

# 2022 Half Year Report

Solid business performance in a challenging environment



Givaudan  
Human by nature

# 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.

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# At a glance

## First half of 2022

### KEY FIGURES

For the six months ended 30 June, in millions of Swiss francs, except for earnings per share data	2022	2021	Percentage change
<b>Group sales</b>	<b>3,652</b>	<b>3,373</b>	<b>8.3%</b>
Fragrance & Beauty sales	1,646	1,564	5.3%
Taste & Wellbeing sales	2,006	1,809	10.9%
<b>Like-for-like sales growth</b>	<b>6.2%</b>	<b>7.9%</b>	
<b>Gross profit</b>	<b>1,459</b>	<b>1,480</b>	<b>(1.4%)</b>
as % of sales	40.0%	43.9%	
<b>EBITDA<sup>a</sup></b>	<b>816</b>	<b>809</b>	<b>0.9%</b>
as % of sales	22.4%	24.0%	
<b>Operating income</b>	<b>631</b>	<b>613</b>	<b>2.9%</b>
as % of sales	17.3%	18.2%	
<b>Income attributable to equity holders of the parent</b>	<b>440</b>	<b>481</b>	<b>(8.4%)</b>
as % of sales	12.1%	14.3%	
<b>Operating cash flow</b>	<b>131</b>	<b>415</b>	<b>(68.4%)</b>
as % of sales	3.6%	12.3%	
<b>Free cash flow</b>	<b>(147)</b>	<b>186</b>	<b>(179.0%)</b>
as % of sales	(4.0%)	5.5%	
<b>Earnings per share – basic (CHF)</b>	<b>47.74</b>	<b>52.19</b>	<b>(8.5%)</b>

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	2021 Sales as reported	like-for-like development	2022 Sales like-for-like	Change % on like-for-like basis	Acquisition impact (net)	Currency effects	2022 Sales as reported	Change % in Swiss francs
<b>Group</b>	<b>3,373</b>	<b>211</b>	<b>3,584</b>	<b>6.2%</b>	<b>92</b>	<b>(24)</b>	<b>3,652</b>	<b>8.3%</b>
- Fragrance & Beauty	1,564	74	1,638	4.7%	21	(13)	1,646	5.3%
- Taste & Wellbeing	1,809	137	1,946	7.6%	71	(11)	2,006	10.9%

### SALES EVOLUTION BY MARKET – JANUARY TO JUNE

in millions of Swiss francs	2021 Sales as reported	like-for-like development	2022 Sales like-for-like	Change % on like-for-like basis	Acquisition impact (net)	Currency effects	2022 Sales as reported	Change % in Swiss francs
Mature markets	1,938	105	2,043	5.4%	63	(30)	2,076	7.1%
High growth markets	1,435	106	1,541	7.4%	29	6	1,576	9.8%

### SALES EVOLUTION BY REGION – JANUARY TO JUNE

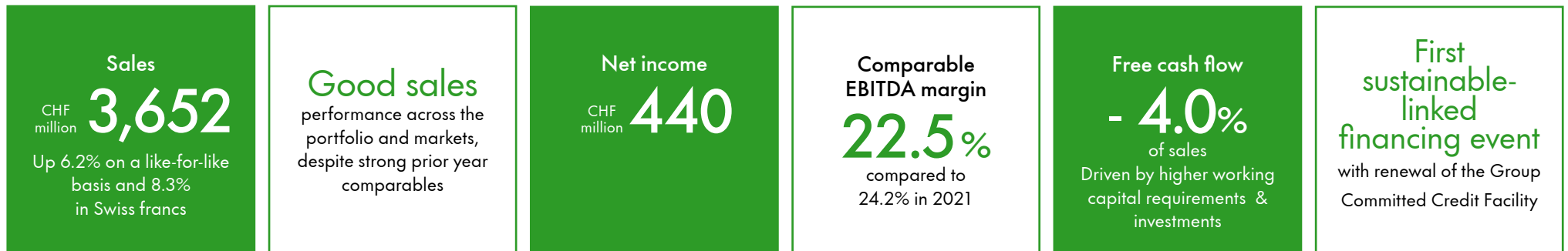
in millions of Swiss francs	2021	2022	Change % on like-for-like basis	Change % in Swiss francs
LATAM	365	420	9.0%	15.3%
APAC	851	883	2.7%	3.7%
NOAM	924	984	(1.5%)	6.4%
EAME	1,233	1,365	13.7%	10.7%

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.

# At a glance

## Good business momentum

### Performance summary



**“We are very pleased with our solid performance in the first half of 2022, despite the challenging environment that we are continuing to operate in. I am proud of the way in which we have again demonstrated the resilience of our business and our strong focus on supporting the growth of our customers around the world.”**

Gilles Andrier, CEO

# Our 2025 ambition

## Delivering sustainable value creation for all stakeholders

### 2025 Strategy Committed to Growth, with Purpose



### Performance commitments

Sales growth	Free cash flow	Purpose commitments
<p><b>4.0%</b> to <b>5.0%</b></p> <p>2021 – 2025 Average Like for Like<sup>1</sup> Sales Growth</p>	<p><b>&gt;12%</b> of sales</p> <p>2021 – 2025 Average FCF<sup>2</sup> as % of sales</p>	<p><b>Purpose linked targets</b></p> <p>2021 – 2025 Progress towards all published purpose target</p>

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.

# Business performance

## Solid performance in a challenging environment

### Sales performance

Givaudan Group sales for the first six months of the year were CHF 3,652 million, an increase of 6.2% on a like-for-like<sup>1</sup> basis and 8.3% in Swiss francs.

In a very challenging operating environment, driven by higher input costs and inbound supply chain disruptions, Givaudan sustained good business momentum whilst maintaining its operations and global outbound supply chain at a high level. The good growth was achieved across product segments and geographies, with the mature markets growing at 5.4% and the high growth markets at 7.4% on a like-for-like basis.

With higher input costs in 2022, the Company is well on track in implementing price increases in collaboration with its customers to fully compensate for the increases in input costs.

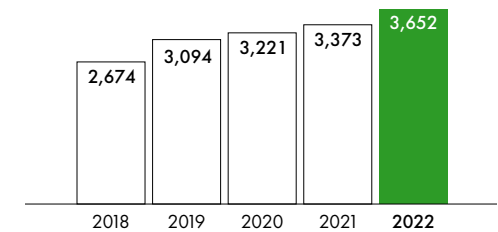
Fragrance & Beauty sales were CHF 1,646 million, an increase of 4.7% on a like-for-like<sup>1</sup> basis and 5.3% in Swiss francs, against strong comparable growth of 10.1% in 2021. The good growth was driven by continued strong volume increases in Fine Fragrance with a sustained high level of new business, as well as double digit growth in Fragrance Ingredients. Consumer Products returned to growth in the second quarter and the demand for Fragrance Ingredients continued to remain strong.

On a business unit level Fine Fragrance sales increased by 17.9% on a like-for-like basis, Consumer Products sales increased by 0.4% on a like-for-like basis, and sales of Fragrance Ingredients and Active Beauty delivered growth of 8.0% on a like-for-like basis.

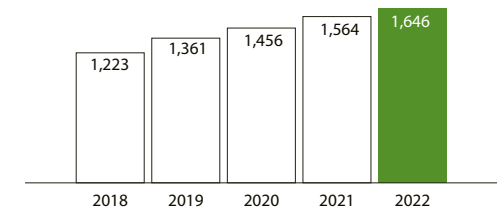
Taste & Wellbeing sales were CHF 2,006 million, an increase of 7.6% on a like-for-like<sup>1</sup> basis and an increase of 10.9% in Swiss francs.

On a regional basis, sales in Asia Pacific increased by 5.1% on a like-for-like basis; in South Asia, Africa and the Middle East, sales increased by 16.9% on a like-for-like basis; in Europe, sales increased by 14.0% on a like-for-like basis; in North America sales decreased by 0.9% on a like-for-like basis, and in Latin America, sales increased 17.1% on a like-for-like basis.

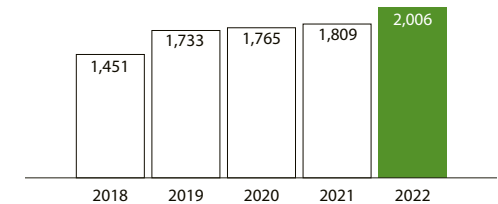
Whilst the sales performance was still affected by the impact of the COVID-19 pandemic across many countries, as well as supply chain challenges, good business momentum was maintained across all regions. The foodservice segment continued to experience a strong recovery and is now almost back to pre-COVID levels. In the key strategic focus areas, sales increased double-digit in plant-based proteins and health & wellness and solid single-digit in Naturals.



Group – Sales  
in millions of Swiss francs



Fragrance & Beauty – Sales  
in millions of Swiss francs



Taste & Wellbeing – Sales  
in millions of Swiss francs



## Business performance

### Gross profit

The gross profit decreased by 1.4% from CHF 1,480 million in 2021 to CHF 1,459 million in 2022, although the gross profit increased by 0.4% when measured in local currency terms. Due to the gross margin dilution effect of the pricing actions to compensate for higher input costs, as well as the higher raw material, energy and freight costs, the gross margin decreased to 40.0% in 2022 compared to 43.9% in 2021.

### Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

The EBITDA increased by 0.9% to CHF 816 million from CHF 809 million for the same period in 2021, whilst the EBITDA margin was 22.4% in 2022 compared to 24.0% in 2021. On a comparable basis, the EBITDA margin was 22.5% in 2022 compared to 24.2% in 2021. The impacts of higher input costs at the gross profit level, as well as higher outbound freight costs, were partly compensated by strict cost control across the business during the first half of 2022.

The EBITDA of Fragrance & Beauty decreased to CHF 362 million in 2022 compared to CHF 375 million for the first six months of 2021, whilst the EBITDA margin decreased to 22.0% in 2022 from 24.0% in 2021. On a comparable basis the EBITDA margin of Fragrance & Beauty was 22.2% in 2022 compared to 24.2% in 2021.

The EBITDA of Taste & Wellbeing increased to CHF 454 million from CHF 434 million in 2021, an increase of 4.5%, whilst the EBITDA margin decreased to 22.6% in 2022, from 24.0% in 2021. On a comparable basis the EBITDA margin of Taste & Wellbeing was 22.7% in 2022 compared to 24.3% in 2021.

### Operating income

The operating income increased to CHF 631 million, compared to CHF 613 million in 2021, an increase of 2.9%. When measured in local currency terms, the operating income increased by 5.5%. The operating margin decreased to 17.3% in 2022 from 18.2% in 2021.

The operating income for Fragrance & Beauty decreased to CHF 291 million in 2022, versus CHF 301 million for the same period in 2021. The operating margin decreased to 17.7% in 2022 from 19.2% in 2021.

In Taste & Wellbeing, the operating income increased to CHF 340 million in 2022 from CHF 312 million in 2021, an increase of 8.7%. The operating margin decreased to 16.9% in 2022 compared to 17.3% in 2021.

### Financial performance

Financing costs were CHF 48 million in the first half of 2022, stable versus CHF 46 million for the same period in 2021. Other financial expenses, net of income, was CHF 71 million in 2022 versus CHF 1 million in 2021, with the increase related to mark-to-market adjustments on marketable securities and increased foreign exchange losses.

The interim period income tax expense as a percentage of income before taxes was 14% in 2022, compared with 15% for the same period in 2021.

### Net income

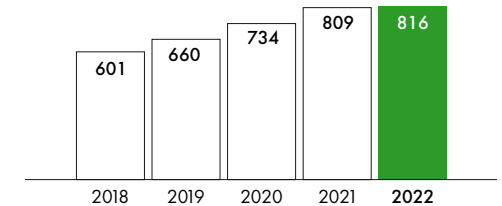
The net income for the first six months of 2022 was CHF 440 million compared to CHF 481 million in 2021, resulting in a net profit margin of 12.1% versus 14.3% in 2021. Basic earnings per share were CHF 47.74 versus CHF 52.19 for the same period in 2021.

### Cash flow

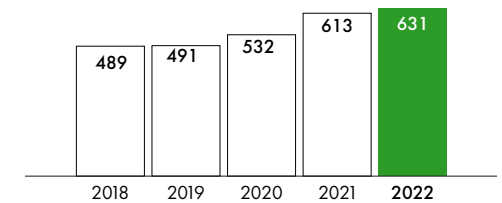
Givaudan delivered an operating cash flow of CHF 131 million for the first six months of 2022, compared to CHF 415 million in 2021.

Net working capital was 29.6% of sales compared to 28.3% in 2021, with higher accounts receivable and inventory levels related to the good sales growth and continuing supply chain challenges, particularly on the inbound supply chain.

Total net investments in property, plant and equipment were CHF 130 million, compared to CHF 79 million in 2021. Intangible asset additions were CHF 34 million in 2022, compared to CHF 41 million in 2021, as the Company continues to invest in its IT and digital platform capabilities and in bringing all acquired entities on to the Givaudan operating platforms.



Group – EBITDA  
in millions of Swiss francs



Group – Operating income  
in millions of Swiss francs

## Business performance

Total net investments in tangible and intangible assets were 4.5% of sales, compared to 3.6% in 2021.

Operating cash flow after net investments was CHF -33 million versus CHF 295 million recorded in 2021. Free cash flow<sup>4</sup> was CHF -147 million in the first half of 2022, versus CHF 186 million for the comparable period in 2021. As a percentage of sales, free cash flow in the first six months of 2022 was -4.0%, compared to 5.5% in 2021.

### Financial position

Givaudan's financial position remained solid at the end of June 2022, as the Company continues to invest for future growth, whilst managing the short-term working capital challenges. Net debt at June 2022 was CHF 5,129 million, up from CHF 4,394 million at the end of December 2021 and CHF 4,727 million in June 2021. The net debt to EBITDA ratio<sup>5</sup> was 3.45, compared to 2.97 at the end of December 2021.

In June 2022, the Group refinanced its multi-bank committed credit facility in the amount of CHF 1.25 billion for a period of five years, with two-year extension options and the possibility to upsize the facility during the term of the facility. This renewed facility is also the first financing event completed under the Group's sustainable-linked financing framework.

### 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 financial 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<sup>1</sup> and free cash flow<sup>4</sup> 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.

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.

### By 2030

Doubling its business through creations that contribute to happier, healthier lives

### Before 2025

Becoming a leading employer for inclusion

### Before 2050

Becoming climate positive

### By 2030

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

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, corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.



# 2022 Half Year Financial Report

# Committed to growth, with Purpose

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# 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	2022	2021
Sales	6	3,652	3,373
Cost of sales		(2,193)	(1,893)
<b>Gross profit</b>		<b>1,459</b>	<b>1,480</b>
as % of sales		40.0%	43.9%
Selling, marketing and distribution expenses		(450)	(453)
Research and product development expenses		(268)	(277)
Administration expenses		(102)	(116)
Share of results of joint ventures and associates		11	2
Other operating income	7	16	12
Other operating expense	8	(35)	(35)
<b>Operating income</b>		<b>631</b>	<b>613</b>
as % of sales		17.3%	18.2%
Financing costs	9	(48)	(46)
Other financial income (expense), net	10	(71)	(1)
<b>Income before taxes</b>		<b>512</b>	<b>566</b>
Income taxes		(72)	(85)
<b>Income for the period</b>		<b>440</b>	<b>481</b>
<b>Attribution</b>			
Income attributable to non-controlling interests		–	–
Income attributable to equity holders of the parent		440	481
as % of sales		12.1%	14.3%
<b>Earnings per share – basic (CHF)</b>	<b>11</b>	<b>47.74</b>	<b>52.19</b>
<b>Earnings per share – diluted (CHF)</b>	<b>11</b>	<b>47.52</b>	<b>51.78</b>

The notes on pages 15 to 23 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	2022	2021
<b>Income for the period</b>	<b>440</b>	<b>481</b>
<b>Items that may be reclassified to the income statement</b>		
<b>Cash flow hedges</b>		
Movement in fair value, net	181	55
Gains (losses) removed from equity and recognised in the consolidated income statement	5	4
Movement on income tax	(14)	(5)
<b>Exchange differences arising on translation of foreign operations</b>		
Movement in fair value arising on hedging instruments of the net assets in foreign operations	25	(42)
Currency translation differences	(58)	224
Movement on income tax	(3)	2
<b>Items that will not be reclassified to the income statement</b>		
<b>Defined benefit pension plans</b>		
Remeasurement gains (losses) of post-employment benefit obligations	157	124
Movement on income tax	(25)	(18)
<b>Other comprehensive income for the period</b>	<b>268</b>	<b>344</b>
<b>Total comprehensive income for the period</b>	<b>708</b>	<b>825</b>
<b>Attribution</b>		
Total comprehensive income attributable to non-controlling interests	–	–
Total comprehensive income attributable to equity holders of the parent	708	825

The notes on pages 15 to 23 form an integral part of these interim condensed financial statements (unaudited).

## Interim condensed consolidated financial statements (unaudited)

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At period ended

in millions of Swiss francs	Note	30 June 2022	31 December 2021 <sup>a</sup>
<b>Assets</b>			
Cash and cash equivalents		310	274
Derivative financial instruments	4	28	16
Financial assets at fair value through income statement	4	13	4
Accounts receivable - trade		1,683	1,464
Inventories		1,585	1,380
Current tax assets		77	57
Prepayments		95	65
Other current assets		151	147
<b>Current assets</b>		<b>3,942</b>	<b>3,407</b>
Derivative financial instruments	4	131	37
Property, plant and equipment		2,307	2,301
Intangible assets		4,796	4,857
Deferred tax assets		124	182
Post-employment benefit plan assets		46	69
Financial assets at fair value through income statement	4	281	297
Interests in joint ventures and investments in associates		57	37
Other non-current assets		230	247
<b>Non-current assets</b>		<b>7,972</b>	<b>8,027</b>
<b>Total assets</b>		<b>11,914</b>	<b>11,434</b>

in millions of Swiss francs	Note	30 June 2022	31 December 2021 <sup>a</sup>
<b>Liabilities and equity</b>			
Short-term debt	12	1,140	429
Derivative financial instruments	4	95	37
Accounts payable - trade and others		960	1,008
Accrued payroll and payroll taxes		149	235
Current tax liabilities		139	188
Financial liability - own equity instruments		122	148
Provisions		9	13
Other current liabilities		258	264
<b>Current liabilities</b>		<b>2,872</b>	<b>2,322</b>
Derivative financial instruments	4	17	61
Long-term debt	12	4,299	4,244
Provisions		82	83
Post-employment benefit plan liabilities		201	371
Deferred tax liabilities		309	285
Other non-current liabilities		113	127
<b>Non-current liabilities</b>		<b>5,021</b>	<b>5,171</b>
<b>Total liabilities</b>		<b>7,893</b>	<b>7,493</b>
Share capital	13	92	92
Retained earnings and reserves	13	6,198	6,365
Own equity instruments	14	(225)	(211)
Other components of equity		(2,049)	(2,317)
<b>Equity attributable to equity holders of the parent</b>		<b>4,016</b>	<b>3,929</b>
Non-controlling interests		5	12
<b>Total equity</b>		<b>4,021</b>	<b>3,941</b>
<b>Total liabilities and equity</b>		<b>11,914</b>	<b>11,434</b>

a) The financial position as at 31 December 2021 has been restated to reflect the acquisition price allocation adjustments for Custom Essence and DDW for a total increase of CHF 14 million explained and detailed in note 5 of these Interim condensed consolidated financial statements.

The notes on pages 15 to 23 form an integral part of these interim condensed financial statements (unaudited).

## Interim condensed consolidated financial statements (unaudited)

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June

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
<b>Balance as at 1 January</b>	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
<b>Total comprehensive income for the period</b>		440		172	(36)	132	708	–	708
Dividends paid		(607)					(607)		(607)
Movement on own equity instruments, net			(14)				(14)		(14)
Non-controlling interests								(7)	(7)
<b>Net change in other equity items</b>		(607)	(14)				(621)	(7)	(628)
<b>Balance as at 30 June</b>	92	6,198	(225)	83	(1,962)	(170)	4,016	5	4,021

2021 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
<b>Balance as at 1 January</b>	92	6,133	(168)	(148)	(1,935)	(484)	3,490	18	3,508
Income for the period		481					481	–	481
Other comprehensive income for the period				54	184	106	344		344
<b>Total comprehensive income for the period</b>		481		54	184	106	825	–	825
Dividends paid		(589)					(589)		(589)
Movement on own equity instruments, net			(74)				(74)		(74)
Non-controlling interests								(4)	(4)
<b>Net change in other equity items</b>		(589)	(74)				(663)	(4)	(667)
<b>Balance as at 30 June</b>	92	6,025	(242)	(94)	(1,751)	(378)	3,652	14	3,666

The notes on pages 15 to 23 form an integral part of these interim condensed financial statements (unaudited).

## Interim condensed consolidated financial statements (unaudited)

### CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June

in millions of Swiss francs	Note	2022	2021
Income for the period		440	481
Income tax expense		72	85
Interest expense		45	43
Non-operating income and expense		74	4
<b>Operating income</b>		<b>631</b>	<b>613</b>
Depreciation of property, plant and equipment	6	103	101
Amortisation of intangible assets	6	82	95
Impairment of long-lived assets	6	–	–
<b>Other non-cash items</b>			
- share-based payments		8	43
- pension expense		22	22
- additional and unused provisions, net		3	7
- other non-cash items		(62)	14
<b>Adjustments for non-cash items</b>		<b>156</b>	<b>282</b>
(Increase) decrease in inventories		(191)	(162)
(Increase) decrease in accounts receivable		(221)	(162)
(Increase) decrease in other current assets		29	(42)
Increase (decrease) in accounts payable		(7)	74
Increase (decrease) in other current liabilities		(86)	(50)
<b>(Increase) decrease in working capital</b>		<b>(476)</b>	<b>(342)</b>
<b>Income taxes paid</b>		<b>(152)</b>	<b>(107)</b>
Pension contributions paid		(20)	(25)
Provisions used		(8)	(6)
<b>Cash flows from (for) operating activities</b>		<b>131</b>	<b>415</b>

in millions of Swiss francs	Note	2022	2021
Increase in long-term debt	12	300	–
(Decrease) in long-term debt	12	(1)	(1)
Increase in short-term debt	12	1,906	760
(Decrease) in short-term debt	12	(1,341)	(247)
<b>Cash flows from debt, net</b>		<b>864</b>	<b>512</b>
Interest paid		(35)	(32)
Purchase and sale of derivative financial instruments, net		3	(1)
Lease payments	12	(28)	(25)
Transactions of non-controlling interest		(7)	(4)
Other, net		(4)	(3)
<b>Cash flows from financial liabilities</b>		<b>793</b>	<b>447</b>
Distribution to the shareholders paid	13	(607)	(589)
Purchase and sale of own equity instruments, net		(51)	(52)
<b>Cash flows from (for) financing activities</b>		<b>135</b>	<b>(194)</b>
Acquisition of property, plant and equipment		(130)	(83)
Acquisition of intangible assets		(34)	(41)
Increase in share capital of jointly controlled entities		(1)	
Acquisition of subsidiaries, net of cash acquired	5		(1)
Proceeds from the disposal of property, plant and equipment		–	4
Proceeds from sales of intangible assets		–	–
Interest received		5	3
Purchase and sale of financial assets at fair value through income statement, net		(3)	(89)
Impact of financial transactions on investing, net		(55)	22
Other, net		(14)	(150)
<b>Cash flows from (for) investing activities</b>		<b>(232)</b>	<b>(335)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>34</b>	<b>(114)</b>
Net effect of currency translation on cash and cash equivalents		2	9
Cash and cash equivalents at the beginning of the period		274	411
<b>Cash and cash equivalents at the end of the period</b>		<b>310</b>	<b>306</b>

The notes on pages 15 to 23 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 to the consumer goods industry. The Group operates in over 100 countries and has subsidiaries and branches in more than 40 countries. Worldwide, it employs 16,815 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 2022 (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 where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

These interim financial statements should be read in conjunction with the 2021 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 2021 statement of financial position has been derived from the audited 2021 consolidated financial statements. Givaudan SA's Board of Directors approved these interim financial statements on 20 July 2022.

## 3. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2021 with the exception of the adoption as of 1 January 2022 of the standards and interpretation described below:

Annual Improvements to IFRS Standards 2018–2020 provides a streamlined process for dealing efficiently with a collection of amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases and IAS 41 Agriculture. The amendments do not impact the current practice of the Group.

Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use prohibit the deduction of proceeds from selling items produced before an item of property, plant and equipment (PP&E) is available for use from the cost of that PP&E. The amendments do not impact the current practice of the Group.

Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendments do not impact the current practice of the Group.

## Notes to the interim condensed consolidated financial statements (unaudited)

### 4. Financial risk management

#### Derivative financial instruments

The Group entered into several forward starting CHF and EUR interest rate swaps in 2022, in order to protect against future increases in the CHF and EUR interest rate, while also fixing the interest rate on future debt issuance. The transactions have the following characteristics:

Entity	Issue date	Type of instrument	Currency of instrument	Notional amount in millions	Annual fixed interest rate (payment)	Floating rate (receipt)	Starting date	Maturity date	Hedged item
Givaudan SA	2022	Forward starting interest rate swaps	CHF	25	1.705%	The 6 months CHF Saron rate	25.04.2025	25.04.2030	Highly probable debt issuance in 2025, replacing the public bond of CHF 200 million, issued in April 2018 with a 7 year maturity
				50	1.850%		15.06.2026	15.06.2030	Highly probable debt issuance in 2026, replacing the public bond of CHF 150 million, issued in June 2022 with a 4 year maturity
				25	2.414%				
				25	1.309%		07.06.2027	07.06.2033	Highly probable debt issuance in 2027, replacing the public bond of CHF 150 million, issued in December 2021 with a 5.5 year maturity
				25	2.078%		10.11.2028	10.11.2036	Highly probable debt issuance in 2028, replacing the public bond of CHF 150 million, issued in November 2020 with a 8 year maturity
				50	0.775%				
				25	2.224%				
				50	2.367%		15.06.2029	15.06.2036	Highly probable debt issuance in 2029, replacing the public bond of CHF 150 million, issued in June 2022 with a 7 year maturity
			EUR	25	2.920%		The 6 months EUR Libor rate	27.04.2027	27.04.2034

## Notes to the interim condensed consolidated financial statements (unaudited)

### Fair value measurements recognised in the statement of financial position

Financial assets consisting of equity and debt securities of CHF 112 million (31 December 2021: CHF 113 million) were measured with Level 1 inputs whereas CHF 33 million (31 December 2021: CHF 36 million) were measured with Level 2 inputs and CHF 104 million (31 December 2021: CHF 107 million) were measured with Level 3 inputs.

Corporate owned life insurances of CHF 38 million (31 December 2021: CHF 45 million) were measured with Level 2 inputs. Furthermore, financial and derivative assets of CHF 159 million (31 December 2021: CHF 53 million) and financial and derivative liabilities of CHF 111 million (31 December 2021: CHF 98 million) were measured with Level 2 inputs. The derivative 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 of interest swaps that are measured using quoted interest rates and yield curves derived from quoted interest rates matching maturities of the contracts. A small portion of the financial and derivative assets consist of investments in bonds and warrants of a publically traded company.

Level 3 financial assets 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. Finally, level 3 financial assets also include the b.kolor investment made by the Group in 2021 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 recognized in other financial income (expenses), net amounted to CHF 5 million (31 December 2021: CHF 2 million).

The carrying amount of each class of financial assets and liabilities disclosed above approximates their fair value. There was no transfer between the level categories in the period.

### 5. Acquisitions and investments Custom Essence

On 3 December 2021 Givaudan acquired 100% of the share capital of Custom Essence, a US based fragrance creation house, for a purchase price of CHF 247 million (USD 268 million).

In accordance with IFRS 3, the Group has updated the acquisition price allocation in the months following the acquisition date. The identifiable assets and liabilities of Custom Essence acquired are recorded at fair value (at the date of acquisition) and are as follows:

in millions of Swiss francs	Provisional fair value	Acquisition price allocation adjustment	Updated fair value at the date of acquisition
Cash and cash equivalents	7		7
Working capital	10		10
Property, plant and equipment	1	(1)	–
- Process-oriented technology and other	24		24
- Client relationships	72	1	73
- Name and product brands	5		5
Other current liabilities	(1)	(2)	(3)
<b>Net assets acquired</b>	<b>118</b>	<b>(2)</b>	<b>116</b>
Cash consideration	247		247
<b>Goodwill</b>	<b>129</b>	<b>2</b>	<b>131</b>

In compliance with IFRS 3, these values determined are provisional and the Group has twelve months from the date of acquisition to finalise the allocation of the acquisition price.

## Notes to the interim condensed consolidated financial statements (unaudited)

### DDW

On 8 December 2021 Givaudan acquired 100% of the share capital of DDW, The Color House, a US based natural colour company, for a purchase price of CHF 213 million (USD 231 million).

In accordance with IFRS 3, the Group has updated the acquisition price allocation in the months following the acquisition date. The identifiable assets and liabilities of DDW acquired are recorded at fair value (at the date of acquisition) and are as follows:

in millions of Swiss francs	Provisional fair value	Acquisition price allocation adjustment	Updated fair value at the date of acquisition
Cash and cash equivalents	9		9
Working capital	24		24
Other current assets	1		1
Property, plant and equipment	24	11	35
- Process-oriented technology and other	23	2	25
- Client relationships	91	(28)	63
- Name and product brands	7	(2)	5
Other non-current assets	12	(1)	11
Other short-term and bank loans	(33)		(33)
Other current liabilities	(32)	(2)	(34)
Other non-current liabilities		(10)	(10)
<b>Net assets acquired</b>	<b>126</b>	<b>(30)</b>	<b>96</b>
Cash consideration	169	(1)	168
Deferred consideration	45		45
<b>Goodwill</b>	<b>88</b>	<b>29</b>	<b>117</b>

The deferred consideration will be settled in cash after a period of 3 years from the date of acquisition and will be subject to adjustment based on agreed performance criteria.

In compliance with IFRS 3, these values determined are provisional and the Group has twelve months from the date of acquisition to finalise the allocation of the acquisition price.

### 6. Segment information

#### Business segments

	Fragrance & Beauty		Taste & Wellbeing		Group	
For the six months ended 30 June, in millions of Swiss francs	2022	2021	2022	2021	2022	2021
Segment sales	1,646	1,564	2,006	1,809	3,652	3,373
Less inter segment sales <sup>a</sup>	–	–	–	–	–	–
<b>Segment sales to third parties</b>	<b>1,646</b>	<b>1,564</b>	<b>2,006</b>	<b>1,809</b>	<b>3,652</b>	<b>3,373</b>
<b>EBITDA</b>	<b>362</b>	<b>375</b>	<b>454</b>	<b>434</b>	<b>816</b>	<b>809</b>
as % of sales	22.0%	24.0%	22.6%	24.0%	22.4%	24.0%
Depreciation	(41)	(41)	(62)	(60)	(103)	(101)
Amortisation	(30)	(33)	(52)	(62)	(82)	(95)
Impairment of long-lived assets	–	–	–	–	–	–
Additions to Property, plant and equipment	55	82	51	35	106	117
Acquisitions of Property, plant and equipment		–				–
Additions to Intangible assets	14	17	21	16	35	33
Acquisitions of Intangible assets (excluding goodwill)		1				1
<b>Total gross investments</b>	<b>69</b>	<b>100</b>	<b>72</b>	<b>51</b>	<b>141</b>	<b>151</b>

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

#### Reconciliation table to Group's operating income

	Fragrance & Beauty		Taste & Wellbeing		Group	
For the six months ended 30 June, in millions of Swiss francs	2022	2021	2022	2021	2022	2021
<b>EBITDA</b>	<b>362</b>	<b>375</b>	<b>454</b>	<b>434</b>	<b>816</b>	<b>809</b>
Depreciation	(41)	(41)	(62)	(60)	(103)	(101)
Amortisation	(30)	(33)	(52)	(62)	(82)	(95)
Impairment of long-lived assets	–	–	–	–	–	–
<b>Operating income</b>	<b>291</b>	<b>301</b>	<b>340</b>	<b>312</b>	<b>631</b>	<b>613</b>
as % of sales	17.7%	19.2%	16.9%	17.3%	17.3%	18.2%
Financing costs					(48)	(46)
Other financial income (expense), net					(71)	(1)
<b>Income before taxes</b>					<b>512</b>	<b>566</b>
as % of sales					14.0%	16.8%

## Notes to the interim condensed consolidated financial statements (unaudited)

### Classification of amortisation expenses is as follows:

For the six months ended 30 June, in millions of Swiss francs	Fragrance & Beauty		Taste & Wellbeing		Group	
	2022	2021	2022	2021	2022	2021
Cost of sales	6	5	8	9	14	14
Selling, marketing and distribution expenses	12	17	15	18	27	35
Research and product development expenses	7	6	20	26	27	32
Administration expenses	1	2	4	5	5	7
Other operating expenses	4	3	5	4	9	7
<b>Total</b>	<b>30</b>	<b>33</b>	<b>52</b>	<b>62</b>	<b>82</b>	<b>95</b>

### 7. Other operating income

in millions of Swiss francs	2022	2021
Gains on disposal of fixed assets	–	3
Other income	16	9
<b>Total other operating income</b>	<b>16</b>	<b>12</b>

### 8. Other operating expense

For the six months ended 30 June, in millions of Swiss francs	2022	2021
Project related expenses	–	3
Amortisation of intangible assets	8	7
Impairment of long-lived assets	–	–
Losses on disposal of fixed assets	2	2
Business taxes	10	9
Acquisition and integration related expenses	3	7
Other expenses	12	7
<b>Total other operating expense</b>	<b>35</b>	<b>35</b>

### 9. Financing costs

For the six months ended 30 June, in millions of Swiss francs	2022	2021
Interest expense	45	43
Net interest related to defined benefit pension plans	2	2
Amortisation of debt discounts	1	1
<b>Total financing costs</b>	<b>48</b>	<b>46</b>

### 10. Other financial (income) expense, net

For the six months ended 30 June, in millions of Swiss francs	2022	2021
Fair value and realised (gains) losses from derivatives instruments, net (at fair value through income statement)	133	2
Exchange (gains) losses, net	(88)	12
Unrealised (gains) losses from financial instruments measured at fair value through income statement	26	(21)
Interest (income)	(5)	(2)
Capital taxes and other non-business taxes	4	5
Other (income) expense, net	1	5
<b>Total other financial (income) expense, net</b>	<b>71</b>	<b>1</b>

## Notes to the interim condensed consolidated financial statements (unaudited)

### 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	2022	2021
<b>Income attributable to equity holder of the parent (in millions of Swiss francs)</b>	<b>440</b>	<b>481</b>
<b>Weighted average number of shares outstanding</b>		
Ordinary shares	9,233,586	9,233,586
Treasury shares	(17,254)	(16,704)
<b>Net weighted average number of shares outstanding</b>	<b>9,216,332</b>	<b>9,216,882</b>
<b>Basic earnings per share (CHF)</b>	<b>47.74</b>	<b>52.19</b>

#### 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	2022	2021
<b>Income attributable to equity holder of the parent (in millions of Swiss francs)</b>	<b>440</b>	<b>481</b>
<b>Weighted average number of shares outstanding for diluted earnings per share of 43,454 (2021: 71,547)</b>	<b>9,259,786</b>	<b>9,288,429</b>
<b>Diluted earnings per share (CHF)</b>	<b>47.52</b>	<b>51.78</b>



## Notes to the interim condensed consolidated financial statements (unaudited)

### 12. Debt

2022 in millions of Swiss francs	Bank borrowings	Bank overdrafts	Public bonds	Private placements	Total short-term and long-term debt	Total lease liabilities <sup>a</sup>	Total debt <sup>a</sup>
<b>Balance as at 1 January</b>	<b>285</b>	<b>1</b>	<b>3,474</b>	<b>503</b>	<b>4,263</b>	<b>410</b>	<b>4,673</b>
Cash flows	561	3	300		864	(28)	836
Non-cash changes							
- Amortisation of debt discount			1		1	3	4
- Acquisition / Divestment							
- Currency effects	-	-	(86)	(3)	(89)	1	(88)
- Lease liabilities						14	14
<b>Balance as at 30 June</b>	<b>846</b>	<b>4</b>	<b>3,689</b>	<b>500</b>	<b>5,039</b>	<b>400</b>	<b>5,439</b>
Within 1 year	740	4	100	243	1,087	53	1,140
Within 1 to 3 years	38		350	257	645	65	710
Within 3 to 5 years	43		1,295		1,338	49	1,387
Thereafter	25		1,944		1,969	233	2,202
<b>Balance as at 30 June</b>	<b>846</b>	<b>4</b>	<b>3,689</b>	<b>500</b>	<b>5,039</b>	<b>400</b>	<b>5,439</b>

a) The financial position as at 1 January 2022 has been restated to reflect the acquisition price allocation adjustments for Custom Essence and DDW explained and detailed in note 5 of these Interim condensed consolidated financial statements.

2021 in millions of Swiss francs	Bank borrowings	Bank overdrafts	Public bonds	Private placements	Total short-term and long-term debt	Total lease liabilities	Total debt
<b>Balance as at 1 January</b>	<b>103</b>	<b>1</b>	<b>3,424</b>	<b>509</b>	<b>4,037</b>	<b>414</b>	<b>4,451</b>
Cash flows	156		150		306	(57)	249
Non-cash changes							
- Amortisation of debt discount			3		3	5	8
- Acquisition / Divestment	33				33		33
- Currency effects	(7)		(103)	(6)	(116)	(2)	(118)
- Lease liabilities						44	44
<b>Balance as at 31 December</b>	<b>285</b>	<b>1</b>	<b>3,474</b>	<b>503</b>	<b>4,263</b>	<b>404</b>	<b>4,667</b>
Within 1 year	175	1	100	104	380	48	428
Within 1 to 3 years	42		150	344	536	67	603
Within 3 to 5 years	43		716	55	814	46	860
Thereafter	25		2,508		2,533	243	2,776
<b>Balance as at 31 December</b>	<b>285</b>	<b>1</b>	<b>3,474</b>	<b>503</b>	<b>4,263</b>	<b>404</b>	<b>4,667</b>

## Notes to the interim condensed consolidated financial statements (unaudited)

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 2022	31 Dec. 2021	
								In millions of Swiss francs		
Givaudan United States, Inc.	2012	Private placements <sup>a</sup>	USD	150	06 Feb 2023	3.300%	Fixed	143	137	
				60	06 Feb 2025	3.450%		57	55	
	2014	Public bonds	CHF	150	19 Mar 2024	1.750%		150	150	
	2016			100	07 Dec 2022	0.000%		100	100	
				200	05 Dec 2031	0.625%		200	200	
	2017	Private placements	EUR	100	20 Dec 2022			Floating <sup>c</sup>	100	104
				200	20 Dec 2024	1.331%		200	207	
	2018	Public bonds	CHF	200	09 Apr 2025	0.375%		200	200	
				500	17 Sep 2025	1.125%		498	516	
	2020		EUR	800	17 Sep 2030	2.000%		796	826	
150				10 Nov 2028	0.150%	150	150			
Givaudan SA	2021	Public bonds	CHF	150	07 Jun 2027	0.125%	150	150		
				150	07 Jun 2030	0.375%	150	150		
	2022		150	07 Jun 2026	1.125%	150				
			150	07 Jun 2029	1.625%	150				
	2021	Other local borrowings	CHF	20	04 Jan 2022		Floating <sup>c</sup>	160	20	
	2022			160	Various maturities			160		
	2021			80	05 Jan 2022			105	72	
	2022	EUR	110	30 Aug 2022		100				
			100	01 Jul 2022		100				
	Givaudan Finance Europe BV	2020	Public bond	EUR	500	22 Apr 2027	1.000%	Fixed	497	516
500					22 Apr 2032	1.625%	498		516	
2022		Other local borrowings	EUR	290	Various maturities	-0.135%	290			
Other entities	2021	Other local borrowings	EUR	4	Various maturities	1.180%	Floating	3	4	
	2022			3						
	2021		CNY	799				113	115	
	2022			791				72	74	
	2021	INR	6,000		7	1				
	2022		5,940							
2022	other									
<b>Total short-term and long-term debt<sup>b</sup></b>								<b>5,039</b>	<b>4,263</b>	

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 exceeds its carrying value by approximately 5% as at 30 June 2022.

c) The floating interest rates are based on alternative reference rates as per IBOR reform.

## Notes to the interim condensed consolidated financial statements (unaudited)

### 13. Equity

At the Annual General Meeting held on 24 March 2022 the distribution of an ordinary dividend of CHF 66.00 per share (2021: ordinary dividend of CHF 64.00 per share) was approved. The dividend payment has been paid out of available retained earnings. At 30 June 2022 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 2022 the Group held 6,772 own shares (2021: 5,669), as well as derivatives on own shares, equating to a total long position of 34,500 (2021: 54,500).

### 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.

Two of the Group's US affiliates, Givaudan Flavors Corporation and Ungerer & Company have been named as defendants in numerous lawsuits 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 2022 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 2022 Half Year Results Media Release and on pages 6 - 8 of the 2022 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 2022 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	2022	2021
<b>Income for the period</b>	<b>440</b>	<b>481</b>
Interest and other financial (income) expense, net	119	47
Income taxes	72	85
<b>Operating income</b>	<b>631</b>	<b>613</b>
Depreciation	103	101
Amortisation	82	95
Impairment	–	–
<b>EBITDA</b>	<b>816</b>	<b>809</b>

### 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 2022 Half Year Results Media Release. In that reconciliation table, all significant one-off items have been explained.

## Alternative Performance Measures

### 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	2022	2021
<b>Cash flows from (for) operating activities</b>	<b>131</b>	<b>415</b>
Acquisition of property, plant and equipment	(130)	(83)
Proceeds from the disposal of property, plant and equipment	–	4
Acquisition of intangible assets	(34)	(41)
Proceeds from the disposal of intangible assets	–	–
Interest paid	(35)	(32)
Lease payments	(28)	(25)
Purchase and sale of own equity instruments, net	(51)	(52)
<b>Free cash flow (FCF)</b>	<b>(147)</b>	<b>186</b>
Sales	3,652	3,373
<b>Free cash flow (FCF) as a % of sales</b>	<b>(4.0%)</b>	<b>5.5%</b>

### Net debt to EBITDA Ratio

The Net debt to EBITDA ratio is calculated as follows:

In millions of Swiss francs	30 June 2022	31 December 2021 <sup>b</sup>
Short-term debt	1,140	428
Long-term debt	4,299	4,239
Less: cash and cash equivalents	(310)	(273)
<b>Net debt</b>	<b>5,129</b>	<b>4,394</b>
<b>EBITDA<sup>a</sup></b>	<b>1,489</b>	<b>1,482</b>
Net debt to EBITDA ratio	3.45	2.97
Comparable EBITDA <sup>a</sup>	1,507	1,504
<b>Net debt to Comparable EBITDA ratio</b>	<b>3.40</b>	<b>2.92</b>

a) The EBITDA and comparable EBITDA for 30 June 2022 are based on 12 months performance from 1 July 2021 to 30 June 2022.

b) The comparative numbers have not been restated for the acquisition price allocation adjustments that were reflected in the main statements of the half year financial report.

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