UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to ____________

Commission file number 1-4858

INTERNATIONAL FLAVORS & FRAGRANCES INC.
(Exact name of registrant as specified in its charter)

New York	**13-1432060**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

521 West 57th Street, New York, NY 10019-2960

200 Powder Mill Road, Wilmington, DE 19803-2907

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (212) 765-5500

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value 12 1/2¢ per share	IFF	New York Stock Exchange
1.750% Senior Notes due 2024	IFF 24	New York Stock Exchange
1.800% Senior Notes due 2026	IFF 26	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

Number of shares of common stock outstanding as of November 1, 2023: 255,279,134

INTERNATIONAL FLAVORS & FRAGRANCES INC.

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ITEM 1. FINANCIAL STATEMENTS.
INTERNATIONAL FLAVORS & FRAGRANCES INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(DOLLARS IN MILLIONS)	September 30, 2023	December 31, 2022
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 629	$ 483
Restricted cash	10	10
Trade receivables (net of allowances of $55 and $53, respectively)	1,831	1,818
Inventories: Raw materials	862	1,073
Work in process	431	442
Finished goods	1,256	1,636
Total Inventories	2,549	3,151
Assets held for sale	482	1,200
Prepaid expenses and other current assets	890	770
Total Current Assets	6,391	7,432
Property, plant and equipment, at cost	6,368	6,180
Accumulated depreciation	(2,242)	(1,977)
Property, plant and equipment, net	4,126	4,203
Goodwill	13,031	13,355
Other intangible assets, net	8,381	9,082
Operating lease right-of-use assets	703	743
Other assets	763	689
Total Assets	$ 33,395	$ 35,504
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Bank borrowings, overdrafts, and current portion of long-term debt	$ 1,142	$ 410
Commercial paper	—	187
Accounts payable	1,112	1,418
Accrued payroll and bonus	236	267
Dividends payable	207	206
Liabilities held for sale	49	212
Other current liabilities	937	1,028
Total Current Liabilities	3,683	3,728
Other Liabilities:		
Long-term debt	9,159	10,373
Retirement liabilities	228	231
Deferred income taxes	2,127	2,265
Operating lease liabilities	654	672
Other liabilities	475	491
Total Other Liabilities	12,643	14,032
Commitments and Contingencies (Note 16)		
Redeemable non-controlling interests	60	59
Shareholders' Equity:		
Common stock $0.125 par value; 500,000,000 shares authorized; 275,726,629 shares issued as of September 30, 2023 and 275,726,629 shares issued as of December 31, 2022; and 255,268,628 and 254,968,463 shares outstanding as of September 30, 2023 and December 31, 2022, respectively	35	35
Capital in excess of par value	19,865	19,841
Retained earnings	378	955
Accumulated other comprehensive loss	(2,336)	(2,198)
Treasury stock, at cost (20,458,001 and 20,758,166 shares as of September 30, 2023 and December 31, 2022, respectively)	(964)	(978)
Total Shareholders' Equity	16,978	17,655
Non-controlling interest	31	30
Total Shareholders' Equity including Non-controlling interest	17,009	17,685
Total Liabilities and Shareholders' Equity	$ 33,395	$ 35,504

See Notes to Consolidated Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.
CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE LOSS
(Unaudited)

(AMOUNTS IN MILLIONS EXCEPT PER SHARE AMOUNTS)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Net sales	$ 2,820	$ 3,063	$ 8,776	$ 9,596
Cost of goods sold	1,896	2,062	5,955	6,314
Gross profit	924	1,001	2,821	3,282
Research and development expenses	157	145	479	460
Selling and administrative expenses	444	413	1,343	1,328
Amortization of acquisition-related intangibles	170	182	513	552
Impairment of goodwill	—	2,250	—	2,250
Impairment of long-lived assets	—	—	—	120
Restructuring and other charges	2	(4)	61	5
Losses (gains) on sale of assets	1	—	(1)	(2)
Operating profit (loss)	150	(1,985)	426	(1,431)
Interest expense	110	83	337	232
Other income, net	(19)	(33)	(34)	(43)
Income (loss) before taxes	59	(2,035)	123	(1,620)
Provision for income taxes	32	160	77	220
Net income (loss)	27	(2,195)	46	(1,840)
Net income attributable to non-controlling interests	2	2	3	6
Net income (loss) attributable to IFF shareholders	$ 25	$ (2,197)	$ 43	$ (1,846)
Net income (loss) per share - basic	$ 0.10	$ (8.60)	$ 0.16	$ (7.22)
Net income (loss) per share - diluted	$ 0.10	$ (8.60)	$ 0.16	$ (7.22)
Average number of shares outstanding - basic	255	255	255	255
Average number of shares outstanding - diluted	256	255	255	255
Statements of Comprehensive Loss				
Net income (loss)	$ 27	$ (2,195)	$ 46	$ (1,840)
Other comprehensive loss, after tax:				
Foreign currency translation adjustments	(476)	(982)	(132)	(1,770)
Pension and postretirement liability adjustment	(3)	5	(6)	6
Other comprehensive loss	(479)	(977)	(138)	(1,764)
Comprehensive loss	(452)	(3,172)	(92)	(3,604)
Net income attributable to non-controlling interests	2	2	3	6
Comprehensive loss attributable to IFF shareholders	$ (454)	$ (3,174)	$ (95)	$ (3,610)

See Notes to Consolidated Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(DOLLARS IN MILLIONS)	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Cash flows from operating activities:		
Net income (loss)	$ 46	$ (1,840)
Adjustments to reconcile to net cash provided by operating activities		
Depreciation and amortization	855	897
Deferred income taxes	(59)	(222)
Gains on sale of assets	(1)	(2)
Losses (gains) on business divestitures	29	(14)
Stock-based compensation	50	37
Pension contributions	(25)	(25)
Impairment of goodwill	—	2,250
Impairment of long-lived assets	—	120
Inventory write-down	62	—
Changes in assets and liabilities, net of acquisitions:		
Trade receivables	(78)	(309)
Inventories	489	(808)
Accounts payable	(240)	111
Accruals for incentive compensation	(40)	(56)
Other current payables and accrued expenses	(216)	202
Other assets/liabilities, net	(77)	(152)
Net cash provided by operating activities	795	189
Cash flows from investing activities:		
Cash paid for acquisitions, net of cash received	—	(110)
Additions to property, plant and equipment	(390)	(344)
Additions to intangible assets	—	(2)
Proceeds from disposal of assets	22	1
Cash provided by the Merger with N&B	—	11
Proceeds from unwinding of derivative instruments	—	173
Net proceeds received from business divestitures	1,006	1,158
Net cash provided by investing activities	638	887
Cash flows from financing activities:		
Cash dividends paid to shareholders	(619)	(604)
(Decrease) increase in revolving credit facility and short-term borrowings	(100)	2
Proceeds from issuance of commercial paper (maturities after three months)	—	160
Repayments of commercial paper (maturities after three months)	—	(235)
Net repayments of commercial paper (maturities less than three months)	(187)	(52)
Deferred financing costs	(5)	—
Repayments of long-term debt	(355)	(300)
Deferred consideration paid	(6)	—
Employee withholding taxes paid	(12)	(20)
Other, net	(9)	(38)
Net cash used in financing activities	(1,293)	(1,087)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(30)	(150)
Net change in cash, cash equivalents and restricted cash	110	(161)
Cash, cash equivalents and restricted cash at beginning of year	552	716
Cash, cash equivalents and restricted cash at end of period	$ 662	$ 555
Supplemental Disclosures:		
Interest paid, net of amounts capitalized	$ 261	$ 199
Income taxes paid	450	276
Accrued capital expenditures	67	93

See Notes to Consolidated Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)

	Common stock		Capital in excess of par value	Retained earnings	Accumulated other comprehensive (loss) income	Treasury stock		Non-controlling interest	Total
(DOLLARS IN MILLIONS)	Shares	Cost				Shares	Cost		
Balance at June 30, 2022	275,726,629	$ 35	$ 19,826	$ 3,589	$ (2,210)	(20,781,898)	$ (980)	$ 33	$ 20,293
Net income (loss)				(2,197)				1	(2,196)
Cumulative translation adjustment					(982)				(982)
Pension liability and postretirement adjustment; net of tax of $(1)					5				5
Cash dividends declared ($0.81 per share)				(206)					(206)
Stock options/SSARs			1			1,551			1
Vested restricted stock units and awards			(1)			3,348	1		—
Stock-based compensation			12						12
Redeemable NCI			(6)						(6)
Balance at September 30, 2022	275,726,629	$ 35	$ 19,832	$ 1,186	$ (3,187)	(20,776,999)	$ (979)	$ 34	$ 16,921

	Common stock		Capital in excess of par value	Retained earnings	Accumulated other comprehensive (loss) income	Treasury stock		Non-controlling interest	Total
(DOLLARS IN MILLIONS)	Shares	Cost				Shares	Cost		
Balance at June 30, 2023	275,726,629	$ 35	$ 19,851	$ 560	$ (1,857)	(20,504,898)	$ (966)	$ 32	$ 17,655
Net income				25				2	27
Cumulative translation adjustment					(476)				(476)
Pension liability and postretirement adjustment; net of tax of $1					(3)				(3)
Cash dividends declared ($0.81 per share)				(207)					(207)
Stock options/SSARs			(2)			29,671	1		(1)
Vested restricted stock units and awards			(2)			17,226	1		(1)
Stock-based compensation			18						18
Dividends paid on non-controlling interest and Other								(3)	(3)
Balance at September 30, 2023	275,726,629	$ 35	$ 19,865	$ 378	$ (2,336)	(20,458,001)	$ (964)	$ 31	$ 17,009

See Notes to Consolidated Financial Statements

(DOLLARS IN MILLIONS)	Common stock		Capital in excess of par value	Retained earnings	Accumulated other comprehensive (loss) income	Treasury stock		Non-controlling interest	Total
	Shares	Cost				Shares	Cost		
Balance at January 1, 2022	275,726,629	$ 35	$ 19,826	$ 3,641	$ (1,423)	(21,152,645)	$ (997)	$ 35	$ 21,117
Net income (loss)				(1,846)				3	(1,843)
Cumulative translation adjustment					(1,770)				(1,770)
Pension liability and postretirement adjustment; net of tax of $(2)					6				6
Cash dividends declared ($2.39 per share)				(609)					(609)
Stock options/SSARs			11			85,728	4		15
Vested restricted stock units and awards			(39)			289,918	14		(25)
Stock-based compensation			37						37
Purchase of NCI			1					(6)	(5)
Redeemable NCI			(4)						(4)
Dividends paid on non-controlling interest and Other								2	2
Balance at September 30, 2022	275,726,629	$ 35	$ 19,832	$ 1,186	$ (3,187)	(20,776,999)	$ (979)	$ 34	$ 16,921

(DOLLARS IN MILLIONS)	Common stock		Capital in excess of par value	Retained earnings	Accumulated other comprehensive (loss) income	Treasury stock		Non-controlling interest	Total
	Shares	Cost				Shares	Cost		
Balance at January 1, 2023	275,726,629	$ 35	$ 19,841	$ 955	$ (2,198)	(20,758,166)	$ (978)	$ 30	$ 17,685
Net income				43				3	46
Cumulative translation adjustment					(132)				(132)
Pension liability and postretirement adjustment; net of tax of $1					(6)				(6)
Cash dividends declared ($2.43 per share)				(620)					(620)
Stock options/SSARs			(5)			88,557	4		(1)
Vested restricted stock units and awards			(20)			211,608	10		(10)
Stock-based compensation			50						50
Redeemable NCI			(1)						(1)
Dividends paid on non-controlling interest and Other								(2)	(2)
Balance at September 30, 2023	275,726,629	$ 35	$ 19,865	$ 378	$ (2,336)	(20,458,001)	$ (964)	$ 31	$ 17,009

See Notes to Consolidated Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

International Flavors & Fragrances Inc. and its subsidiaries (the "Registrant," "IFF," "the Company," "we," "us" and "our") is a leading creator and manufacturer of food, beverage, health & biosciences, scent and pharma solutions and complementary adjacent products, including cosmetic active and natural health ingredients, which are used in a wide variety of consumer products. Our products are sold principally to manufacturers of perfumes and cosmetics, hair and other personal care products, soaps and detergents, cleaning products, dairy, meat and other processed foods, beverages, snacks and savory foods, sweet and baked goods, sweeteners, dietary supplements, food protection, infant and elderly nutrition, functional food, and pharmaceutical excipients and oral care products.

Basis of Presentation

The accompanying interim Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and the related notes included in our 2022 Annual Report on Form 10-K ("2022 Form 10-K").

The interim Consolidated Financial Statements are unaudited. In addition, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States of America have been condensed or omitted, if not materially different from the 2022 Form 10-K. The year-end balance sheet data included in this Form 10-Q was derived from the audited financial statements. In the opinion of management, all adjustments, which consist of normal recurring adjustments necessary for a fair statement of the interim Consolidated Financial Statements, have been made.

Correction of Prior Year Consolidated Financial Statements

In the second quarter of 2023, the Company revised its Operating lease right-of-use assets from $636 million to $743 million and Operating lease liabilities from $565 million to $672 million on its Consolidated Balance Sheets as of December 31, 2022. This reflects the correction of an error of $107 million related to a lease renewal that was not correctly reflected in the prior year period. In addition, the Company revised its Other assets from $699 million to $689 million, which included a $9 million impact to deferred income taxes, Other liabilities from $472 million to $491 million and Accumulated other comprehensive loss from $2.169 billion to $2.198 billion on its Consolidated Balance Sheets as of December 31, 2022 and Consolidated Statements of Shareholders' Equity at January 1, 2023. This reflects the correction of an error related to the fair value of derivative assets and liabilities of cross currency swaps. The impacts of these corrections are also presented in the related footnotes.

Reporting Periods

The Company uses a calendar year of the twelve-month period from January 1 to December 31.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") requires management to make estimates and judgments that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. The inputs into the Company's judgments and estimates take into account the ongoing global current events and adverse macroeconomic impacts on our critical and significant accounting estimates, including estimates associated with future cash flows that are used in assessing the risk of impairment of certain assets. Actual results could differ from those estimates.

Cash, Cash Equivalents and Restricted Cash

Cash, cash equivalents and restricted cash reported in the Company's balance sheet as of September 30, 2023, December 31, 2022, September 30, 2022 and December 31, 2021 were as follows:

(DOLLARS IN MILLIONS)	September 30, 2023	December 31, 2022	September 30, 2022	December 31, 2021
Current assets				
Cash and cash equivalents	$ 629	$ 483	$ 538	$ 711
Cash and cash equivalents included in Assets held for sale	23	52	—	—
Restricted cash	10	10	10	4
Non-current assets				
Restricted cash included in Other assets	—	7	7	1
Cash, cash equivalents and restricted cash	$ 662	$ 552	$ 555	$ 716

Accounts Receivable

The Company has various factoring agreements in the U.S. and The Netherlands under which it can factor up to approximately €250 million in receivables ("Company's own factoring agreements"). In addition, the Company utilizes factoring agreements sponsored by certain customers. Under all of the arrangements, the Company sells the receivables on a non-recourse basis to unrelated financial institutions and accounts for the transactions as a sale of receivables. The applicable receivables are removed from the Company's Consolidated Balance Sheets when the cash proceeds are received by the Company.

The Company sold a total of approximately $1.302 billion and $983 million of receivables under the Company's own factoring agreements and customer sponsored factoring agreements for the nine months ended September 30, 2023 and 2022, respectively. The cost of participating in these programs was approximately $6 million and $3 million for the three months ended September 30, 2023 and 2022, respectively, and was approximately $18 million and $6 million for the nine months ended September 30, 2023 and 2022, respectively. These costs are included as a component of interest expense. Under the Company's own factoring agreements, it sold approximately $632 million and $323 million of receivables for the nine months ended September 30, 2023 and 2022, respectively. The outstanding principal amounts of receivables under the Company's own factoring agreements amounted to approximately $148 million and $157 million as of September 30, 2023 and December 31, 2022, respectively. The proceeds from the sales of receivables are included in net cash from operating activities in the Consolidated Statements of Cash Flows.

Revenue Recognition

The Company recognizes revenue from contracts with customers when the contract or purchase order has received approval and commitment from both parties, has the rights of the parties and payment terms (which can vary by customer) identified, has commercial substance, collectability of consideration is probable, and control has transferred. The revenue recognized reflects the consideration the Company expects to be entitled to in exchange for those goods. Sales, value added, and other taxes the Company collects are excluded from revenues. The Company receives payment in accordance with standard customer terms.

Sales are reduced, at the time revenue is recognized, for applicable discounts, rebates and sales allowances based on historical experience. Related accruals are included in Other current liabilities in the accompanying Consolidated Balance Sheets. The Company considers shipping and handling activities undertaken after the customer has obtained control of the related goods as a fulfillment activity. Net sales include shipping and handling charges billed to customers. Cost of goods sold includes all costs incurred in connection with shipping and handling.

See Note 12 for further details on revenues disaggregated by segment.

Contract Assets and Liabilities

With respect to a small number of contracts for the sale of compounds, the Company has an "enforceable right to payment for performance to date" and as the products do not have an alternative use, the Company recognizes revenue for these contracts over time and records a contract asset using the output method. The output method recognizes revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract.

As of September 30, 2023 and December 31, 2022, the Company's gross accounts receivable were $1.886 billion and $1.871 billion, respectively. The Company's contract assets and contract liabilities as of September 30, 2023 and December 31, 2022 were not material.

Expected Credit Losses

The Company is exposed to credit losses primarily through its sales of products. To determine the appropriate allowance for expected credit losses, the Company considers certain credit quality indicators, such as aging, collection history, and creditworthiness of debtors. Regional and Global Credit committees review and approve specific customer allowance reserves. The allowance for expected credit losses is primarily based on two primary factors: i) the aging of the different categories of trade receivables, and ii) a specific reserve for accounts identified as uncollectible.

The Company also considers current and future economic conditions in the determination of the allowance. At September 30, 2023, the Company reported $1.831 billion of trade receivables, net of allowances of $55 million. Based on the aging analysis as of September 30, 2023, approximately 1% of the Company's accounts receivable were past due by over 365 days based on the payment terms of the invoice.

The following is a rollforward of the Company's allowances for bad debts for the nine months ended September 30, 2023:

(DOLLARS IN MILLIONS)		**Allowances for Bad Debts**
Balance at December 31, 2022	$	53
Bad debt expense[1]		9
Write-offs		(6)
Foreign exchange		(1)
Balance at September 30, 2023	$	55

(1) Bad debt expense included approximately $13 million related to expected credit losses on receivables from certain customers in Egypt, offset by approximately $8 million of reversals of allowances on receivables from customers located in Russia and Ukraine. The Company will continue to evaluate its credit exposure related to Egypt, Russia and Ukraine.

Long-Lived Assets

The Company reviews long-lived assets for impairment when events or changes in business conditions indicate that their carrying value may not be recovered. An estimate of undiscounted future cash flows produced by an asset or group of assets is compared to the carrying value to determine whether impairment exists. If assets are determined to be impaired, the loss is measured based on an estimate of fair value using various valuation techniques, including a discounted estimate of future cash flows.

Goodwill

Goodwill represents the difference between the total purchase price and the fair value of identifiable assets and liabilities acquired in business acquisitions.

The Company tests goodwill for impairment at the reporting unit level as of November 30 every year, or more frequently if events or changes in circumstances indicate the asset might be impaired. A reporting unit is an operating segment or one level below an operating segment (referred to as a component or group of components) to which goodwill is assigned when initially recorded.

The Company identifies its reporting units by assessing whether the components of its reporting segments constitute businesses for which discrete financial information is available and management of each reporting unit regularly reviews the operating results of those components. The Company determined that it has six reporting units under the Nourish, Health & Biosciences, Scent and Pharma Solutions segments: (1) Nourish, (2) Fragrance Compounds, (3) Fragrance Ingredients, (4) Cosmetic Ingredients, (5) Health & Biosciences and (6) Pharma Solutions. These reporting units were determined based on the level at which the performance is measured and reviewed by segment management. In cases where the components of an operating segment have similar economic characteristics, they are aggregated into a single reporting unit.

During the third quarter of 2022, the Company determined that the carrying value of the Health & Biosciences reporting unit exceeded its fair value and recorded a goodwill impairment charge of $2.250 billion on the Consolidated Statements of Income (Loss) and Comprehensive Loss for the three and nine months ended September 30, 2022 (see Note 6 for additional information).

Events in Israel

The Company maintains operations in Israel and, additionally, exports products to customers in Israel from operations outside the region. The Company will continue to evaluate the current events and any potential impacts to its Consolidated Financial Statements.

Events in Russia and Ukraine

The Company maintains operations in both Russia and Ukraine and, additionally, exports products to customers in Russia and Ukraine from operations outside the region. In response to the events in Ukraine, the Company has limited the production and supply of ingredients in and to Russia to only those that meet the essential needs of people, including food, hygiene and medicine.

Allowances for Bad Debts

As of September 30, 2023, the Company had a reserve of approximately $3 million related to expected credit losses on receivables from customers located in Russia and Ukraine. The Company will continue to evaluate its credit exposure related to Russia and Ukraine.

Impairment of Long-Lived Assets

During the second quarter of 2022, the sales and margins declined for certain entities within Russia due to supply chain issues, reduced product demand and exchange rate volatility. Further, it was determined that such declines in operating performance were not expected to reverse in the near future. Additionally, future expected growth was expected to be limited given operating conditions in Russia, which inhibited the required future investment.

In connection with uncertainties related to the Company's operations in Russia and Ukraine, the Company updated its analysis of the undiscounted cash flows of the applicable asset groups to determine if the cash flows exceeded the carrying values of the applicable asset groups. With respect to an asset group in the Nourish segment, that manufactures and sells in Russia and related markets, it was determined that the undiscounted cash flows were insufficient to cover the carrying value and that an impairment charge was required to write-down the long-lived assets to their fair values. The fair value of such asset group was determined based on a discounted cash flow approach which involved estimating the future cash flows for the business discounted to their present values. The discount rate used in the determination of such fair value was based on consideration of the risks inherent in the cash flows and market as of the valuation date.

As a result of this assessment, the Company recognized an impairment charge of $120 million during the second quarter of 2022, which was allocated on a pro rata basis to intangible assets and property, plant and equipment within the asset group in the amounts of approximately $92 million and $28 million, respectively.

Recent Accounting Pronouncements

In December 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2022-06, "Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848." The ASU was issued to provide an update on ASU 2020-04 and ASU 2021-01 that were issued in March 2020 and January 2021, respectively, which provided optional accounting guidance for a limited period of time to ease the potential burden in accounting for reference rate reform. The guidance provides optional expedients and exceptions to existing accounting requirements for contract modifications and hedge accounting related to transitioning from discontinued reference rates, such as London Interbank Offered Rate ("LIBOR"), to alternative reference rates, if certain criteria are met. With the issuance of ASU 2022-06, the sunset date of Topic 848 has been deferred from December 31, 2022 to December 31, 2024, after which entities will no longer be permitted to apply the relief in Topic 848. The Company has adopted this guidance on January 1, 2023, which did not have a material impact on its Consolidated Financial Statements. On March 23, 2023, the Company amended certain existing debt agreements where the interest rate benchmark was updated from LIBOR to the Secured Overnight Financing Rate ("Term SOFR"). The Company applied Topic 848 to its recent amendments of its debt agreements. See Note 8 for additional information on the amendments to the debt agreements.

In September 2022, the FASB issued ASU 2022-04, “Liabilities - Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations.” The ASU requires that a buyer in a supplier finance program disclose sufficient information about the program to allow users of the financial statements to understand the program’s nature, activity during the period, changes from period to period and potential magnitude. The buyer should disclose qualitative and quantitative information about its supplier finance programs. The ASU requires the buyer’s annual disclosure to include a rollforward of the obligations under the supplier finance programs during the annual period, including the amount of obligations confirmed and subsequently paid. This guidance is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023, and early adoption is permitted. The Company has adopted this guidance on January 1, 2023, which did not have a material impact on its Consolidated Financial Statements. As of September 30, 2023, the Company did not have any obligations under supplier finance programs.

NOTE 2. NET INCOME (LOSS) PER SHARE

A reconciliation of the shares used in the computation of basic and diluted net income (loss) per share is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(AMOUNTS IN MILLIONS EXCEPT PER SHARE AMOUNTS)	**2023**	**2022**	**2023**	**2022**
Net Income (Loss)				
Net income (loss) attributable to IFF shareholders	$ 25	$ (2,197)	$ 43	$ (1,846)
Adjustment related to (increase) decrease in redemption value of redeemable noncontrolling interests in excess of earnings allocated	—	1	(1)	3
Net income (loss) available to IFF shareholders	$ 25	$ (2,196)	$ 42	$ (1,843)
Shares				
Weighted average common shares outstanding (basic)	255	255	255	255
Adjustment for assumed dilution:				
Stock options and restricted stock awards	1	—	—	—
Weighted average shares assuming dilution (diluted)	256	255	255	255
Net Income (Loss) per Share				
Net income (loss) per share - basic[1]	$ 0.10	$ (8.60)	$ 0.16	$ (7.22)
Net income (loss) per share - diluted[1]	0.10	(8.60)	0.16	(7.22)

(1) For the three and nine months ended September 30, 2022, the basic and diluted net loss per share cannot be recalculated based on the information presented in the table above due to rounding.

The Company declared a quarterly dividend to its shareholders of $0.81 per share for each of the three months ended September 30, 2023 and 2022. For the nine months ended September 30, 2023 and 2022, the Company declared quarterly dividends to its shareholders totaling $2.43 and $2.39, respectively.

There were approximately 0.3 million and 0.4 million potentially dilutive securities excluded from the computation of diluted net loss per share for the three and nine months ended September 30, 2022, respectively, because there was a net loss attributable to IFF for these periods and, as such, the inclusion of these securities would have been anti-dilutive.

For the three and nine months ended September 30, 2023, there were approximately 0.4 million share equivalents that had an anti-dilutive effect and therefore were excluded from the computation of diluted net income per share in these periods. For the three and nine months ended September 30, 2022, there were approximately 0.3 million share equivalents that had an anti-dilutive effect and therefore were excluded from the computation of diluted net loss per share in these periods.

The Company has issued shares of Purchased Restricted Stock Units (“PRSUs”) which contain rights to non-forfeitable dividends while these shares are outstanding and thus are considered participating securities. Such securities are required to be included in the computation of basic and diluted earnings per share pursuant to the two-class method.

The Company did not present the two-class method since the difference between basic net income per share for both unrestricted common shareholders and PRSU shareholders for the three and nine months ended September 30, 2023 was less than $0.01 per share. There was no difference between basic net loss per share for both unrestricted common shareholders and PRSU shareholders for the three and nine months ended September 30, 2022. The difference between diluted net income per share for both unrestricted common shareholders and PRSU shareholders for the three and nine months ended September 30, 2023 was less than $0.01 per share. There was no difference between diluted net loss per share for both unrestricted common shareholders and PRSU shareholders for the three and nine months ended September 30, 2022. In addition, the number of PRSUs outstanding as of September 30, 2023 and 2022 was not material. Net income (loss) allocated to such PRSUs was not material for the three and nine months ended September 30, 2023 and 2022.

NOTE 3. BUSINESS DIVESTITURES

Divestiture of the Flavor Specialty Ingredients Business

During the fourth quarter of 2022, the Company announced it had entered into an agreement to sell its Flavor Specialty Ingredients ("FSI") business, which was a part of the Scent segment. The Company completed the divestiture on August 1, 2023, and received cash proceeds of approximately $190 million, which included $1 million related to the delayed transfer of the control of specific assets and liabilities of non-U.S. jurisdiction business. Concurrent with the completion of the business divestiture, the Company entered into a supply agreement arrangement with the buyer. Based on the terms of the supply agreement, an adjustment of $4 million was made against the fair value of sale consideration. In addition, approximately $15 million of proceeds were held in escrow and will be released upon satisfaction of certain conditions. The proceeds held in escrow were presented in Prepaid expenses and other current assets on the Consolidated Balance Sheets. The sale consideration is subject to certain post-closing adjustments, which primarily relate to cash, indebtedness and working capital balances.

The following table summarizes the fair value of sale consideration received in connection with the business divestiture:

(DOLLARS IN MILLIONS)		
Cash proceeds from the buyer	$	190
Amount held in escrow		15
Advance receipt for business to be transferred		(1)
Direct costs to sell		(5)
Proceeds attributable to supply agreement		(4)
Fair value of sale consideration	$	195

The net proceeds received from the business divestiture presented under Cash flows from investing activities represent the cash portion of the sale consideration, which was determined as the fair value of sale consideration adjusted by the direct costs to sell, advance receipt for business to be transferred, amount held in escrow and the cash transferred to the buyer as part of the transaction. The following table summarizes the different components of net proceeds received from business divestiture presented under Cash flows from investing activities:

(DOLLARS IN MILLIONS)		
Fair value of sale consideration	$	195
Direct costs to sell		5
Advance receipt for business to be transferred		1
Amount held in escrow		(15)
Cash transferred to the buyer		(1)
Net proceeds received from business divestiture	$	185

The carrying amount of net assets associated with the business unit, adjusted for currency translation adjustment, was approximately $205 million. The major classes of assets and liabilities sold consisted of the following:

(DOLLARS IN MILLIONS)	August 1, 2023
Assets	
Cash and cash equivalents	$ 1
Trade receivables, net	13
Inventories	45
Property, plant and equipment, net	29
Goodwill	44
Other intangible assets, net	73
Other assets	10
Total assets	215
Liabilities	
Accounts payable	(4)
Deferred tax liability	(1)
Other liabilities	(6)
Total liabilities	(11)
Equity	
Accumulated other comprehensive income - currency translation adjustment	1
Total equity	1
Carrying value of net asset (adjusted for currency translation adjustment)	$ 205

As a result of the business divestiture, the Company recognized a pre-tax loss of approximately $10 million, subject to certain post-closing adjustments, presented in Other income, net on the Consolidated Statements of Income (Loss) and Comprehensive Loss for the three and nine months ended September 30, 2023. The Company has also recognized income tax effects associated with the business divestiture across multiple periods. Based on preliminary estimates, the total income taxes recognized was approximately $15 million, with approximately $3 million that was recognized during the year ended December 31, 2022.

Divestiture of a Portion of the Savory Solutions Business

During the fourth quarter of 2022, the Company announced it had entered into an agreement to sell a portion of its Savory Solutions business, which was part of the Nourish segment. The Company completed the divestiture on May 31, 2023, and received cash proceeds of approximately $840 million. In addition, a receivable of approximately $30 million was recorded which reflects the estimated future payment to be received as part of the sale consideration. The sale consideration is subject to certain post-closing adjustments, which primarily relate to cash, indebtedness and working capital balances.

The following table summarizes the fair value of sale consideration received in connection with the business divestiture:

(DOLLARS IN MILLIONS)	
Cash proceeds from the buyer	$ 840
Receivable from the buyer	30
Direct costs to sell	(20)
Fair value of sale consideration	$ 850

The net proceeds received from the business divestiture presented under Cash flows from investing activities represent the cash portion of the sale consideration, which was determined as the fair value of sale consideration adjusted by the amount receivable from the buyer, direct costs to sell and the cash transferred to the buyer as part of the transaction. The following table summarizes the different components of net proceeds received from business divestiture presented under Cash flows from investing activities:

(DOLLARS IN MILLIONS)		
Fair value of sale consideration	$	850
Direct costs to sell		20
Receivable from the buyer		(30)
Cash transferred to the buyer (including restricted cash)		(19)
Net proceeds received from business divestiture	$	821

The carrying amount of net assets associated with the business unit, adjusted for currency translation and pension adjustments, was approximately $860 million. The major classes of assets and liabilities sold consisted of the following:

(DOLLARS IN MILLIONS)	May 31, 2023	
Assets		
Cash and cash equivalents	$	15
Restricted cash		4
Trade receivables, net		69
Inventories		116
Property, plant and equipment, net		77
Goodwill		317
Other intangible assets, net		367
Right-of-use assets		20
Other assets		24
Total assets		1,009
Liabilities		
Accounts payable		(44)
Deferred tax liability		(92)
Other liabilities		(54)
Total liabilities		(190)
Equity		
Accumulated other comprehensive income - currency translation adjustment		42
Accumulated other comprehensive income - pension liability and postretirement		(1)
Total equity		41
Carrying value of net asset (adjusted for currency translation and pension adjustments)	$	860

As a result of the business divestiture, the Company recognized a pre-tax loss of approximately $10 million, subject to certain post-closing adjustments, presented in Other income, net on the Consolidated Statements of Income (Loss) and Comprehensive Loss for the nine months ended September 30, 2023. The Company has also recognized income tax effects associated with the business divestiture across multiple periods. Based on preliminary estimates, the total income taxes recognized was approximately $88 million, with approximately $72 million that was recognized during the year ended December 31, 2022.

Liquidation of a Business in Russia

As part of the liquidation of a business in Russia for the sale of the portion of the Savory Solutions business, the Company recognized a pre-tax loss of approximately $10 million presented in the Other income, net, and tax benefits of approximately $2 million presented in Provision for income taxes on the Consolidated Statements of Income (Loss) and Comprehensive Loss for the nine months ended September 30, 2023.

Divestiture of Microbial Control

The Company completed the divestiture of the Microbial Control business unit on July 1, 2022, which was acquired as part of the Company's merger with Nutrition and Biosciences, Inc. ("N&B"), a wholly-owned subsidiary of DuPont, in 2021 (the "Merger"), and received net cash proceeds of approximately $1.169 billion. The Company also entered into transition services agreements with the buyer for providing certain general accounting, information technology and other services up to 19 months following the date of the sale for minimal consideration. The fair value of these transition services agreements was determined to be approximately $36 million, which was adjusted against the sale consideration and recognized as deferred transition services income. The transition services income under the transition services agreements for the three and nine months ended September 30, 2023 was approximately $6 million and $19 million, respectively, and for the three and nine months ended September 30, 2022 was approximately $6 million. The transition services income was recognized as a reduction to the costs incurred to provide services under the transition services agreements, which was included in Selling and administrative expenses on the Consolidated Statements of Income (Loss) and Comprehensive Loss.

NOTE 4. RESTRUCTURING AND OTHER CHARGES

Restructuring and other charges primarily consist of separation costs for employees including severance, outplacement and other employee benefit costs ("Severance"), charges related to the write-down of fixed assets of plants to be closed ("Fixed asset write-down") and all other related restructuring ("Other") costs. All restructuring and other charges are separately stated on the Consolidated Statements of Income (Loss) and Comprehensive Loss.

Frutarom Integration Initiative

In connection with the acquisition of Frutarom, the Company executed an integration plan that, among other initiatives, sought to optimize its manufacturing network (the "Frutarom Integration Initiative"). Since the inception of the initiative through March 31, 2023, the Company closed 22 sites and expensed total costs of approximately $36 million. As of March 31, 2023, the Frutarom Integration Initiative was completed.

N&B Merger Restructuring Liability

For the nine months ended September 30, 2023, the Company had approximately $2 million of charges related to a lease impairment. Since the inception of the restructuring activities, there have been a total of approximately 215 headcount reductions and the Company has expensed approximately $47 million.

2023 Restructuring Program

In December 2022, the Company announced a restructuring program mainly related to headcount reduction to improve its organizational and operating structure, drive efficiencies and achieve cost savings. For the nine months ended September 30, 2023, the Company incurred approximately $63 million of charges related to severance and there have been a total of approximately 605 actual and planned headcount reductions. The Company expects to incur a majority of the costs for the 2023 Restructuring Program in the current year.

Changes in Restructuring Liabilities

Changes in restructuring liabilities during the nine months ended September 30, 2023 were as follows:

(DOLLARS IN MILLIONS)	Balance at December 31, 2022	Additional Charges (Reversals), Net	Non-Cash Charges	Cash Payments	Balance at September 30, 2023
Frutarom Integration Initiative					
Severance	$ 4	$ (3)	$ —	$ (1)	$ —
Other Restructuring Charges					
Severance	1	(1)	—	—	—
N&B Merger Restructuring Liability					
Severance	9	—	—	(8)	1
Other	1	2	(2)	(1)	—
2023 Restructuring Program					
Severance	—	63	—	(39)	24
Total Restructuring and other charges	$ 15	$ 61	$ (2)	$ (49)	$ 25

Restructuring liabilities are presented in "Other current liabilities" on the Consolidated Balance Sheets.

Charges by Segment

The following table summarizes the total amount of costs incurred in connection with these restructuring programs and activities by segment:

(DOLLARS IN MILLIONS)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Nourish	$ 1	$ —	$ 33	$ 3
Health & Biosciences	1	1	12	2
Scent	—	(5)	14	—
Pharma Solutions	—	—	2	—
Total Restructuring and other charges	$ 2	$ (4)	$ 61	$ 5

NOTE 5. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment consisted of the following amounts:

(DOLLARS IN MILLIONS)	September 30, 2023	December 31, 2022
Asset Type		
Land	$ 191	$ 199
Buildings and improvements	1,721	1,697
Machinery and equipment	3,575	3,344
Information technology	386	291
Construction in process	495	649
Total Property, plant and equipment	6,368	6,180
Accumulated depreciation	(2,242)	(1,977)
Total property, plant and equipment, net	$ 4,126	$ 4,203

Depreciation expense was $122 million and $111 million for the three months ended September 30, 2023 and 2022, respectively, and $342 million and $345 million for the nine months ended September 30, 2023 and 2022, respectively.

Impairment of Property, Plant and Equipment

As discussed in Note 1, during the second quarter of 2022, an impairment charge of approximately $28 million was recorded in connection with property, plant and equipment, primarily buildings and improvements, of an asset group that operated primarily in Russia.

NOTE 6. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

Goodwill

Movements in goodwill attributable to each reportable segment for the nine months ended September 30, 2023 were as follows:

(DOLLARS IN MILLIONS)	Nourish	Health & Biosciences	Scent	Pharma Solutions	Total
Balance at December 31, 2022	$ 6,050	$ 4,321	$ 1,745	$ 1,239	$ 13,355
Transferred to assets held for sale	—	—	(267)	—	(267)
Reduction from business divestitures	(4)	—	—	—	(4)
Foreign exchange	(41)	(7)	(2)	(3)	(53)
Balance at September 30, 2023	$ 6,005	$ 4,314	$ 1,476	$ 1,236	$ 13,031

The goodwill balances at September 30, 2023 and December 31, 2022 include $2.250 billion of accumulated impairment related to the Health & Biosciences reportable segment. The accumulated impairment relates entirely to an impairment charge recorded in 2022.

Impairment of Goodwill

For the third quarter of 2022, the Company determined that goodwill impairment triggering events occurred for its Nourish, Health & Biosciences and Pharma Solutions reporting units, which required it to complete an interim impairment assessment. The primary indicators that were deemed to be triggering events in the quarter for the reporting units were declines in the Company's projections across various reporting units and ongoing adverse macroeconomic impacts such as inflation, increases in interest rates and unfavorable effects from exchange rates.

As a result of the triggering events, the Company assessed the fair value of the reporting units using the income approach. Under the income approach, the Company determined the fair value by using a discounted cash flow method at a rate of return that reflected the relative risk of the projected future cash flows of each reporting unit, as well as a terminal value. The Company used the most current actual and forecasted operating data available. Key estimates and assumptions used in these valuations included revenue growth rates, gross margins, EBITDA margins, terminal growth rates and discount rates. These estimates and assumptions were considered Level 3 inputs under the fair value hierarchy.

In performing the quantitative impairment test, the Company determined that the fair value of the Nourish and Pharma Solutions reporting units exceeded their carrying value, and determined that there was no impairment of goodwill relating to these reporting units. The Company determined that the carrying value of the Health & Biosciences reporting unit exceeded its fair value and recorded a goodwill impairment charge of $2.250 billion on the Consolidated Statements of Income (Loss) and Comprehensive Loss for the three and nine months ended September 30, 2022.

Other Intangible Assets

Other intangible assets, net consisted of the following amounts:

(DOLLARS IN MILLIONS)	September 30, 2023	December 31, 2022
Asset Type		
Customer relationships	$ 8,072	$ 8,318
Technological know-how	2,314	2,339
Trade names & patents	331	358
Other	44	47
Total carrying value	10,761	11,062
Accumulated Amortization		
Customer relationships	(1,488)	(1,252)
Technological know-how	(745)	(589)
Trade names & patents	(107)	(97)
Other	(40)	(42)
Total accumulated amortization	(2,380)	(1,980)
Other intangible assets, net	$ 8,381	$ 9,082

Amortization

Amortization expense was $170 million and $182 million for the three months ended September 30, 2023 and 2022, respectively, and $513 million and $552 million for the nine months ended September 30, 2023 and 2022, respectively.

Amortization expense for the next five years is expected to be as follows:

(DOLLARS IN MILLIONS)	2023	2024	2025	2026	2027
Estimated future intangible amortization expense	$ 173	$ 692	$ 690	$ 688	$ 589

Impairment of Intangible Assets

As discussed in Note 1, during the second quarter of 2022, an impairment charge of approximately $92 million was recorded in connection with intangible assets, primarily customer relationships and technological know-how, of an asset group that operated primarily in Russia.

NOTE 7. OTHER CURRENT ASSETS AND LIABILITIES, AND OTHER ASSETS

Prepaid expenses and other current assets consisted of the following amounts:

(DOLLARS IN MILLIONS)	September 30, 2023	December 31, 2022
Value-added tax receivable	$ 159	$ 212
Prepaid income taxes	224	129
Packaging materials and supplies	157	148
Prepaid expenses	184	144
Other	166	137
Total	$ 890	$ 770

Other assets consisted of the following amounts:

(DOLLARS IN MILLIONS)	September 30, 2023	December 31, 2022
Deferred income taxes	$ 212	$ 167
Overfunded pension plans	202	180
Cash surrender value of life insurance contracts	46	45
Finance lease right-of-use assets	25	22
Equity method investments	10	10
Other[(1)]	268	265
Total	$ 763	$ 689

(1) Includes land usage rights in China, long-term deposits and receivables on certain derivative instruments.

Other current liabilities consisted of the following amounts:

(DOLLARS IN MILLIONS)	September 30, 2023	December 31, 2022
Rebates and incentives payable	$ 99	$ 99
Value-added tax payable	62	65
Interest payable	74	55
Current pension and other postretirement benefit obligation	5	10
Accrued insurance (including workers' compensation)	10	9
Earn outs payable	31	—
Accrued restructuring	25	15
Current operating lease obligation	83	86
Accrued freight	12	18
Accrued commissions payable	10	11
Accrued income taxes	118	313
Accrued expenses payable	263	256
Other	145	91
Total	$ 937	$ 1,028

NOTE 8. DEBT

Debt consisted of the following:

(DOLLARS IN MILLIONS)	Effective Interest Rate	September 30, 2023	December 31, 2022
2023 Notes[1]	3.30 %	$ —	$ 300
2024 Euro Notes[1]	1.88 %	525	532
2025 Notes[1]	1.22 %	1,000	1,000
2026 Euro Notes[1]	1.93 %	836	845
2027 Notes[1]	1.56 %	1,213	1,215
2028 Notes[1]	4.57 %	398	398
2030 Notes[1]	2.21 %	1,509	1,510
2040 Notes[1]	3.04 %	773	774
2047 Notes[1]	4.44 %	495	495
2048 Notes[1]	5.12 %	787	787
2050 Notes[1]	3.21 %	1,570	1,571
2024 Term Loan Facility[2]	6.50 %	570	625
2026 Term Loan Facility[2]	5.41 %	625	625
Revolving Credit Facility[3]		—	100
Commercial paper[4]		—	187
Bank overdrafts and other		—	6
Total debt		10,301	10,970
Less: Short-term borrowings[5]		(1,142)	(597)
Total Long-term debt		$ 9,159	$ 10,373

(1) Amount is net of unamortized discount and debt issuance costs.
(2) Amount is recorded at fair value.
(3) The interest rate on the Revolving Credit Facility is, at the applicable borrower's option, a per annum rate equal to either (x) an eurocurrency rate plus an applicable margin varying from 1.000% to 1.625% or (y) a base rate plus an applicable margin varying from 0.000% to 0.625%, in each case depending on the public debt ratings for non-credit enhanced long-term senior unsecured debt issued by the Company.
(4) The effective interest rate of commercial paper issuances fluctuates as short-term interest rates and demand fluctuate, and deferred debt issuance costs are immaterial. Additionally, the effective interest rate of commercial paper is not meaningful as issuances do not materially differ from short-term interest rates.
(5) Includes bank borrowings, commercial paper, overdrafts and current portions of long-term debt.

Commercial Paper

For the nine months ended September 30, 2023, the Company had gross issuances of $4.283 billion and repayments of $4.470 billion under the Commercial Paper Program. The commercial paper issued had original maturities of less than 86 days. For the nine months ended September 30, 2022, the Company had gross issuances of $4.725 billion and repayments of $4.845 billion.

The Commercial Paper Program is backed by the borrowing capacity available under the Revolving Credit Facility. The effective interest rate of commercial paper issuances does not materially differ from short-term interest rates, which fluctuate due to market conditions and as a result may impact our interest expense.

Amendments to Existing Credit Agreements

Amendments to Existing Term Loan Credit Agreement

On September 19, 2023, Company entered into Amendment No. 5 (“Term Loan Amendment No. 5”) to amend that certain term loan credit agreement, dated January 17, 2020 (as amended by that certain Amendment No. 1 to Credit Agreement, dated as of August 25, 2020, as further supplemented by that certain Icon Debt Assumption Supplement, dated as of March 4, 2021, as further amended by that certain Amendment No. 2 to Credit Agreement, dated as of August 4, 2022, as further amended by that certain Amendment No. 3 (“Term Loan Amendment No. 3”) to Credit Agreement, dated as of March 23, 2023, as further amended by that certain Amendment No. 4 (“Term Loan Amendment No. 4”) to Credit Agreement, dated as of March 23, 2023, the “Existing Term Loan Credit Agreement”, and the Existing Term Loan Credit Agreement, as amended by the Term Loan Amendment, the “Term Loan Credit Agreement”), among the Company (as successor to Nutrition & Biosciences, Inc.), the lenders party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent.

Term Loan Amendment No. 3, among other things, extended the period during which certain relief was provided with respect to the financial covenant contained in the Existing Term Loan Credit Agreement which has been superseded by Term Loan Amendment No. 5.

Term Loan Amendment No. 4, among other things, replaces LIBOR with Term SOFR (as defined in the Term Loan Credit Agreement) as the reference rate for U.S. dollar-denominated loans. From March 23, 2023, loans under the Term Loan Credit Agreement now bear interest at a base rate or a rate equal to Term SOFR plus an adjustment of 0.10% per annum, plus, in each case, an applicable margin based on the Company's public debt rating. Loans may be prepaid without premium or penalty, subject to customary breakage costs.

Term Loan Amendment No. 5, among other things, extends the period during which certain relief is provided with respect to the financial covenant contained in the Existing Term Loan Credit Agreement through December 31, 2025, or such earlier date on which the Company elects to terminate such period (the “Term Loan Covenant Relief Period”), by providing that during the Term Loan Covenant Relief Period, the Company’s Leverage Ratio (as defined in the Term Loan Credit Agreement) shall not exceed as of the end of the fiscal quarter for the period of the four fiscal quarters then ended: (i) 5.25x for any fiscal quarter ending on or before March 31, 2024, (ii) 4.75x for the fiscal quarter ending June 30, 2024, (iii) 4.50x for the fiscal quarter ending September 30, 2024, (iv) 4.25x for any subsequent fiscal quarter ending on or before March 31, 2025, (v) 4.00x for any subsequent fiscal quarter ending on or before September 30, 2025 and (vi) 3.75x for the fiscal quarter ending December 31, 2025. During the Term Loan Covenant Relief Period, the Term Loan Amendment No. 5 also prohibits the Company from (i) declaring and paying dividends in cash on common stock in excess of $0.81 per share per fiscal quarter (for an aggregate amount of $3.24 per fiscal year) and (ii) creating liens to secure debt in excess of the greater of $300 million and 3.65% of Consolidated Net Tangible Assets (as defined in the Term Loan Credit Agreement), subject to certain exceptions set forth in the Term Loan Amendment No. 5. The Company was in compliance with all covenants as of September 30, 2023.

Loans may be prepaid without premium or penalty, subject to customary breakage costs, and during the Term Loan Covenant Relief Period, there will be a mandatory prepayment of the loans with 100% of the net cash proceeds from non-ordinary course asset sales, subject to certain exceptions set forth in the Term Loan Amendment No. 5. The applicable margin for the loans, which is based on the Company’s Public Debt Rating (as defined in the Term Loan Credit Agreement), will also increase by 0.125% for the duration of the Term Loan Covenant Relief Period.

Amendments to Existing Revolving Credit Facility

On September 19, 2023, the Company and certain of its subsidiaries (collectively, the “Loan Parties”) entered into Amendment No. 4 (the “Revolver Amendment No. 4”) to amend that certain Third Amended and Restated Credit Agreement, dated July 28, 2021 (as amended by that certain Amendment No. 1 to Credit Agreement, dated August 4, 2022, as further amended by that certain Amendment No. 2 (“Revolver Amendment No. 2”) to Credit Agreement, dated as of March 23, 2023, as further amended by that certain Amendment No. 3 (“Revolver Amendment No. 3”) to Credit Agreement, dated as of March 23, 2023, the “Existing Revolving Credit Agreement”, and the Existing Revolving Credit Agreement, as amended by the Revolver Amendment, the “Revolving Credit Agreement”), among the Loan Parties, the lenders party thereto and Citibank, N.A., as administrative agent.

Revolver Amendment No. 2, among other things, extended the period during which certain relief was provided with respect to the financial covenant contained in the Existing Revolving Credit Agreement which has been superseded by Revolver Amendment No. 4.

Revolver Amendment No. 3, among other things, replaces LIBOR with Term SOFR (as defined in the Revolving Credit Agreement) as the reference rate for U.S. dollar-denominated loans. From March 23, 2023, loans under the Revolving Credit Agreement now bear interest at a base rate or, in the case of U.S. dollar-denominated loans, a rate equal to Term SOFR plus an adjustment of 0.10% per annum or, in the case of euro-denominated loans, the Euro interbank offered rate, plus, in each case, an applicable margin based on the Company’s public debt rating. Loans may be prepaid without premium or penalty, subject to customary breakage costs.

Revolver Amendment No. 4, among other things, extends the period during which certain relief is provided with respect to the financial covenant contained in the Existing Revolving Credit Agreement through December 31, 2025, or such earlier date on which the Company elects to terminate such period (the "Revolver Covenant Relief Period"), by providing that during the Revolver Covenant Relief Period, the Company's Leverage Ratio (as defined in the Revolving Credit Agreement) shall not exceed as of the end of the fiscal quarter for the period of the four fiscal quarters then ended: (i) 5.25x for any fiscal quarter ending on or before March 31, 2024, (ii) 4.75x for the fiscal quarter ending June 30, 2024, (iii) 4.50x for the fiscal quarter ending September 30, 2024, (iv) 4.25x for any subsequent fiscal quarter ending on or before March 31, 2025, (v) 4.00x for any subsequent fiscal quarter ending on or before September 30, 2025 and (vi) 3.75x for the fiscal quarter ending December 31, 2025. During the Revolver Covenant Relief Period, the Revolver Amendment No. 4 also prohibits (i) the Company from declaring and paying dividends in cash on common stock in excess of $0.81 per share per fiscal quarter (for an aggregate amount of $3.24 per fiscal year) and (ii) the Loan Parties from creating liens to secure debt in excess of the greater of $300 million and 3.65% of Consolidated Net Tangible Assets (as defined in the Revolving Credit Agreement), subject to certain exceptions set forth in the Revolver Amendment No. 4. The Company was in compliance with all covenants as of September 30, 2023.

Loans may be prepaid without premium or penalty, subject to customary breakage costs, and during the Revolver Covenant Relief Period, the applicable margin for the loans, which is based on the Company's Public Debt Rating (as defined in the Revolving Credit Agreement), will increase by 0.125%.

For the nine months ended September 30, 2023, the Company had issuances of $800 million and repayments of $900 million under the Revolving Credit Facility. For the nine months ended September 30, 2022, the Company had issuances of $350 million and repayments of $350 million.

Repayment of Debt

On May 1, 2023, the Company made a $300 million debt repayment related to the 2023 Notes at maturity, which was funded from the issuance of $400 million under the Revolving Credit Facility. The issuance under the Revolving Credit Facility was repaid in June 2023.

On September 29, 2023, the Company made a voluntary $55 million debt repayment related to the 2024 Term Loan Facility.

NOTE 9. LEASES

The Company has leases for corporate offices, manufacturing facilities, research and development facilities and certain transportation and office equipment. The Company's leases have remaining lease terms of up to 50 years, some of which include options to extend the leases for up to 15 years.

The components of lease expense were as follows:

(DOLLARS IN MILLIONS)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Operating leases				
Operating lease cost	$ 32	$ 31	$ 105	$ 99
Variable lease cost	10	12	42	36
Total operating lease cost	$ 42	$ 43	$ 147	$ 135
Finance leases				
Finance lease cost	$ 3	$ 2	$ 7	$ 6

Supplemental cash flow information related to leases was as follows:

(DOLLARS IN MILLIONS)	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows for operating leases	$ 94	$ 102
Operating cash flows for finance leases	1	—
Financing cash flows for finance leases	6	5
Right-of-use assets obtained in exchange for lease obligations		
Operating leases	73	154
Finance leases	17	4

Operating lease right-of-use assets are presented in “Operating lease right-of-use assets” and finance lease right-of-use assets are presented in “Other assets” on the Consolidated Balance Sheets. Operating lease liabilities are presented in “Operating lease liabilities” and finance lease liabilities are presented in “Other liabilities” on the Consolidated Balance Sheets. Any other current liabilities related to operating and finance lease liabilities are presented in “Other current liabilities” on the Consolidated Balance Sheets.

NOTE 10. INCOME TAXES

The effective tax rate for the three months ended September 30, 2023 was 54.2%, which was primarily driven by tax expenses relating to business divestitures and changes in the mix of income and losses, some of which do not give rise to tax benefits due to valuation allowances.

The effective tax rate for the nine months ended September 30, 2023 was 62.6%, which was primarily driven by tax expenses relating to business divestitures and changes in the mix of income and losses, some of which do not give rise to tax benefits due to valuation allowances.

As of September 30, 2023, the Company had approximately $111 million of unrecognized tax benefits recorded in Other liabilities and approximately $5 million recorded to Other current liabilities. If these unrecognized tax benefits were recognized, the effective tax rate would be affected.

As of September 30, 2023, the Company had accrued interest and penalties of approximately $38 million classified in Other liabilities and approximately $2 million classified in Other current liabilities.

As of September 30, 2023, the Company’s aggregate provisions for uncertain tax positions, including interest and penalties, was approximately $156 million associated with tax positions asserted in various jurisdictions.

The Company regularly repatriates earnings from non-U.S. subsidiaries. As the Company repatriates these funds to the U.S., they will be required to pay income taxes in certain U.S. states and applicable foreign withholding taxes during the period when such repatriation occurs. Accordingly, as of September 30, 2023, the Company had a deferred tax liability of approximately $153 million for the effect of repatriating the funds to the U.S., attributable to various non-U.S. subsidiaries. There is no deferred tax liability associated with non-U.S. subsidiaries where we intend to indefinitely reinvest the earnings to fund local operations and/or capital projects.

NOTE 11. STOCK COMPENSATION PLANS

The Company has various plans under which its officers, senior management, other key employees and directors may be granted equity-based awards. Equity awards outstanding under the plans include PRSUs, Restricted Stock Units (“RSUs”), Stock-Settled Appreciation Rights (“SSARs”) and Long-Term Incentive Plan awards. Liability-based awards outstanding under the plans are cash-settled RSUs.

Stock-based compensation expense and related tax benefits were as follows:

(DOLLARS IN MILLIONS)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Equity-based awards	$ 18	$ 12	$ 50	$ 37
Liability-based awards	—	(1)	—	—
Total stock-based compensation expense	18	11	50	37
Less: Tax benefit	(5)	(2)	(11)	(7)
Total stock-based compensation expense, after tax	$ 13	$ 9	$ 39	$ 30

As of September 30, 2023, there was approximately $90 million of total unrecognized compensation cost related to non-vested awards granted under the equity incentive plans.

NOTE 12. SEGMENT INFORMATION

The Company is organized into four reportable operating segments: Nourish, Health & Biosciences, Scent and Pharma Solutions. These segments align with the internal structure to manage these businesses. The Company’s Chief Operating Decision Maker regularly reviews financial information to allocate resources and assess performance utilizing these segments.

Nourish is comprised of three business units, Ingredients, Flavors and Food Designs, with a diversified portfolio across natural and plant-based specialty food ingredients, flavor compounds, and systems and inclusions, respectively. Ingredients provide texturizing solutions to the food industry, food protection solutions used in food and beverage products, specialty soy and pea protein with value-added formulations, emulsifiers and sweeteners. Flavors provide a range of flavor compounds and natural taste solutions that are ultimately used by IFF’s customers in savory products, beverages, sweets and dairy products. Flavors also provide value-added spices and seasoning ingredients for meat, food service, convenience, alternative protein and culinary products. Food Designs provide blends and systems that combine key ingredients tailored to IFF customers’ specific needs. Additionally, Food Designs provide inclusion products that help with taste and texture by, among other things, combining flavorings with fruit, vegetables, and other natural ingredients for a wide range of food products, such as health snacks, baked goods, cereals, pastries, ice cream and other dairy products.

Health & Biosciences is comprised of five business units, Health, Cultures & Food Enzymes, Home & Personal Care, Animal Nutrition and Grain Processing, with a biotechnology-driven portfolio of products that serve the health and wellness, food, consumer and industrial markets. Products within this portfolio range from enzymes, food cultures, probiotics and specialty ingredients for non-food applications. Health provides ingredients for dietary supplements, food and beverage, specialized nutrition and pharma. Cultures & Food Enzymes provide products that aim to serve the global demand for healthy, natural, clean label and fermented food for fresh dairy, cheese, bakery and brewing products. This is accomplished by providing IFF’s customers with products that allow for extended shelf life and stability, which help to improve customers’ products and performance. The business unit’s enzyme solution also allows IFF’s customers to provide low sugar, high fiber and lactose-free dairy products. Home & Personal Care produces enzymes for detergents, cleaning and textile processing products in the laundry, dishwashing, textiles and industrials and personal care markets that help to enhance product and process performances. Animal Nutrition produces enzymes that help to improve the product and process performance of animal feed products, which aim to lessen environmental impact by reducing farm waste. Grain Processing produces enzymes for biofuel production and carbohydrate processing.

Scent is comprised of (1) Fragrance Compounds, which are ultimately used by IFF’s customers in two broad categories: Fine Fragrances, including perfumes and colognes, and Consumer Fragrances, including fragrance compounds for personal care (e.g., soaps), household products (e.g., detergents and cleaning agents) and beauty care, including toiletries; (2) Fragrance Ingredients, consisting of synthetic and natural ingredients that can be combined with other materials to create unique fine fragrance and consumer fragrance compounds; and (3) Cosmetic Ingredients, consisting of active and functional ingredients, botanicals and delivery systems to support our customers’ cosmetic and personal care product lines. Major fragrance customers include the cosmetics industry, including perfume and toiletries manufacturers, and the household products industry, including manufacturers of soaps, detergents, fabric care, household cleaners and air fresheners.

Pharma Solutions is comprised of a vast portfolio, including cellulosics and seaweed-based pharmaceutical excipients, used to improve the functionality and delivery of active pharmaceutical ingredients, including controlled or modified drug release formulations, and enabling the development of more effective pharmaceutical finished dosage formats. Pharma Solutions excipients are used in prescription and over-the-counter pharmaceuticals and dietary supplements. Pharma Solutions products also serve a variety of other specialty and industrial end-uses including coatings, inks, electronics, agriculture and consumer products.

Reportable segment information was as follows:

(DOLLARS IN MILLIONS)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Net sales:				
Nourish	$ 1,449	$ 1,703	$ 4,666	$ 5,252
Health & Biosciences	518	512	1,553	1,838
Scent	615	591	1,815	1,756
Pharma Solutions	238	257	742	750
Consolidated	$ 2,820	$ 3,063	$ 8,776	$ 9,596
Segment Adjusted Operating EBITDA:				
Nourish	$ 178	$ 287	$ 567	$ 981
Health & Biosciences	150	137	426	513
Scent	131	119	353	328
Pharma Solutions	47	69	173	192
Total	506	612	1,519	2,014
Depreciation & Amortization	(292)	(293)	(855)	(897)
Interest Expense	(110)	(83)	(337)	(232)
Other Income, net	19	33	34	43
Restructuring and Other Charges (a)	(2)	4	(61)	(5)
Impairment of Goodwill (b)	—	(2,250)	—	(2,250)
Impairment of Long-Lived Assets (c)	—	—	—	(120)
Acquisition, Divestiture and Integration Related Costs (d)	(42)	(57)	(118)	(167)
Strategic Initiatives Costs (e)	(6)	(1)	(28)	(1)
Regulatory Costs (f)	(13)	—	(32)	—
Other (g)	(1)	—	1	(5)
Income (Loss) Before Taxes	$ 59	$ (2,035)	$ 123	$ (1,620)

(a) For 2023 and 2022, represents costs primarily related to severance as part of the Company's restructuring efforts.

(b) Represents costs related to the impairment of goodwill in the Health & Biosciences reporting unit.

(c) Represents costs related to the impairment of intangible and fixed assets of an asset group that operated primarily in Russia.

(d) For 2023 and 2022, primarily represents costs related to the Company's actual and planned acquisitions and divestitures and integration related activities primarily for N&B. These costs primarily consisted of external consulting fees, professional and legal fees and salaries of individuals who are fully dedicated to such efforts. For 2023, acquisition costs primarily relate to earn-out adjustments.

For the three months ended September 30, 2023, business divestiture, integration and acquisition related costs were approximately $29 million, $12 million and $1 million, respectively. For the three months ended September 30, 2022, business divestiture, integration and acquisition related costs were approximately $31 million, $25 million and $1 million, respectively. For the nine months ended September 30, 2023, business divestiture, integration and acquisition related costs were approximately $70 million, $42 million and $6 million, respectively. For the nine months ended September 30, 2022, business divestiture, integration and acquisition related costs were approximately $91 million, $73 million and $3 million, respectively.

(e) Represents costs related to the Company's strategic assessment and business portfolio optimization efforts and reorganizing the Global Shared Services Centers, primarily consulting fees.

(f) Represents costs primarily related to legal fees incurred for the ongoing investigations of the fragrance businesses.

(g) For 2023, represents (losses) gains from sale of assets. For 2022, represents shareholder activist related costs, primarily professional fees, severance costs, including accelerated stock compensation expense, for certain executives who have been separated from the Company, and gains from sale of assets.

Net sales, which are attributed to individual regions based upon the destination of product delivery, were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(DOLLARS IN MILLIONS)	**2023**	**2022**	**2023**	**2022**
Europe, Africa and Middle East	$ 918	$ 1,030	$ 2,958	$ 3,258
Greater Asia	670	701	2,031	2,200
North America	853	939	2,668	3,006
Latin America	379	393	1,119	1,132
Consolidated	$ 2,820	$ 3,063	$ 8,776	$ 9,596

	Three Months Ended September 30,		Nine Months Ended September 30,	
(DOLLARS IN MILLIONS)	**2023**	**2022**	**2023**	**2022**
Net sales related to the U.S.	$ 782	$ 920	$ 2,430	$ 2,799
Net sales attributed to all foreign countries	2,038	2,143	6,346	6,797

No non-U.S. country had net sales greater than 7% of total consolidated net sales for the three and nine months ended September 30, 2023. No non-U.S. country had net sales greater than 6% of total consolidated net sales for the three and nine months ended September 30, 2022.

NOTE 13. EMPLOYEE BENEFITS

Pension and other defined contribution retirement plan expenses included the following components:

	U.S. Plans			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(DOLLARS IN MILLIONS)	**2023**	**2022**	**2023**	**2022**
Service cost for benefits earned(1)	$ —	$ 1	$ —	$ 1
Interest cost on projected benefit obligation(2)	6	4	19	12
Expected return on plan assets(2)	(7)	(5)	(23)	(16)
Net amortization and deferrals(2)	—	1	1	5
Net periodic benefit (income) cost	$ (1)	$ 1	$ (3)	$ 2

	Non-U.S. Plans			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(DOLLARS IN MILLIONS)	**2023**	**2022**	**2023**	**2022**
Service cost for benefits earned(1)	$ 5	$ 9	$ 15	$ 28
Interest cost on projected benefit obligation(2)	9	4	27	13
Expected return on plan assets(2)	(11)	(10)	(34)	(32)
Net amortization and deferrals(2)	—	3	(1)	9
Net periodic benefit (income) cost	$ 3	$ 6	$ 7	$ 18

(1) Included as a component of Operating profit (loss).
(2) Included as a component of Other income, net.

The Company expects to contribute a total of $5 million to its U.S. pension plans and a total of $32 million to its non-U.S. pension plans during 2023. During the nine months ended September 30, 2023, no contributions were made to the qualified U.S. pension plans, $22 million of contributions were made to the non-U.S. pension plans, and $3 million of benefit payments were made with respect to the Company’s non-qualified U.S. pension plan.

(Income) expense recognized for postretirement benefits other than pensions included the following components:

(DOLLARS IN MILLIONS)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Service cost for benefits earned	$ —	$ 1	$ —	$ 1
Interest cost on projected benefit obligation	—	—	2	1
Net amortization and deferrals	(1)	(2)	(4)	(4)
Total postretirement benefit (income) expense	$ (1)	$ (1)	$ (2)	$ (2)

The Company expects to contribute $3 million to its postretirement benefits other than pension plans during 2023. In the nine months ended September 30, 2023, $2 million of contributions were made.

NOTE 14. FINANCIAL INSTRUMENTS

Fair Value

Accounting guidance on fair value measurements specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company’s market assumptions. These two types of inputs create the following fair value hierarchy:

- Level 1 — Quoted prices for *identical* instruments in active markets.
- Level 2 — Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 — Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. The Company also considers counterparty credit risk in its assessment of fair value. The Company determines the fair value of structured liabilities (where performance is linked to structured interest rates, inflation or currency risks) using the Term SOFR swap curve and forward interest and exchange rates at period end. Such instruments are classified as Level 2 based on the observability of significant inputs to the model. The Company does not have any instruments classified as Level 3, other than those included in pension asset trusts as discussed in Note 15 of the Company’s 2022 Form 10-K.

The carrying values and the estimated fair values of financial instruments at September 30, 2023 and December 31, 2022 consisted of the following:

	September 30, 2023		December 31, 2022	
(DOLLARS IN MILLIONS)	Carrying Value	Fair Value	Carrying Value	Fair Value
LEVEL 1				
Cash and cash equivalents[(1)]	$ 629	$ 629	$ 483	$ 483
LEVEL 2				
Credit facilities and bank overdrafts[(2)]	—	—	106	106
Derivatives				
Derivative assets[(3)]	3	3	1	1
Derivative liabilities[(3)]	126	126	75	75
Commercial paper[(2)]	—	—	187	187
Long-term debt:				
2023 Notes[(4)]	—	—	300	298
2024 Euro Notes[(4)]	525	518	532	519
2025 Notes[(4)]	1,000	897	1,000	884
2026 Euro Notes[(4)]	836	757	845	774
2027 Notes[(4)]	1,213	995	1,215	1,006
2028 Notes[(4)]	398	367	398	380
2030 Notes[(4)]	1,509	1,130	1,510	1,188
2040 Notes[(4)]	773	468	774	535
2047 Notes[(4)]	495	336	495	390
2048 Notes[(4)]	787	598	787	685
2050 Notes[(4)]	1,570	874	1,571	1,021
2024 Term Loan Facility[(5)]	570	570	625	625
2026 Term Loan Facility[(5)]	625	625	625	625

(1) The carrying amount of cash and cash equivalents approximates fair value due to the short maturity of those instruments.
(2) The carrying amount approximates fair value as the interest rate is reset frequently based on current market rates as well as the short maturity of those instruments.
(3) The carrying amount approximates fair value as the instruments are marked-to-market and held at fair value on the Consolidated Balance Sheets.
(4) The fair value of the Note is obtained from pricing services engaged by the Company, and the Company receives one price for each security. The fair value provided by the pricing services are estimated using pricing models, where the inputs to those models are based on observable market inputs or recent trades of similar securities. The inputs to the valuation techniques applied by the pricing services are typically benchmark yields, benchmark security prices, credit spreads, reported trades and broker-dealer quotes, all with reasonable levels of transparency.
(5) The carrying amount approximates fair value as the Term Loans were assumed at fair value and the interest rate is reset frequently based on current market rates.

Derivatives

Foreign Currency Forward Contracts

The Company periodically enters into foreign currency forward contracts with the objective of reducing exposure to cash flow volatility associated with its intercompany loans and foreign currency receivables and payables. These contracts generally involve the exchange of one currency for a second currency at a future date, have maturities not exceeding twelve months and are with counterparties which are major international financial institutions.

Commodity Contracts

The Company utilizes options, futures and swaps that are not designated as hedging instruments to reduce exposure to commodity price fluctuations on purchases of inventory such as soybeans, soybean oil and soybean meal.

The Company also utilizes options, futures and swaps that are designated as hedging instruments to reduce exposure to commodity price fluctuations on purchases of natural gas used in our manufacturing process.

Hedges Related to Issuances of Debt

As of September 30, 2023, the Company designated approximately $1.361 billion of Euro Notes as a hedge of a portion of its net European investments. Accordingly, the change in the value of the debt that is attributable to foreign exchange movements is recorded in other comprehensive income ("OCI") as a component of foreign currency translation adjustments in the accompanying Consolidated Statements of Income (Loss) and Comprehensive Loss.

Cross Currency Swaps

The Company has twelve EUR/USD cross currency swaps with a notional value of $1.400 billion that mature through November 2030. The swaps all qualified as net investment hedges in order to mitigate a portion of the Company's net European investments from foreign currency risk. As of September 30, 2023, the twelve swaps were in a liability position with an aggregate fair value of $89 million, which were classified as Other liabilities on the Consolidated Balance Sheets. Changes in fair value related to cross currency swaps are recorded in OCI.

The following table shows the notional amount of the Company's derivative instruments outstanding as of September 30, 2023 and December 31, 2022:

(DOLLARS IN MILLIONS)	September 30, 2023	December 31, 2022
Foreign currency contracts[1]	$ (1,248)	$ 92
Commodity contracts[1]	13	(1)
Cross currency swaps	1,400	1,400

(1) Foreign currency contracts and commodity contracts are presented net of contracts bought and sold.

The following tables show the Company's derivative instruments measured at fair value (Level 2 of the fair value hierarchy), as reflected on the Consolidated Balance Sheets as of September 30, 2023 and December 31, 2022:

	September 30, 2023		
(DOLLARS IN MILLIONS)	Fair Value of Derivatives Designated as Hedging Instruments	Fair Value of Derivatives Not Designated as Hedging Instruments	Total Fair Value
Derivative assets[1]			
Foreign currency contracts	$ —	$ 3	$ 3
Derivative liabilities[2]			
Foreign currency contracts	$ —	$ 37	$ 37
Cross currency swaps	89	—	89
Total derivative liabilities	$ 89	$ 37	$ 126

	December 31, 2022		
(DOLLARS IN MILLIONS)	Fair Value of Derivatives Designated as Hedging Instruments	Fair Value of Derivatives Not Designated as Hedging Instruments	Total Fair Value
Derivative assets[1]			
Foreign currency contracts	$ —	$ 1	$ 1
Derivative liabilities[2]			
Cross currency swaps	$ 75	$ —	$ 75

(1) Derivative assets are recorded to Prepaid expenses and other current assets on the Consolidated Balance Sheets.
(2) Derivative liabilities are recorded to Other current liabilities and Other liabilities on the Consolidated Balance Sheets.

The following table shows the effect of the Company's derivative instruments which were not designated as hedging instruments on the Consolidated Statements of Income (Loss) and Comprehensive Loss for the three and nine months ended September 30, 2023 and 2022:

(DOLLARS IN MILLIONS)	Amount of Gain (Loss) Three Months Ended September 30, 2023	2022	Location of Gain (Loss) Recognized in Income on Derivative
Foreign currency contracts[1]	$ (26)	$ 2	Other income, net

(DOLLARS IN MILLIONS)	Amount of Gain (Loss) Nine Months Ended September 30, 2023	2022	Location of Gain (Loss) Recognized in Income on Derivative
Foreign currency contracts[1]	$ (23)	$ 4	Other income, net
Commodity contracts	2	—	Cost of goods sold
Total	$ (21)	$ 4	

(1) The foreign currency contract net gains (losses) offset any recognized gains (losses) arising from the revaluation of the related intercompany loans during the same respective periods.

The following table shows the effect of the Company’s derivative and non-derivative instruments designated as net investment hedging instruments, net of tax, on the Consolidated Statements of Income (Loss) and Comprehensive Loss for the three and nine months ended September 30, 2023 and 2022:

	Amount of Gain (Loss) Recognized in OCI on Derivative and Non-Derivative (Effective Portion)		Location of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income (“AOCI”) into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	
	Three Months Ended September 30,			Three Months Ended September 30,	
(DOLLARS IN MILLIONS)	2023	2022		2023	2022
Derivatives in Net Investment Hedging Relationships:					
Cross currency swaps	$ 22	$ (36)	N/A	$ —	$ —
Non-Derivatives in Net Investment Hedging Relationships:					
2024 Euro Notes	15	30	N/A	—	—
2026 Euro Notes	25	48	N/A	—	—
Total	$ 62	$ 42		$ —	$ —

	Amount of Gain (Loss) Recognized in OCI on Derivative and Non-Derivative (Effective Portion)		Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	
	Nine Months Ended September 30,			Nine Months Ended September 30,	
	2023	2022		2023	2022
Derivatives in Net Investment Hedging Relationships:					
Cross currency swaps	$ (11)	$ 12	N/A	$ —	$ —
Non-Derivatives in Net Investment Hedging Relationships:					
2024 Euro Notes	4	60	N/A	—	—
2026 Euro Notes	7	96	N/A	—	—
Total	$ —	$ 168		$ —	$ —

The ineffective portion of the above noted net investment hedges was not material and was recorded as a component of interest expense on the Consolidated Statements of Income (Loss) and Comprehensive Loss during the three and nine months ended September 30, 2023 and 2022.

At September 30, 2023, based on current market rates, the Company does not expect any derivative losses (net of tax), included in AOCI, to be reclassified into earnings within the next 12 months.

NOTE 15. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following tables present changes in the accumulated balances for each component of other comprehensive (loss) income, including current period other comprehensive (loss) income and reclassifications out of accumulated other comprehensive loss:

(DOLLARS IN MILLIONS)	Foreign Currency Translation Adjustments	Gains (Losses) on Derivatives Qualifying as Hedges	Pension and Postretirement Liability Adjustment	Total
Accumulated other comprehensive (loss) income, net of tax, as of December 31, 2022	$ (2,066)	$ 1	$ (133)	$ (2,198)
OCI before reclassifications	(175)	—	(2)	(177)
Reclassifications due to business divestitures	43	—	(1)	42
Amounts reclassified from AOCI	—	—	(3)	(3)
Net current period other comprehensive income (loss)	(132)	—	(6)	(138)
Accumulated other comprehensive (loss) income, net of tax, as of September 30, 2023	$ (2,198)	$ 1	$ (139)	$ (2,336)

(DOLLARS IN MILLIONS)	Foreign Currency Translation Adjustments	Gains (Losses) on Derivatives Qualifying as Hedges	Pension and Postretirement Liability Adjustment	Total
Accumulated other comprehensive (loss) income, net of tax, as of December 31, 2021	$ (1,133)	$ 1	$ (291)	$ (1,423)
OCI before reclassifications	(1,770)	—	(2)	(1,772)
Amounts reclassified from AOCI	—	—	8	8
Net current period other comprehensive income (loss)	(1,770)	—	6	(1,764)
Accumulated other comprehensive (loss) income, net of tax, as of September 30, 2022	$ (2,903)	$ 1	$ (285)	$ (3,187)

The following table provides details about reclassifications out of Accumulated other comprehensive loss to the Consolidated Statements of Income (Loss) and Comprehensive Loss:

	Nine Months Ended September 30,		Affected Line Item in the Consolidated Statements of Income (Loss) and Comprehensive Loss
(DOLLARS IN MILLIONS)	2023	2022	
Gains (losses) on pension and postretirement liability adjustments			
Prior service cost	$ 4	$ 5	(1)
Actuarial losses	—	(15)	(1)
Tax	(1)	2	Provision for income taxes
Total	$ 3	$ (8)	Total, net of income taxes

(1) The amortization of prior service cost and actuarial loss is included in the computation of net periodic benefit cost. Refer to Note 15 of the Company's 2022 Form 10-K for additional information regarding net periodic benefit cost.

NOTE 16. COMMITMENTS AND CONTINGENCIES

Guarantees and Letters of Credit

The Company has various bank guarantees, letters of credit and surety bonds which are used to support its ongoing business operations, satisfy governmental requirements associated with pending litigation in various jurisdictions and the payment of customs duties.

As of September 30, 2023, the Company had a total capacity of approximately $431 million of bank guarantees, commercial guarantees, standby letters of credit and surety bonds with various financial institutions. Included in the above aggregate amount was a total of approximately $10 million for other assessments in Brazil for various income tax and indirect tax disputes related to fiscal years 1998-2011. There was a total of approximately $91 million outstanding under the bank guarantees, standby letters of credit and commercial guarantees as of September 30, 2023.

In order to challenge the assessments in these cases in Brazil, the Company has been required to, and has separately pledged assets, principally property, plant and equipment, to cover assessments in the amount of approximately $8 million as of September 30, 2023.

Lines of Credit

The Company has various lines of credit which are available to support its ongoing business operations. As of September 30, 2023, the Company had a total capacity of approximately $1.824 billion of lines of credit with various financial institutions, in addition to the $1.447 billion of capacity under the Revolving Credit Facility. Pursuant to these lines of credit as of September 30, 2023, the total draw downs were not material.

Litigation

The Company assesses contingencies related to litigation and/or other matters to determine the degree of probability and range of possible loss. A loss contingency is accrued in the Company's Consolidated Financial Statements if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Because litigation is inherently unpredictable and unfavorable resolutions could occur, assessing contingencies is highly sensitive and requires judgments about future events. On at least a quarterly basis, the Company reviews contingencies related to litigation to determine the adequacy of accruals. The amount of ultimate loss may differ from these estimates and further events may require the Company to increase or decrease the amounts it has accrued on any matter.

Periodically, the Company assesses its insurance coverage for all known claims, where applicable, taking into account aggregate coverage by occurrence, limits of coverage, self-insured retentions and deductibles, historical claims experience and claims experience with its insurance carriers. The liabilities are recorded at management's best estimate of the probable outcome of the lawsuits and claims, taking into consideration the facts and circumstances of the individual matters as well as past experience on similar matters. At each balance sheet date, the key issues that management assesses are whether it is probable that a loss as to asserted or unasserted claims has been incurred and if so, whether the amount of loss can be reasonably estimated. The Company records the expected liability with respect to claims in Other liabilities and expected recoveries from its insurance carriers in Other assets. The Company recognizes a receivable when it believes that realization of the insurance receivable is probable under the terms of the insurance policies and its payment experience to date.

Litigation Matters

On August 12, 2019, Marc Jansen filed a putative securities class action against IFF, its then Chairman and CEO, and its then-CFO, in the United States District Court for the Southern District of New York. The lawsuit was filed after IFF disclosed that preliminary results of investigations indicated that Frutarom businesses operating principally in Russia and Ukraine had made improper payments to representatives of customers. On March 16, 2020, an amended complaint was filed, which added Frutarom and certain former officers of Frutarom as defendants. The amended complaint alleges, among other things, that defendants made materially false and misleading statements or omissions concerning IFF's acquisition of Frutarom, the integration of the two companies, and the companies' financial reporting and results. The amended complaint asserts claims under Section 10(b) of the Securities Exchange Act of 1934 and SEC Rule 10b-5, and under the Israeli Securities Act-1968, against all defendants, and under Section 20(a) of the Securities Exchange Act of 1934 against the individual defendants, on behalf of a putative class of persons and entities who purchased or otherwise acquired IFF securities on the New York Stock Exchange between May 7, 2018 and August 12, 2019 and persons and entities who purchased or otherwise acquired IFF securities on the Tel Aviv Stock Exchange between October 9, 2018 and August 12, 2019. The amended complaint seeks an award of unspecified compensatory damages, costs, and expenses. IFF, its officers, and Frutarom filed a motion to dismiss the case on June 26, 2020, which was granted on March 30, 2021. On April 28, 2021, lead plaintiffs filed a notice of appeal to the United States Court of Appeals for the Second Circuit. Lead plaintiffs are pursuing the appeal only against Frutarom and certain former officers of Frutarom. The parties have submitted their briefs to the Court of Appeals. The Second Circuit held oral argument on February 10, 2022. On September 30, 2022, the Second Circuit affirmed the dismissal of Plaintiffs' claims. On October 14, 2022, Plaintiffs filed a Petition for Rehearing En Banc, which the Second Circuit denied on January 4, 2023. Plaintiffs did not seek review in the United States Supreme Court. The matter is therefore fully resolved in defendants' favor.

Two motions to approve securities class actions were filed in the Tel Aviv District Court, Israel, in August 2019, similarly alleging, among other things, false and misleading statements largely in connection with IFF's acquisition of Frutarom and the above-mentioned improper payments. One motion ("Borg") asserts claims under the U.S. federal securities laws against IFF, its former Chairman and CEO, and its former CFO. On November 8, 2020, IFF and its officers filed their response to the Borg motion. On April 20, 2021, Mr. Borg filed a motion to stay the proceeding pending an appellate decision in the U.S. proceeding. On June 15, 2021, August 11, 2021, November 9, 2021, January 9, 2022, April 7, 2022 and July 10, 2022, the U.S. lead plaintiffs filed update notices with the Israeli court regarding the appeal in the U.S. proceeding. On June 12, 2023, the petitioner filed a withdrawal motion, which the court then granted. The Borg case is now dismissed. The other motion ("Oman") (following an initial amendment) asserted claims under the Israeli Securities Act-1968 against IFF, its former Chairman and CEO, and its former CFO, and against Frutarom and certain former Frutarom officers and directors, as well as claims under the Israeli Companies Act-1999 against certain former Frutarom officers and directors. On February 17, 2021, the court granted a motion by the Oman plaintiff to remove IFF and its officers from the motion and to add factual allegations from the US amended complaint. The amended Oman motion was filed on July 4, 2021. On August 29, 2021, the former Frutarom officers and certain former Frutarom directors filed a motion to dismiss the case. On September 30, 2021, Frutarom notified the court that it joins the legal arguments made in the motion to dismiss. On February 22, 2022, the court denied the motion to dismiss. On July 14, 2022, the court approved the parties' motion to mediate the dispute, which postpones all case deadlines until after the mediation. In addition, a request to appeal the court's denial of the motion to dismiss filed by the former Frutarom officers and certain former Frutarom directors has been stayed. The parties held mediation meetings on September 13, 2022, November 22, 2022 and March 1, 2023.

On October 29, 2019, IFF and Frutarom filed a claim in the Tel Aviv District Court, Israel, against Ori Yehudai, the former President and CEO of Frutarom, and against certain former directors of Frutarom, challenging the bonus of US $20 million granted to Yehudai in 2018. IFF and Frutarom allege, among other things, that Yehudai was not entitled to receive the bonus because he breached his fiduciary duty by, among other things, knowing of the above-mentioned improper payments and failing to prevent them from being made. The parties agreed, pursuant to the court's recommendation, to attempt to resolve the dispute through mediation, and a court decision is pending with regard to the order in which this claim and the class action described below will be heard.

On March 11, 2020, an IFF shareholder filed a motion to approve a class action in Israel against, among others, Frutarom, Yehudai, and Frutarom's former board of directors, alleging that former minority shareholders of Frutarom were harmed as a result of the US $20 million bonus paid to Yehudai. The parties to this motion agreed to attempt to resolve the dispute through mediation to take place regarding the aforesaid claim against Yehudai. On July 27, 2021, counsel to the movant in the class action filed a notice with the court that the mediation process ended without an agreement. On August 26, 2021, a motion to dismiss the class action application was filed by Yehudai and certain former directors of Frutarom. On September 9, 2021, an additional motion to dismiss was filed by other former directors of Frutarom together with ICC Industries, Inc. and its affiliates. On December 9, 2021, the court denied the motions to dismiss. Responses to the class action motion were filed in May 2022, and applicant's response was filed in December 2022. An evidentiary hearing is set for March 2024.

Since March 2023, various putative class action lawsuits have been filed against IFF, Firmenich International SA, Givaudan SA, and Symrise AG and/or certain affiliates thereof in the Quebec Superior Court, the Federal Court of Canada, Ontario Superior Court, Supreme Court of British Columbia and, in several cases, the United States District Court for the District of New Jersey. These actions allege violations of the Canadian Competition Act and the Sherman Act, as applicable, and other related claims, and seek damages and other relief. IFF may face additional civil suits, in the United States or elsewhere, relating to such alleged conduct. At this time, IFF is unable to predict the potential outcome of these lawsuits or any potential effect they may have on the Company's results of operations, liquidity or financial condition.

Investigations

On June 3, 2020, the Israel Police's National Fraud Investigation Unit and the Israeli Securities Authority commenced an investigation into Frutarom and certain of its former executives, based on suspected bribery of foreign officials, money laundering, and violations of the Israeli Securities Act-1968. As part of the investigation, the National Fraud Investigation Unit and the Israeli Securities Authority have provided IFF and Frutarom with various orders, mainly requesting that IFF and Frutarom provide certain documents and materials. In addition, a seizure of assets was imposed on Frutarom and certain of its affiliates. IFF has been working to ensure compliance with such orders, all in accordance with, and subject to, Israeli law. On August 25, 2021, the Israeli Police informed Frutarom that they have decided to remove the temporary criminal seizure of assets order from the real estate assets of Frutarom and its related companies, which was done in parallel with the transfer of the case to the District Attorney's Office in Israel.

On March 7, 2023, the European Commission ("EC") and the United Kingdom Competition and Markets Authority ("CMA") carried out unannounced inspections of certain of IFF's facilities. On the same day, IFF was served with a grand jury subpoena by the Antitrust Division of the U.S. Department of Justice ("DOJ"). IFF understands the EC, CMA, DOJ and the Swiss Competition Commission to be investigating potential anticompetitive conduct as it relates to IFF's fragrance businesses. IFF has been and intends to continue cooperating with these investigations. IFF is unable, however, to predict or determine at this time the duration or outcome of the investigations, or whether the outcome of the investigations will materially impact the Company's results of operations, liquidity or financial condition.

China Facilities

Guangzhou Taste Plant

During the fourth quarter of 2016, the Company was notified that certain governmental authorities had begun to evaluate a change in the zoning of the Guangzhou Taste plant. The zoning, if changed, would not affect the current operations, but would prevent expansions or other increases in the operating capacity of the plant. The ultimate outcome of any change that the governmental authorities may propose, the timing of such a change, and the nature of any compensation arrangements that might be provided to the Company are uncertain. To address the governmental authorities' requirements, the Company has transferred certain production capabilities from the Guangzhou Taste plant to a newly built facility in Zhangjiagang. Currently, the Company does not foresee the need for expansions of the Guangzhou Taste plant.

The net book value of the Guangzhou and Zhangjiagang Taste plants was approximately $47 million and $34 million, respectively, as of September 30, 2023.

Guangzhou Scent Plant

During the second quarter of 2019, the Company was notified that certain governmental authorities had changed the zoning where the Guangzhou Scent plant is located. The zoning change did not affect the current operations but prevents expansions or other increases in the operating capacity of the plant. The Company believes that it is possible that the zoning may be enforced in the future such that it would not be able to continue manufacturing at the existing site. The ultimate outcome of any change that the governmental authorities may propose, the timing of such a change, and the nature of any compensation arrangements that might be provided to the Company are uncertain. To address the governmental authorities' requirements, the Company has transferred certain production capabilities from the Guangzhou Scent plant to the plant in Jiande, China.

The net book value of the Guangzhou Scent plant and the plant in Jiande, China was approximately $6 million and $53 million, respectively, as of September 30, 2023.

Zhejiang Ingredients Plant

In the fourth quarter of 2017, the Company concluded discussions with the government regarding the relocation of its Fragrance Ingredients plant in Zhejiang and, based on the agreements reached, expected to receive total compensation payments up to approximately $50 million. The relocation compensation was paid to the Company over the period of the relocation. The Company received payments totaling $30 million through the end of 2019. Production at the facility ceased during 2019. In the second quarter of 2020, the Company transferred ownership of the site to the government and the remaining net book value of the plant was written off. In the third quarter of 2020, the Company received a payment of approximately $13 million. The land remediation activities were completed in November 2022 and the final land restoration activities to restore the land to its original height, per the government's request, were completed in April 2023. Upon completion of these activities, the land was returned to the government in April 2023 and a final payment of approximately $5 million was received in June 2023.

During the second quarter of 2023, the Company recognized a pre-tax gain of approximately $22 million related to this transaction presented in Other income, net on the Consolidated Statements of Income (Loss) and Comprehensive Loss. The Company also recognized an estimated amount of approximately $6 million of income taxes presented in Provision for income taxes on the Consolidated Statements of Income (Loss) and Comprehensive Loss. The calculation of the applicable income taxes related to this transaction has been sent to the local tax authorities for review and is pending final approval.

Total China Operations

The total net book value of all plants in China was approximately $209 million as of September 30, 2023.

If the Company is required to close a plant, or operate one at significantly reduced production levels on a permanent basis, the Company may be required to record charges that could have a material impact on its consolidated financial results of operations, financial position and cash flows in future periods.

Environmental Proceedings

The Company is reporting the following environmental matter in compliance with SEC requirements to disclose environmental proceedings where a governmental authority is a party and that involve potential monetary sanctions of $300,000 or greater. On May 27, 2022, the Solae, LLC Memphis site (“Solae”) was served an Administrative Order and Assessment (the “Order”) by the City of Memphis related to alleged wastewater discharge violations. Solae submitted an appeal of the Order on June 24, 2022. Discussions with the City regarding potential resolution of the violations and penalties related to said violations are ongoing. Additionally, the Solae facility has undertaken capital project efforts, some of which began prior to the issuance of the Order, that are anticipated to address, on a schedule consistent with the Order, deadlines for attaining compliance with current wastewater permit requirements. This matter is not expected to have a material adverse effect on the Company’s financial position, cash flows or results of operations.

Other Contingencies

The Company has contingencies involving third parties (such as labor, contract, technology or product-related claims or litigation) as well as government-related items in various jurisdictions in which it operates pertaining to such items as value-added taxes, other indirect taxes, customs and duties and sales and use taxes. It is possible that cash flows or results of operations, in any period, could be materially affected by the unfavorable resolution of one or more of these contingencies.

The most significant government-related contingencies exist in Brazil. With regard to the Brazilian matters, the Company believes it has valid defenses for the underlying positions under dispute; however, in order to pursue these defenses, the Company is required to, and has provided, bank guarantees and pledged assets in the aggregate amount of approximately $18 million. The Brazilian matters take an extended period of time to proceed through the judicial process and there are a limited number of rulings to date.

Brazil Tax Credits

In 2017 the Brazilian Supreme Court (“BSC”) ruled that Brazilian tax authorities should not include a value added tax known as “ICMS” in the calculation of certain indirect taxes (“PIS/COFINS”). By removing the ICMS from the calculation of the indirect tax base, the Court effectively eliminated a “tax on tax”. The Brazilian tax authorities filed an appeal seeking clarification of certain matters, including the amount of ICMS to which taxpayers would be entitled in order to reduce their indirect tax base (i.e. the gross rate or the net rate). In light of the BSC’s decision, in November 2017, the Company filed suit consistent with the BSC decision to require that ICMS be excluded from the PIS/COFINS calculation and received a favorable preliminary decision that was confirmed by the BSC in September 2018. This preliminary ruling granted the Company the right to prospectively exclude ICMS amounts from the PIS/COFINS calculation, but left open the issue of whether the Company could recover the gross or net amount of ICMS amounts paid on PIS/COFINS for the period from November 2011 to December 2018.

In January 2020, the Company was informed of a favorable ruling from the Brazilian tax authorities confirming that the Company was entitled to recover the overpayments of PIS/COFINS for the period from November 2011 to December 2018, plus interest on the amount of the overpayments. The ruling did not, however, settle the question of whether the Company is eligible to recover overpayments based on the gross or the net amount of ICMS amounts paid on PIS/COFINS. The Company calculated the amount of overpayments using the gross method which yields a higher amount than the application of the net method.

In February 2023, the BSC made an unfavorable court resolution for the Company related to the use of the gross method, which was only granted to claims submitted prior to March 2017. As a result of this unfavorable court resolution, the Company wrote off its remaining receivables of approximately $6 million related to this matter during the first quarter of 2023.

Avicel® PH NF (Pharma Solutions)

The Company has determined that certain grades of microcrystalline cellulose (Avicel® PH 101, 102, and 200 NF and Avicel® RC-591 NF) were found to be out-of-specification (collectively, “OOS Avicel® NF”). The Company does not expect the OOS conductivity issue to affect the functionality of Avicel® NF grades or to pose a human health hazard. Corrective actions have been implemented to improve operational and laboratory conditions. Based on the information available, as of September 30, 2023, payments associated with this matter were approximately $46 million, and the Company no longer had an accrual related to this matter. The total amount of exposure may increase if additional customers present claims or other exposures are identified.

Other

The Company determines estimates of reasonably possible losses or ranges of reasonably possible losses in excess of related accrued liabilities, if any, when it has determined that either a loss is reasonably possible or a loss in excess of accrued amounts is reasonably possible and the amount of losses or range of losses is determinable. For all third party contingencies (including labor, contract, technology, tax, product-related claims and business litigation), the Company currently estimates that the aggregate range of reasonably possible losses in excess of any accrued liabilities is $0 to approximately $65 million. The estimates included in this amount are based on the Company’s analysis of currently available information and, as new information is obtained, these estimates may change. Due to the inherent subjectivity of the assessments and the unpredictability of outcomes of legal proceedings, any amounts accrued or included in this aggregate amount may not represent the ultimate loss to the Company from the matters in question. Thus, the Company’s exposure and ultimate losses may be higher or lower, and possibly significantly so, than the amounts accrued or the range disclosed above.

NOTE 17. REDEEMABLE NON-CONTROLLING INTERESTS

Through certain subsidiaries of the Company’s Frutarom acquisition, there are certain non-controlling interests that carry redemption features. The non-controlling interest holders have the right, over a stipulated period of time, to sell their respective interests to Frutarom, and Frutarom has the option to purchase these interests (subject to the same timing). In most cases, these options carry similar price and conditions of exercise, and will be settled on a pre-agreed formula based on a multiple of the average EBITDA of consecutive quarters to be achieved during the period ending prior to the exercise date.

The following table sets forth the details of the Company’s redeemable non-controlling interests:

(DOLLARS IN MILLIONS)		**Redeemable Non-controlling Interests**
Balance at December 31, 2021	$	105
Impact of foreign exchange translation		(4)
Share of profit or loss attributable to redeemable non-controlling interests		3
Redemption value adjustment for the current period		(3)
Exercises of redeemable non-controlling interests		(33)
Balance at September 30, 2022	$	68
Balance at December 31, 2022	$	59
Redemption value adjustment for the current period		1
Balance at September 30, 2023	$	60

NOTE 18. ASSETS AND LIABILITIES HELD FOR SALE

During the third quarter of 2023, the Company announced the sale process of its Cosmetic Ingredients business within the Scent segment, and in the fourth quarter of 2023, the Company entered into an agreement to sell its Cosmetic Ingredients business. The transaction is subject to customary closing conditions and is expected to close in the first quarter of 2024.

The planned sale does not constitute a strategic shift of the Company’s operations and does not have major effects on the Company’s operations and financial results; therefore, the transaction does not meet the discontinued operations criteria.

The Company determined that the assets and liabilities of the business met the criteria to be presented as “held for sale.” As a result, as of September 30, 2023, such assets and liabilities were classified as held for sale and are reported on the Consolidated Balance Sheets. The Company expects that the sale proceeds less costs to sell will exceed the preliminary estimate of the carrying value of the net assets for the business. The carrying value is subject to change based on developments leading up to the closing date.

Included in the Company’s Consolidated Balance Sheets as of September 30, 2023 and December 31, 2022 are the following carrying amounts of the assets and liabilities held for sale:

(DOLLARS IN MILLIONS)	September 30, 2023	December 31, 2022[2]
Assets		
Cash and cash equivalents	$ 23	$ 52
Trade receivables, net	15	85
Inventories	19	157
Property, plant and equipment, net	7	92
Goodwill	267	348
Other intangible assets, net	141	428
Operating lease right-of-use assets	8	13
Other assets	2	25
Total assets held-for-sale	$ 482	$ 1,200
Liabilities		
Accounts payable	$ 4	$ 56
Deferred tax liability[1]	25	92
Other liabilities	20	64
Total liabilities held-for-sale	$ 49	$ 212

(1) The Company is currently analyzing the tax impact of the sale transaction and has included preliminary numbers for the deferred tax liability, which are subject to further updates.

(2) The amounts for December 31, 2022 represent the carrying amounts of the portion of the Savory Solutions business and FSI business that were classified as held for sale. The Company completed the divestitures of the businesses on May 31, 2023 and August 1, 2023, respectively. Refer to Note 3 for additional information.

NOTE 19. ACQUISITIONS

Acquisition of Health Wright Products

On April 1, 2022 (“Acquisition Date”), the Company completed its acquisition of Health Wright Products, Inc. (“Health Wright”). IFF acquired 100% of the equity of Health Wright pursuant to a purchase agreement entered into on February 16, 2022. Health Wright is within the Company’s Health & Biosciences segment since the Acquisition Date. The acquisition was accounted for under the purchase method and the purchase price allocation was completed as of December 31, 2022.

During the second quarter of 2023, the Company remeasured the fair value of contingent consideration obligations, and, as a result, recognized an expense of approximately $5 million presented in Selling and administrative expenses on the Consolidated Statements of Income (Loss) and Comprehensive Loss. Refer to Note 3 of the Company’s 2022 Form 10-K for additional information.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

(UNLESS INDICATED OTHERWISE, DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

The following management's discussion and analysis should be read in conjunction with the management's discussion and analysis of financial condition and results of operations, liquidity and capital resources included in our 2022 Annual Report on Form 10-K ("2022 Form 10-K").

OVERVIEW

Company Background

With the Merger with N&B in 2021 and our acquisition of Frutarom Industries Ltd. in 2018, we have expanded our global leadership positions, which now include high-value ingredients and solutions in the Food & Beverage, Home & Personal Care and Health & Wellness markets, and across key Taste, Texture, Scent, Nutrition, Enzymes, Cultures, Soy Proteins, Pharmaceutical Excipients and Probiotics categories.

We are organized into four reportable operating segments: Nourish, Health & Biosciences, Scent and Pharma Solutions.

Our Nourish segment consists of an innovative and broad portfolio of natural-based ingredients to enhance nutritional value, texture and functionality in a wide range of beverage, dairy, bakery, confectionery and culinary applications and consists of three business units: Ingredients, Flavors and Food Designs.

Our Health & Biosciences segment consists of the development and production of an advanced biotechnology-derived portfolio of enzymes, food cultures, probiotics and specialty ingredients for food and non-food applications. Among many other applications, this biotechnology-driven portfolio includes cultures for use in fermented foods such as yogurt, cheese and fermented beverages, probiotic strains, many with documented clinical health claims for use as dietary supplements and through industrial fermentation the production of enzymes and microorganisms that provide product and process performance benefits to household detergents, animal feed, ethanol production and brewing. Health & Biosciences is comprised of five business units: Health, Cultures & Food Enzymes, Home & Personal Care, Animal Nutrition and Grain Processing.

Our Scent segment creates fragrance compounds, fragrance ingredients and cosmetic ingredients that are integral elements in the world's finest perfumes and best-known household and personal care products. Consumer insights science and creativity are at the heart of our Scent business, and, along with our unique portfolio of natural and synthetic ingredients, global footprint, innovative technologies and know-how, and customer intimacy, we believe these make us a market leader in scent products. The Scent segment is comprised of three business units: Fragrance Compounds, Fragrance Ingredients and Cosmetic Ingredients.

Our Pharma Solutions segment produces, among other things, a vast portfolio of cellulosics and seaweed-based pharmaceutical excipients, used to improve the functionality and delivery of active pharmaceutical ingredients, including controlled or modified drug release formulations, and enabling the development of more effective pharmaceutical finished dosage formulations. Our excipients are used in prescription and over-the-counter pharmaceuticals and dietary supplements. Our Pharma Solutions products also serve a variety of other specialty and industrial end-uses including coatings, inks, electronics, agriculture and consumer products.

Financial Measures — Currency Neutral

Changes in our financial results include the impact of changes in foreign currency exchange rates. We provide currency neutral calculations in this report to remove the impact of these items. Our method in calculating currency neutral numbers is conducted by translating current year invoiced sale amounts at the exchange rates used for the corresponding prior year period. We use currency neutral results in our analysis of subsidiary and/or segment performance. We also use currency neutral numbers when analyzing our performance against our competitors.

Impairment of Goodwill

For the third quarter of 2022, we determined that goodwill impairment triggering events occurred for our Nourish, Health & Biosciences and Pharma Solutions reporting units, which required us to complete an interim impairment assessment. The primary indicators that were deemed to be triggering events in the quarter for the reporting units were declines in projections across various reporting units and ongoing adverse macroeconomic impacts such as inflation, increases in interest rates and unfavorable effects from exchange rates.

As a result of the triggering events, we assessed the fair value of the reporting units using the income approach. Under the income approach, we determined the fair value by using a discounted cash flow method at a rate of return that reflected the relative risk of the projected future cash flows of each reporting unit, as well as a terminal value. We used the most current actual and forecasted operating data available. Key estimates and assumptions used in these valuations include revenue growth rates, gross margins, EBITDA margins, terminal growth rates and discount rates. These estimates and assumptions were considered Level 3 inputs under the fair value hierarchy.

In performing the quantitative impairment test, we determined that the fair value of the Nourish and Pharma Solutions reporting units exceeded their carrying value, and determined that there was no impairment of goodwill relating to these reporting units. We determined that the carrying value of the Health & Biosciences reporting unit exceeded its fair value and recorded a goodwill impairment charge of $2.250 billion on the Consolidated Statements of Income (Loss) and Comprehensive Loss for the three and nine months ended September 30, 2022 (see Note 6 for additional information).

Impact of the Events in Israel

We maintain operations in Israel and, additionally, export products to customers in Israel from operations outside the region. We will continue to evaluate the current events and any potential impacts to our Consolidated Financial Statements.

Impact of the Events in Russia and Ukraine

We maintain operations in both Russia and Ukraine and, additionally, export products to customers in Russia and Ukraine from operations outside the region. In response to the events in Ukraine, we have limited the production and supply of ingredients in and to Russia to only those that meet the essential needs of people, including food, hygiene and medicine.

For the year ended December 31, 2022, total sales to Russian customers were approximately 2% of total sales. For the three and nine months ended September 30, 2023, sales to Russian customers were approximately 1% of total sales.

For the year ended December 31, 2022, total sales to Ukrainian customers were less than 1% of total sales. For the three and nine months ended September 30, 2023, sales to Ukrainian customers were also less than 1% of total sales.

We have a reserve of approximately $3 million related to expected credit losses on receivables from customers located in Russia and Ukraine. During the second quarter of 2022, we also recorded a charge of $120 million related to the impairment of certain long-lived assets in Russia. For additional information, refer to Note 1 and Part I, Item 1A, “Risk Factors,” of our 2022 Form 10-K filed on February 27, 2023 with the SEC.

Impact of COVID-19 Pandemic

As a result of disruptions or uncertainty relating to the COVID-19 pandemic, we have experienced, and may continue to experience, increased costs, delays or limited availability related to raw materials, strain on shipping and transportation resources, and higher energy prices, which have negatively impacted, and may continue to negatively impact, our margins and operating results. We will continue to evaluate the nature and extent of these potential impacts to our business, consolidated results of operations, segment results, liquidity and capital resources.

Although IFF has not experienced and does not currently anticipate any impairment charges related to COVID-19, the continuing effects of a prolonged pandemic could result in increased risk of asset write-downs and impairments. Any of these events could potentially result in a material adverse impact on IFF’s business and results of operations.

For more detailed information about risks related to COVID-19, refer to Part I, Item 1A, “Risk Factors,” of our 2022 Form 10-K filed on February 27, 2023 with the SEC.

Financial Performance Overview

Sales

Sales in the third quarter of 2023 decreased $243 million, or 8% on a reported basis, to $2.820 billion compared to $3.063 billion in the 2022 period. On a currency neutral basis, sales in the third quarter of 2023 also decreased 8% compared to the 2022 period. The impact of exchange rate variations on net sales for the third quarter of 2023 was flat. The effect of exchange rates can vary by business and region, depending upon the mix of sales priced in U.S. dollars as compared to other currencies. The decrease in sales was primarily driven by volume decreases across various businesses and the impact of the divestitures of the portion of the Savory Solutions business and FSI business (“change in business portfolio mix due to divestitures”), which was approximately $147 million, offset in part by price increases across all businesses.

Gross Profit

Gross profit in the third quarter of 2023 decreased $77 million, or 8% on a reported basis, to $924 million (32.8% of sales) compared to $1.001 billion (32.7% of sales) in the 2022 period. The decrease in gross profit was primarily driven by volume decreases, the change in business portfolio mix due to divestitures and unfavorable manufacturing absorption related to our inventory reduction program, offset in part by favorable net pricing across various businesses and productivity gains.

RESULTS OF OPERATIONS

(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Change	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change
Net sales	$ 2,820	$ 3,063	(8) %	$ 8,776	$ 9,596	(9) %
Cost of goods sold	1,896	2,062	(8) %	5,955	6,314	(6) %
Gross profit	924	1,001	(8) %	2,821	3,282	(14) %
Research and development (R&D) expenses	157	145	8 %	479	460	4 %
Selling and administrative (S&A) expenses	444	413	8 %	1,343	1,328	1 %
Amortization of acquisition-related intangibles	170	182	(7) %	513	552	(7) %
Impairment of goodwill	—	2,250	(100) %	—	2,250	(100) %
Impairment of long-lived assets	—	—	NMF	—	120	(100) %
Restructuring and other charges	2	(4)	(150) %	61	5	NMF
Losses (gains) on sale of assets	1	—	NMF	(1)	(2)	(50) %
Operating profit (loss)	150	(1,985)	(108) %	426	(1,431)	(130) %
Interest expense	110	83	33 %	337	232	45 %
Other income, net	(19)	(33)	(42) %	(34)	(43)	(21) %
Income (loss) before taxes	59	(2,035)	(103) %	123	(1,620)	(108) %
Provision for income taxes	32	160	(80) %	77	220	(65) %
Net income (loss)	$ 27	$ (2,195)	(101) %	$ 46	$ (1,840)	(103) %
Net income attributable to non-controlling interests	2	2	— %	3	6	(50) %
Net income (loss) attributable to IFF shareholders	$ 25	$ (2,197)	(101) %	$ 43	$ (1,846)	(102) %
Net income (loss) per share - diluted	$ 0.10	$ (8.60)	(101) %	$ 0.16	$ (7.22)	(102) %
Gross margin	32.8 %	32.7 %	10 bps	32.1 %	34.2 %	(210)bps
R&D as a percentage of sales	5.6 %	4.7 %	90 bps	5.5 %	4.8 %	70 bps
S&A as a percentage of sales	15.7 %	13.5 %	220 bps	15.3 %	13.8 %	150 bps
Operating margin	5.3 %	(64.8)%	NMF	4.9 %	(14.9)%	NMF
Effective tax rate	54.2 %	(7.9)%	NMF	62.6 %	(13.6)%	NMF
Segment net sales						
Nourish	$ 1,449	$ 1,703	(15) %	$ 4,666	$ 5,252	(11) %
Health & Biosciences	518	512	1 %	1,553	1,838	(16) %
Scent	615	591	4 %	1,815	1,756	3 %
Pharma Solutions	238	257	(7) %	742	750	(1) %
Consolidated	$ 2,820	$ 3,063		$ 8,776	$ 9,596	

NMF: Not meaningful

Cost of goods sold includes the cost of materials and manufacturing expenses. R&D expenses include expenses related to the development of new and improved products and technical product support. S&A expenses include expenses necessary to support our commercial activities and administrative expenses supporting our overall operating activities including compliance with governmental regulations.

THIRD QUARTER 2023 IN COMPARISON TO THIRD QUARTER 2022

Sales

Sales for the third quarter of 2023 decreased $243 million, or 8% on a reported basis, to $2.820 billion compared to $3.063 billion in the prior year period. On a currency neutral basis, sales in the third quarter of 2023 also decreased 8% compared to the 2022 period. The impact of exchange rate variations on net sales for the third quarter of 2023 was flat. The effect of exchange rates can vary by business and region, depending upon the mix of sales priced in U.S. dollars as compared to other currencies. The decrease in sales was primarily driven by volume decreases across various businesses and the change in business portfolio mix due to divestitures, with an impact of approximately $147 million, offset in part by price increases across all businesses.

Sales Performance by Segment

	% Change in Sales - Third Quarter 2023 vs. Third Quarter 2022	
	Reported	**Currency Neutral**[(1)]
Nourish	**-15 %**	**-14 %**
Health & Biosciences	**1 %**	**2 %**
Scent	**4 %**	**4 %**
Pharma Solutions	**-7 %**	**-9 %**
Total	***-8 %***	***-8 %***

(1) Currency neutral sales growth is calculated by translating current year invoiced sale amounts at the exchange rates for the corresponding prior year period.

Nourish

Nourish sales in 2023 decreased $254 million, or 15% on a reported basis, to $1.449 billion compared to $1.703 billion in the prior year period. On a currency neutral basis, Nourish sales decreased 14% in 2023 compared to the prior year period as exchange rate variations had an unfavorable impact. In addition, performance in the Nourish operating segment was driven by volume decreases across all business units and divestiture of the portion of the Savory Solutions business, with an impact of approximately $131 million, offset in part by price increases across all business units.

Health & Biosciences

Health & Biosciences sales in 2023 increased $6 million, or 1% on a reported basis, to $518 million compared to $512 million in the prior year period. On a currency neutral basis, Health & Biosciences sales increased 2% in 2023 compared to the prior year period as exchange rate variations had an unfavorable impact. In addition, performance in the Health & Biosciences operating segment was driven by price increases across all business units, offset in part by volume decreases.

Scent

Scent sales in 2023 increased $24 million, or 4% on a reported basis, to $615 million compared to $591 million in the prior year period. On a currency neutral basis, Scent sales also increased 4% in 2023 compared to the prior year period as the impact of exchange rate variations was flat. Performance in the Scent operating segment was driven by price increases, primarily in the Fragrance Compounds business unit, and volume increases, offset in part by the divestiture of the FSI business, with an impact of approximately $16 million.

Pharma Solutions

Pharma Solutions sales in 2023 decreased $19 million, or 7% on a reported basis, to $238 million compared to $257 million in the prior year period. On a currency neutral basis, Pharma Solutions sales decreased 9% in 2023 compared to the prior year period as exchange rate variations had a favorable impact. In addition, performance in the Pharma Solutions operating segment was driven by volume decreases across all business units, offset in part by price increases.

Cost of Goods Sold

Cost of goods sold decreased $166 million to $1.896 billion (67.2% of sales) in the third quarter of 2023 compared to $2.062 billion (67.3% of sales) in the third quarter of 2022. The decrease in cost of goods sold was primarily driven by volume decreases in sales and the change in business portfolio mix due to divestitures, with an impact of approximately $102 million, offset in part by unfavorable manufacturing absorption related to our inventory reduction program.

Research and Development (R&D) Expenses

R&D expenses increased $12 million to $157 million (5.6% of sales) in the third quarter of 2023 compared to $145 million (4.7% of sales) in the third quarter of 2022. The increase in R&D expenses was primarily driven by higher operating expenses for R&D related activities, offset in part by the change in business portfolio mix due to divestitures.

Selling and Administrative (S&A) Expenses

S&A expenses increased $31 million to $444 million (15.7% of sales) in the third quarter of 2023 compared to $413 million (13.5% of sales) in the third quarter of 2022. The increase in S&A expenses was primarily driven by higher operating expenses for S&A related activities and legal fees incurred for the ongoing investigations of the fragrance businesses, offset in part by lower professional fees, including consulting costs, and the change in business portfolio mix due to divestitures.

Restructuring and Other Charges

Restructuring and other charges was an expense of $2 million in the third quarter of 2023 compared to a credit of $4 million in the third quarter of 2022. The increase was driven by a lease impairment charge incurred in the third quarter of 2023 compared to reversals of prior severance cost accruals, net of severance costs incurred in the prior year period (see Note 4 for additional information).

Amortization of Acquisition-Related Intangibles

Amortization expenses decreased to $170 million in the third quarter of 2023 compared to $182 million in the third quarter of 2022. The decrease in amortization expense was primarily driven by the reduction in intangible assets as a result of the change in business portfolio mix due to divestitures and intangible assets of the FSI business and Cosmetic Ingredients business being classified as “held for sale,” and therefore no longer recognizing amortization expense on those intangible assets. The FSI business was classified as held for sale up until August 1, 2023 when we completed the divestiture of the business (see Note 3, Note 6 and Note 18 for additional information).

Impairment of Goodwill

There was no impairment of goodwill in the third quarter of 2023. Impairment of goodwill was $2.250 billion in the third quarter of 2022, which was related to the Health & Biosciences reporting unit. See Note 1 and Note 6 for additional information.

Impairment of Long-Lived Assets

There was no impairment of long-lived assets in the third quarter of 2023 and 2022.

Interest Expense

Interest expense increased to $110 million in the third quarter of 2023 compared to $83 million in the third quarter of 2022. The increase in interest expense was due to higher interest rates on our cash pooling arrangements, draw downs of commercial paper and the outstanding Term Loan Facilities (see Note 8 for additional information). In addition, the increase was due to higher costs to participate in our factoring programs as a result of higher interest rates (see Note 1 for additional information).

Other Income, Net

Other income, net, was $19 million in the third quarter of 2023 compared to $33 million in the third quarter of 2022. The change of $14 million was primarily due to losses incurred from the divestiture of the FSI business (see Note 3 for additional information), compared to gains incurred from the divestiture of the Microbial Control business unit in the prior year period, and foreign exchange losses, compared to foreign exchange gains in the prior year period, offset in part by higher interest income.

Income Taxes

The effective tax rate for the three months ended September 30, 2023 was 54.2% compared to (7.9)% for the three months ended September 30, 2022. The quarter-over-quarter increase was primarily driven by tax expenses relating to business divestitures and changes in the mix of income and losses, some of which do not give rise to tax benefits due to valuation allowances in the three months ended September 30, 2023, compared to a goodwill impairment that was recorded in the prior year period.

Segment Adjusted Operating EBITDA Results by Business Unit

The Company uses Segment Adjusted Operating EBITDA for internal reporting and performance measurement purposes. Segment Adjusted Operating EBITDA is defined as Income Before Taxes before depreciation and amortization expense, interest expense, restructuring and other charges and certain items that are not related to recurring operations. Our determination of reportable segments was made on the basis of our strategic priorities within each segment and corresponds to the manner in which our Chief Operating Decision Maker reviews and evaluates operating performance to make decisions about resources to be allocated to the segment. In addition to our strategic priorities, segment reporting is also based on differences in the products and services we provide.

	Three Months Ended September 30,	
(DOLLARS IN MILLIONS)	2023	2022
Segment Adjusted Operating EBITDA:		
Nourish	$ 178	$ 287
Health & Biosciences	150	137
Scent	131	119
Pharma Solutions	47	69
Total	506	612
Depreciation & Amortization	(292)	(293)
Interest Expense	(110)	(83)
Other Income, net	19	33
Restructuring and Other Charges	(2)	4
Impairment of Goodwill	—	(2,250)
Acquisition, Divestiture and Integration Related Costs	(42)	(57)
Strategic Initiatives Costs	(6)	(1)
Regulatory Costs	(13)	—
Other	(1)	—
Income (Loss) Before Taxes	$ 59	$ (2,035)
Segment Adjusted Operating EBITDA margin:		
Nourish	12.3 %	16.9 %
Health & Biosciences	29.0 %	26.8 %
Scent	21.3 %	20.1 %
Pharma Solutions	19.7 %	26.8 %
Consolidated	17.9 %	20.0 %

Nourish Segment Adjusted Operating EBITDA

Nourish Segment Adjusted Operating EBITDA decreased $109 million, or 38% on a reported basis, to $178 million in the third quarter of 2023 (12.3% of segment sales) from $287 million (16.9% of segment sales) in the comparable 2022 period. On a currency neutral basis, Nourish Segment Adjusted Operating EBITDA decreased 31% in 2023 compared to the prior year period as exchange rate variations had an unfavorable impact. In addition, the performance was primarily driven by volume decreases, unfavorable manufacturing absorption related to our inventory reduction program and the impact of the divestiture of the portion of the Savory Solutions business, offset in part by favorable net pricing and productivity gains.

Health & Biosciences Segment Adjusted Operating EBITDA

Health & Biosciences Segment Adjusted Operating EBITDA increased $13 million, or 9% on a reported basis, to $150 million in the third quarter of 2023 (29.0% of segment sales) from $137 million (26.8% of segment sales) in the comparable 2022 period. On a currency neutral basis, Health & Biosciences Segment Adjusted Operating EBITDA increased 12% in 2023 compared to the prior year period as exchange rate variations had an unfavorable impact. In addition, the performance was primarily driven by favorable net pricing and productivity gains, offset in part by unfavorable manufacturing absorption related to our inventory reduction program.

Scent Segment Adjusted Operating EBITDA

Scent Segment Adjusted Operating EBITDA increased $12 million, or 10% on reported basis, to $131 million in the third quarter of 2023 (21.3% of segment sales) from $119 million (20.1% of segment sales) in the comparable 2022 period. On a currency neutral basis, Scent Segment Adjusted Operating EBITDA increased 14% in 2023 compared to the prior year period as exchange rate variations had an unfavorable impact. In addition, the performance was primarily driven by favorable net pricing, productivity gains and volume increases, offset in part by the impact of the divestiture of the FSI business.

Pharma Solutions Segment Adjusted Operating EBITDA

Pharma Solutions Segment Adjusted Operating EBITDA decreased $22 million, or 32% on a reported basis, to $47 million in the third quarter of 2023 (19.7% of segment sales) from $69 million (26.8% of segment sales) in the comparable 2022 period. On a currency neutral basis, Pharma Solutions Segment Adjusted Operating EBITDA decreased 34% in 2023 compared to the prior year period as exchange rate variations had a favorable impact. In addition, the performance was primarily driven by volume decreases, unfavorable manufacturing absorption and unfavorable net pricing, offset in part by productivity gains.

FIRST NINE MONTHS 2023 IN COMPARISON TO FIRST NINE MONTHS 2022

Sales

Sales for the first nine months of 2023 decreased $820 million, or 9% on a reported basis, to $8.776 billion compared to $9.596 billion in the 2022 period. On a currency neutral basis, sales for the first nine months of 2023 decreased 6% compared to the 2022 period. Exchange rate variations had an unfavorable impact on net sales in the first nine months of 2023 of 3%. The effect of exchange rates can vary by business and region, depending upon the mix of sales priced in U.S. dollars as compared to other currencies. In addition, the decrease in sales was primarily driven by volume decreases across various businesses and the net impact of the divestitures of the Microbial Control business unit, portion of the Savory Solutions business and FSI business and the acquisition of Health Wright Products, Inc. (“net impact of the change in business portfolio mix”), which was approximately $424 million, offset in part by price increases across all businesses.

Sales Performance by Segment

	% Change in Sales - First Nine Months 2023 vs. First Nine Months 2022	
	Reported	**Currency Neutral[1]**
Nourish	**-11 %**	**-9 %**
Health & Biosciences	**-16 %**	**-14 %**
Scent	**3 %**	**6 %**
Pharma Solutions	**-1 %**	**-1 %**
Total	***-9 %***	***-6 %***

(1) Currency neutral sales growth is calculated by translating current year invoiced sale amounts at the exchange rates for the corresponding prior year period.

Nourish

Nourish sales in 2023 decreased $586 million, or 11% on a reported basis, to $4.666 billion compared to $5.252 billion in the prior year period. On a currency neutral basis, Nourish sales decreased 9% in 2023 compared to the prior year period as exchange rate variations had an unfavorable impact. In addition, performance in the Nourish operating segment was driven by volume decreases across all business units and the divestiture of the portion of the Savory Solutions business, with an impact of approximately $180 million, offset in part by price increases across all business units.

Health & Biosciences

Health & Biosciences sales in 2023 decreased $285 million, or 16% on a reported basis, to $1.553 billion compared to $1.838 billion in the prior year period. On a currency neutral basis, Health & Biosciences sales decreased 14% in 2023 compared to the prior year period as exchange rate variations had an unfavorable impact. In addition, performance in the Health & Biosciences operating segment was driven by the net impact of the divestiture of the Microbial Control business unit and acquisition of Health Wright Products, Inc., which was approximately $228 million, and volume decreases across all business units, offset in part by price increases across all business units.

Scent

Scent sales in 2023 increased $59 million, or 3% on a reported basis, to $1.815 billion compared to $1.756 billion in the prior year period. On a currency neutral basis, Scent sales increased 6% in 2023 compared to the prior year period as exchange rate variations had an unfavorable impact. In addition, performance in the Scent operating segment was driven by price increases, primarily in the Fragrance Compounds and Fragrance Ingredients business units, and volume increases, offset in part by the divestiture of the FSI business, with an impact of approximately $16 million.

Pharma Solutions

Pharma Solutions sales in 2023 decreased $8 million, or 1% on a reported basis, to $742 million compared to $750 million in the prior year period. On a currency neutral basis, Pharma Solutions sales also decreased 1% in 2023 compared to the prior year period as the impact of exchange rate variations was flat. Performance in the Pharma Solutions operating segment was driven by volume decreases across all business units, offset in part by price increases across all business units.

Cost of Goods Sold

Cost of goods sold decreased $359 million to $5.955 billion (67.9% of sales) in the first nine months of 2023 compared to $6.314 billion (65.8% of sales) in the 2022 period. The decrease in cost of goods sold was primarily driven by volume decreases in sales and the net impact of the change in business portfolio mix, which was approximately $303 million, offset in part by unfavorable manufacturing absorption related to our inventory reduction program and a write-down of inventory related to Locust Bean Kernel (“LBK”) in Nourish.

Research and Development (R&D) Expenses

R&D expenses increased $19 million to $479 million (5.5% of sales) in the first nine months of 2023 compared to $460 million (4.8% of sales) in the 2022 period. The increase in R&D expenses was primarily driven by higher operating expenses for R&D related activities, offset in part by the net impact of the change in business portfolio mix.

Selling and Administrative (S&A) Expenses

S&A expenses increased $15 million to $1.343 billion (15.3% of sales) in the first nine months of 2023 compared to $1.328 billion (13.8% of sales) in the 2022 period. The increase in S&A expenses was primarily driven by higher operating expenses for S&A related activities and legal fees incurred for the ongoing investigations of the fragrance businesses, offset in part by lower professional fees, including consulting costs, and the net impact of the change in business portfolio mix.

Restructuring and Other Charges

Restructuring and other charges increased to $61 million in the first nine months of 2023 compared to $5 million in the 2022 period. The increase was driven by higher severance costs incurred as part of the 2023 Restructuring Program, net of reversals of prior severance cost accruals, in the first nine months of 2023 (see Note 4 for additional information).

Amortization of Acquisition-Related Intangibles

Amortization expenses decreased to $513 million in the first nine months of 2023 compared to $552 million in the 2022 period. The decrease in amortization expense was primarily driven by the reduction in intangible assets as a result of the change in business portfolio mix due to divestitures, divestiture of the Microbial Control business unit in 2022, an impairment of intangible assets of an asset group that operated primarily in Russia during 2022 and intangible assets of the portion of the Savory Solutions business, FSI business and Cosmetic Ingredients business being classified as “held for sale,” and therefore no longer recognizing amortization expense on those intangible assets. The portion of the Savory Solutions business and FSI business were classified as held for sale up until May 31, 2023 and August 1, 2023, respectively, when we completed the divestiture of the businesses (see Note 3, Note 6 and Note 18 for additional information). The decrease in amortization expense was offset in part by the impact of acquisitions of intangible assets from Health Wright Products, Inc.

Impairment of Goodwill

There was no impairment of goodwill in the first nine months of 2023. Impairment of goodwill was $2.250 billion in the first nine months of 2022, which was related to the Health & Biosciences reporting unit. See Note 1 and Note 6 for additional information.

Impairment of Long-Lived Assets

There was no impairment of long-lived assets in the first nine months of 2023. Impairment of long-lived assets was $120 million in the first nine months of 2022. The impairment charge was due to the uncertainties related to our operations in Russia and Ukraine and was allocated on a pro rata basis to intangible assets and property, plant and equipment (see Note 1, Note 5 and Note 6 for additional information).

Interest Expense

Interest expense increased to $337 million in the first nine months of 2023 compared to $232 million in the 2022 period. The increase in interest expense was due to higher interest rates on our cash pooling arrangements, draw downs of commercial paper and the outstanding Term Loan Facilities (see Note 8 for additional information). In addition, the increase was due to higher costs to participate in our factoring programs as a result of higher interest rates (see Note 1 for additional information).

Other Income, Net

Other income, net, was $34 million in the first nine months of 2023 compared to $43 million in the 2022 period. The change of $9 million was primarily due to foreign exchange losses, compared to foreign exchange gains in the prior year period, losses incurred from the divestiture of the portion of the Savory Solutions business, liquidation of a business in Russia for the sale of the portion of the Savory Solutions business and divestiture of the FSI business (see Note 3 for additional information), compared to gains incurred from the divestiture of the Microbial Control business unit in the prior year period, offset in part by higher interest income and the gain resulting from the completion of the China facility relocation (see Note 16 for additional information).

Income Taxes

The effective tax rate for the nine months ended September 30, 2023 was 62.6% compared to (13.6)% for the nine months ended September 30, 2022. The year-over-year increase was primarily driven by tax expenses relating to business divestitures and changes in the mix of income and losses, some of which do not give rise to tax benefits due to valuation allowances in the nine months ended September 30, 2023, compared to a goodwill impairment that was recorded in the prior year period.

Segment Adjusted Operating EBITDA Results by Business Unit

The Company uses Segment Adjusted Operating EBITDA for internal reporting and performance measurement purposes. Segment Adjusted Operating EBITDA is defined as Income Before Taxes before depreciation and amortization expense, interest expense, restructuring and other charges and certain items that are not related to recurring operations. Our determination of reportable segments was made on the basis of our strategic priorities within each segment and corresponds to the manner in which our Chief Operating Decision Maker reviews and evaluates operating performance to make decisions about resources to be allocated to the segment. In addition to our strategic priorities, segment reporting is also based on differences in the products and services we provide.

	Nine Months Ended September 30,	
(DOLLARS IN MILLIONS)	**2023**	**2022**
Segment Adjusted Operating EBITDA:		
Nourish	$ 567	$ 981
Health & Biosciences	426	513
Scent	353	328
Pharma Solutions	173	192
Total	1,519	2,014
Depreciation & Amortization	(855)	(897)
Interest Expense	(337)	(232)
Other Income, net	34	43
Restructuring and Other Charges	(61)	(5)
Impairment of Goodwill	—	(2,250)
Impairment of Long-Lived Assets	—	(120)
Acquisition, Divestiture and Integration Related Costs	(118)	(167)
Strategic Initiatives Costs	(28)	(1)
Regulatory Costs	(32)	—
Other	1	(5)
Income (Loss) Before Taxes	$ 123	$ (1,620)
Segment Adjusted Operating EBITDA margin:		
Nourish	12.2 %	18.7 %
Health & Biosciences	27.4 %	27.9 %
Scent	19.4 %	18.7 %
Pharma Solutions	23.3 %	25.6 %
Consolidated	17.3 %	21.0 %

Nourish Segment Adjusted Operating EBITDA

Nourish Segment Adjusted Operating EBITDA decreased $414 million, or 42% on a reported basis, to $567 million in the first nine months of 2023 (12.2% of segment sales) from $981 million (18.7% of segment sales) in the comparable 2022 period. On a currency neutral basis, Nourish Segment Adjusted Operating EBITDA decreased 34% in 2023 compared to the prior year period as exchange rate variations had an unfavorable impact. In addition, the performance was primarily driven by volume decreases, unfavorable manufacturing absorption related to our inventory reduction program, a write-down of inventory related to LBK and the impact of the divestiture of the portion of the Savory Solutions business, offset in part by favorable net pricing and productivity gains.

Health & Biosciences Segment Adjusted Operating EBITDA

Health & Biosciences Segment Adjusted Operating EBITDA decreased $87 million, or 17% on a reported basis, to $426 million in the first nine months of 2023 (27.4% of segment sales) from $513 million (27.9% of segment sales) in the comparable 2022 period. On a currency neutral basis, Health & Biosciences Segment Adjusted Operating EBITDA decreased 14% in 2023 compared to the prior year period as exchange rate variations had an unfavorable impact. In addition, the performance was primarily driven by volume decreases, the net impact of the divestiture of the Microbial Control business unit and acquisition of Health Wright Products, Inc. and unfavorable manufacturing absorption related to our inventory reduction program, offset in part by favorable net pricing and productivity gains.

Scent Segment Adjusted Operating EBITDA

Scent Segment Adjusted Operating EBITDA increased $25 million, or 8% on a reported basis, to $353 million in the first nine months of 2023 (19.4% of segment sales) from $328 million (18.7% of segment sales) in the comparable 2022 period. On a currency neutral basis, Scent Segment Adjusted Operating EBITDA increased 17% in 2023 compared to the prior year period as exchange rate variations had an unfavorable impact. In addition, the performance was primarily driven by favorable net pricing, productivity gains and volume increases, offset in part by the impact of the divestiture of the FSI business.

Pharma Solutions Segment Adjusted Operating EBITDA

Pharma Solutions Segment Adjusted Operating EBITDA decreased $19 million, or 10% on a reported basis, to $173 million in the first nine months of 2023 (23.3% of segment sales) from $192 million (25.6% of segment sales) in the comparable 2022 period. On a currency neutral basis, Pharma Solutions Segment Adjusted Operating EBITDA decreased 9% in 2023 compared to the prior year period as exchange rate variations had an unfavorable impact. In addition, the performance was primarily driven by volume decreases and unfavorable manufacturing absorption related to our inventory reduction program, offset in part by favorable net pricing and productivity gains.

Liquidity

Cash and Cash Equivalents

We had cash and cash equivalents of $652 million, inclusive of $23 million currently in Assets held for sale on the Consolidated Balance Sheets, at September 30, 2023 compared to $535 million, inclusive of $52 million in Assets held for sale on the Consolidated Balance Sheets, at December 31, 2022 and of this balance, a portion was held outside the United States. Cash balances held in foreign jurisdictions are, in most circumstances, available to be repatriated to the United States.

Effective utilization of the cash generated by our international operations is a critical component of our strategy. We regularly repatriate cash from our non-U.S. subsidiaries to fund financial obligations in the U.S. As we repatriate these funds to the U.S. we will be required to pay income taxes in certain U.S. states and applicable foreign withholding taxes during the period when such repatriation occurs. Accordingly, as of September 30, 2023, we had a deferred tax liability of approximately $153 million for the effect of repatriating the funds to the U.S., attributable to various non-U.S. subsidiaries. There is no deferred tax liability associated with non-U.S. subsidiaries where we intend to indefinitely reinvest the earnings to fund local operations and/or capital projects.

Cash Flows Provided By Operating Activities

Cash flows provided by operating activities for the nine months ended September 30, 2023 was $795 million, or 9.1% of sales, compared to $189 million, or 2.0% of sales, for the nine months ended September 30, 2022. The increase in cash flows from operating activities during 2023 was primarily driven by the decrease in working capital, largely related to inventories and accounts receivable, offset in part by accrued expenses, accounts payable and lower cash earnings, excluding the impact of non-cash adjustments.

Cash Flows Provided By Investing Activities

Cash flows provided by investing activities for the nine months ended September 30, 2023 was $638 million compared to $887 million in the prior year period. The decrease in cash flows from investing activities was primarily driven by the net impact of the change in net proceeds received from business divestitures, unwinding of derivative instruments and cash paid for acquisitions, net of cash received, offset by higher proceeds from disposal of assets.

We have evaluated and re-prioritized our capital projects and expect that capital spending in 2023 will be approximately 4.1% of sales (net of potential grants and other reimbursements from government authorities), in line with 4.1% in 2022.

Cash Flows Used In Financing Activities

Cash flows used in financing activities for the nine months ended September 30, 2023 was $1.293 billion compared to $1.087 billion in the prior year period. The increase in cash flows used in financing activities was primarily driven by repayments of short-term debt, higher net repayments of commercial paper and higher repayments of long-term debt.

We paid dividends totaling $619 million in the 2023 period. We declared a cash dividend per share of $0.81 in the third quarter of 2023 that was paid on October 5, 2023 to all shareholders of record as of September 22, 2023.

Our capital allocation strategy seeks to maintain our investment grade rating while investing in the business and continuing to pay dividends and repaying debt. The Company does not have any rating downgrade triggers that would accelerate the maturity dates of its senior unsecured debt. However, any downgrade in our credit rating may, depending on the extent of such downgrade, negatively impact our ability to raise additional debt capital, our liquidity and capital position, and may increase our cost of borrowing for new capital raises. In addition, our existing Revolving Credit Facility and Term Loans have pricing grids that are based on credit rating, such that our cost of borrowing may increase as our credit rating decreases. We make capital investments in our businesses to support our operational needs and strategic long-term plans. We are committed to maintaining our history of paying a dividend to investors which is determined by our Board of Directors at its discretion based on various factors.

Capital Resources

Operating cash flow provides the primary source of funds for capital investment needs, dividends paid to shareholders and debt service repayments. We anticipate that cash flows from operations, cash proceeds generated from planned business divestitures and availability under our existing credit facilities will be sufficient to meet our investing and financing needs, including our debt service requirements. We regularly assess our capital structure, including both current and long-term debt instruments, as compared to our cash generation and investment needs in order to provide ample flexibility and to optimize our leverage ratios. Refer to Note 8 for additional information.

Term Loans and Revolving Credit Facility

The Credit Agreements contain various covenants, limitations and events of default customary for similar facilities for similarly rated borrowers, including the requirement for us to maintain, at the end of each fiscal quarter, a ratio of net debt for borrowed money to credit adjusted EBITDA in respect of the previous 12-month period. On March 23, 2023, we entered into Term Loan Amendment No. 3, Term Loan Amendment No. 4, Revolver Amendment No. 2 and Revolver Amendment No. 3. On September 19, 2023, we entered into Term Loan Amendment No. 5 and Revolver Amendment No. 4.

Term Loan Amendment No. 3 and Revolver Amendment No. 2, among other things, extended the period during which certain relief was provided with respect to the financial covenant contained in the Existing Term Loan Credit Agreement and the Existing Revolving Credit Agreement, respectively, which have been superseded by Term Loan Amendment No. 5 and Revolver Amendment No. 4.

Additionally, the reference rate for U.S. dollar-denominated loans was updated from LIBOR to Term SOFR. From March 23, 2023, the Term Loans and Revolving Credit Facility now bear interest at a base rate or a rate equal to Term SOFR plus an adjustment of 0.10% per annum or, in the case of euro-denominated loans, the Euro interbank offered rate, plus, in each case, an applicable margin based on our public debt rating. Loans may be prepaid without premium or penalty, subject to customary breakage costs.

Term Loan Amendment No. 5 and Revolver Amendment No. 4, among other things, extend the period during which a Term Loan Covenant Relief Period and Revolver Covenant Relief Period are provided with respect to the financial covenant contained in the Existing Term Loan Credit Agreement and the Existing Revolving Credit Agreement, respectively, through December 31, 2025, or such earlier date on which the Company elects to terminate such period, by providing that during the Term Loan Covenant Relief Period and Revolver Covenant Relief Period, our consolidated leverage ratio shall not exceed as of the end of the fiscal quarter for the period of the four fiscal quarters then ended: (i) 5.25x for any fiscal quarter ending on or before March 31, 2024, (ii) 4.75x for the fiscal quarter ending June 30, 2024, (iii) 4.50x for the fiscal quarter ending September 30, 2024, (iv) 4.25x for any subsequent fiscal quarter ending on or before March 31, 2025, (v) 4.00x for any subsequent fiscal quarter ending on or before September 30, 2025 and (vi) 3.75x for the fiscal quarter ending December 31, 2025. During the Term Loan Covenant Relief Period and the Revolver Covenant Relief Period, Term Loan Amendment No. 5 and Revolver Amendment No. 4 prohibit (i) the Company from declaring and paying dividends in cash on common stock in excess of $0.81 per share per fiscal quarter (for an aggregate amount of $3.24 per fiscal year) and (ii) the Loan Parties from creating liens to secure debt in excess of the greater of $300 million and 3.65% of Consolidated Net Tangible Assets (as defined in the Revolving Credit Agreement), in each case subject to certain exceptions set forth therein. See Note 8 for additional information on the amendments to the Credit Agreements.

As of September 30, 2023, we had no outstanding borrowings under our $2.000 billion Revolving Credit Facility.

The amount that we are able to draw down under the Revolving Credit Facility is limited by financial covenants as described in more detail below. As of September 30, 2023, our draw down capacity was $1.447 billion under the Revolving Credit Facility.

Refer to Note 8 of this Form 10-Q and Part IV, Item 15, “Exhibits and Financial Statement Schedules,” Note 9 of our 2022 Form 10-K, filed on February 27, 2023 with the SEC, for additional information.

Debt Covenants

At September 30, 2023, we were in compliance with all financial and other covenants, including the net debt to credit adjusted EBITDA[1] ratio. At September 30, 2023, our net debt to credit adjusted EBITDA[1] ratio was 4.57 to 1.0 as defined by the credit facility agreements, which is below the relevant level provided by our financial covenants of existing outstanding debt. The most comparable GAAP measure is the total debt to net income ratio, which was 573.61 to 1.0 at September 30, 2023.

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(1) Credit adjusted EBITDA and net debt, which are non-GAAP measures used for these covenants, are calculated in accordance with the definition in the debt agreements. In this context, these measures are used solely to provide information on the extent to which we are in compliance with debt covenants and may not be comparable to credit adjusted EBITDA and net debt used by other companies. Reconciliations of credit adjusted EBITDA to net income and net debt to total debt are as follows:

(DOLLARS IN MILLIONS)		**Twelve Months Ended September 30, 2023**
Net income	$	18
Interest expense		441
Income taxes		96
Depreciation and amortization		1,137
Specified items[1]		294
Non-cash items[2]		132
Credit Adjusted EBITDA	$	2,118

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(1) Specified items consisted of restructuring and other charges, acquisition, divestiture and integration related costs, strategic initiatives costs, regulatory costs and other costs that are not related to recurring operations.

(2) Non-cash items consisted of gains on sale of assets, losses on business disposals, gain on China facility relocation, write-down of inventory related to LBK and stock-based compensation.

(DOLLARS IN MILLIONS)	September 30, 2023	
Total debt[1]	$	10,325
Adjustments:		
Cash and cash equivalents[2]		652
Net debt	$	9,673

(1) Total debt used for the calculation of net debt consisted of short-term debt, long-term debt, short-term finance lease obligations and long-term finance lease obligations.

(2) Cash and cash equivalents included approximately $23 million currently in Assets held for sale on the Consolidated Balance Sheets.

Senior Notes

As of September 30, 2023, we had $9.015 billion aggregate principal amount outstanding in senior unsecured notes, with $1.365 billion principal amount denominated in EUR and $7.650 billion principal amount denominated in USD, which includes the N&B Senior Notes assumed as a result of the Merger with N&B. The notes bear effective interest rates ranging from 1.22% per year to 5.12% per year, with maturities from March 14, 2024 to December 1, 2050. See Note 8 for additional information.

Contractual Obligations

We expect to contribute a total of $5 million to our U.S. pension plans and a total of $32 million to our non-U.S. pension plans during 2023. During the nine months ended September 30, 2023, there were no contributions made to the qualified U.S. pension plans, $22 million of contributions were made to the non-U.S. pension plans, and $3 million of benefit payments were made with respect to our non-qualified U.S. pension plan. We also expect to contribute $3 million to our postretirement benefits other than pension plans during 2023. During the nine months ended September 30, 2023, $2 million of contributions were made to postretirement benefits other than pension plans.

As discussed in Note 16 to the Consolidated Financial Statements, at September 30, 2023, we had entered into various guarantees and had undrawn outstanding letters of credit from financial institutions. These arrangements reflect ongoing business operations, including commercial commitments, and governmental requirements associated with audits or litigation that are in process with various jurisdictions. Based on the current facts and circumstances, these arrangements are not reasonably likely to have a material impact on our consolidated financial condition, results of operations or cash flows.

New Accounting Standards

Refer to Note 1 to the Consolidated Financial Statements for a discussion of recent accounting pronouncements.

Non-GAAP Financial Measures

We use non-GAAP financial measures in this Form 10-Q, including: (i) currency neutral metrics and (ii) adjusted operating EBITDA and adjusted operating EBITDA margin. We also provide the non-GAAP measure net debt solely for the purpose of providing information on the extent to which the Company is in compliance with debt covenants contained in its debt agreements. Our non-GAAP financial measures are defined below.

These non-GAAP financial measures are intended to provide additional information regarding our underlying operating results and comparable year-over-year performance. Such information is supplemental to information presented in accordance with GAAP and is not intended to represent a presentation in accordance with GAAP. In discussing our historical and expected future results and financial condition, we believe it is meaningful for investors to be made aware of and to be assisted in a better understanding of, on a period-to-period comparable basis, financial amounts both including and excluding these identified items, as well as the impact of exchange rate fluctuations. These non-GAAP measures should not be considered in isolation or as substitutes for analysis of the Company's results under GAAP and may not be comparable to other companies' calculation of such metrics.

Adjusted operating EBITDA and adjusted operating EBITDA margin exclude depreciation and amortization expense, interest expense, other income (expense), net, restructuring and other charges and certain items unrelated to recurring operations such as impairment of goodwill, impairment of long-lived assets, acquisition, divestiture and integration related costs, strategic initiatives costs, regulatory costs and other costs that are not related to recurring operations.

Net debt to credit adjusted EBITDA is the leverage ratio used in our credit agreement and defined as net debt divided by credit adjusted EBITDA. However, as credit adjusted EBITDA for these purposes was calculated in accordance with the provisions of the credit agreement, it may differ from the calculation used for adjusted operating EBITDA.

Cautionary Statement Under the Private Securities Litigation Reform Act of 1995

Statements in this Form 10-Q, which are not historical facts or information, are “forward-looking statements” within the meaning of The Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on management’s current assumptions, estimates and expectations and include statements concerning (i) the expected impact of global supply chain challenges; (ii) expectations regarding sales and profit for the fiscal year 2023, including the impact of foreign exchange, pricing actions, raw materials, energy, sourcing, logistics and manufacturing costs; (iii) expectations of the impact of inflationary pressures and the pricing actions to offset exposure to such impacts; (iv) the impact of high input costs, including commodities, raw materials, transportation and energy; (v) our ability to drive cost discipline measures and the ability to recover margin to pre-inflation levels; (vi) expectations regarding the implementation of our refreshed growth-focused strategy and expectations around our business divestitures and the progress of our portfolio optimization strategy (including the sale process for our Cosmetic Ingredients business), through non-core business divestitures and acquisitions; (vii) the ongoing impact of COVID-19 and our plans to respond to its global implications; (viii) the success of our integration efforts, following the N&B Transaction, and ability to deliver on our synergy commitments as well as future opportunities for the combined company; (ix) the success of the optimization of our portfolio; (x) the impact of global economic uncertainty and recessionary pressures on demand for consumer products; (xi) the growth potential of the markets in which we operate, including the emerging markets, (xii) expected capital expenditures in 2023; (xiii) the expected costs and benefits of our ongoing optimization of our manufacturing operations, including the expected number of closings; (xiv) expected cash flow and availability of capital resources to fund our operations and meet our debt service requirements; (xv) our ability to enhance our innovation efforts, drive cost efficiencies and execute on specific consumer trends and demands; (xvi) our strategic investments in capacity and increasing inventory to drive improved profitability; and (xvii) our ability to continue to generate value for, and return cash to, our shareholders. These forward-looking statements should be evaluated with consideration given to the many risks and uncertainties inherent in our business that could cause actual results and events to differ materially from those in the forward-looking statements. Certain of such forward-looking information may be identified by such terms as “expect”, “anticipate”, “believe”, “intend”, “outlook”, “may”, “estimate”, “should”, “predict” and similar terms or variations thereof. Such forward-looking statements are based on a series of expectations, assumptions, estimates and projections about the Company, are not guarantees of future results or performance, and involve significant risks, uncertainties and other factors, including assumptions and projections, for all forward periods. Our actual results may differ materially from any future results expressed or implied by such forward-looking statements. Such risks, uncertainties and other factors include, among others, the following:

- inflationary trends, including in the price of our input costs, such as raw materials, transportation and energy;
- supply chain disruptions, geopolitical developments, including the Russia-Ukraine war, the Israel-Hamas war, or climate-change related events (including severe weather events) that may affect our suppliers or procurement of raw materials;
- our ability to successfully execute the next phase of our strategic transformation;
- risks related to the integration of the N&B business, including whether we will realize the benefits anticipated from the merger in the expected time frame;
- our substantial amount of indebtedness and its impact on our liquidity, credit ratings and ability to return capital to our shareholders;
- our ability to enter into or close strategic transactions or divestments, or successfully establish and manage acquisitions, collaborations, joint ventures or partnerships;
- our ability to successfully market to our expanded and diverse customer base;
- our ability to effectively compete in our market and develop and introduce new products that meet customers’ needs;
- our ability to retain key employees;
- changes in demand from large multi-national customers due to increased competition and our ability to maintain “core list” status with customers;
- our ability to successfully develop innovative and cost-effective products that allow customers to achieve their own profitability expectations;
- the impact of global health crises, such as the COVID-19 pandemic, on our supply chains, global operations, our customers and our suppliers;

- disruption in the development, manufacture, distribution or sale of our products from natural disasters (such as the COVID-19 pandemic), public health crises, international conflicts (such as the Russia-Ukraine war or the Israel-Hamas war), terrorist acts, labor strikes, political or economic crises (such as the uncertainty related to protracted U.S. federal debt ceiling negotiations), accidents and similar events;
- volatility and increases in the price of raw materials, energy and transportation;
- the impact of a significant data breach or other disruption in our information technology systems, and our ability to comply with data protection laws in the U.S. and abroad;
- our ability to comply with, and the costs associated with compliance with, regulatory requirements and industry standards, including regarding product safety, quality, efficacy and environmental impact;
- our ability to meet increasing customer, consumer, shareholder and regulatory focus on sustainability;
- defects, quality issues (including product recalls), inadequate disclosure or misuse with respect to the products and capabilities;
- our ability to react in a timely and cost-effective manner to changes in consumer preferences and demands, including increased awareness of health and wellness;
- our ability to benefit from our investments and expansion in emerging markets;
- the impact of currency fluctuations or devaluations in the principal foreign markets in which we operate;
- economic, regulatory and political risks associated with our international operations;
- the impact of global economic uncertainty (including increased inflation) on demand for consumer products;
- our ability to comply with, and the costs associated with compliance with, U.S. and foreign environmental protection laws;
- our ability to successfully manage our working capital and inventory balances;
- the impact of our or our counterparties' failure to comply with the U.S. Foreign Corrupt Practices Act, similar U.S. or foreign anti-bribery and anti-corruption laws and regulations, applicable sanctions laws and regulations in the jurisdictions in which we operate or ethical business practices and related laws and regulations;
- any impairment on our tangible or intangible long-lived assets, including goodwill associated with the N&B merger and the acquisition of Frutarom;
- our ability to protect our intellectual property rights;
- the impact of the outcomes of legal claims, disputes, regulatory investigations and litigation, related to intellectual property, product liability, competition and anti-trust, environmental matters, indirect taxes or other matters;
- changes in market conditions or governmental regulations relating to our pension and postretirement obligations;
- the impact of changes in federal, state, local and international tax legislation or policies, including the Tax Cuts and Jobs Act, with respect to transfer pricing and state aid, and adverse results of tax audits, assessments, or disputes;
- the impact of the phase out of the London Interbank Offered Rate ("LIBOR") on interest expense;
- the impact of any tax liability resulting from the N&B Transaction; and
- our ability to comply with data protection laws in the U.S. and abroad.

The foregoing list of important factors does not include all such factors, nor necessarily present them in order of importance. In addition, you should consult other disclosures made by the Company (such as in our other filings with the SEC or in company press releases) for other factors that may cause actual results to differ materially from those projected by the Company. Please refer to Part I, Item 1A, "Risk Factors," of the 2022 Form 10-K for additional information regarding factors that could affect our results of operations, financial condition and liquidity.

We intend our forward-looking statements to speak only as of the time of such statements and do not undertake or plan to update or revise them as more information becomes available or to reflect changes in expectations, assumptions or results. We can give no assurance that such expectations or forward-looking statements will prove to be correct. An occurrence of, or any material adverse change in, one or more of the risk factors or risks and uncertainties referred to in this report or included in our other periodic reports filed with the SEC could materially and adversely impact our operations and our future financial results.

Any public statements or disclosures made by us following this report that modify or impact any of the forward-looking statements contained in or accompanying this report will be deemed to modify or supersede such outlook or other forward-looking statements in or accompanying this report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

There are no material changes in market risk from the information provided in our 2022 Form 10-K, except for the cross currency swap agreements.

We use derivative instruments as part of our interest rate risk management strategy. We have entered into certain cross currency swap agreements in order to mitigate a portion of our net European investments from foreign currency risk. As of September 30, 2023, these swaps were in a liability position with an aggregate fair value of $89 million. Based on a hypothetical decrease or increase of 10% in the value of the U.S. dollar against the Euro, the estimated fair value of our cross currency swaps would change by approximately $139 million.

ITEM 4. CONTROLS AND PROCEDURES.

(a) Disclosure Controls and Procedures

The Chief Executive Officer and Chief Financial Officer, with the assistance of other members of our management, have evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective as of the end of the period covered by this Quarterly Report on Form 10-Q.

We have established controls and procedures designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and is accumulated and communicated to management, including the principal executive officer and the principal financial officer, to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control over Financial Reporting

The Chief Executive Officer and Chief Financial Officer have also concluded that there have not been any changes in our internal control over financial reporting during the quarter ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

For information that updates the disclosures set forth under Part I, Item 3. “Legal Proceedings” in our 2022 Annual Report on Form 10-K (the “2022 Form 10-K”), refer to Note 16 to the “Consolidated Financial Statements” in this Form 10-Q.

ITEM 1A. RISK FACTORS.

For information regarding risk factors, please refer to Part I, Item 1A, “Risk Factors,” of our 2022 Form 10-K, filed on February 27, 2023 with the SEC, as modified by the following revised risk factor, and the information in “Cautionary Statement” included in this Report, and should be read in conjunction with the information contained in this Quarterly Report on Form 10-Q and our other reports and registration statements filed with the SEC. The developments described in the following revised risk factor have heightened, or in some cases manifested, certain of the risks disclosed in our 2022 Form 10-K.

Our results of operations may be negatively impacted by the outcome of uncertainties related to legal claims, disputes, investigations and litigation.

From time to time we are involved in a number of legal claims, disputes, regulatory investigations and litigation, including claims, disputes, investigations or litigation related to intellectual property, product liability, competition and antitrust, environmental matters and indirect taxes. For instance, product liability claims may arise due to the fact that we supply products to the food and beverage, functional food, pharma/nutraceutical and personal care industries. Our manufacturing and other facilities may expose us to environmental claims and regulatory investigations and potential fines. In addition, and as further described in our consolidated financial statements, we are subject to antitrust and competition investigations in the United States and Europe as well as class action lawsuits against us and certain of our competitors in the United States and Canada, alleging violations of antitrust laws and related claims. We may face additional civil suits, in the United States or elsewhere, relating to such alleged conduct. At this time, we are unable to predict or determine the scope, duration or outcome of these investigations. Our results of operations, liquidity or financial condition could be adversely impacted by unfavorable outcomes in these or other pending or future claims, disputes, investigations or litigation.

In addition, in light of our product offerings into functional food, nutraceuticals, and natural antioxidants, we may also be subject to claims of false or deceptive advertising claims relating to the efficacy, health benefits or other performance attributes of such offerings in the U.S., Europe and other foreign jurisdictions in which we offer these types of products. These claims can arise as a result of function claims, health claims, nutrient content claims and other claims that impermissibly suggest such benefits or attributes for certain foods or food components. The cost of defending these claims or our obligations for direct damages and indemnification if we were found liable could adversely affect our results of operations.

As a result of the N&B Transaction and the Frutarom acquisition, we assumed legal or environmental claims, regulatory investigations, and litigation, including product liability, patent infringement, commercial litigation and other actions. We have and will continue to become involved in additional actions arising from the acquired operations. Specifically, as the N&B Business and Frutarom had a significant number of facilities located globally and a large number of customers, our exposure to legal claims, regulatory and environmental investigations and litigation is increased. This will likely result in an increase in our cost for defense, settlement of claims or indemnification obligations as compared to our historical experience.

Our insurance may not be adequate to protect us from potential material expenses related to pending and future claims and our current levels of insurance may not be available in the future at commercially reasonable prices. Any of these factors could adversely affect our profitability and results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 5. OTHER INFORMATION.

Rule 10b5-1 Trading Plans

During the quarter ended September 30, 2023, none of our directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) (a “10b5-1 trading arrangement”) or any “non-Rule 10b5-1 trading arrangement” as defined in Item 408(c) of Regulation S-K.

ITEM 6. EXHIBITS.

10.1	Amendment No. 5 to Term Loan Credit Agreement, dated as of September 19, 2023, among International Flavors & Fragrances Inc., as borrower, the lenders signatory thereto and Morgan Stanley Senior Funding, Inc., as administrative agent.
10.2	Amendment No. 4 to Third Amended & Restated Revolving Credit Agreement, dated as of September 19, 2023, among International Flavors & Fragrances Inc., International Flavors & Fragrances (Nederland) Holdings B.V. and International Flavors & Fragrances I.F.F. (Nederland) B.V., as borrowers, the lenders signatory thereto and Citibank, N.A., as administrative agent.
31.1	Certification of Frank Clyburn pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Glenn Richter pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Frank Clyburn and Glenn Richter pursuant to 18 U.S.C. Section 1350 as adopted pursuant to the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extensions Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated:	November 8, 2023	By:	/s/ Frank Clyburn
			Frank Clyburn
			Chief Executive Officer and Director (Principal Executive Officer)
Dated:	November 8, 2023	By:	/s/ Glenn Richter
			Glenn Richter
			Executive Vice President and Chief Financial & Business Transformation Officer (Principal Financial Officer)
Dated:	November 8, 2023	By:	/s/ Beril Yildiz
			Beril Yildiz
			Senior Vice President, Corporate Controller and Chief Accounting Officer (Principal Accounting Officer)

Exhibit 10.1

EXECUTION VERSION

AMENDMENT NO. 5 TO CREDIT AGREEMENT

This AMENDMENT NO. 5 TO CREDIT AGREEMENT, dated as of September 19, 2023 (this "**Amendment**"), is entered into among INTERNATIONAL FLAVORS & FRAGRANCES INC. (as successor to Nutrition & Biosciences, Inc.) (the "**Company**"), the Lenders signatory hereto and MORGAN STANLEY SENIOR FUNDING, INC., as administrative agent (in such capacity, the "**Agent**").

WHEREAS, the Company, the Lenders from time to time party thereto and the Agent are parties to that certain Term Loan Credit Agreement, dated as of January 17, 2020 (as amended by that certain Amendment No. 1 to Credit Agreement, dated as of August 25, 2020, as further supplemented by that certain Icon Debt Assumption Supplement, dated as of March 4, 2021, as further amended by that certain Amendment No. 2 to Credit Agreement, dated as of August 4, 2022, as further amended by that certain Amendment No. 3 to Credit Agreement, dated as of March 23, 2023, as further amended by that certain Amendment No. 4 to Credit Agreement, dated as of March 23, 2023, and as further amended, amended and restated, supplemented or otherwise modified prior to the date hereof, the "**Credit Agreement**").

WHEREAS, pursuant to <u>Section 9.01</u> of the Credit Agreement, the Company, the Lenders party hereto (constituting the Required Lenders) and the Agent have agreed to amend the Credit Agreement as provided for herein.

NOW, THEREFORE, in consideration of the mutual execution hereof and other good and valuable consideration, the parties hereto hereby agree as follows:

1. <u>Defined Terms</u>. Capitalized terms used herein and not otherwise defined herein have the meanings given in the Credit Agreement.

2. <u>Amendment</u>. Upon satisfaction of the conditions set forth in Section 3 hereof, the Credit Agreement is hereby amended as follows:

(a) <u>Section 1.01</u> of the Credit Agreement is hereby amended by adding the following definitions thereto, in the appropriate alphabetical order:

> "**Amendment No. 5**" means that certain Amendment No. 5 to Credit Agreement, dated as of September 19, 2023, among the Company, the Lenders signatory thereto and the Agent.
>
> "**Amendment No. 5 Effective Date**" means the Amendment Effective Date, as defined in Amendment No. 5.
>
> "**Net Cash Proceeds**" means the cash proceeds (including any cash proceeds received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment or otherwise, but only as and when received) actually received in respect of any sale or other disposition of assets (including as a result of casualty or condemnation), net of (i) all attorneys' fees, accountants' fees, brokerage, consultant and other customary fees and commissions, title and recording tax expenses and other reasonable fees and expenses incurred in connection therewith, (ii) all taxes paid or reasonably estimated to be payable as a result thereof (including taxes resulting from the
>
> repatriation of such cash proceeds from a Subsidiary organized outside of the United States), (iii) all payments made, and all installment payments required to be made, with

respect to any obligation (A) that is secured by any assets subject to such sale or disposition in accordance with the terms of any lien upon such assets or (B) that must by its terms, or in order to obtain a necessary consent to such sale or disposition, or by applicable laws, be repaid out of the proceeds from such sale or disposition, (iv) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such sale or disposition, or to any other Person (other than to the Company or any of its Subsidiaries) owning a beneficial interest in the assets disposed of in such sale or disposition, (v) the amount of any reserves established by the Company or any of its Subsidiaries in accordance with generally accepted accounting principles to fund purchase price or similar adjustments, indemnities or liabilities, contingent or otherwise, reasonably estimated to be payable in connection with such sale or disposition (provided, that to the extent and at the time any such amounts are released from such reserve, such amounts shall constitute Net Cash Proceeds), (vi) any funded escrow established pursuant to the documents evidencing any such sale or disposition to secure any indemnification obligations or adjustments to the purchase price associated with any such sale or disposition (provided, that to the extent that any amounts are released from such escrow to the Company or a Subsidiary, such amounts net of any related expenses shall constitute Net Cash Proceeds), (vii) the cash proceeds of any such sale or disposition to the extent such proceeds are required to be used in another manner pursuant to contractual or other obligations entered into in connection with financing the acquisition, construction or development of such property and (viii) any cash proceeds arising from a sale or disposition by a Subsidiary organized outside of the United States to the extent that (x) the repatriation thereof would be unlawful, as reasonably determined by the Company, (y) material adverse tax consequences would result from the repatriation thereof, as reasonably determined by the Company or (z) the repatriation thereof would require, or result in, a cost, burden, difficulty or consequence (including administrative burden), on the Company that is disproportionate in comparison to the amount of such cash proceeds, as reasonably determined by the Company and the Agent in writing (including by email).

(b) Section 1.01 of the Credit Agreement is hereby amended by amending and restating the definition of "Covenant Relief Period Termination Date" to read as follows:

"**Covenant Relief Period Termination Date**" means the earlier of (a) March 31, 2026 and (b) the date on which the Agent receives a Covenant Relief Period Termination Notice from the Company.

(c) Section 1.01 of the Credit Agreement is hereby amended by amending and restating the definition of "Applicable Rate" to read as follows:

"**Applicable Margin**" means:

(a) during the period commencing on the Amendment No. 5 Effective Date until (but excluding) the Covenant Relief Period Termination Date, with respect to any Base Rate Advance or Term Benchmark Rate Advance, as the case may be, a percentage per annum

determined by reference to the Public Debt Rating in effect on such date as set forth below under the applicable caption:

	3-Year Tranche		**5-Year Tranche**	
Public Debt Rating S&P/Moody's	**Applicable Margin for Base Rate Advances**	**Applicable Margin for Term Benchmark Rate Advances**	**Applicable Margin for Base Rate Advances**	**Applicable Margin for Term Benchmark Rate Advances**
Level 1				

A+ / A1 or above.....	0.000%	0.875%	0.250%	1.250%
Level 2				
A / A2.....................	0.000%	1.000%	0.375%	1.375%
Level 3				
A- / A3	0.125%	1.125%	0.500%	1.500%
Level 4				
BBB+ / Baa1	0.250%	1.250%	0.625%	1.625%
Level 5				
BBB / Baa2	0.375%	1.375%	0.750%	1.750%
Level 6				
BBB- / Baa3	0.625%	1.625%	1.000%	2.000%
Level 7				
Lower than Level 6	1.125%	2.125%	1.500%	2.500%

(b) otherwise, with respect to any Base Rate Advance or Term Benchmark Rate Advance, as the case may be, a percentage per annum determined by reference to the Public Debt Rating in effect on such date as set forth below under the applicable caption:

	3-Year Tranche		**5-Year Tranche**	
Public Debt Rating S&P/Moody's	**Applicable Margin for Base Rate Advances**	**Applicable Margin for Term Benchmark Rate Advances**	**Applicable Margin for Base Rate Advances**	**Applicable Margin for Term Benchmark Rate Advances**
Level 1				
A+ / A1 or above.....	0.000%	0.750%	0.125%	1.125%
Level 2				
A / A2.....................	0.000%	0.875%	0.250%	1.250%
Level 3				
A- / A3	0.000%	1.000%	0.375%	1.375%
Level 4				
BBB+ / Baa1	0.125%	1.125%	0.500%	1.500%
Level 5				
BBB / Baa2	0.250%	1.250%	0.625%	1.625%
Level 6				
BBB- / Baa3	0.500%	1.500%	0.875%	1.875%
Level 7				
Lower than Level 6	1.000%	2.000%	1.375%	2.375%

(d) Section 1.01 of the Credit Agreement is hereby amended by amending and restating the definition of "Loan Documents" to read as follows:

"**Loan Documents**" shall mean this Agreement, the Amendment No. 1, the Amendment No. 2, the Amendment No. 3, the Amendment No. 4, the Amendment No. 5, the Icon Debt Assumption Supplement and any Note.

(e) Section 2.10 of the Credit Agreement is hereby amended and restated in its entirety to read as follow:

Section 2.10. Prepayments of Advances. (a) *Optional*. The Company may, upon notice not later than 11:00 A.M. (New York City time) three U.S. Government Securities Business Days prior to the date of such prepayment, to the Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given the Company aggregate principal amount of the prepayment, and if such notice is given the Company shall, prepay the outstanding principal amount of the Advances of any Class comprising part of the same Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided, however, that (x) each partial prepayment of Advances shall be in an aggregate principal amount of not less than $10,000,000 or a multiple of $1,000,000 in excess thereof, and (y) in the event of any such prepayment of a Term Benchmark Rate Advance, the Company shall be obligated to reimburse the Lenders in respect of any such Borrowing pursuant to Section 9.04(c) for any such prepayment other than on the last day of the Interest Period for such Advance. Optional prepayments shall be applied to Advances (and, in the case of 5-Year Tranche Advances, to amortization payments thereof) as directed by the Company, and absent any direction, shall be applied (x) to 3-Year Tranche Advances and 5-Year Tranche Advances *pro rata* and (y) in the case of 5-Year Tranche Advances, to the amortization payments required by Section 2.06 in direct order of maturity. Any notice of prepayment by the Company may be conditioned on the occurrence of any event, in which case such notice may be revoked by the Company (by notice delivered to the Agent on or prior to the date of the proposed prepayment) if such condition is not satisfied. The Company shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such notice of prepayment the applicable conditions set forth therein, including, without limitation, any loss (excluding any loss of profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender in anticipation of such prepayment, as a result of such failure, is not made on such date.

(b) *Mandatory*. (i) The Company shall, as soon as practicable (and in any event within five Business Days after receipt thereof), prepay Advances owing by the Company in an amount equal to 100% of the Net Cash Proceeds actually received by the Company or any of its Subsidiaries during the period commencing on the Amendment No. 5 Effective Date until (but excluding) the Covenant Relief Period Termination Date from any sale or other disposition (including as a result of casualty or condemnation) of any assets outside the ordinary course of business (other than any such sales or dispositions solely among the Company and its Subsidiaries) by the Company or any of its Subsidiaries; provided that, subject to the immediately following proviso, Net Cash Proceeds up to an amount that, in the good faith determination of the Company, will be required to repurchase, redeem or repay all of the Company's 1.750% Notes due 2024 shall not be required to be applied to prepay Advances pursuant to this Section 2.10(b)(i); provided, further, that to the extent any Net Cash Proceeds were retained pursuant to the immediately preceding proviso in order to repurchase the Company's 1.750% Notes due 2024 and were not actually so applied, then as soon as practicable following the repurchase, redemption or repayment of all of the Company's 1.750% Notes due 2024 (and in any event within five Business Days), the Company shall prepay Advances owing by the Company in an amount equal to 100% of such retained amounts not so applied.

(ii) Each prepayment made pursuant to this Section 2.10(b) shall be applied to the Advances (and, in the case of 5-Year Tranche Advances, to amortization payments thereof) as directed by the Company, and absent any direction, shall be applied (x) to 3-Year Tranche Advances and 5-Year Tranche Advances *pro rata* and (y) in the case of 5-Year Tranche Advances, to the amortization payments required by Section 2.06 in direct order of maturity. Each prepayment made pursuant to this Section 2.10(b) shall be made together with any interest accrued to the date of such prepayment on the principal amounts prepaid and, in the case of any prepayment of a Term Benchmark Rate Advance on a date other than the last day of an Interest Period or at its maturity, any additional amounts which the Company shall be obligated to reimburse to the Lenders in respect thereof pursuant to Section 9.04(c).

(iii) The Company will notify the Administrative Agent of the receipt of the Company or any Subsidiary of any Net Cash Proceeds required to be prepaid pursuant to Section 2.10(b)(i) and the Administrative Agent will promptly notify each Lender of its receipt of such notice.

(f) Section 5.02(a)(iv) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

(iv) other Liens securing Debt or other obligations in an aggregate principal amount at any time outstanding not to exceed (1) during the Covenant Relief Period, the greater of (x) $300,000,000 (or its equivalent in another currency or currencies) and (y) 3.65% of Consolidated Net Tangible Assets and (2) and any other time, the greater of (x) $500,000,000 (or its equivalent in another currency or currencies) and (y) 15% of Consolidated Net Tangible Assets;

(g) Section 5.02 of the Credit Agreement is hereby amended by adding the following new clause (g) at the end thereof:

(g) *Dividends*. During the Covenant Relief Period, the Company will not declare or pay any dividend or make any other distribution in cash with respect to any class or series of its capital stock or other equity interests; provided that, the Company may declare and

pay a dividend in cash in respect of its common stock in an amount per share not to exceed \$0.81 per fiscal quarter, for an aggregate amount of \$3.24 per fiscal year.

(h) Section 5.03 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

> SECTION 5.03 Financial Covenant. So long as any Advance shall remain unpaid, the Company shall maintain a Leverage Ratio as of the end of any Relevant Period of not more than 3.50 to 1.00; provided, however, that notwithstanding the foregoing, during the Covenant Relief Period, the Company shall maintain a Leverage Ratio as of the end of each Relevant Period (solely to the extent such Relevant Period ended prior to the Covenant Relief Period Termination Date) of not more than: (i) 5.25 to 1.00 until and including the end of the fiscal quarter ending on March 31, 2024, (ii) 4.75 to 1.00 until and including the end of the fiscal quarter ending on June 30, 2024, (iii) 4.50 to 1.00 until and including the end of the fiscal quarter ending on September 30, 2024, (iv) 4.25 to 1.00 until and including the end of the fiscal quarter ending on March 31, 2025, (v) 4.00 to 1.00 until and including the end of the fiscal quarter ending on September 30, 2025, and (vi) 3.75 to 1.00 until and including the end of the fiscal quarter ending on December 31, 2025; *provided* further that, commencing after the earlier of the (x) the Covenant Relief Period Termination Date and (y) the end of the fiscal quarter ending on December 31, 2025, if the Company or any of its Subsidiaries consummates an acquisition of all or substantially all of the assets of a Person, or of any business or division of a Person, for which it paid at least \$500,000,000 in consideration (a "**Qualifying Acquisition**"), the maximum Leverage Ratio shall step up to no greater than 3.75 to 1.00 until and including the end of the third full fiscal quarter following the date of consummation of such Qualifying Acquisition and then shall be reduced to 3.50 to 1.00 thereafter.

3. Effectiveness. This Amendment will become effective upon the date on which the following conditions precedent are first satisfied (the "**Amendment Effective Date**"):

(a) The Agent shall have received from the Company and from Consenting Lenders (as defined below) constituting Required Lenders an executed counterpart of this Amendment (or photocopies thereof sent by fax, .pdf or other electronic means, each of which shall be enforceable with the same effect as a signed original).

(b) The Agent shall have received a certificate, dated the Amendment Effective Date and signed by a duly authorized officer of the Company, confirming (i) the representations and warranties set forth in this Amendment shall be true and correct in all material respects on and as of the Amendment Effective Date and (ii) no event shall have occurred and be continuing, or would result from this Amendment or the transactions contemplated hereby, that would, as of the Amendment Effective Date, constitute a Default.

(c) The Agent shall have received, for the account of each Lender that has executed and delivered a signature page to this Amendment at or prior to 5:00 P.M. (New York time) on September 18, 2023 (each such Lender, a "**Consenting Lender**"), a consent fee, in an amount equal to 0.10% of the amount of the aggregate principal amount of Advances under the

Credit Agreement held by such Consenting Lender on the date hereof, which consent fee shall be earned, due and payable on the Amendment Effective Date.

(d) The Agent shall have received all expenses due and payable on or prior to the Amendment Effective Date, including, to the extent invoiced two (2) Business Days prior to the Amendment Effective Date, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Company under the Credit Agreement.

4. Representations and Warranties. The Company represents and warrants, as of the date hereof, that, after giving effect to the provisions of this Amendment, (a) each of the

of the date hereof, that, after giving effect to the provisions of this Amendment, (a) each of the representations and warranties made by the Company in Section 4.01 of the Credit Agreement is true in all material respects on and as of the date hereof as if made on and as of the date hereof, except (i) to the extent that such representations and warranties refer to an earlier date, in which case they were true in all material respects as of such earlier date or (ii) to the extent that such representations and warranties are qualified as to materiality or Material Adverse Effect, in which case such representations and warranties shall be true in all respects, and (b) no event shall have occurred and be continuing, or would result from this Amendment or the transactions contemplated hereby, that would, as of the Amendment Effective Date, constitute a Default.

5. Effect of the Amendment. Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of the Lenders or the Agent under the Credit Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document, all of which, as amended, amended and restated, supplemented or otherwise modified hereby, are ratified and affirmed in all respects and shall continue in full force and effect. Upon the effectiveness of this Amendment, each reference in the Credit Agreement and in any exhibits attached thereto to "this Agreement", "hereunder", "hereof", "herein" or words of similar import shall mean and be a reference to the Credit Agreement after giving effect to this Amendment.

6. Authorization. Each of the Lenders party hereto (which collectively constitute the Required Lenders) hereby (i) authorizes and directs the Agent to execute and deliver this Amendment, and to take, or forbear from taking, any and all actions as set forth herein, and (ii) acknowledges and agrees that (x) the foregoing directed action constitutes a direction from the Required Lenders under Article 8 of the Credit Agreement, (y) Sections 8.03 (Exculpatory Provisions), 8.04 (Reliance by Agent), 8.07 (Non-Reliance on Agent and Other Lenders) and 9.04 (Costs and Expenses) and all other rights, protections, privileges, immunities, exculpations and indemnities afforded to the Agent under the Loan Documents shall apply to any and all actions taken or not taken by the Agent in accordance with such direction, and (z) the Agent may conclusively rely upon (and shall be fully protected in relying upon) the Register in determining such Lender's ownership of the Advances on and as of the date hereof. This paragraph 6 is solely for the benefit of the Agent and the Lenders and the Company shall have no rights as third party beneficiary of the provisions in this paragraph 6.

7. Miscellaneous. The provisions of Sections 9.02 (Notices, Etc.); 9.03 (No Waiver; Remedies); 9.04 (Costs and Expenses) (except clauses (c) and (d) thereof); 9.08

(Confidentiality); 9.10 (Governing Law; Jurisdiction; Etc.); 9.11 (Execution in Counterparts); 9.14 (Acknowledgement and Consent to Bail-In of Affected Financial Institutions); and 9.19 (Waiver of Jury Trial) of the Credit Agreement shall apply with like effect to this Amendment. This Amendment shall be a "Loan Document" for all purposes under the Credit Agreement.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

INTERNATIONAL FLAVORS & FRAGRANCES INC.

By: ______________________________

Name: Glenn Richter

Title: Chief Financial Officer

[Signature Page to TL Amendment No. 5]

MORGAN STANLEY SENIOR FUNDING, INC.,

as Agent

By: Katie Bodack
Name: Katie Bodack
Title: Authorized Signatory

[Signature Page to TL Amendment No. 5]

CoBank, ACB
as a Lender

By: Natalya Rivkin
Name: Natalya Rivkin
Title: Managing Director

[Signature Page to TL Amendment No. 5]

U.S. Bank National Association
as a Lender

By: ______________________
Name: Adam J. Kultgen
Title: Vice President

[Signature Page to TL Amendment No. 5]

BNP Paribas
as a Lender

By:

Claudia Zarate
Managing Director

Name: Claudia Zarate
Title: Managing Director

By:

Name: David Foster
Title: Director

[Signature Page to TL Amendment No. 5]

BANK OF AMERICA, N.A.,

as a Lender

By: ______________________

Name: Bettina Buss
Title: Director

[Signature Page to TL Amendment No. 5]

MIZUHO BANK, LTD.
as a Lender

By: ______________________

Name: Donna DeMagistris
Title: Executive Director

[Signature Page to TL Amendment No. 5]

WELLS FARGO BANK, NATIONAL ASSOCIATION
as a Lender

By: ______________________
Name: Michael J. Stein
Title: Director

[Signature Page to TL Amendment No. 5]

Industrial and Commercial Bank of China Limited, New York Branch
as a Lender

Digitally signed by: Pinyen Shih
Date: 2023.09.18 15:47:40 -05'00'

By: ____________________
Name: Pinyen Shih
Title: Executive Director

Digitally signed by: Brian Monahan
Date: 2023.09.18 12:20:20 -05'00'

By: ____________________
Name: Brian Monahan
Title: Director

[Signature Page to TL Amendment No. 5]

ING Bank N.V., Dublin Branch

as a Lender

By: ______________________
Name: Sean Hassett
Title: Director

By: ______________________
Name: Cormac Langford
Title: Director

[Signature Page to TL Amendment No. 5]

MUFG Bank, Ltd.
as a Lender

By: ______________________
Name: Jorge Georgalos
Title: Authorized Signatory

[Signature Page to TL Amendment No. 5]

Farm Credit Bank of Texas,
as a Lender

By: [signature]
Name: Luis M. H. Requejo
Title: Director Capital Markets

[Signature Page to TL Amendment No. 5]

Farm Credit Services of America, PCA,
as a Lender

By: ______________________
Name: Nicholas King
Title: Vice President

[Signature Page to TL Amendment No. 5]

HSBC BANK USA, NATIONAL ASSOCIATION

as a Lender

By: Jack KELLY (Sep 15, 2023 14:23 EDT)

Name: Jack Kelly
Title: Senior Vice President #23204

[Signature Page to TL Amendment No. 5]

TAIWAN COOPERATIVE BANK, SEATTLE BRANCH
as a Lender

By: Yueh-Ching Lin

Name: Yueh-Ching Lin
Title: Vice President & General Manager

[Signature Page to TL Amendment No. 5]

AgCountry Farm Credit Services, FLCA
as a Lender

By: ______________________
Name: GUSTAVE RADCLIFFE
Title: VICE PRESIDENT, CAPITAL MARKETS

[Signature Page to TL Amendment No. 5]

AgFirst Farm Credit Bank
as a Lender

By: Leighton McLendon

Name: Leighton McLendon
Title: Senior Vice President

[Signature Page to TL Amendment No. 5]

BANCO DE SABADELL, S.A., MIAMI BRANCH

BANCO DE SABADELL, S.A., MIAMI BRANCH
as a Lender

By: ____________________
Name:
Title:

Enrique Castillo
Head of Corporate Banking

[Signature Page to TL Amendment No. 5]

Sumitomo Mitsui Banking Corporation
as a Lender

By: ____________________
Name: Jun Ashley
Title: Director

[Signature Page to TL Amendment No. 5]

American AgCredit, PCA
as a Lender

By: ______________________
Name: Gregg Warren
Title: Managing Director – Structuring and Syndications

[Signature Page to TL Amendment No. 5]

EXECUTION VERSION

AMENDMENT NO. 4 TO CREDIT AGREEMENT

This AMENDMENT NO. 4 TO CREDIT AGREEMENT, dated as of September 19, 2023 (this "**Amendment**"), is entered into among INTERNATIONAL FLAVORS & FRAGRANCES INC., INTERNATIONAL FLAVORS & FRAGRANCES (NEDERLAND) HOLDING B.V. and INTERNATIONAL FLAVORS & FRAGRANCES I.F.F. (NEDERLAND) B.V. (collectively, the "**Borrowers**"), the Lenders signatory hereto and CITIBANK, N.A., as administrative agent (in such capacity, the "**Agent**").

WHEREAS, the Borrowers, the Lenders from time to time party thereto and the Agent have entered into that certain Third Amended and Restated Credit Agreement, dated as of July 28, 2021 (as amended by that certain Amendment No. 1 to Credit Agreement, dated as of August 4, 2022, as further amended by that certain Amendment No. 2 to Credit Agreement, dated as of March 23, 2023, as further amended by that certain Amendment No. 3 to Credit Agreement, dated as of March 23, 2023, and as further amended, amended and restated, supplemented or otherwise modified prior to the date hereof, the "**Credit Agreement**").

WHEREAS, pursuant to Section 9.01 of the Credit Agreement, the Borrowers, the Lenders party hereto (constituting the Required Lenders) and the Agent have agreed to amend the Credit Agreement as provided for herein.

NOW, THEREFORE, in consideration of the mutual execution hereof and other good and valuable consideration, the parties hereto hereby agree as follows:

1. Defined Terms. Capitalized terms used herein and not otherwise defined herein have the meanings given in the Credit Agreement.

2. Amendment. Upon satisfaction of the conditions set forth in Section 3 hereof, the Credit Agreement is hereby amended as follows:

(a) Section 1.01 of the Credit Agreement is hereby amended by adding the following definitions thereto, in the appropriate alphabetical order:

"**Amendment No. 4**" means that certain Amendment No. 4 to Credit Agreement, dated as of September 19, 2023, among the Borrowers, the Lenders signatory thereto and the Agent.

"**Amendment No. 4 Effective Date**" means the Amendment Effective Date, as defined in Amendment No. 4.

(b) Section 1.01 of the Credit Agreement is hereby amended by amending and restating the definition of "Covenant Relief Period Termination Date" to read as follows:

"**Covenant Relief Period Termination Date**" means the earlier of (a) March 31, 2026 and (b) the date on which the Agent receives a Covenant Relief Period Termination Notice from the Company.

(c) Section 1.01 of the Credit Agreement is hereby amended by amending and restating the definition of "Applicable Rate" to read as follows:

amending and restating the definition of "Applicable Rate" to read as follows:

"**Applicable Margin**" means:

(a) during the period commencing on the Amendment No. 4 Effective Date until (but excluding) the Covenant Relief Period Termination Date, with respect to any Base Rate Advance or Term Benchmark Rate Advance, as the case may be, a percentage per annum determined by reference to the Public Debt Rating in effect on such date as set forth below under the applicable caption:

Public Debt Rating S&P/Moody's	**Applicable Margin for Base Rate Advances**	**Applicable Margin for Term Benchmark Rate Advances**
Level 1 A- / A3 or above	0.125%	1.125%
Level 2 BBB+ / Baa1	0.250%	1.250%
Level 3 BBB / Baa2	0.375%	1.375%
Level 4 BBB- / Baa3	0.500%	1.500%
Level 5 Lower than Level 4	0.750%	1.750%

(b) otherwise, with respect to any Base Rate Advance or Term Benchmark Rate Advance, as the case may be, a percentage per annum determined by reference to the Public Debt Rating in effect on such date as set forth below under the applicable caption:

Public Debt Rating S&P/Moody's	**Applicable Margin for Base Rate Advances**	**Applicable Margin for Term Benchmark Rate Advances**
Level 1 A- / A3 or above	0.000%	1.000%
Level 2 BBB+ / Baa1	0.125%	1.125%
Level 3 BBB / Baa2	0.250%	1.250%
Level 4 BBB- / Baa3	0.375%	1.375%
Level 5 Lower than Level 4	0.625%	1.625%

(d) Section 1.01 of the Credit Agreement is hereby amended by amending and restating the definition of "Loan Documents" to read as follows:

"**Loan Documents**" shall mean this Agreement, Amendment No. 1, Amendment No. 2, Amendment No. 3, Amendment No. 4 and any Note and each Designation Agreement.

(e) Section 5.02(a)(iv) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

(iv) other Liens securing Debt or other obligations in an aggregate principal amount at any time outstanding not to exceed (1) during the Covenant Relief Period, the greater of (x) $300,000,000 (or its equivalent in another currency or currencies) and (y) 3.65% of Consolidated Net Tangible Assets and (2) and any other time, the greater of (x)

\$500,000,000 (or its equivalent in another currency or currencies) and (y) 15% of Consolidated Net Tangible Assets;

(f) Section 5.02 of the Credit Agreement is hereby amended by adding the following new clause (h) at the end thereof:

(h) *Dividends*. During the Covenant Relief Period, the Company will not declare or pay any dividend or make any other distribution in cash with respect to any class or series of its capital stock or other equity interests; provided that, the Company may declare and pay a dividend in cash in respect of its common stock in an amount per share not to exceed \$0.81 per fiscal quarter, for an aggregate amount of \$3.24 per fiscal year.

(g) Section 5.03 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

SECTION 5.03 Financial Covenant. So long as any Advance shall remain unpaid, or any Lender shall have any Commitment hereunder, the Company shall maintain a Leverage Ratio as of the end of any Relevant Period of not more than 3.50 to 1.00; provided, however, that notwithstanding the foregoing, during the Covenant Relief Period, the Company shall maintain a Leverage Ratio as of the end of each Relevant Period (solely to the extent such Relevant Period ended prior to the Covenant Relief Period Termination Date) of not more than: (i) 5.25 to 1.00 until and including the end of the fiscal quarter ending on March 31, 2024, (ii) 4.75 to 1.00 until and including the end of the fiscal quarter ending on June 30, 2024, (iii) 4.50 to 1.00 until and including the end of the fiscal quarter ending on September 30, 2024, (iv) 4.25 to 1.00 until and including the end of the fiscal quarter ending on March 31, 2025, (v) 4.00 to 1.00 until and including the end of the fiscal quarter ending on September 30, 2025, and (vi) 3.75 to 1.00 until and including the end of the fiscal quarter ending on December 31, 2025; *provided* further that, commencing after the earlier of the (x) the Covenant Relief Period Termination Date and (y) the end of the fiscal quarter ending on December 31, 2025, if the Company or any of its Subsidiaries consummates an acquisition of all or substantially all of the assets of a Person, or of any business or division of a Person, for which it paid at least \$500,000,000 in consideration (a "**Qualifying Acquisition**"), the maximum Leverage Ratio shall step up to no greater than 3.75 to 1.00 until and including the end of the third full fiscal quarter following the date of consummation of such Qualifying Acquisition and then shall be reduced to 3.50 to 1.00 thereafter.

3. Effectiveness. This Amendment will become effective upon the date on which the following conditions precedent are first satisfied (the "**Amendment Effective Date**"):

(a) The Agent shall have received from each Borrower and from Consenting Lenders (as defined below) constituting Required Lenders an executed counterpart of this Amendment (or photocopies thereof sent by fax, .pdf or other electronic means, each of which shall be enforceable with the same effect as a signed original).

(b) The Agent shall have received a certificate, dated the Amendment Effective Date and signed by a duly authorized officer of the Company, confirming (i) the representations and warranties set forth in this Amendment shall be true and correct in all material respects on and as of the Amendment Effective Date and (ii) no event shall have occurred and be continuing, or would result from this Amendment or the transactions contemplated hereby, that would, as of the Amendment Effective Date, constitute a Default.

(c) The Agent shall have received, for the account of each Lender that has executed and delivered a signature page to this Amendment at or prior to 5:00 P.M. (New York time) on September 18, 2023 (each such Lender, a "**Consenting Lender**"), a consent fee, in an amount equal to 0.10% of the amount of the aggregate Commitments under the Credit Agreement amount equal to 0.10% of the amount of the aggregate Commitments under the Credit Agreement held by such Consenting Lender on the date hereof, which consent fee shall be earned, due and payable on the Amendment Effective Date.

(d) The Agent shall have received all expenses due and payable on or prior to the Amendment Effective Date, including, to the extent invoiced two (2) Business Days prior to the Amendment Effective Date, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrowers under the Credit Agreement.

4. Representations and Warranties. Each Borrower severally, and not jointly with the other Borrowers, represents and warrants, as of the date hereof, that, after giving effect to the provisions of this Amendment, (a) each of the representations and warranties made by such Borrower in Section 4.01 of the Credit Agreement is true in all material respects on and as of the date hereof as if made on and as of the date hereof, except (i) to the extent that such representations and warranties refer to an earlier date, in which case they were true in all material respects as of such earlier date or (ii) to the extent that such representations and warranties are qualified as to materiality or Material Adverse Effect, in which case such representations and warranties shall be true in all respects, and (b) no event shall have occurred and be continuing, or would result from this Amendment or the transactions contemplated hereby, that would, as of the Amendment Effective Date, constitute a Default.

5. Effect of the Amendment. Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of the Lenders or the Agent under the Credit Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document, all of which, as amended, amended and restated, supplemented or otherwise modified hereby, are ratified and affirmed in all respects and shall continue in full force and effect. Upon the effectiveness of this Amendment, each reference in the Credit Agreement and in any

exhibits attached thereto to "this Agreement", "hereunder", "hereof", "herein" or words of similar import shall mean and be a reference to the Credit Agreement after giving effect to this Amendment.

6. Miscellaneous. The provisions of Sections 9.02 (Notices, Etc.); 9.03 (No Waiver; Remedies); 9.04 (Costs and Expenses) (except clauses (c) and (d) thereof); 9.08 (Confidentiality); 9.10 (Governing Law; Jurisdiction; Etc.); 9.11 (Execution in Counterparts); 9.14 (Acknowledgement and Consent to Bail-In of Affected Financial Institutions); and 9.19 (Waiver of Jury Trial) of the Credit Agreement shall apply with like effect to this Amendment. This Amendment shall be a "Loan Document" for all purposes under the Credit Agreement.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

INTERNATIONAL FLAVORS & FRAGRANCES INC.

By: ______________________
Name: Glenn Richter
Title: Chief Financial Officer

INTERNATIONAL FLAVORS & FRAGRANCES (NEDERLAND) HOLDING B.V.

By: ______________________
Name: Ya Zhang
Title: Director

INTERNATIONAL FLAVORS & FRAGRANCES I.F.F. (NEDERLAND) B.V.

By: ______________________
Name: Ya Zhang
Title: Director

[Signature Page to RCF Amendment No. 4]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

INTERNATIONAL FLAVORS & FRAGRANCES INC.

By: ______________________
Name: Glenn Richter
Title: Chief Financial Officer

INTERNATIONAL FLAVORS & FRAGRANCES (NEDERLAND) HOLDING B.V.

By: ______________________
Name: Ya Zhang
Title: Director

INTERNATIONAL FLAVORS & FRAGRANCES I.F.F. (NEDERLAND) B.V.

By: ______________________
Name: Ya Zhang
Title: Director

[Signature Page to RCF Amendment No. 4]

CITIBANK, N.A.,
as Agent

By: ______________________
Name: Michael Vondriska
Title: Vice President

[Signature Page to RCF Amendment No. 4]

CITIBANK, N.A.,
as a Lender

By: [signature]
Name: Michael Vondriska
Title: Vice President

[Signature Page to RCF Amendment No. 4]

MORGAN STANLEY BANK, N.A.,

as a Lender

By: DocuSigned by: Jack Kuhns 599F922C4577486...

Name: Jack Kuhns
Title: Authorized Signatory

[Signature Page to RCF Amendment No. 4]

MORGAN STANLEY SENIOR FUNDING, INC.,
as a Lender

By: DocuSigned by: Jack Kuhns 599F922C4577486...

Name: Jack Kuhns
Title: Vice President

[Signature Page to RCF Amendment No. 4]

BANK OF AMERICA, N.A.,
as a Lender

By: B Buss
Name: Bettina Buss
Title: Director

BNP Paribas
as a Lender

By:

Claudia Zarate
Managing Director

Name: Claudia Zarate
Title: Managing Director

By:

Name: David Foster
Title: Director

BNP Paribas Fortis SA/NV
as a Lender

By: ______________________
Name:
Title: Stijn LANGERS
Client Director

By: ______________________
Name: Valérie Du Bois
Title: Senior Banker

[Signature Page to RCF Amendment No. 4]

JPMORGAN CHASE BANK, N.A.
as a Lender

By: ______________________

Name: James Shender
Title: Executive Director

[Signature Page to RCF Amendment No. 4]

BARCLAYS BANK PLC,
as a Lender

By: ______________________
Name: Sydney G. Dennis
Title: Director

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CoBank, ACB
as a Lender

By: Natalya Rivkin
Name: Natalya Rivkin
Title: Managing Director

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ING Bank N.V., Dublin Branch

as a Lender

By: ______________________
Name: Sean Hassett
Title: Director

By: ______________________
Name: Cormac Langford
Title: Director

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MIZUHO BANK, LTD.
as a Lender

By: ______________________
Name: Donna DeMagistris
Title: Executive Director

[Signature Page to RCF Amendment No. 4]

MUFG Bank, Ltd.
as a Lender

By: ______________________
Name: Jorge Georgalos
Title: Authorized Signatory

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Sumitomo Mitsui Banking Corporation
as a Lender

By: Jun Ashely

Name: Jun Ashely
Title: Director

[Signature Page to RCF Amendment No. 4]

U.S. Bank National Association

as a Lender

By: ______________________
Name: Adam J. Kultgen
Title: Vice President

[Signature Page to RCF Amendment No. 4]

WELLS FARGO BANK, NATIONAL ASSOCIATION
as a Lender

By: ______________________
Name: Michael J. Stein
Title: Director

[Signature Page to RCF Amendment No. 4]

DEUTSCHE BANK AG NEW YORK BRANCH,
As a lender

By: ____________________
Name: Annie Chung
Title: Managing Director

DEUTSCHE BANK AG NEW YORK BRANCH,
As a lender

By: ____________________
Name: Alison Lugo
Title: Vice President

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HSBC BANK USA, NATIONAL ASSOCIATION
as a Lender

By: ______________________
Jack KELLY (Sep 15, 2023 14:21 EDT)
Name: Jack Kelly
Title: Senior Vice President #23204

[Signature Page to RCF Amendment No. 4]

Standard Chartered Bank

as a Lender

By: Kristopher Tracy

Name: Kristopher Tracy
Title: Director, Financing Solutions

Exhibit 31.1

CERTIFICATION

I, Frank Clyburn, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of International Flavors & Fragrances Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 8, 2023

By:	/s/ Frank Clyburn
Name:	Frank Clyburn
Title:	Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Glenn Richter, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of International Flavors & Fragrances Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 8, 2023

By:	/s/ Glenn Richter
Name:	Glenn Richter
Title:	Executive Vice President and Chief Financial & Business Transformation Officer

Exhibit 32

**CERTIFICATION OF CEO AND CFO PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of International Flavors & Fragrances Inc. (the "Company") for the quarterly period ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Frank Clyburn, as Chief Executive Officer, and Glenn Richter, as Chief Financial & Business Transformation Officer, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934;

and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By:	/s/ Frank Clyburn
Name:	Frank Clyburn
Title:	Chief Executive Officer
Dated:	November 8, 2023

By:	/s/ Glenn Richter
Name:	Glenn Richter
Title:	Executive Vice President and Chief Financial & Business Transformation Officer
Dated:	November 8, 2023