

Press Release

Kaiseraugst (Switzerland), Heerlen (Netherlands), August 2, 2023

dsm-firmenich reports H1 2023 results

The Press Release includes information that is presented on a pro forma basis ('pro forma figures') as well as other alternative performance measures (APMs), and information that is presented in accordance with IFRS as issued by the International Accounting Standard Board ('IFRS figures'). Please refer to the section [Definitions](#) for the definitions as applied.

Management Report

H1 2023 highlights

- DSM and Firmenich merger successfully completed on May 8, 2023
- Integration progressing in-line with plan, with initial benefits of synergies already being delivered
- Perfumery & Beauty and Taste, Texture & Health delivered good performances in a volatile macro-economic environment
- Weak vitamin market conditions primarily affected Animal Nutrition & Health, but also, to a lesser extent, Health, Nutrition & Care, leading to an acceleration of plans to structurally improve performance

Key figures on a pro forma basis¹

in € millions	Pro forma H1 2023	Pro forma H1 2022	% Change	Pro forma Q2 2023	Pro forma Q2 2022	% Change
Sales	6,152	6,497	(5)	3,030	3,335	(9)
Organic sales growth (%)	(5)			(7)		
Adj. EBITDA	929	1,177	(21)	408	582	(30)
Adj. EBITDA margin (%)	15.1	18.1		13.5	17.5	
Core adj. net profit	236	574	(59)			

¹ Represents the figures on a pro forma basis, including the Firmenich results as if the merger had occurred on January 1, 2022, and with purchase price allocation adjustments included as of May 8, 2023. The pro forma figures represent the results from continuing operations – please also refer to the section [Definitions](#).

Key IFRS figures per the condensed consolidated interim financial statements²

in € millions	H1 2023	H1 2022	% Change
Sales	4,470	4,115	9
Net profit (total group)	2,375	458	419

² Represents the figures on an IFRS basis, including the Firmenich results as of the merger date May 8, 2023 – please also refer to the [condensed consolidated interim income statement](#).

Geraldine Matchett and Dimitri de Vreeze, Co-CEOs, commented: "We are well advanced in the integration phase of the merger and excited by the positive response of customers to our enhanced business proposition, giving us even greater confidence in the delivery of our synergy targets. The performance of our Perfumery & Beauty and Taste, Texture & Health units in the first six months demonstrates the quality of these businesses and the synergy potential of the merger.

As communicated in our trading update of June 28, 2023, market conditions in our vitamin activities weakened throughout the first half, impacting in particular Animal Nutrition & Health, leading to an acceleration of our plans aimed primarily at structurally improving the earnings quality and reducing the volatility of our vitamins business. We expect these measures to deliver savings of around €200m annually. These are on top of our integration synergy cost savings.

Through principally the quality of our core activities, our targeted synergies and the decisive and impactful actions recently announced, we are confident that we will realize our mid-term financial targets. All of this is underpinned by the attractive opportunities presented by our highly complementary portfolio of ingredients, science and technologies enabling us to deliver superior innovation-led growth as the world leader in nutrition, health and beauty."

Outlook 2023

As announced on June 28, 2023, given the current weak macro-economic outlook, dsm-firmenich does not anticipate a material improvement in business conditions in the second half of 2023. As a result, the company estimates a FY 2023 on a pro forma basis Adjusted EBITDA of between €1,800-1,900 million (versus €2,275 million in FY 2022). Within this, the company



estimates a negative vitamin effect on full year Adjusted EBITDA of about €400 million as well as a negative foreign exchange effect for dsm-firmenich of about €100 million. The vitamin effect has been exacerbated by high vitamin inventories, produced at elevated costs, delaying the expected positive impact from lower input costs in H2 2023.

Strategy

The merger of DSM and Firmenich created a world-leader in nutrition, health and beauty, through which its highly integrated portfolio of nutritional, natural and renewable ingredients, together with complementary science capabilities and technologies, will deliver superior innovation-led growth.

By creatively applying proven science and drawing on data-driven innovation capabilities as well as exceptional standards of operational excellence, dsm-firmenich seeks to tackle the tension between what society needs, what people individually want, and what the planet demands in the areas of nutrition, health, and beauty. By working closely together with customers to create what is essential for life as well as desirable for consumers yet simultaneously more sustainable for the planet, dsm-firmenich is poised to bring progress to life for billions of people around the world.

dsm-firmenich is organized in four distinct high-performing businesses, rooted in complementary world-class scientific research and manufacturing excellence: Perfumery & Beauty (P&B); Taste, Texture & Health (TTH); Health, Nutrition & Care (HNC); Animal Nutrition & Health (ANH).

dsm-firmenich is a purpose-led company where people and planet as well as financial success are at the core of its strategy. Created through two growth companies that are also global sustainability leaders, dsm-firmenich is determined to further enhance its positive impact in the world, continually raising the bar to help tackle climate change, protect nature, and care for people all along the value chain.

Integration: synergies

dsm-firmenich expects to realize annual revenue synergies of around €500m, with a full run rate achieved by the end of year 4, as a result of an acceleration of innovation with customers, roughly split as follows:

- 60% in TTH business unit
- 25% in HNC business unit
- 15% in P&B business unit

Total synergies are expected to generate approximately €350m of additional Adjusted EBITDA per year, of which roughly half is estimated to come from cost synergies, with the full run rate achieved by the end of year 3.

Vitamin transformation program: acceleration of strategic actions

As announced on June 28, 2023, dsm-firmenich made the decision to accelerate a series of planned actions to restructure its vitamin business following the further weakening of the vitamin markets which predominantly impacts the performance of its ANH business. These actions aim to reduce its exposure to vitamins and related earnings volatility, thereby increasing the company's earnings quality. The action plan includes:

- Restructuring of the vitamin asset footprint
- Creating a new separate vitamin unit within ANH
- Reducing working capital/inventories
- Establishing a new senior executive role, Vitamin Transformation Program Director, reporting directly to the CEO
- Accelerating the growth of ANH in its higher-margin Performance Solutions and Precision Services businesses

Combined, all these actions are expected to result in an estimated saving of around €200 million per year with the full run rate to be reached by the end of 2024. These savings will be in addition to the previously announced €350m Adjusted EBITDA integration synergies target.

To see more details, please refer to the announcement in our [trading update](#) on June 28, 2023.

Mid-term targets

Further to the specific actions in vitamins, the company will also take a broader view on all business segments to prioritize and accelerate the company's high growth/higher margin segments. The company will maintain strict cost controls, accelerated by a wide range of self-help cost saving initiatives, fully focused on maximizing the operational performance of its activities and significantly improve its cash flow generation supported by reducing its working capital.



dsm-firmenich is confident that through principally the quality of its core activities, the targeted €350m Adjusted EBITDA synergies, and all actions being taken, it will realize its mid-term financial targets of 22-23% Adjusted EBITDA margins and 5-7% annual organic sales growth.

The company remains committed to operating with a strong balance sheet and maintaining a strong investment grade rating, and will prioritize capex, innovation-led organic growth, and dividends in the coming period. Within all the actions taken, the company remains committed to science, research, sustainability and innovation, to ensure our growth for the short, mid, and long term and build the company for the future.

Dividend

On June 29, 2023, the Extraordinary General Meeting of dsm-firmenich AG adopted the proposed dividend per ordinary share of €1.60. The dividend was fully paid out of the capital contributions reserve and therefore paid without deduction of any Swiss withholding tax. The payment was made on July 6, 2023.

Share Placement

On May 25, 2023, dsm-firmenich executed a share placement of 6,696,477 ordinary shares that had been created at the incorporation of the company, but which had not been tendered for by DSM NV shareholders. These dsm-firmenich ordinary shares – representing approximately 2.5% of dsm-firmenich's share capital – were sold to institutional investors, at a price of €109.50 per share. dsm-firmenich intends to use these total proceeds of €733 million to fund the cash consideration payable in relation to the buy-out procedure of the DSM NV shareholders that had not tendered.

Buy-Out of remaining DSM Shareholders

dsm-firmenich has commenced the statutory buy-out procedure to acquire the 6,696,477 DSM ordinary shares that were not tendered in the exchange offer. These remaining DSM Shareholders will receive as a buy-out price a cash consideration for their shares to be transferred to dsm-firmenich. More information can be found on the [DSM website](#).



Key figures and indicators on a pro forma basis¹

in € millions	Pro forma H1 2023	Pro forma H1 2022	% Change	Pro forma Q2 2023	Pro forma Q2 2022	% Change
Net sales	6,152	6,497	(5)	3,030	3,335	(9)
P&B	1,875	1,885	(1)	903	953	(5)
TTH	1,533	1,532	0	761	797	(5)
HNC	1,144	1,205	(5)	562	613	(8)
ANH	1,571	1,835	(14)	786	953	(18)
Corporate	29	40	(28)	18	19	(5)
Adj. EBITDA	929	1,177	(21)	408	582	(30)
P&B	379	365	4			
TTH	289	271	7			
HNC	220	268	(18)			
ANH	85	313	(73)			
Corporate	(44)	(40)	10			
Adj. EBITDA margin (%)	15.1	18.1		13.5	17.5	
P&B	20.2	19.4				
TTH	18.9	17.7				
HNC	19.2	22.2				
ANH	5.4	17.1				
Adj. EBIT	417	740	(44)			
Core adj. EBIT	459	740	(38)			
Core adj. net profit	236	574	(59)			
Average number of shares (x millions)	265.2	264.3				
Core adj. EPS	0.87	2.14				
(Avg.) core capital employed	16,427	15,825				
Core adj. ROCE (%)	5.6	9.4				
Operating working capital	4,089	3,935				
Capital expenditures (cash)	348	393				
Adj. gross operating free cash flow	285	429				

¹ Represents the figures on a pro forma basis, including the Firmenich results as if the merger had occurred on January 1, 2022, and with purchase price allocation adjustments included as of May 8, 2023. The pro forma figures represent the results from continuing operations – please also refer to the section [Definitions](#).

Key IFRS figures and indicators per the condensed consolidated interim financial statements²

in € millions	H1 2023	H1 2022	% Change
Net sales	4,470	4,115	9
EBITDA	317	694	(54)
EBITDA margin (%)	7.1	16.9	
EBIT	(371)	398	(193)
Net profit (total group)	2,375	458	
Net EPS (total group)	11.77	2.60	
Effective tax rate (%)	27.7	20.2	
Net debt	1,831	1,395	
Workforce (headcount)	29,306	20,682 ³	

² Represents the figures on an IFRS basis, including the Firmenich results as of the merger date May 8, 2023 – please also refer to the [condensed consolidated interim income statement](#). A reconciliation between the alternative performance measures (APMs) and the most directly reconcilable IFRS metric can be found in [Note 2](#) to the condensed consolidated interim financial statements.

³ Refers to total group, including discontinued operations, at year-end.



dsm-firmenich H1 2023 on a pro forma basis

in € millions	Pro forma H1 2023	Pro forma H1 2022	% Change	Pro forma Q2 2023	Pro forma Q2 2022	% Change
Sales	6,152	6,497	(5)	3,030	3,335	(9)
Organic sales growth (%)	(5)			(7)		
Adj. EBITDA	929	1,177	(21)	408	582	(30)
Adj. EBITDA margin (%)	15.1	18.1		13.5	17.5	

H1 2023

The company recorded a 5% decline in organic sales with a small positive price effect offset by lower volumes. While Perfumery & Beauty (P&B) and Taste, Texture & Health (TTH) delivered good performances, Animal Nutrition & Health (ANH) was significantly impacted by low vitamin prices, which also affected, but to a lesser extent, Health Nutrition & Care (HNC).

The first half Adjusted EBITDA was €929 million compared to €1,177 million in the comparable period, resulting in a 300bps margin contraction to 15.1%, largely reflecting an estimated vitamin effect of around €200 million and a negative foreign exchange impact. P&B and TTH continued to deliver strong Adjusted EBITDA growth in a volatile macroeconomic environment, while ANH was impacted by the low vitamin prices, which also impacted, but to a lesser extent, HNC.

Q2 2023

Organic sales development in the quarter was lower at -7%, mainly due to the increasing impact of low vitamin prices in ANH and HNC, as well as the Pinova plant fire in P&B. This was also reflected in the development of the Adjusted EBITDA.



Business Unit Review

Perfumery & Beauty

Perfumery & Beauty (P&B) is a leader in fragrances and active beauty, supported by the broadest palette of more than 4,000 clean and responsibly sourced fragrances and renewable ingredients, the best talent in the industry, powered by science and digital capabilities. It delivers essential, desirable, and sustainable solutions across its three main segments: Perfumery, Ingredients and Personal Care.

Business unit results on a pro forma basis

in € millions	Pro forma H1 2023	Pro forma H1 2022	% Change	Pro forma Q2 2023	Pro forma Q2 2022	% Change
Sales	1,875	1,885	(1)	903	953	(5)
Organic sales growth (%)	0			(2)		
Adj. EBITDA	379	365	4			
Adj. EBITDA margin (%)	20.2	19.4				

Sales and Adjusted EBITDA

H1 2023

P&B recorded flat organic growth in the first half, with mid-single digit higher pricing, supported by initiatives to counter the impact of raw material costs and other inflationary pressures, offset by lower volumes in Ingredients.

Across segments, Perfumery delivered a good performance, with strong growth in Fine Fragrances and solid growth in Consumer Fragrances. Ingredients was weak with destocking and the impact of the shutdown of the Pinova ingredients plant in Georgia, US. Personal Care performed well in the first half, supported by good demand.

The H1 2023 Adjusted EBITDA was up 4% compared to H1 2022, despite a negative foreign exchange effect, supported by strong pricing and continuous cost control efforts. As a result, the Adjusted EBITDA margin increased to 20.2% from 19.4% in H1 2022.

Q2 2023

P&B saw a slightly lower organic sales performance of -2%, mainly due to the negative impact from the Pinova plant shutdown in Ingredients. Performance in Perfumery and Personal Care remained good.

Innovations

In the first half of the year, P&B launched new innovations offering superior performance and active benefits to its fragrances. **EcoScent Compass® Next Generation** introduced enhanced sustainability data and greater traceability via digitalization. **PopScent® Eco Max** now offers an encapsulation made exclusively with 100% biodegradable ingredients. The **HaloScent®** palette was enriched with new biodegradable and long-lasting fragrances thanks to two perfume molecules released over time for a better experience.

P&B, aiming to provide both functional and emotional benefits through fragrances and actives, launched new **SkinPositive™ Biome** fragrances that are gentle to the skin and **EmotiCODE® Focus** - patent-pending, AI-generated - design rules for fragrances that boost wellbeing and focus.

P&B continued its journey to drive a sustainable transformation of the palette of ingredients, by adding new renewable, biodegradable and upcycled ingredients, and by using alternative technologies and guided by green chemistry principles through its **Sylvergreen®** innovation program.



Taste, Texture & Health

Taste, Texture & Health (TTH) brings progress to life by tackling some of society's biggest challenges: providing natural, nutritious, healthy & affordable food, accelerating diet transformation with appealing taste and texture, and nourishing a growing global population whilst minimizing food loss and waste – sustainably. TTH consists of Taste, which includes among other flavors, natural extracts, sweetener solutions, plant-based proteins, and Ingredients Solutions, including food enzymes, textures, cultures, natural colorants, nutrients and yeast extracts.

Business unit results on a pro forma basis

in € millions	Pro forma H1 2023	Pro forma H1 2022	% Change	Pro forma Q2 2023	Pro forma Q2 2022	% Change
Sales	1,533	1,532	0	761	797	(5)
Organic sales growth (%)	1			(2)		
Adj. EBITDA	289	271	7			
Adj. EBITDA margin (%)	18.9	17.7				

Sales and Adjusted EBITDA

H1 2023

TTH recorded organic sales growth of 1%, with a mid-single digit price increase almost fully offset by lower volumes. Taste delivered a strong performance, more than offsetting a decline in Ingredients Solutions.

TTH saw continued solid conditions in its key end-user markets, including beverages, confectionary and fresh bakery & cereals, albeit with ongoing destocking across the board. In Ingredients Solutions enzymes and cultures showed solid performance, but nutrients, yeast extracts and colorants were weak, and volumes were impacted by a deliberate decision to step away from some low-margin business.

The H1 2023 Adjusted EBITDA was €289 million, up 7% compared to prior year H1, despite a negative FX effect. Adjusted EBITDA margin improved by 120bps to 18.9% compared to the same prior-year period, driven by strong pricing actions and an improved mix as a result of strong growth in Taste.

Q2 2023

TTH saw a slightly lower organic sales development (-2%) with a continued good performance in Taste, but with a lower positive price effect in Ingredients Solutions.

Innovations

TTH has identified sales synergies by bringing Taste and Ingredient Solutions together, driven by cross-selling and new joint concepts with additional upside potential from joint innovation. Further to these sales synergies, TTH is also expected to contribute through savings on direct sourcing spent.

To capture these synergies, TTH is rolling-out a plan that includes mobilizing sales and technical teams, ongoing learning & development journeys, incentives, tracking, supporting speedy delivery with efficient and agile back offices, amongst others.

TTH made good progress with its innovation platforms in salt-reduction as well as sugar-reduction, in which it remains focused on achieving its ambition in Diet Transformation. Its current sugar reduction technologies, **TasteGEM**®, **ModulaSENSE**®, and **TastePRINT**®, remove calories from consumer's diets. Avansya, the joint venture with Cargill for the production and marketing of **Eversweet**®, the sustainable Reb M Stevia, can benefit from solutions present within the Taste unit.

TTH's integrated toolboxes for meat and dairy alternatives as well as new generation of **SmartProteins**® 3D Masking solutions helps to address specific off-notes of fast-growing protein crops such as oat, chickpea and fava, to help clients design more nutritious and delicious food and beverages.



Health, Nutrition & Care

Health, Nutrition & Care (HNC) enables people to improve their health by supplementing their diet with critical nutrients and driving medical innovation forward, so helping to optimize immunity, speed up recovery and enhancing quality of life. This business unit mainly consists of DSM's former HNC business, excluding the former Personal Care & Aroma Ingredients business.

Business unit results on a pro forma basis

in € millions	Pro forma H1 2023	Pro forma H1 2022	% Change	Pro forma Q2 2023	Pro forma Q2 2022	% Change
Sales	1,144	1,205	(5)	562	613	(8)
Organic sales growth (%)	(5)			(7)		
Adj. EBITDA	220	268	(18)			
Adj. EBITDA margin (%)	19.2	22.2				

Sales and Adjusted EBITDA

H1 2023

HNC organic sales declined 5% compared to the same prior year period, driven by a high-single-digit decline in volumes resulting from continued destocking across various market segments, as well as dsm-firmenich's decision to step away from some low-priced vitamin sales. Prices, up low-single digits, were a direct function of the carry-over of pricing initiatives from H2 last year to compensate for higher costs, though this effect was largely offset by lower vitamin prices, driven by the exceptional situation in the vitamin markets.

End-user demand in immunity-optimizing Dietary Supplements remained weak through the first half, especially in North America i-Health continued to deliver a solid performance with its gut health, brain health and women's health solutions in a growing market. Pharma was down on a tough year-on-year comparison. Medical Nutrition businesses experienced good market conditions and Biomedical Materials performed very strongly.

Early Life Nutrition faced a challenging comparable period that benefitted from strong sales growth in Europe due to product shortages in North America in the first half of last year. HMOs (human-milk oligosaccharides) saw strong interest from customers, especially for applications in new premium products, and regulatory approval in China is expected in H2.

The H1 2023 Adjusted EBITDA was down 18% year-on-year, with a vitamin effect of roughly €50m, resulting in a drop in Adjusted EBITDA margins from 22.2% in H1 2022 to 19.2% in H1 2023.

Q2 2023

HNC saw softer conditions in Q2, with a 7% decline in organic sales, driven by the increasing impact of low vitamin prices as well as walking away from some low-margin sales volumes. In Dietary Supplements, the rate of decline moderated somewhat through the second quarter.

Innovations

HNC continued to expand the i-Health portfolio, launching two new products in the first half of 2023. The first, **Estroven Complete + Ashwagandha** is a unique innovation in the industry, designed not only to address typical menopausal symptoms but also additional symptoms such as stress, fatigue and sleeplessness which are experienced by the majority of menopausal women. The second, **AZO d-Mannose**, are gummies offering additional protection to manage women's everyday urinary health in a consumer-preferred format, making this product the first of this kind of solution in this market.

HNC is well on track with planned synergies, with the first effects already being seen. Since the closing of the merger, the business has been integrating the legacy Firmenich flavors portfolio focused on consumer health care. Having now both functional health ingredients and superior flavor capabilities, HNC is able to deliver infinite end-to-end solutions to delight consumers, adding to the opportunity to just cross-sell nutritional and taste ingredients, and blend these ingredients in its global premix network.



M&A

On 3 July 2023, dsm-firmenich completed the [acquisition of Adare Biome](#), a pioneer in the development and manufacturing of postbiotics.

Postbiotics is a rapidly emerging segment of the gut health market that is projected to grow strongly. dsm-firmenich anticipates being able to rapidly extend the availability of Adare Biome's **Lactéol**® for people through its B2C unit, i-Health. This branded supplement for relieving gut upsets is now available over the counter in 35 countries and is one of the most scientifically well-documented microorganism-based therapeutics in the world in terms of efficacy and safety.

Additionally, further development of the postbiotic B2B ingredient will include further science development and developing opportunities in dietary supplements, early life nutrition, medical nutrition and nutritional improvement for the under-nourished. Adare Biome will also help establish dsm-firmenich as a frontrunner in the growing microbiome management market for pets and expand its animal health range, where the stability of postbiotics means they can be incorporated into dsm-firmenich's premix feed solutions.



Animal Nutrition & Health

Animal Nutrition & Health (ANH) delivers healthy animal proteins efficiently and sustainably, whilst harnessing the power of data to make animal farming practices more sustainable, productive, and transparent.

Business unit results on a pro forma basis

in € millions	Pro forma H1 2023	Pro forma H1 2022	% Change	Pro forma Q2 2023	Pro forma Q2 2022	% Change
Sales	1,571	1,835	(14)	786	953	(18)
Organic sales growth (%)	(14)			(16)		
Adj. EBITDA	85	313	(73)			
Adj. EBITDA margin (%)	5.4	17.1				

Sales and Adjusted EBITDA

H1 2023

ANH saw a 14% decline in organic sales, with pricing down mid-single digits and volumes down high-single digits, owing to exceptionally low vitamin prices resulting from oversupply in a weak market that is experiencing soft feed demand particularly in China, where swine herd sizes contracted somewhat.

While animal protein consumption has remained resilient overall in a strong inflationary environment for animal protein products, farmers' economics remained under pressure, leading to extreme destocking and a necessity-driven preference for cheap ingredients at this time as farmers continue to live from hand to mouth.

These conditions negatively impacted ANH's straight vitamin sales with both prices and volumes down significantly. In response to the weakening of vitamin prices, dsm-firmenich decided to accelerate a series of actions to restructure its vitamin business. This will result in increased earnings quality and a reduced exposure to vitamins and related earnings volatility.

Performance solutions, such as enzymes, gut health solutions, mycotoxin management, performed well delivering higher volumes and prices as farmers continued to seek ways to maximize feed efficiency yield.

The H1 2023 Adjusted EBITDA was down 73% year-on-year, with a vitamin effect of at least €150m. The Adjusted EBITDA margin contracted from 17.1% in H1 2022 to 5.4% in H1 2023, driven by lower vitamin prices, lower volumes and higher costs. This has led to an acceleration of plans to structurally improve performance.

Q2 2023

ANH delivered a weaker organic sales performance, down 16%, as weak vitamin market conditions deteriorated further, especially noticeable in June.

Innovations

Bovaer® made good progress with commercializing the product around the world, with numerous successful pilot projects across Europe, Latam and Oceania, as well as signing a couple of long-term agreements with more to come. It sees strong interest and consumer pull for this innovative solution reducing methane emission. The construction of the new manufacturing facility in Dalry, Scotland, which will significantly increase production of Bovaer®, is on track with first production expected in 2025. This will enable dsm-firmenich to ramp-up sales.

Veramaris®, the 50/50 partnership with Evonik, saw a strong demand for algae-derived omega-3 for salmon farming during the first half of the year with doubled sales year-on-year, whilst also seeing increasing interest for other applications such as pet food and human nutrition.

Feed enzymes has been experiencing significant growth in a new generation of phytase increasing phosphorus utilization (**Hiphorius**) and protease increasing availability of feed protein (**Proact 360**) as well as **Balancius®**, an enzyme improving nutrient utilization and gut health.



dsm-firmenich continued to expand its precision nutrition services through its **Verax™** tool in different geographies and species. It also started cooperation with **Foundation Earth** on eco-labeling of food and beverages which means that agri-food companies joining Foundation Earth can now access dsm-firmenich's **Sustell™**.



Corporate activities

Results on a pro forma basis

in € millions	Pro forma H1 2023	Pro forma H1 2022	% Change	Pro forma Q2 2023	Pro forma Q2 2022	% Change
Sales	29	40	(28)	18	19	(5)
Adj. EBITDA	(44)	(40)				

Corporate activities, which represent corporate operating and service activities, are comparable with the prior year period which benefited from a small one-off benefit.

Cash Flow and Working Capital

Cash Flow and Working Capital on a pro forma basis

in € millions	Pro forma H1 2023	Pro forma H1 2022
Adj. gross operating free cash flow	285	429
Operating working capital (OWC)	4,089	3,935
OWC as % of sales – end of period	33.7	29.5
Total working capital (WC)	3,321	3,124
Total WC as % of sales – end of period	27.4	23.4

Adjusted gross operating free cash flow was impacted by the decrease in Adjusted EBITDA, lower payables and an increase in inventories on the back of soft volumes.

These developments were also reflected in the changes in Working Capital. Receivables remained largely flat, with overdue balances at a continued low level.

Divestment DSM Materials

On April 3, 2023, DSM announced the completion of the sale of its Engineering Materials business to Advent International and LANXESS for an enterprise value of €3.85 billion. The agreement was initially announced on May 31, 2022. The sale resulted in a book profit of €2.8bn.

The transaction covered all of DSM's Engineering Materials activities and marked the conclusion of DSM's divestment of its Materials business in order to focus on Health and Nutrition.



Sustainability

As a company formed of two global sustainability leaders, dsm-firmenich is determined to keep developing its positive impact – for the good of people, climate, and nature. Both legacy companies have long been working to improve the lives of people around the world, now and for the generations to come. dsm-firmenich is committed to integrating two sets of ambitious targets as well as transparent reporting. Until this integration is complete, the company’s sustainability reporting comprises integrated and non-integrated metrics. dsm-firmenich is committed to continue obtaining reasonable assurance on its sustainability reporting.

dsm-firmenich has received its first joint listing as a constituent company in the FTSE4Good Index Series. Both DSM and Firmenich maintain their pre-merger legacy ratings from respected rating agencies. This includes a Platinum rating from EcoVadis (78 and 88 respectively) and a low ESG risk rating from Sustainalytics with each legacy company maintaining their ratings of 19.7 and 10.5 respectively. Firmenich holds its AAA rating (Climate, Water, Forests) and DSM its AA rating (Climate, Water) from CDP. Both companies have again been awarded CDP Supplier Engagement Leader recognition. Furthermore, Firmenich was acknowledged among the Most Ethical Companies by Ethisphere and attained the “Move” status from EDGE, while DSM holds an ISS ESG Prime rating, an AAA MSCI Rating and a top score from Moody’s ESG Solutions.

	DSM ¹	Firmenich
GHG emissions and energy		
Scope 1 + 2 GHG emissions absolute reduction ²	35% versus 2016	37% versus 2017
Scope 3 GHG emissions reduction ²	8% intensity versus 2016	1.2% absolute versus 2021 (Cat 1)
Purchased renewable electricity	80%	100%
Safety		
Frequency index of recordable incidents	0.26	0.38

¹DSM result excluding divestments / Materials

²Firmenich excluding 'New Ingredient sites' (DRT)

dsm-firmenich made a significant step up in scope 1&2 GHG emissions reduction due to a further step up in purchased renewable electricity and due to the roll out of energy improvements at 14 sites with projects such as state-of-the art utilities, electrified separation methods or the implementation of digital solutions for better energy management. In its efforts to reduce scope 3 emissions, the company continues implementing business integrated reduction roadmaps for its most contributing value chains and commits to set absolute scope 3 GHG emission reduction targets in 2024.

The company also made considerable efforts to establish and operationalize the new Safety, Health, Environment and Security (SHE&S) organization which will continue to contribute to a safe working environment. Building on the Gold Awards it achieved over the past 3 years, legacy Firmenich has been awarded the prestigious 2023 Chemical Industry Sector Award for occupational health and safety excellence by the Royal Society for the Prevention of Accidents (RoSPA).

Employee engagement

Nearly 60% of all employees across the globe participated in the first-ever dsm-firmenich Pulse survey, offering valuable insights into employee sentiment about the new company. The prevailing feelings around the merger were 'curious' and 'hopeful,' while 77% of employees are already familiar with the new company’s values. Among the employees, 75% feel energized by their work and 79% feel their manager cares about their wellbeing. Despite the significant change, only 22% expressed feelings of uncertainty at this stage of the integration. For further results of the Pulse survey, see below infographic. dsm-firmenich remains committed to addressing concerns, ensuring transparency, and supporting everyone throughout the transition period.



PRIDE

83% of employees are proud to be part of dsm-firmenich.



WORK ENGAGEMENT

82% of employees feel passionate about their work and find it meaningful.



MANAGER

75% of employees are positive about their line manager.



Sourcing

dsm-firmenich is committed to driving a responsible and transparent supply chain everywhere. The company leverages its purchasing power to impact people and nature positively, and thereby reinforcing resilience to climate change. In June 2023, the company held a supplier event with over 100 industry partners to collaborate on creating sustainable value across the various value chains. Additionally, the company encourages suppliers to use the EcoVadis rating platform to monitor and improve their sustainability performance.

While due diligence and certifications are important to drive responsible practices, the company believes it is critical to also drive transformation and positive change through field-based collaborations at source. As such, the company initiated a project in Uttar Pradesh to enhance the mint arvensis supply chain, involving 537 trained farmers and implementing Good Agricultural Practices. Furthermore, the company implemented Path2Farm, a digital traceability tool, in China for monk fruit and stevia supply chains (for its TTH Business Unit), registering 1,700 farmers and recording their agricultural practices.

Sustainable Portfolio Steering

dsm-firmenich is currently evaluating its Sustainable Portfolio Steering (SPS) methodology with the aim of ensuring the methodology is fitting the market environment of the newly formed company. Building on the significant history of measuring portfolio sustainability performance at DSM by means of the Brighter Living Solutions Plus indicator, and Firmenich's proprietary EcoFood® Compass and EcoScent® Compass, dsm-firmenich remains committed to steering its portfolio towards solutions that bring progress to life by combining the essential, the desirable and the sustainable and to transparently reporting on its audited results.



Reconciliation table condensed consolidated interim financial statements to pro forma

The table below provides a reconciliation between the figures presented as per the [condensed consolidated interim financial statements](#) to the ones presented on a pro forma basis earlier in this report.

For the definitions applied, please refer to the section [Definitions](#) below. A reconciliation between the alternative performance measures (APMs) and the most directly reconcilable IFRS metric can be found in [Note 2](#) to the condensed consolidated interim financial statements.

Reconciliation condensed consolidated interim financial statements to pro forma

in € millions	H1 2023 ¹	Firmenich January 1 – May 8	Inter- company eliminations	PPA adjustments	Pro forma H1 2023 ²
Net sales	4,470	1,697	(14)	-	6,152
Adj. EBITDA	595	334	-	-	929
Adj. EBIT to core adj. EBIT	181	236	-	42	459
Adj. net profit cont. operations to core adj. net profit	79	119	-	38	236
Adj. gross operating free cash flow	113	172	-	-	285

	H1 2023 ¹	Firmenich January 1 – May 8	Adj. avg. number of shares	Pro forma H1 2023 ²
Core adj. net profit continuing operations available to holders of ordinary shares (in € millions)	103 ³	128		231 ⁴
Average number of ordinary shares outstanding (x millions)	200.6		64.6 ⁵	265.2
Core adj. net EPS (in €)	0.51			0.87

¹ Represents the figures on an IFRS basis, including the Firmenich results as of the merger date May 8, 2023 – please also refer to the [condensed consolidated interim income statement](#) and [Note 2](#) to the condensed consolidated interim financial statements.

² Represents the figures on a pro forma basis, including the Firmenich results as if the merger had occurred on 1 January 2022, and with purchase price allocation adjustments included as of May 8, 2023. The pro forma figures represent the results from continuing operations – please also refer to the section [Definitions](#).

³ Excluding €6 million CumPref A dividend.

⁴ Excluding €5 million attributable to non-controlling interest.

⁵ Correction to reflect pro forma average shares end of period.

Definitions

Pro forma basis

In preparing the pro forma figures, the financial results of the former Firmenich Group and the former DSM Group have been combined as if the merger had occurred on January 1, 2022, and with purchase price allocation adjustments included as of May 8, 2023. To arrive at these pro forma figures for the current and comparative reporting period, we applied perimeter changes and adjustments related to changes in the Business Unit structure (i.e., the combination of the former units Taste & Beyond and Food & Beverage into the new business unit Taste, Texture & Health; the transfer of Personal Care & Aroma from the business unit Health, Nutrition & Care to Perfumery & Beauty; and other minor adjustments pertaining to the transfer of the Consumer Healthcare business from Taste & Beyond to Health, Nutrition & Care) and the elimination of intercompany profits. The pro forma figures represent the results from continuing operations.

The pro forma information is not intended to revise past performance, but instead intends to provide a comparative basis for the assessment of current performance. This information represents a hypothetical situation and does not purport to represent what the actual result of dsm-firmenich would have been, should the merger with Firmenich actually have occurred at the beginning of DSM's 2022 financial year, nor are they necessarily indicative of future results of dsm-firmenich. The Group does not claim or represent that the pro forma information is indicative of what the results would have been, had the merger taken place as of the date indicated, or of the results that may be achieved in the future.

The pro forma financials are unaudited and include estimates, including for example approximations due to the different reporting currencies.



Alternative Performance Measures (APMs)

To arrive at the Alternative Performance Measures (APMs) Adjusted EBITDA, Adjusted EBIT, and Adjusted net profit, adjustments are made for material items of income and expense arising from circumstances such as acquisitions and divestments, restructuring, impairments and other events (i.e., APM adjustments). Other APM adjusting events include site closure costs, environmental cleaning, litigation settlements or other non-operational (contractual) arrangements. Other than items related to acquisition and integration costs incurred in the first year from the acquisition date (including non-recurring inventory value adjustments) as well as adjustments due to previously recognized APM adjusting events, the threshold is €10 million.

The APMs used throughout this press release are:

Organic sales growth (OSG)

Organic sales growth is the sales growth excluding the impact of acquisitions, divestments, and currency impacts.

Earnings before interest, tax, depreciation and amortization (EBITDA)

EBITDA is defined as IFRS metric operating profit plus depreciation, amortization, and impairments.

Adjusted earnings before interest, tax, depreciation and amortization (Adj. EBITDA)

Adjusted EBITDA is the EBITDA adjusted for material items of profit or loss, as defined under 'APM adjustments'.

EBITDA margin

EBITDA margin is EBITDA expressed as a percentage of net sales.

Adjusted EBITDA margin (Adj. EBITDA margin)

Adjusted EBITDA margin is adjusted EBITDA expressed as a percentage of net sales.

Adjusted operating profit (Adj. EBIT)

Adjusted operating profit (Adj. EBIT) is the IFRS metric operating profit adjusted for material items of profit or loss, as defined under 'APM adjustments'.

Core adjusted EBIT (Core adj. EBIT)

Core adjusted EBIT is calculated as the IFRS metric operating profit adjusted for material items of profit or loss, as defined under 'APM adjustments', and adjusted for the impact of the Firmenich purchase price allocation (PPA).

Adjusted net profit (Adj. net profit)

Adjusted net profit is the IFRS metric net profit adjusted for material items of profit or loss, as defined under 'APM adjustments'.

Core adjusted net profit (Core adj. net profit)

Core adjusted net profit is the IFRS metric net profit from continuing operations adjusted for material items of profit or loss, as defined under 'APM adjustments', and adjusted for the impact of the Firmenich purchase price allocation (PPA).

Adjusted gross operating free cash flow (AGOF CF)

Adjusted gross operating free cash flow (AGOF CF) is defined as the IFRS metric operating profit plus depreciation, amortization, and impairments, adjusted for material items of profit or loss, as defined under 'APM adjustments', corrected for changes in the working capital, minus capital expenditures. This metric is based on continuing operations.

Earnings per share (EPS)

Net profit available to holders of ordinary shares, divided by the average number of ordinary shares outstanding.

Adjusted earnings per share (Adj. EPS)

Adjusted earnings per share (Adjusted EPS) is calculated as the net profit available to holders of ordinary shares adjusted for material items of profit or loss, as defined under 'APM adjustments', divided by the average number of ordinary shares outstanding.



Core adjusted earnings per share (Core adj. EPS)

Core adjusted earnings per share (Core adjusted EPS) is calculated as the net profit from continuing operations available to holders of ordinary shares adjusted for material items of profit or loss, as defined under 'APM adjustments', and adjusted for the impact of the Firmenich purchase price allocation (PPA), divided by the average number of ordinary shares outstanding.

Capital employed

Capital employed is the total of the carrying amount of intangible assets and property, plant and equipment, inventories, trade receivables and other receivables, less trade payables, other current liabilities, investment grants and customer funding. Average capital employed is calculated as the average of the capital employed at the end of the preceding five quarters, including the current quarter.

Core capital employed

Core capital employed is defined as capital employed, adjusted for the impact of the Firmenich purchase price allocation (PPA). Average core capital employed is calculated as the average of the core capital employed at the end of the preceding five quarters, including the current quarter.

Return on capital employed (ROCE)

Return on capital employed (ROCE) is the adjusted operating profit from continuing operations as a percentage of average capital employed.

Return on core adjusted capital employed (Core adj. ROCE)

Return on core capital employed (Core ROCE) is core adjusted EBIT as a percentage of average core capital employed.

Operating working capital

The total of inventories and trade receivables, less trade payables.

Capital expenditures (CAPEX)

Capital expenditures include all investments in intangible assets and property, plant and equipment.

Net debt

Net debt is the total of current and non-current borrowings less cash and cash equivalents, current investments and the net position of derivatives.



Statement of the Board of Directors

Kaiseraugst (Switzerland), Heerlen (Netherlands), August 2, 2023

This document represents dsm-firmenich's half yearly report containing the management report as well as the condensed consolidated interim financial statements for the purpose of the Dutch Act on Financial Supervision (Wet Financieel Toezicht), section 5:25d. The condensed consolidated interim financial statements can be found [here](#). The interim management report can be found [here](#).

Per the Dutch Decree on Transparency for issuing entities subject to the Dutch Act on Financial Supervision (Besluit Transparantie uitgevende instellingen Wft) article 10, the Directors declare that, to the best of their knowledge:

- The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the international Accounting Standards Board
- The interim management report gives a fair review of important events during the first six months of the financial year that impact the Company's business.

Thomas Leysen, Chair of the Board of Directors
Dimitri de Vreeze and Geraldine Matchett, co-CEOs



Condensed consolidated interim financial statements H1 2023

Condensed consolidated interim income statement

	H1 2023	H1 2022
Continuing operations		
Net sales	4,470	4,115
Gross profit	1,408	1,426
Operating profit	(371)	398
Financial income and expense	(77)	(39)
Profit before tax	(448)	359
Income tax expense	36	(72)
Share of net profit of associates and joint ventures	-	4
Net profit from continuing operations	(412)	291
Net profit from discontinued operations	2,787	167
Net profit for the period	2,375	458
Attributable to:		
- Holders of shares	2,361	449
- Non-controlling interests	8	8
- Dividend on cumulative preference shares	6	1
Earnings per share (EPS) total (in €):		
- Net EPS	11.77	2.60
Earnings per share (EPS) continuing operations (in €):		
- Net EPS	(2.12)	1.64

Condensed consolidated interim statement of comprehensive income

in € millions	H1 2023	H1 2022
Net profit for the period	2,375	458
Other comprehensive income		
Remeasurements of defined benefit liability	(19)	31
Change in fair value reserve	(24)	(31)
Exchange differences on translation of foreign operations relating to non-controlling interests	(7)	4
Related tax	4	(15)
Items that will not be reclassified to profit or loss	(46)	(11)
Exchange differences on translation of foreign operations	(153)	489
Change in hedging reserve	10	8
Equity accounted investees - share of other comprehensive income	4	-
Related tax	-	-
Items that may subsequently be reclassified to profit or loss	(139)	497
Total comprehensive income for the period, net of tax	2,190	944



Condensed consolidated interim statement of changes in equity

	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Attr. to equity holders of the parent	Non-contr. interests	Total Equity
x € millions								
Balance at January 1, 2022	328	471	(177)	156	8,540	9,318	79	9,397
Total comprehensive income	-	-	-	465	467	932	12	944
Dividend	-	-	-	-	(459)	(459)	-	(459)
Options / performance shares granted	-	-	-	16	-	16	-	16
Options / performance shares vested / canceled	-	-	-	(24)	24	-	-	-
Repurchase of shares	-	-	(210)	-	-	(210)	-	(210)
Reissued shares	-	-	172	-	(41)	131	-	131
Other changes	-	-	-	(18)	21	3	1	4
Balance at June 30, 2022	328	471	(215)	595	8,552	9,731	92	9,823
Balance at January 1, 2023	328	471	(196)	363	9,777	10,743	102	10,845
Total comprehensive income	-	-	-	(178)	2,367	2,189	1	2,190
Dividend	-	(424)	-	-	(158)	(582)	-	(582)
Options / performance shares granted	-	-	-	10	-	10	-	10
Options / performance shares vested / canceled	-	-	-	(5)	-	(5)	-	(5)
Repurchase / cancellation of shares	(67)	(2)	89	-	(277)	(257)	-	(257)
Transfer minority shareholding DSM B.V. from equity to liability	(10)	(18)	-	-	(597)	(625)	-	(625)
Issue new shares (including swap DSM N.V. into DSM-Firmenich AG)	(248)	11,729	-	-	-	11,481	-	11,481
Reissued shares	-	-	55	-	(34)	21	-	21
Changes in non-controlling interests	-	-	-	-	-	-	44	44
Remuneration on deeply subordinated fixed rate resettable perpetual notes	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	39	39	5	44
Balance at June 30, 2023	3	11,756	(52)	190	11,117	23,014	152	23,166



Condensed consolidated interim balance sheet at June 30

in € millions	June 30 2023	December 31 2022
Assets		
Goodwill and intangible assets	18,385	5,147
Property, plant and equipment	5,318	3,576
Deferred tax assets	82	95
Share in associates and joint ventures	131	61
Derivatives	53	82
Other non-current assets	834	314
Non-current assets	24,803	9,275
Inventories	3,764	2,339
Trade receivables	2,505	1,508
Income tax receivables	119	36
Other receivables	445	78
Derivatives	48	42
Financial investments	492	125
Cash and cash equivalents	2,898	2,755
Sub-total	10,271	6,883
Assets held for sale	41	1,245
Current assets	10,312	8,128
Total assets	35,115	17,403
Equity and liabilities		
Shareholders' equity	23,014	10,743
Non-controlling interest	152	102
Equity	23,166	10,845
Deferred tax liabilities	1,645	476
Employee benefit liabilities	368	241
Provisions	225	74
Borrowings	4,084	2,978
Derivatives	25	4
Other non-current liabilities	802	205
Non-current liabilities	7,149	3,978
Employee benefit liabilities	18	22
Provisions	45	50
Borrowings	1,196	86
Derivatives	17	23
Trade payables	2,060	1,415
Income tax payables	102	64
Other current liabilities	1,350	490
Sub-total	4,788	2,150
Liabilities held for sale	12	430
Current liabilities	4,800	2,580
Total equity and liabilities	35,115	17,403



Condensed consolidated interim cash flow statement¹

in € millions	H1 2023	H1 2022
Cash and cash equivalents (at beginning of period)	2,755	1,561
Operating activities		
EBITDA	3,149 ²	933
Changes in working capital	(105)	(596)
Income tax	(100)	(72)
Other cash provided by / used in operating activities	(2,651)	34
Cash provided by operating activities	293	299
Investing activities		
Payments for intangible assets and property, plant and equipment	(322)	(301)
Acquisition of subsidiaries	(3,619)	-
Disposal of subsidiaries	3,608	(6)
Proceeds from disposal of other non-current assets	(1)	24
Change in short-term financial investments	(272)	(348)
Interest received	27	1
Dividend received and capital (re)payments	(4)	(16)
Other cash from / used in investing activities	15	(16)
Cash used in investing activities	(568)	(662)
Financing activities		
Dividends paid	(6)	(156)
Interest paid	(21)	(34)
Repurchase of shares	(256)	(210)
Proceeds from (re)issued treasury shares	754	14
Proceeds from / repayment of borrowings	(7)	-
Payment of lease liabilities	(34)	(29)
Proceeds from / repayment of debt to credit institutions	18	-
Other cash from / used in financing activities	(13)	(6)
Cash (used in) / from financing activities	435	(421)
Change in cash and cash equivalents	160	(784)
Exchange differences relating to cash held	(17)	15
Cash and cash equivalents at June 30	2,898	792

¹ The condensed consolidated interim cash flow statement includes an analysis of all cash flows in total, therefore including both continuing and discontinued operations.

² Refers to EBITDA total group, which includes both continuing and discontinued operations. EBITDA of continuing operations is €317 million.



Notes to the condensed consolidated interim financial statements

Note 1 – General Information

dsm-firmenich Group

DSM-Firmenich AG ('dsm-firmenich', the 'Company' or the 'Group') is a new company following a merger of equals between DSM and Firmenich on May 8, 2023. The merger brings together one of the largest innovation and creation communities in nutrition, health, and beauty. With 30,000 employees and capabilities built on more than a century of science activities, dsm-firmenich will be leading in the reinvention, manufacturing, and combination of vital nutrients, flavors, and fragrances.

The merger was effective on May 8, 2023 through an exchange offer by the Company to the DSM shareholders for all DSM ordinary shares and the contribution of all Firmenich Shares to the Company against issuance of DSM-Firmenich ordinary shares representing 34.5% of the total issued share capital of the Company and payment of an amount in cash of €3.5 billion.

dsm-firmenich is domiciled in Switzerland with the seat of the principal in Kaiseraugst (Switzerland) and listed on Euronext Amsterdam. These condensed consolidated interim financial statements comprise DSM-Firmenich AG and its subsidiaries (the 'Group').

Basis of preparation and comparative information

The merger of equals between DSM and Firmenich was accounted for as a business combination using the acquisition method of accounting under IFRS 3 where DSM N.V. in substance was identified as the acquirer via its prior subsidiary DSM-Firmenich AG. Following the acquisition method of accounting under IFRS 3, the Firmenich results are included in the condensed consolidated interim financial statements as of the merger date May 8, 2023.

The comparative numbers included in these condensed consolidated interim financial statements reflect the historical financial information as reported by DSM N.V. in the past.

Accounting policies

The accounting policies applied in these interim financial statements are the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" and should be read in conjunction with the accounting policies as included in the DSM N.V. Integrated Annual Report 2022.

The accounting policies applied by DSM N.V. in 2022 were the International Financial Reporting Standards (IFRS) as adopted by the European Union. As for this case the application of IFRS as issued by the IASB versus IFRS as adopted by the EU does not lead to material differences, no restatements are needed, nor changes to the accounting policies are applicable.

New or amended IFRS that became effective on or after January 1, 2023 did not have a significant impact on the interim financial statements of dsm-firmenich.

Audit

The condensed consolidated interim financial statements and other reported data in this press release have not been audited.

Seasonality

The Group operates in markets where generally no significant seasonal or cyclical variations in revenue are experienced during the financial year. However, in cases where businesses are significantly affected by seasonal or cyclical fluctuations in sales, this is discussed in the business review sections earlier in this report.



Note 2 – Alternative Performance Measures

In presenting and discussing dsm–firmenich’s financial position, operating results and net results, management uses certain Alternative performance measures not defined by IFRS. These Alternative performance measures (APMs) should not be viewed in isolation as alternatives to the equivalent IFRS measures and should be used as supplementary information in conjunction with the most directly comparable IFRS measures. Alternative performance measures do not have standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies.

The main APM adjustments in the first half of 2023 are listed below:

- Acquisition (merger) and divestment costs of €160 million relate mainly to the merger and integration between DSM and Firmenich
- Restructuring costs of €95 million relate mainly to restructuring projects, following the announced restructuring of the vitamin asset footprint and the closure of the Pnova ingredients plant
- Impairments of PPE and intangible assets of €274 million relate mainly to impairments in China, following the announced restructuring of the vitamin asset footprint

The below table provides a reconciliation of the APMs to the most directly reconcilable IFRS metric for the first half of the reporting period.

in € millions	H1 2023	H1 2022
Operating profit (EBIT)	(371)	398
Depreciation, amortization and impairments	688	296
EBITDA	317	694
Acquisitions/divestments	160	1
Restructuring	95	51
Other	23	-
Sub-total APM adjustments to EBITDA	278	52
Adj. EBITDA	595	746
Operating profit (EBIT)	(371)	398
APM adjustments to EBITDA	278	52
Impairments of PPE and Intangible assets	274	-
Sub-total APM adjustments to operating profit (EBIT)	552	52
Adj. operating profit (EBIT)	181	450
Net profit from continuing operations	(412)	291
APM adjustments to operating profit (EBIT)	552	52
APM adjustments to financial income and expense	6	4
Income tax related to APM adjustments	(67)	(12)
APM adjustments to share of the profit of associates/jointly controlled entities	-	-
Sub-total APM adjustments	491	44
Adj. Net profit continuing operations	79	335
Net profit continuing operations available to holders of ordinary shares	(426)	283
APM adjustments	491	44
Adj. Net profit continuing operations available to holders of ordinary shares	65	327
PPA adjustments dsm–firmenich	38	-
Core adj. net profit continuing operations available to holders of ordinary shares	103	327



	H1 2023		H1 2022	
	Continuing operations	Total	Continuing operations	Total
Earnings per share (EPS)				
Average number of ordinary shares outstanding (x million)	200.6	200.6	172.6	172.6
x € million				
Net profit available to holders of ordinary shares	(426)	2,361	283	449
Adj. net profit available to holders of ordinary shares	65	66	327	501
Core adj. net profit available to holders of ordinary shares	103	104	327	501
in €				
Net EPS	(2.12)	11.77	1.64	2.60
Adj. net EPS	0.32	0.33	1.89	2.90
Core adj. net EPS	0.51	0.52	1.89	2.90
in € millions				
		H1 2023	H1 2022	
Adjusted EBITDA		595	746	
Change working capital		(105)	(596)	
Change working capital discontinued activities		(71)	157	
Capital expenditures		(322)	(301)	
Capital expenditures discontinued activities		16	35	
Adj. gross operating free cash flow		113	41	

Note 3 – Change in the scope of consolidation

Business combinations: Merger of equals between DSM and Firmenich

On May 8, 2023 a merger of equals between DSM and Firmenich was effected through an exchange offer by the Company to the DSM shareholders for all DSM ordinary shares and the contribution of all Firmenich Shares to the Company against the issuance of DSM-Firmenich ordinary shares representing 34.5% of the total issued share capital of the Company and payment of an amount in cash of €3.5 billion.

The merger has been accounted for as a business combination using the acquisition method of accounting under IFRS 3 where DSM N.V. in substance was identified as the acquirer via its prior subsidiary dsm-firmenich and Firmenich International S.A. was identified as the acquiree.

The total consideration dsm-firmenich paid for the contribution of Firmenich amounts to €14,277 million.

In accordance with IFRS 3, the purchase price was provisionally allocated to identifiable assets and liabilities acquired and is based on a draft initial purchase price allocation prepared by an independent valuator. Completion of the independent valuation process is expected early 2024. Part of the Purchase Price Allocation is the recognition of intangible assets which are recognized apart from goodwill and which are valued at their fair value (at the merger date). The main intangibles provisionally recognized are customer relationships for about €3,422 million, technology for about €1,044 million, and trademarks for about €648 million. Customer relationships were valued by applying the multi-period excess earnings method, technology was valued by applying the relief-from-royalty method, and trademarks were valued by applying the relief-from-royalty method.

The merger is expected to result in non-tax deductible goodwill to the amount of €8,191 million.

The provisional accounting of the merger impacted the condensed consolidated balance sheet of dsm-firmenich for the period ending June 30, 2023 as shown in below table (measured at the merger date).



in € millions	Firmenich
Assets	
Intangible assets (excl. goodwill)	5,245
Property, plant & equipment	2,036
Other non-current assets	706
Inventories	1,302
Receivables and other current assets	1,595
Total assets	10,884
Non-controlling interest	
Non-controlling interest	48
Liabilities	
Non-current liabilities	1,666
Current liabilities	3,084
Total Liabilities	4,750
Net assets at fair value	
	6,086
Acquisition price in cash at closing	3,500
Acquisition price equity issuance	10,777
Consideration	14,277
Goodwill	8,191

Since the merger date, Firmenich contributed €733 million to net sales, –€88 million to operating profit and €143 million to Adjusted EBITDA to the results in the first half of 2023. If the merger had occurred on January 1, 2023, additional net sales would have been approximately €2,432 million, operating profit €89 million and Adjusted EBITDA €470 million.

Divestments

On April 3, 2023, DSM announced the completion of the sale of its Engineering Materials business to Advent International and LANXESS for an Enterprise Value of €3.85 billion. The agreement was initially announced on May 31, 2022.

The transaction covers all of DSM's Engineering Materials activities and marks the conclusion of DSM's divestment of its Materials business in order to focus on Health and Nutrition. Prior to this divestment, dsm-firmenich reclassified the results of this business to 'discontinued operations'.

x € millions	Engineering Materials (DEM)
Assets	
Intangible assets	(217)
Property, plant and equipment	(374)
Other non-current assets	(32)
Inventories	(329)
Receivables	(264)
Cash and cash equivalents	(161)
Total assets	(1,377)
Liabilities	
Non-current liabilities	(66)
Current liabilities	(430)
Total liabilities	(496)
Net assets	
	(881)
Non-controlling interest	(3)



Net assets DSM shareholders	(878)
Consideration (net of selling costs, translation differences and net debt)	3,712
Preliminary book result 2023	2,834
Income tax	(48)
Preliminary net book result	2,786



Note 4 – Segment Information

Operating segments

Following the merger, dsm–firmenich is organized in four distinct high–performing business units, rooted in complementary world–class scientific research and manufacturing excellence. Together they are uniquely positioned to help our customers realize their ambitions and address evolving consumer needs and wants.

- **Perfumery & Beauty** (P&B) creates superior scents with proven benefits – always with the consumer in mind. Creating fragrances that smell amazing and make people feel even better, using the best and largest palette of natural, synthetic, and biotech ingredients. This business unit mainly consists of Firmenich’s former Fragrance and Ingredients businesses and DSM’s former Personal Care & Aroma Ingredients business
- **Taste, Texture & Health** (TTH) helps customers create food and beverage products that are delicious, nutritious, affordable, and sustainable. Providing enjoyment and nourishment for consumers, business success for customers, and better health for people and planet. This business unit mainly consists of Firmenich’s former Taste & Beyond business and DSM’s former Food & Beverage business
- **Health, Nutrition & Care** (HNC) provides people a way to look after their health by adding critical nutrients to diet. Driving medical innovation forward, speeding up recovery, and enhancing quality of life. This business unit mainly consists of DSM’s former Health, Nutrition & Care business, excluding the former Personal Care & Aroma Ingredients business
- **Animal Nutrition & Health** (ANH) delivers healthy animal proteins efficiently and sustainably, harnessing power of data to make animal farming practices more sustainable, productive, and transparent

For the first half of 2023, these business units have been identified as the reportable operating segments of dsm–firmenich. dsm–firmenich has segmented its operations by business activity from which revenues are earned and expenses incurred. These operating results are regularly reviewed by the entity’s Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the operating segment and assess its performance. dsm–firmenich uses Adjusted EBITDA as the main indicator to evaluate the consolidated performance as well as the performance per operating segment. Discrete financial information is available for each identified operating segment.

Any consolidated activities outside the four reportable operating segments above are reported as the reportable segment ‘Corporate Activities’. These consist of corporate operating and service activities that are not further allocated to the operating segments.

x € millions	Perfumery & Beauty	Taste, Texture & Health	Health, Nutrition & Care	Animal Nutrition & Health	Corporate Activities	Total continuing operations	Discontinued operations	Total
H1 2023								
Net sales	788	962	1,119	1,572	29	4,470	46	4,516
Adj. EBITDA	175	170	208	85	(43)	595	(2)	593
Adj. operating profit	103	74	93	(19)	(70)	181	(2)	179
Adj. EBITDA margin (in %)	22.2	17.7	18.6	5.4	-	13.3	-	13.1

¹ A reconciliation between the alternative performance measures (APMs) and the most directly reconcilable IFRS metric can be found in [Note 2](#) to the condensed consolidated interim financial statements.



Geographical information

	Switzer- land	Nether- lands	Rest of EMEA	North America	Latin America	China	Rest of Asia	Total
HI 2022								
Net sales (by destination)								
In € millions	86	201	1,163	917	701	383	664	4,115
In %	2	5	28	22	17	9	17	100
Workforce at year-end (headcount) ¹	2,232	2,642	4,366	2,618	2,302	4,591	1,931	20,682
Intangible assets and property, plant and equipment at year-end (carrying amount)	1,852	1,304	2,133	2,143	404	774	113	8,723
HI 2023								
Net sales (by destination)								
In € millions	84	199	1,283	1,023	717	422	742	4,470
In %	2	4	29	23	16	9	17	100
Workforce at period-end (headcount)	3,554	1,892	7,685	4,489	3,312	4,880	3,494	29,306
Intangible assets and property, plant and equipment at period-end (carrying amount)	13,337	1,529	4,115	3,101	519	785	317	23,703

¹Refers to total group, including discontinued operations.



Note 5 – Financial Instruments

In the following tables, the carrying amounts and the estimated fair value of the financial instruments are given. For methods and assumptions used to determine the fair value as well as information on the fair value hierarchy used, please refer to the DSM N.V. Integrated Annual Report 2022.

in € millions	Carrying amount				Total	Fair value ¹			Total
	Amortized cost	Fair value of hedging instr.	Fair value through Profit & Loss	Fair value Other Compreh. Income		Level 1	Level 2	Level 3	
Assets at December 31, 2022									
Non-current derivatives	-	4	78	-	82	-	82	-	82
Other participating interests	-	-	-	125	125	27	62	36	125
Non-current loans to associates and JVs	2	-	-	-	2	-	2	-	2
Other non-current receivables	158	-	-	-	158	-	-	158	158
Trade receivables	1,508	-	-	-	1,508	-	-	1,508	1,508
Other current receivables	78	-	-	-	78	-	-	78	78
Current derivatives	-	42	-	-	42	-	42	-	42
Current investments	125	-	-	-	125	-	-	125	125
Cash and cash equivalents	1,262	-	1,493	-	2,755	1,493	-	1,262	2,755
Liabilities at December 31, 2022									
Non-current borrowings	(2,978)	-	-	-	(2,978)	(2,534)	-	(135)	(2,669)
Non-current derivatives	-	(4)	-	-	(4)	-	(4)	-	(4)
Other non-current liabilities	(82)	-	(123)	-	(205)	(82)	-	(123)	(205)
Current borrowings	(86)	-	-	-	(86)	(42)	-	(44)	(86)
Current derivatives	-	(23)	-	-	(23)	-	(23)	-	(23)
Trade payables	(1,415)	-	-	-	(1,415)	-	-	(1,415)	(1,415)
Other current liabilities	(490)	-	-	-	(490)	-	-	(490)	(490)
Assets at June 30, 2023									
Non-current derivatives	-	6	47	-	53	-	53	-	53
Other participating interests	-	-	40	550	590	478	63	49	590
Non-current loans to associates and JVs	1	-	-	-	1	-	1	-	1
Other non-current receivables	173	-	-	-	173	-	-	173	173
Trade receivables	2,505	-	-	-	2,505	-	-	2,505	2,505
Other current receivables	445	-	-	-	445	-	-	445	445
Current derivatives	-	48	-	-	48	-	48	-	48
Current investments	492	-	-	-	492	359	34	99	492
Cash and cash equivalents	1,555	-	1,343	-	2,898	1,343	-	1,555	2,898
Liabilities at June 30, 2023									
Non-current borrowings	(4,084)	-	-	-	(4,084)	(3,534)	-	(263)	(3,797)
Non-current derivatives	-	(25)	-	-	(25)	-	(25)	-	(25)
Other non-current liabilities	(723)	-	(79)	-	(802)	(723)	-	(79)	(802)
Current borrowings	(1,196)	-	-	-	(1,196)	(1,110)	-	(81)	(1,191)
Current derivatives	-	(17)	-	-	(17)	-	(17)	-	(17)
Trade payables	(2,060)	-	-	-	(2,060)	-	-	(2,060)	(2,060)
Other current liabilities	(1,350)	-	-	-	(1,350)	-	-	(1,350)	(1,350)

¹ Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs that have a significant effect on the fair value are observable, either directly or indirectly

Level 3: Techniques that use inputs that have a significant effect on the fair value that are not based on observable market data



Note 6 – Contingent Liabilities

Compared to the situation as disclosed by DSM NV in its integrated annual report as at December 31, 2022, dsm-firmenich has identified the following changes to its contingent liabilities:

On March 8, 2022 DSM Nutritional Products GmbH (DNP, a fully owned subsidiary of dsm-firmenich) was informed by the district court of München (Germany) that TransnetBW GmbH (TransnetBW) filed a claim against KGW-Kraftwerk Grenzach-Whylen GmbH (KGW) regarding EEG levy, which related to electricity consumed by DNP with a potential exposure for DNP in the amount of €50 million. On June 26, 2023, KGW, TransnetBW and DNP reached an agreement to settle this claim. The impact of the settlement for DNP, not being a direct party to the claim but assuming a risk of a recourse claim, is an amount of €1.3 million to be paid by DNP. DNP had not recognized a provision in respect of this case but agreed to pay such an amount to ultimately settle the claim.

On March 7, 2023, certain competition authorities commenced an industry-wide investigation into the fragrances sector. As part thereof, unannounced inspections were carried out at the Firmenich offices in France, Switzerland and the UK and Firmenich received a subpoena from the Antitrust Division of the United States Department of Justice. These are common preliminary steps in anti-trust investigations into suspected infringements of competition rules. Firmenich International SA (a 100% owned subsidiary of dsm-firmenich) is fully cooperating with the investigators. As per the date of publication of these condensed consolidated interim financial statements no further update on the status of the investigations is available.



Financial calendar

October 31, 2023, 7:00 CEST – publication of dsm-firmenich Q3 trading update

February 15, 2024 – publication of dsm-firmenich 2023 results

Additional information

Today dsm-firmenich will hold a webcast for **investors and analysts** at XX CEST. Details on how to access this call can be found on the dsm-firmenich website, www.dsm-firmenich.com.

For more information

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About dsm-firmenich

As innovators in nutrition, health, and beauty, dsm-firmenich reinvents, manufactures, and combines vital nutrients, flavors, and fragrances for the world's growing population to thrive. With our comprehensive range of solutions, with natural and renewable ingredients and renowned science and technology capabilities, we work to create what is essential for life, desirable for consumers, and more sustainable for the planet. dsm-firmenich is a Swiss-Dutch company, listed on the Euronext Amsterdam, with operations in almost 60 countries and revenues of more than €12 billion. With a diverse, worldwide team of nearly 30,000 employees, we bring progress to life™ every day, everywhere, for billions of people.

www.dsm-firmenich.com

Forward-looking statements

This press release may contain forward-looking statements with respect to dsm-firmenich's future (financial) performance and position. Such statements are based on current expectations, estimates and projections of dsm-firmenich and information currently available to the company. dsm-firmenich cautions readers that such statements involve certain risks and uncertainties that are difficult to predict and therefore it should be understood that many factors can cause actual performance and position to differ materially from these statements. dsm-firmenich has no obligation to update the statements contained in this press release, unless required by law. The English language version of this press release prevails over other language versions.