	(47)	(35)
Lease payments	(31)	(28)
Purchase and sale of own equity instruments, net	(30)	(51)
Free cash flow (FCF)	**104**	**(147)**
Sales	3,535	3,652
Free cash flow (FCF) as a % of sales	**2.9%**	**(4.0%)**

Does not include the acquisition of assets in the form of an asset deal.

Net debt to EBITDA Ratio

The Net debt to EBITDA ratio is calculated as follows:

In millions of Swiss francs	30 June 2023	31 December 2022
Short-term debt	1,407	356
Long-term debt	4,073	4,649
Less: cash and cash equivalents	(244)	(475)
Net debt	**5,236**	**4,530**
EBITDA [a]	**1,423**	**1,476**
Net debt to EBITDA ratio	3.68	3.07
Comparable EBITDA [a]	1,469	1,486
Net debt to Comparable EBITDA ratio	**3.56**	**3.05**

a) The EBITDA and comparable EBITDA for 30 June 2023 are based on 12 months performance from 1 July 2022 to 30 June 2023.

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