

4th QUARTER 2022

*Financial Results
and Outlook*

McCORMICK & COMPANY, INC.

JANUARY 26, 2023



The following slides accompany a January 26, 2023, earnings release conference call. This information should be read in conjunction with the press release issued on that date.



FORWARD-LOOKING INFORMATION

Certain information contained in this release, including statements concerning expected performance, such as those relating to net sales, gross margin, earnings, cost savings, transaction and integration expenses, special charges, acquisitions, brand marketing support, volume and product mix, income tax expense and the impact of foreign currency rates are “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. These statements may be identified by the use of words such as “may,” “will,” “expect,” “should,” “anticipate,” “intend,” “believe” and “plan” and similar expressions. These statements may relate to: the impact of the COVID-19 pandemic on our business, suppliers, consumers, customers, and employees; disruptions or inefficiencies in the supply chain, including any impact of COVID-19; the expected results of operations of businesses acquired by the Company; the expected impact of the inflationary cost environment, including commodity, packaging materials and transportation costs on our business; the expected impact of pricing actions on the Company's results of operations and gross margins; the impact of price elasticity on our sales volume and mix; the expected impact of factors affecting our supply chain, including transportation capacity, labor shortages, and absenteeism; the expected impact of productivity improvements, including those associated with our Comprehensive Continuous Improvement program, streamlining actions, including our Global Operating Effectiveness Program (GOEP), and global enablement initiative; the impact of the ongoing conflict between Russia and Ukraine, including the potential for broader economic disruption; expected working capital improvements; expectations regarding growth potential in various geographies and markets, including the impact from customer, channel, category, and e-commerce expansion; expected trends in net sales and earnings performance and other financial measures; the expected timing and costs of implementing our business transformation initiative, which includes the implementation of a global enterprise resource planning system; the expected impact of accounting pronouncements; the expectations of pension and postretirement plan contributions and anticipated charges associated with those plans; the holding period and market risks associated with financial instruments; the impact of foreign exchange fluctuations; the adequacy of internally generated funds and existing sources of liquidity, such as the availability of bank financing; the anticipated sufficiency of future cash flows to enable the payments of interest and repayment of short- and long-term debt, working capital needs, planned capital expenditures, as well as quarterly dividends and the ability to obtain additional short- and long-term financing or issue additional debt securities; and expectations regarding purchasing shares of McCormick's common stock under the existing repurchase authorization.

These and other forward-looking statements are based on management's current views and assumptions and involve risks and uncertainties that could significantly affect expected results. Results may be materially affected by factors such as: the company's ability to drive revenue growth; the company's ability to increase pricing to offset, or partially offset, inflationary pressures on the cost of our products; damage to the company's reputation or brand name; loss of brand relevance; increased private label use; the company's ability to drive productivity improvements, including those related to our CCI program and streamlining actions, including our GOEP; product quality, labeling, or safety concerns; negative publicity about our products; actions by, and the financial condition of, competitors and customers; the longevity of mutually beneficial relationships with our large customers; the ability to identify, interpret and react to changes in consumer preference and demand; business interruptions due to natural disasters, unexpected events or public health crises, including COVID-19; issues affecting the company's supply chain and procurement of raw materials, including fluctuations in the cost and availability of raw and packaging materials; labor shortage, turnover and labor cost increases; the impact of the ongoing conflict between Russia and Ukraine, including the potential for broader economic disruption; government regulation, and changes in legal and regulatory requirements and enforcement practices; the lack of successful acquisition and integration of new businesses; global economic and financial conditions generally, availability of financing, interest and inflation rates, and the imposition of tariffs, quotas, trade barriers and other similar restrictions; foreign currency fluctuations; the effects of increased level of debt service following the Cholula and FONA acquisitions as well as the effects that such increased debt service may have on the company's ability to borrow or the cost of any such additional borrowing, our credit rating, and our ability to react to certain economic and industry conditions; risks associated with the phase-out of LIBOR; impairments of indefinite-lived intangible assets; assumptions we have made regarding the investment return on retirement plan assets, and the costs associated with pension obligations; the stability of credit and capital markets; risks associated with the company's information technology systems, including the threat of data breaches and cyber-attacks; the company's inability to successfully implement our business transformation initiative; fundamental changes in tax laws; including interpretations and assumptions we have made, and guidance that may be issued, and volatility in our effective tax rate; climate change; Environmental, Social and Governance (ESG) matters; infringement of intellectual property rights, and those of customers; litigation, legal and administrative proceedings; the company's inability to achieve expected and/or needed cost savings or margin improvements; negative employee relations; and other risks described in the company's filings with the Securities and Exchange Commission.

Actual results could differ materially from those projected in the forward-looking statements. The company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.



Lawrence Kurzcius

Chairman and
Chief Executive Officer



DYNAMIC GLOBAL ENVIRONMENT CHALLENGED 2022 PERFORMANCE

ENDING A VOLATILE 2022 WITH CONFIDENCE IN OUTLOOK FOR STRONG 2023 AND BEYOND

2022 CHALLENGING CONDITIONS

- Persistently higher cost inflation
- Broad-based supply chain challenges
- COVID-related China disruptions
- Conflict in Ukraine

WELL-POSITIONED ENTERING 2023 DRIVING SUCCESSFUL STRATEGY EXECUTION AND STRONGER RESULTS

- Positive consumer consumption momentum
- Positive momentum in Flavor Solutions demand
- Stabilized service levels and supply
- Meaningful progress in reshaping cost structure



FOURTH QUARTER 2022 SALES GROWTH

SALES GROWTH WITHIN GUIDANCE BUT BELOW EXPECTATIONS

2%¹ Actual sales growth reflects:

- Growth from pricing actions of 9% partially offset by 4% underlying volume decline
- Decline of 2% from Kitchen Basics divestiture and exit of business in India and Russia
- Decline of 1% related to China disruption

Expected sales growth tempered by:

- COVID-related China disruptions
- 4Q restocking comparisons in Americas Consumer

POSITIONED TO ACCELERATE SALES GROWTH FOLLOWING STRONG 4Q UNDERLYING GROWTH

- ✓ Strengthening consumer consumption trends
- ✓ Outstanding Flavor Solutions growth and momentum across all regions
- ✓ Increasing demand for flavor reflected in recent proprietary consumer insights research
- ✓ Positioning for long-term differentiated growth underscored by:
 - Alignment with long-term consumer trends
 - Our broad and advantaged portfolio
 - Fundamental strength of our categories

1) In constant currency

The non-GAAP measures included herein, which we refer to as “adjusted”, exclude the impact of items affecting comparability between periods. See reconciliation of GAAP to non-GAAP financial measures on slides 30 to 33, including the impact of constant currency



FOURTH QUARTER 2022 PROFIT PRESSURE

PROFIT SHORT OF EXPECTATIONS DRIVEN BY PRODUCT MIX AND ONE-TIME ITEMS

Adjusted operating income declined 9%¹

Adjusted earnings per share declined 13%

Expected profit tempered by:

- Unfavorable product mix driven by lower U.S. and China consumer sales as well as mix between segments
- Lower operating leverage in China due to COVID-related plant shutdowns
- Unexpected discrete one-time issues offset cost reduction progress

GLOBAL OPERATING EFFECTIVENESS PROGRAM COMMITTED TO INCREASING PROFIT REALIZATION

Targeting elimination of \$100M of supply chain costs

Targeting cost savings of \$25M through streamlining actions across the entire organization

Leveraging CCI program discipline to drive results

Expecting \$75M in 2023, incremental to CCI, scaling up as year progresses

Yielding results and progressing considerably already

¹) In constant currency

The non-GAAP measures included herein, which we refer to as "adjusted", exclude the impact of items affecting comparability between periods. See reconciliation of GAAP to non-GAAP financial measures on slides 30 to 33, including the impact of constant currency



GLOBAL OPERATING EFFECTIVENESS PROGRAM

EXPECTED ANNUAL COST SAVINGS OF \$125 MILLION ... \$75 MILLION TO BE REALIZED IN 2023

NORMALIZING SUPPLY CHAIN COSTS WHILE SUPPORTING CUSTOMER GROWTH

Reducing 10% of Americas supply chain workforce

- Reinstated more normal shift schedules
- Accelerating automation

Reducing co-pack costs to lowest in 5-years

- Investing in capacity
- Improving reliability

Returning to historical safety stock levels

Reducing logistics cost and material losses

ADVANCING OUR GLOBAL OPERATING MODEL

Streamlining workforce across the organization

- Optimizing processes to work more efficiently
- Maintaining strong foundation to support growth
- Executing on a U.S. Voluntary Retirement Program
- Caring for employees with our shared values

FOURTH QUARTER CONSUMER SEGMENT UPDATE

BRAND MARKETING, NEW PRODUCTS & CATEGORY MANAGEMENT DRIVING POSITIVE MOMENTUM

AMERICAS

- 6% unfavorable impact due to restocking comparisons
- 6% branded portfolio consumption growth strongest of the year
- Sequential acceleration of consumption dollars, units and volume
- Strongest spices and seasonings performance of the year
- Share gains in recipe mixes, hot sauce and mustard



EMEA

- Strongest sales growth of the year
- Sequential acceleration of consumption
- Herbs, spices and seasonings share gains in the U.K. and Eastern Europe
- Frank's RedHot driving U.K. hot sauce category growth
- U.K. Recipe Mixes advanced to #1 share position in 2022



FOURTH QUARTER FLAVOR SOLUTIONS SEGMENT UPDATE

STRENGTH OF PORTFOLIO AND CAPABILITIES ARE DRIVING OUTSTANDING MOMENTUM

AMERICAS

- Strongest performance of the year
- Strong growth in snack seasonings and flavors for performance nutrition and health
- Expanded distribution and share gains in branded foodservice

EMEA

- Outstanding growth driven by significant volume as well as pricing
- Strong growth across customer base in all markets and channels
- Growth led by QSR momentum, including expanded distribution

APZ

- Growth from menu penetration with quick service restaurant customers
- Strong growth in markets outside of China



GLOBAL DEMAND FOR FLAVOR IS FOUNDATION OF SALES GROWTH

McCORMICK IS END-TO-END FLAVOR

CAPITALIZING ON ACCELERATED LONG-TERM CONSUMER TRENDS



HEALTHY AND FLAVORFUL COOKING

DIGITAL ENGAGEMENT

TRUSTED BRANDS

PURPOSE-MINDED PRACTICES

INTENTIONALLY FOCUSED ON FAST GROWING CATEGORIES¹



FOCUSED ON LONG-TERM GOALS, STRATEGIES AND VALUES THAT HAVE DRIVEN COMPOUNDING GROWTH



Confidence in growth momentum and ability to navigate environment with:

- Strength of business model and value of products and capabilities
- Execution of proven long-term strategies by experienced leaders

Well-positioned to drive profitable growth in 2023 with three focused priorities:

- Capitalizing on strong demand
- Optimizing cost structure
- Positioning McCormick to deliver sustainable growth and long-term shareholder value

Long-term fundamentals that drove industry-leading performance remain strong

Momentum driven by McCormick employees



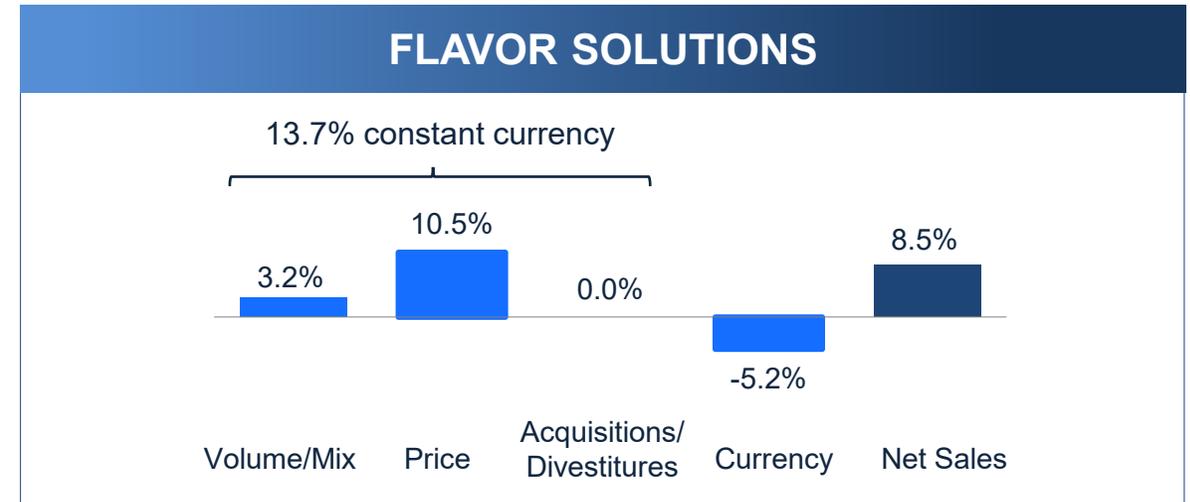
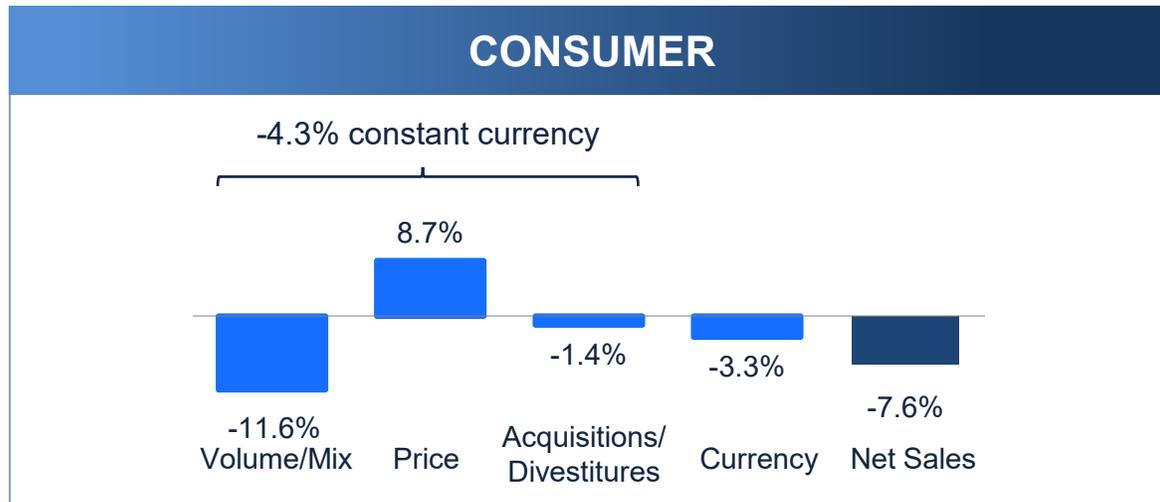
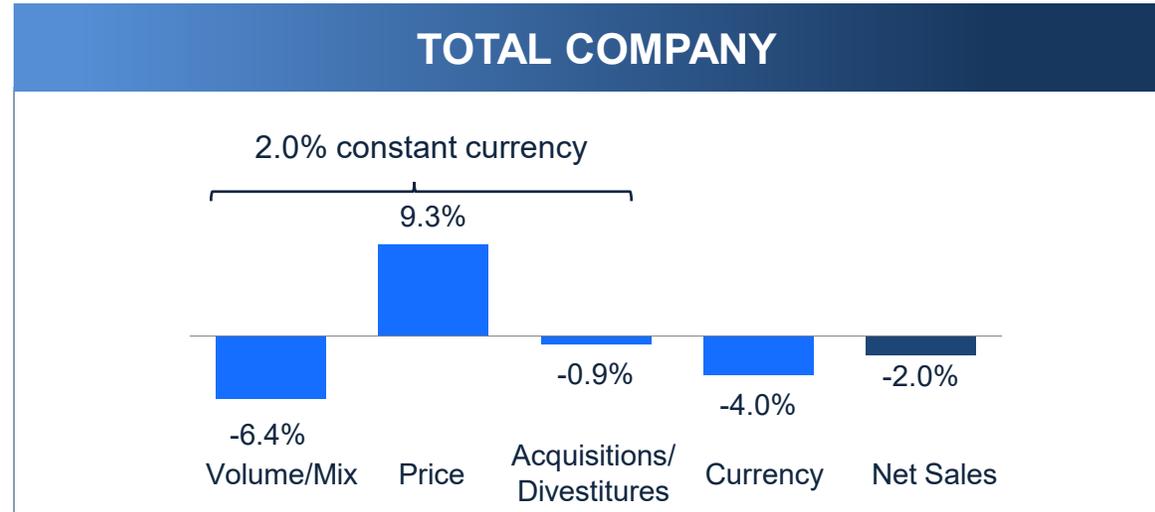


Mike Smith

Executive Vice President
and Chief Financial Officer

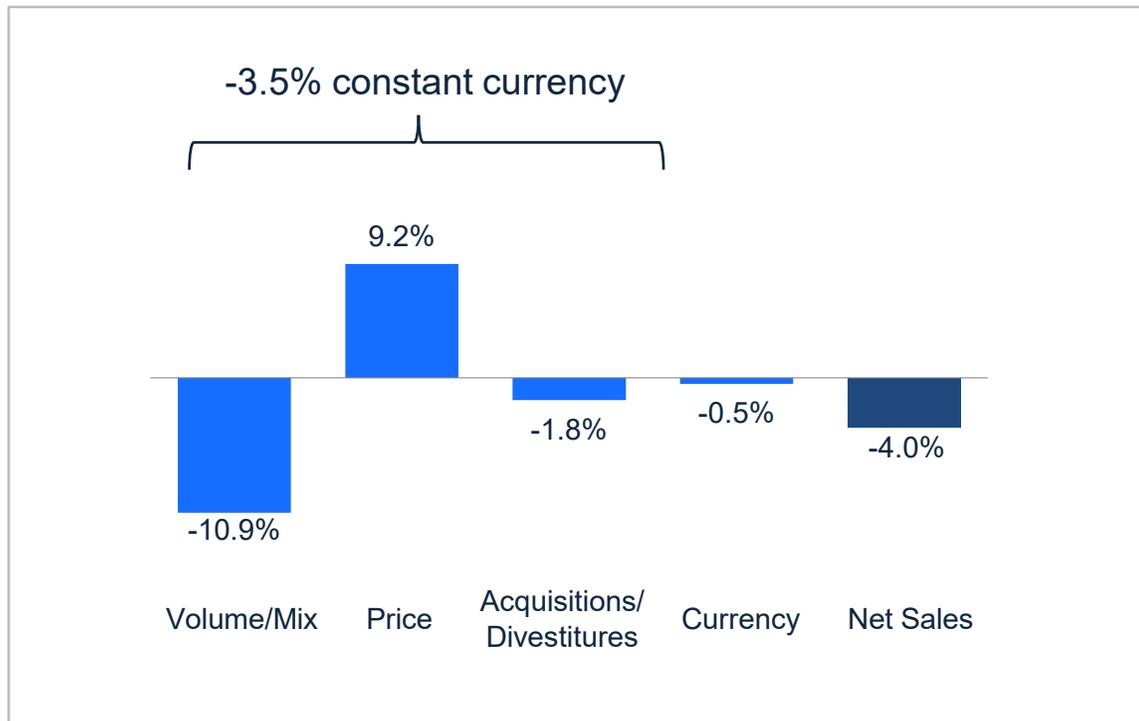


4Q 2022 SALES RESULTS



4Q 2022 SALES RESULTS: CONSUMER SEGMENT

AMERICAS

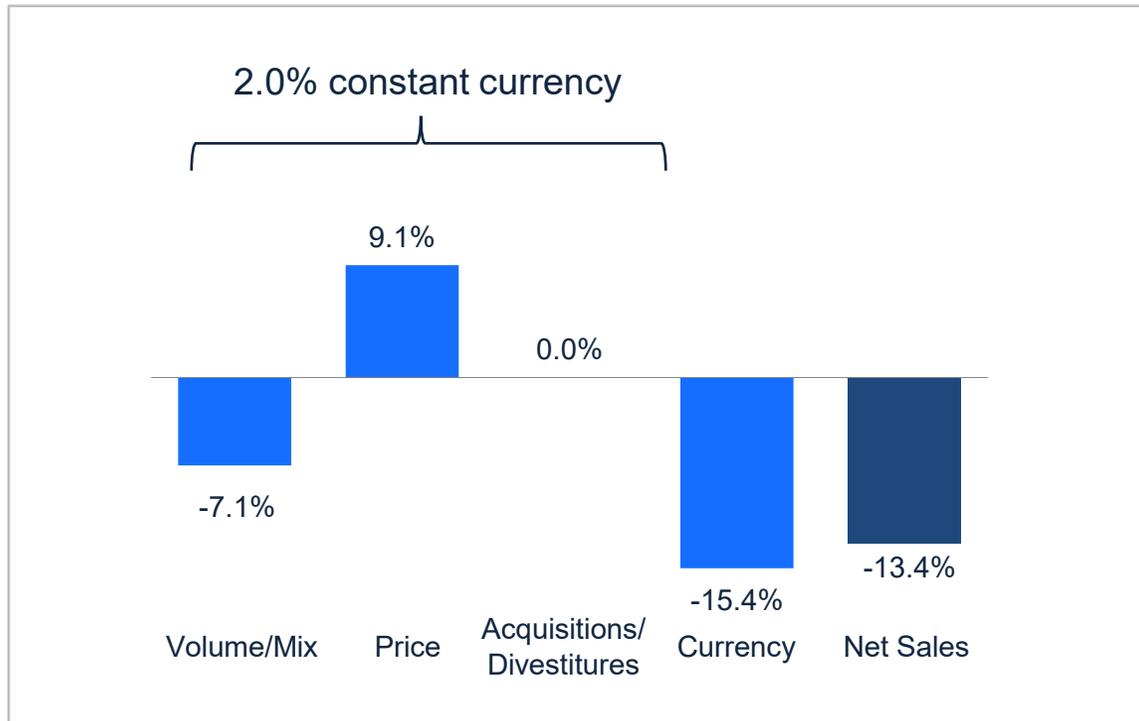


- Pricing actions to offset cost increases
- Return to pre-pandemic holiday promotional levels
- 2% decline from Kitchen Basics divestiture
- 6% decline in volume and mix from lapping restocking of retail inventory in 4Q 2021 and a higher level of retail inventories entering 2022's holiday season



4Q 2022 SALES RESULTS: CONSUMER SEGMENT

EMEA

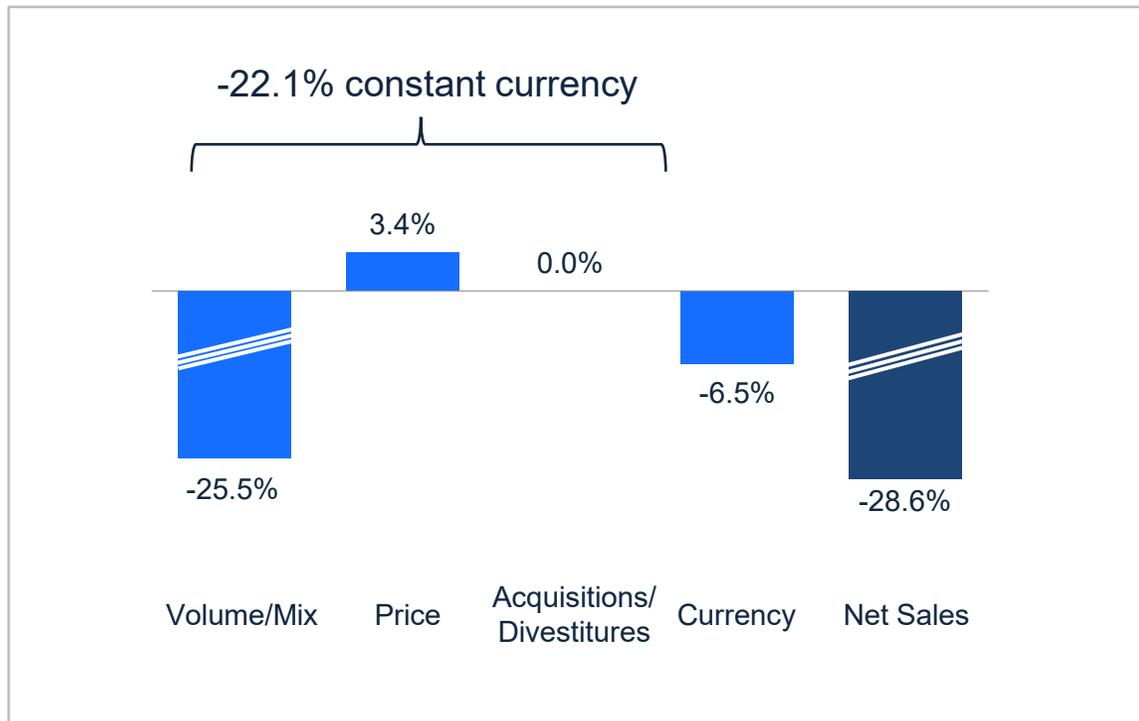


- Pricing actions to offset cost increases
- 4% decline from lower Russia sales included in volume and mix



4Q 2022 SALES RESULTS: CONSUMER SEGMENT

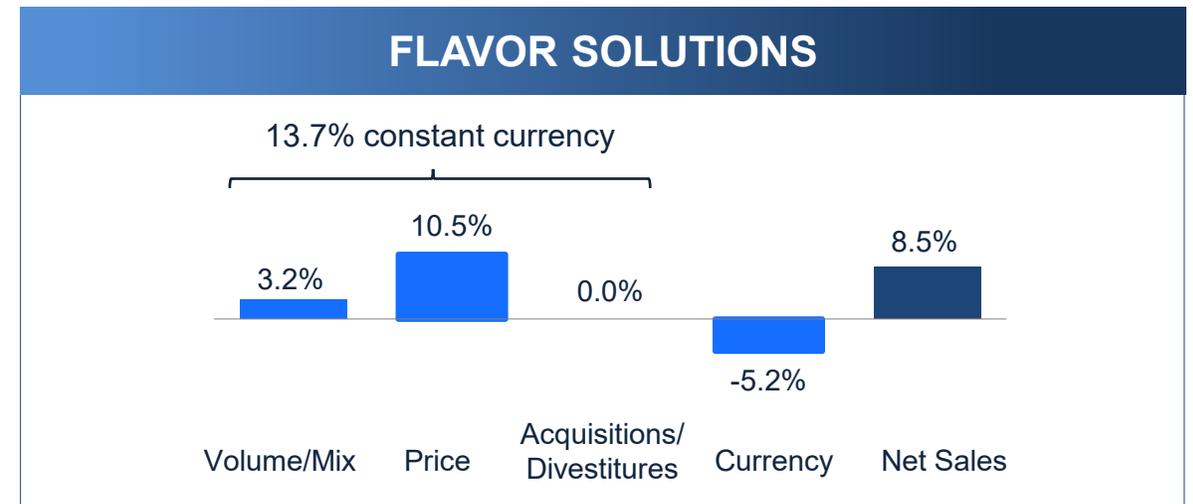
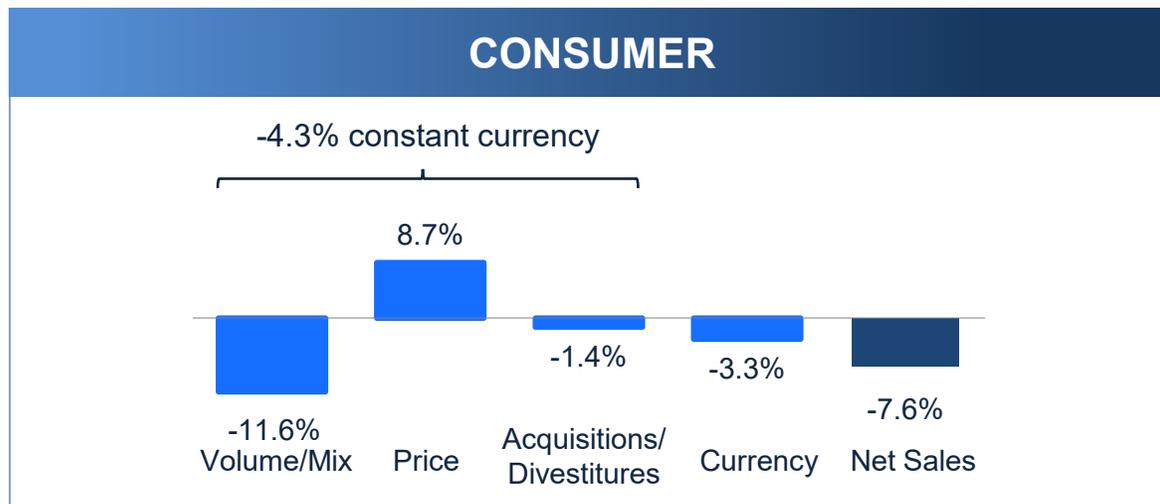
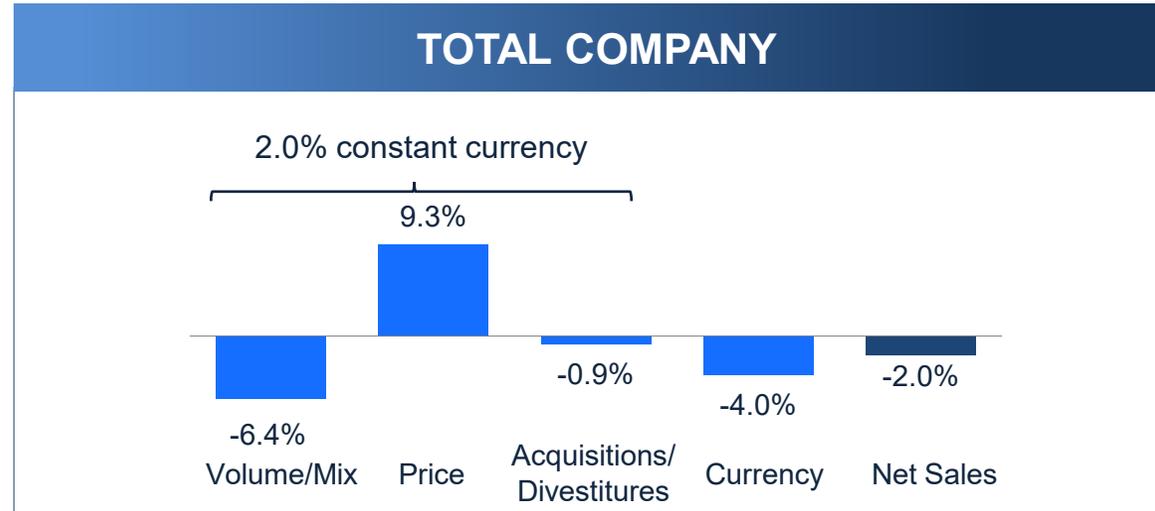
ASIA / PACIFIC



- Volume and mix includes a 23% decline driven by:
 - Consumption disruption in China related to COVID
 - Exit of low margin business in India
- Pricing actions to offset cost inflation

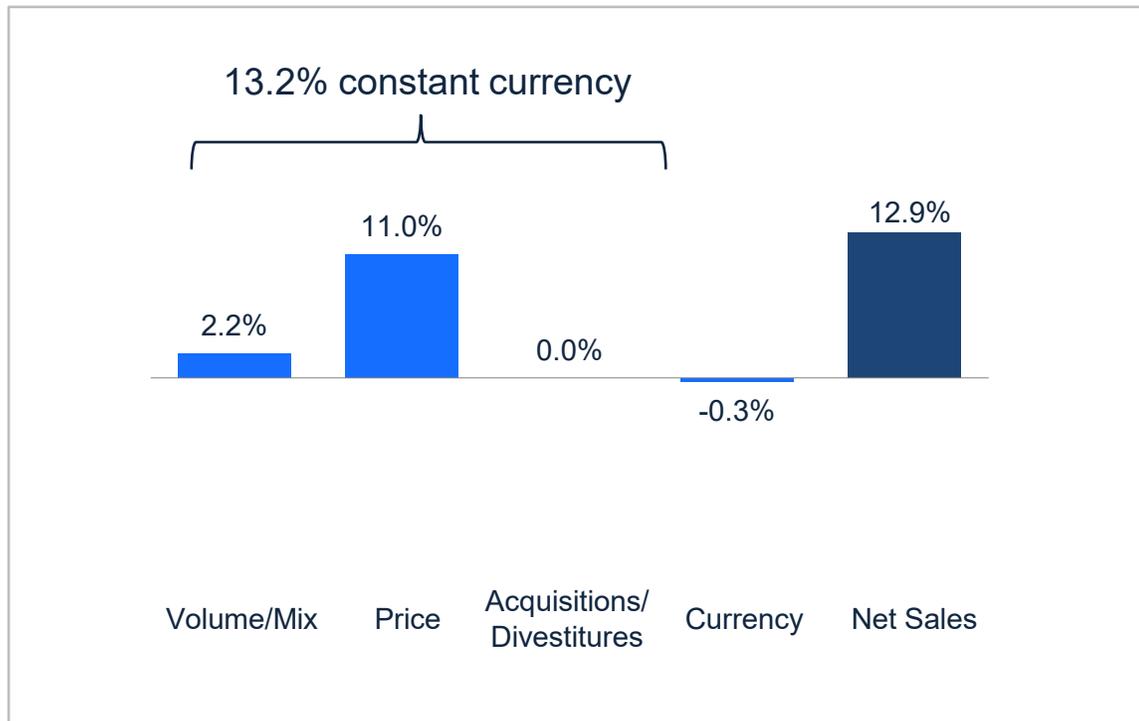


4Q 2022 SALES RESULTS



4Q 2022 SALES RESULTS: FLAVOR SOLUTIONS SEGMENT

AMERICAS

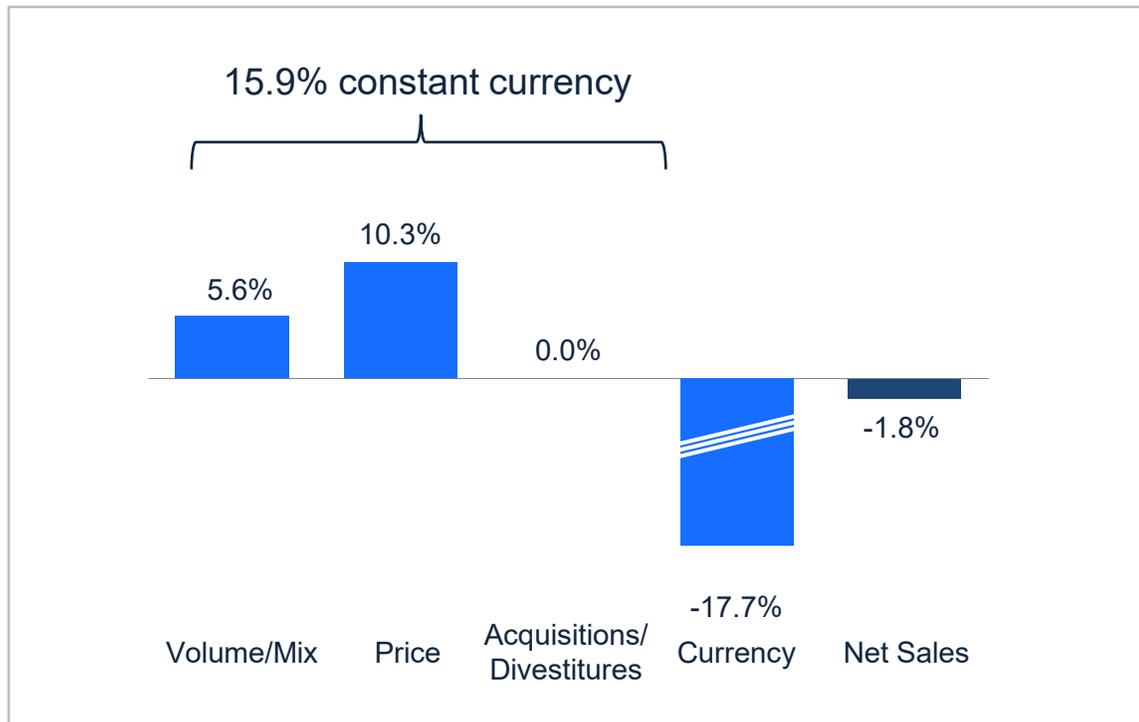


- Pricing actions to offset cost inflation
- Higher sales to packaged food and beverage companies with strength in snack seasonings
- Higher demand from branded foodservice customers



4Q 2022 SALES RESULTS: FLAVOR SOLUTIONS SEGMENT

EMEA

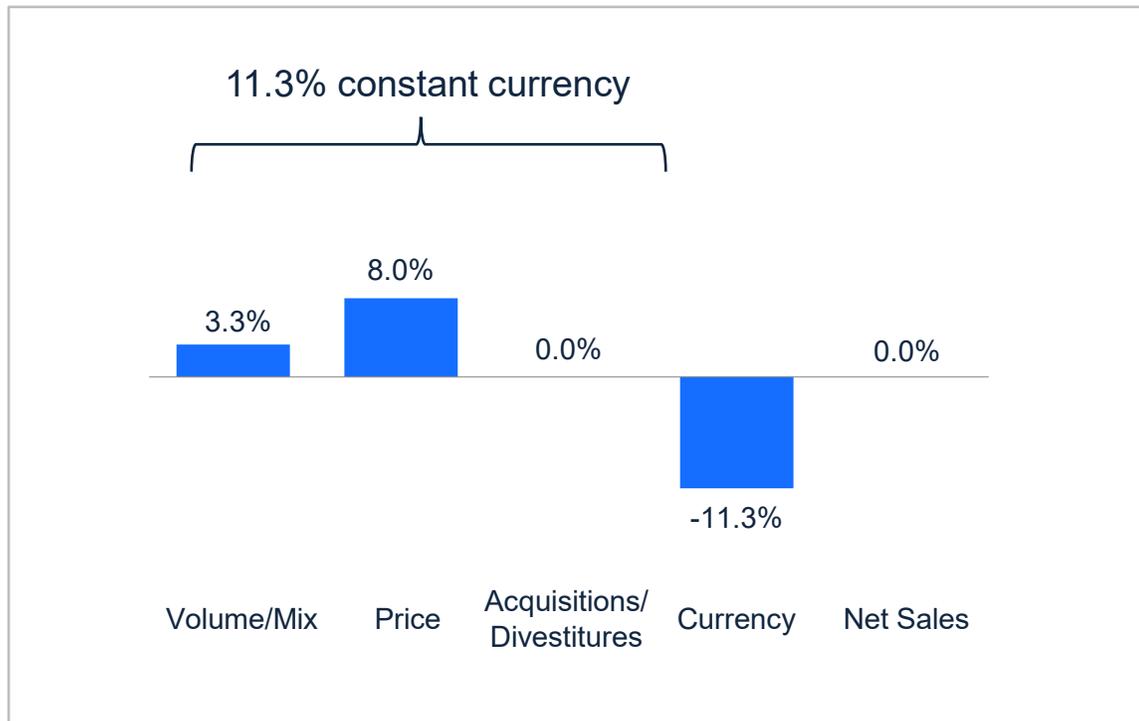


- Broad-based growth, including pricing actions, led by:
 - Strong growth with quick service restaurant customers
 - Strong growth with packaged food and beverage company customers



4Q 2022 SALES RESULTS: FLAVOR SOLUTIONS SEGMENT

ASIA / PACIFIC



- Pricing actions to offset cost inflation
- Quick service restaurants drove volume and mix growth driven by strength in core menu items



GROSS MARGIN

<i>(in millions)</i>	4Q 2022	4Q 2021	4Q Fav/(Unfav) Change	YTD 2022 Fav/(Unfav) Change
Gross Margin	36.8%	40.6%	(380) bps	(370) bps
Adjusted Gross Margin	36.8%	40.9%	(410) bps	(390) bps

EXPECTED DRIVERS

- ~250 basis point dilutive impact of pricing to offset dollar inflation
- Lower operating leverage in Consumer segment
- Flavor Solutions manufacturing facility start up costs
- Elevated costs to meet high Flavor Solutions demand
- Favorable impact of CCI-led cost savings
- Price increases catching up with cost of inflation

UNEXPECTED DRIVERS

- Unfavorable product mix
 - Lower U.S. spices and seasonings sales stemming from 4Q inventory restocking comparisons
 - Lower sales of high margin products in China due to COVID-related restrictions
 - Higher impact from segment sales mix
- Lower operating leverage in China due to COVID-related shutdowns
- Discrete one-time issues and higher transactional foreign currency impact in Flavor Solutions offsetting cost reduction progress

OPERATING INCOME

<i>(in millions)</i>	4Q 2022	4Q 2021	4Q Fav/(Unfav) Change	YTD 2022 Fav/(Unfav) Change
Selling, general & administrative expenses as percent of net sales	20.4%	23.1%	270 bps	90 bps
Operating income	\$264.3	\$276.2	(4%)	(15%)
Adjusted operating income	\$277.9	\$308.7	(10%)	(17%)
Consumer	235.2	250.4	(6%)	(12%)
Flavor Solutions	42.7	58.3	(27%)	(30%)

- Selling, general and administrative expenses as a percent of net sales decreased 270 basis points
 - Lower incentive compensation expenses
 - Partially offset by higher distribution costs and brand marketing investments
- 9% constant currency adjusted operating income decline for total company
- Special charges, transaction and integration expenses were \$13.6 million in 4Q 2022 versus \$32.5 million in 4Q 2021



INTEREST EXPENSE AND INCOME TAXES

<i>(in millions)</i>	4Q 2022	4Q 2021	4Q Fav/(Unfav) Change	YTD 2022 Fav/(Unfav) Change
Interest Expense	\$44.4	\$33.3	(33%)	(9%)
Income tax rate	23.3%	23.0%	(30 bps)	80 bps
Adjusted income tax rate	23.1%	21.3%	(180 bps)	(80 bps)

- Increased interest expense driven by the higher rate environment
- Higher adjusted effective tax rate in 4Q 2022 as impact of favorable discrete items was more significant in 4Q 2021



EARNINGS PER SHARE

	4Q 2022	4Q 2021	4Q Fav/(Unfav) Change	YTD 2022 Fav/(Unfav) Change
Earnings per share	\$0.69	\$0.73	(5%)	(10%)
Adjusted earnings per share	\$0.73	\$0.84	(13%)	(17%)

Change in adjusted earnings per share

Decrease in adjusted operating income	(\$0.08)
Increase in interest expense	(0.04)
Increase in other income	0.01
Increase in adjusted income tax rate	(0.02)
Increase in unconsolidated income	<u>0.02</u>
Total decrease	<u>(\$0.11)</u>



BALANCE SHEET AND CASH FLOW

- Cash flow provided from operations was \$652 million for 2022
 - Impacted by lower net income and higher inventory levels
- \$397 million of cash returned to shareholders through dividends
- Capital expenditures of \$262 million in 2022
- Expect to delever to ~3.0x by end of fiscal 2024

BALANCED USE OF CASH



- ✓ Drive growth
- ✓ Return to shareholders
- ✓ Pay down debt

2023 expected to be a year of strong cash flow driven by profit and working capital initiatives

2023 OUTLOOK

DISCRETE YEAR-OVER-YEAR DRIVERS

	CONSTANT CURRENCY GUIDANCE	GLOBAL OPERATING EFFECTIVENESS PROGRAM	NET CHINA RECOVERY	KITCHEN BASICS DIVESTITURE	INCENTIVE COMP REBUILD	INTEREST HEADWIND ¹	TAX HEADWIND	UNDERLYING BUSINESS GROWTH
Sales	5% to 7%		1%					4% to 6%
Operating Profit	9% to 11%	8%	3%	-1%	-8%			7% to 9%
EPS	1% to 3%	8%	3%	-1%	-8%	-8%	-1%	8% to 10%

2023 OUTLOOK

	Reported Currency	Constant Currency
Sales growth	5% to 7%	5% to 7%
Adjusted operating income increase	9% to 11%	9% to 11%
CCI-led cost savings	Approximately \$85M	
Cost inflation	Low to mid-teens increase	
Adjusted gross profit margin	Up 25 to 75 bps	
Brand marketing	Low single-digit increase	
Interest expense	\$200M to \$210M	
Adjusted income from unconsolidated operations	Mid-teens increase	
Adjusted tax rate	Approximately 22%	
Adjusted earnings per share	\$2.56 to \$2.61	
Adjusted earnings per share growth	1% to 3%	1% to 3%
Shares outstanding	Approximately 270M to 271M	



KEY TAKEAWAYS

WE ARE CONFIDENT IN DRIVING THE PROFITABLE GROWTH IN OUR 2023 OUTLOOK

We have positive momentum entering 2023. We expect an acceleration of Consumer segment sales and continued strong Flavor Solutions performance.

We are committed to increasing our profit realization and with our Global Operating Effectiveness Program have actions underway that are already yielding results.

We are operating with the same discipline and commitment to execution as we have in any other environment, while also actively responding to macroeconomic challenges.

Our fundamentals that drove our historical performance remain in place and we are as diligent as ever in driving stakeholder value in 2023 and beyond.

We are well-positioned with our focus on growth, performance and people to drive sales growth, lower costs, expand margins and realize long-term sustainable earnings growth.

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NON-GAAP FINANCIAL MEASURES

The tables below include financial measures of adjusted gross profit, adjusted gross profit margin, adjusted operating income, adjusted operating income margin, adjusted income tax expense, adjusted income tax rate, adjusted net income and adjusted diluted earnings per share. These represent non- GAAP financial measures which are prepared as a complement to our financial results prepared in accordance with United States generally accepted accounting principles. These financial measures exclude the impact, as applicable, of the following:

Special charges – In our consolidated income statement, we include a separate line item captioned “Special charges” in arriving at our consolidated operating income. Special charges consist of expenses and income associated with certain actions undertaken by the Company to reduce fixed costs, simplify or improve processes, and improve our competitiveness and are of such significance in terms of both up-front costs and organizational/structural impact to require advance approval by our Management Committee. Upon presentation of any such proposed action (generally including details with respect to estimated costs, which typically consist principally of employee severance and related benefits, together with ancillary costs associated with the action that may include a non-cash component, such as an asset impairment, or a component which relates to inventory adjustments that are included in cost of goods sold; impacted employees or operations; expected timing; and expected savings) to the Management Committee and the Committee’s advance approval, expenses associated with the approved action are classified as special charges upon recognition and monitored on an on- going basis through completion. Special charges for the year ended November 30, 2022 include a \$13.6 million gain associated with the sale of the Kohinoor brand name. We exited our Kohinoor rice product line in India in the fourth quarter of fiscal year 2021.

Transaction and integration expenses associated with the Cholula and FONA acquisitions – We exclude certain costs associated with our acquisitions of Cholula and FONA in November and December 2020, respectively, and their subsequent integration into the Company. Such costs, which we refer to as “Transaction and integration expenses,” include transaction costs associated with each acquisition, as well as integration costs following the respective acquisition, including the impact of the acquisition date fair value adjustment for inventories, together with the impact of discrete tax items, if any, directly related to each acquisition.

Income from sale of unconsolidated operations – We exclude the gain realized upon our sale of an unconsolidated operation in March 2021. The sale of our 26% interest in Eastern Condiments Private Ltd resulted in a gain of \$13.4 million, net of tax of \$5.7 million. The gain is included in Income from unconsolidated operations in our consolidated income statement for the year ended November 30, 2021.

Gain on sale of Kitchen Basics - We exclude the gain realized upon our sale of our Kitchen Basics business in August 2022. The pre-tax gain associated with the sale was \$49.6 million for the year ended November 30, 2022.

We believe that these non-GAAP financial measures are important. The exclusion of the items noted above provides additional information that enables enhanced comparisons to prior periods and, accordingly, facilitates the development of future projections and earnings growth prospects. This information is also used by management to measure the profitability of our ongoing operations and analyze our business performance and trends.

These non-GAAP financial measures may be considered in addition to results prepared in accordance with GAAP, but they should not be considered a substitute for, or superior to, GAAP results. In addition, these non-GAAP financial measures may not be comparable to similarly titled measures of other companies because other companies may not calculate them in the same manner that we do. We intend to continue to provide these non-GAAP financial measures as part of our future earnings discussions and, therefore, the inclusion of these non-GAAP financial measures will provide consistency in our financial reporting. A reconciliation of these non-GAAP financial measures to the related GAAP financial measures is provided below:

NON-GAAP FINANCIAL MEASURES

(in millions except per share data)

	Three Months Ended		Year Ended	
	11/30/2022	11/30/2021	11/30/2022	11/30/2021
Gross profit	\$ 624.4	\$ 702.9	\$ 2,274.5	\$ 2,494.6
Impact of transaction and integration expenses included in cost of goods sold (1)	—	—	—	6.3
Impact of special charges included in cost of goods sold ⁽²⁾	—	4.7	—	4.7
Adjusted gross profit	\$ 624.4	\$ 707.6	\$ 2,274.5	\$ 2,505.6
Adjusted gross profit margin (3)	36.8 %	40.9 %	35.8 %	39.7 %
Operating income	\$ 264.3	\$ 276.2	\$ 863.6	\$ 1,015.1
Impact of transaction and integration expenses included in cost of goods sold (1)	—	—	—	6.3
Impact of other transaction and integration expenses (1)	—	2.0	2.2	29.0
Impact of special charges included in cost of goods sold (2)	—	4.7	—	4.7
Impact of special charges (2)	13.6	25.8	51.6	46.4
Adjusted operating income	\$ 277.9	\$ 308.7	\$ 917.4	\$ 1,101.5
% decrease versus year-ago period	(10.0)%		(16.7)%	
Adjusted operating income margin (4)	16.4 %	17.8 %	14.4 %	17.4 %
Income tax expense	\$ 53.2	\$ 57.2	\$ 168.6	\$ 192.7
Impact of transaction and integration expenses (1)	—	0.4	0.6	(2.7)
Impact of special charges (2)	2.6	2.2	13.3	7.1
Impact of sale of Kitchen Basics	—	—	(11.6)	—
Adjusted income tax expense	\$ 55.8	\$ 59.8	\$ 170.9	\$ 197.1
Adjusted income tax rate (5)	23.1 %	21.3 %	20.9 %	20.1 %
Net income	\$ 185.7	\$ 197.4	\$ 682.0	\$ 755.3
Impact of transaction and integration expenses (1)	—	1.6	1.6	38.0
Impact of special charges (2)	11.0	28.3	38.3	44.0
Impact of after-tax gain on sale of Kitchen Basics	—	—	(38.0)	—
Impact of after-tax gain on sale of unconsolidated operation	—	—	—	(13.4)
Adjusted net income	\$ 196.7	\$ 227.3	\$ 683.9	\$ 823.9
% decrease versus year-ago period	(13.5)%		(17.0)%	
Earnings per share - diluted	\$ 0.69	\$ 0.73	\$ 2.52	\$ 2.80
Impact of transaction and integration expenses (1)	—	—	0.01	0.14
Impact of special charges (2)	0.04	0.11	0.14	0.16
Impact of after-tax gain on sale of Kitchen Basics	—	—	(0.14)	—
Impact of after-tax gain on sale of unconsolidated operation	—	—	—	(0.05)
Adjusted earnings per share - diluted	\$ 0.73	\$ 0.84	\$ 2.53	\$ 3.05
% decrease versus year-ago period	(13.1)%		(17.0)%	

- Transaction and integration expenses include transaction and integration expenses associated with our acquisitions of Cholula and FONA. These expenses include the effect of the fair value adjustment to acquired inventories on cost of goods sold and the impact of a discrete deferred state income tax expense item, directly related to our December 2020 acquisition of FONA. This discrete tax item had a net unfavorable impact of \$10.4 million or \$0.04 per diluted share for the year ended November 30, 2021.
- Special charges for the year ended November 30, 2022 include a \$10.0 million non-cash intangible asset impairment charge associated with our exit of our business operations in Russia. Special charges for the year ended November 30, 2022 include a \$13.6 million gain associated with the sale of the Kohinoor brand name. We exited our Kohinoor rice product line in India in the fourth quarter of fiscal 2021. Special charges for the year ended November 30, 2021 include \$4.7 million which is reflected in Cost of goods sold and an \$11.2 million non-cash impairment charge associated with the impairment of certain intangible assets.
- Adjusted gross profit margin is calculated as adjusted gross profit as a percentage of net sales for each period presented.
- Adjusted operating income margin is calculated as adjusted operating income as a percentage of net sales for each period presented.
- Adjusted income tax rate is calculated as adjusted income tax expense as a percentage of income from consolidated operations before income taxes excluding transaction and integration expenses and special charges, and for 2022, the gain on a sale of a business, of \$241.9 million and \$817.0 million for the three months and year ended November 30, 2022, respectively, \$280.7 million and \$982.2 million for the three months and year ended November 30, 2021, respectively.

NON-GAAP FINANCIAL MEASURES

Because we are a multi-national company, we are subject to variability of our reported U.S. dollar results due to changes in foreign currency exchange rates. Those changes have been volatile over the past several years. The exclusion of the effects of foreign currency exchange, or what we refer to as amounts expressed “on a constant currency basis”, is a non-GAAP measure. We believe that this non-GAAP measure provides additional information that enables enhanced comparison to prior periods excluding the translation effects of changes in rates of foreign currency exchange and provides additional insight into the underlying performance of our operations located outside of the U.S. It should be noted that our presentation herein of amounts and percentage changes on a constant currency basis does not exclude the impact of foreign currency transaction gains and losses (that is, the impact of transactions denominated in other than the local currency of any of our subsidiaries in their local currency reported results).

Percentage changes in sales and adjusted operating income as well as compound annual growth rates (CAGR) expressed on a constant currency basis are presented excluding the impact of foreign currency exchange. To present this information for historical periods, current period results for entities reporting in currencies other than the U.S. dollar are translated into U.S. dollars at the average exchange rates in effect during the corresponding period of the comparative year, rather than at the actual average exchange rates in effect during the current fiscal year. As a result, the foreign currency impact is equal to the current year results in local currencies multiplied by the change in the average foreign currency exchange rate between the current fiscal period and the corresponding period of the comparative year. Rates of constant currency growth (decline) follow:

	Three Months Ended November 30, 2022		
	Percentage Change as Reported	Impact of Foreign Currency Exchange	Percentage Change on Constant Currency Basis
Net sales			
Consumer Segment			
Americas	(4.0)%	(0.5)%	(3.5)%
EMEA	(13.4)%	(15.4)%	2.0%
Asia/Pacific	(28.6)%	(6.5)%	(22.1)%
Total Consumer segment	(7.6)%	(3.3)%	(4.3)%
Flavor Solutions Segment			
Americas	12.9%	(0.3)%	13.2%
EMEA	(1.8)%	(17.7)%	15.9%
Asia/Pacific	—%	(11.3)%	11.3%
Total Flavor Solutions segment	8.5%	(5.2)%	13.7%
Total net sales	(2.0)%	(4.0)%	2.0%
Adjusted operating income			
Consumer segment	(6.1)%	(1.0)%	(5.1)%
Flavor Solutions segment	(26.8)%	(0.8)%	(26.0)%
Total adjusted operating income	(10.0)%	(1.0)%	(9.0)%

	Three Months Ended November 30, 2022		
	Percentage Change as Reported	Impact of Foreign Currency Exchange	Percentage Change on Constant Currency Basis
3 Year CAGR - Net sales			
Consumer Segment			
Americas	4.5%	—%	4.5%
EMEA	(1.9)%	(3.8)%	1.9%
Asia/Pacific	(8.3)%	—%	(8.3)%
Total Consumer segment	2.4%	(0.6)%	3.0%
Flavor Solutions Segment			
Americas	9.0%	(0.2)%	9.2%
EMEA	7.5%	(3.3)%	10.8%
Asia/Pacific	4.7%	(1.8)%	6.5%
Total Flavor Solutions segment	8.3%	(0.9)%	9.2%
Total 3 Year CAGR - Net sales	4.5%	(0.8)%	5.3%

	Year Ended November 30, 2022		
	Percentage Change as Reported	Impact of Foreign Currency Exchange	Percentage Change on Constant Currency Basis
3 Year CAGR - Net sales			
Consumer Segment	4.7%	(0.2)%	4.9%
Flavor Solutions Segment	7.7%	(0.4)%	8.1%
Total 3 Year CAGR - Net sales	5.9%	(0.3)%	6.2%



NON-GAAP FINANCIAL MEASURES

To present “constant currency” information for the fiscal year 2023 projection, projected sales and adjusted operating income for entities reporting in currencies other than the U.S. dollar are translated into U.S. dollars at the company’s budgeted exchange rates for 2023 and are compared to the 2022 results, translated into U.S. dollars using the same 2023 budgeted exchange rates, rather than at the average actual exchange rates in effect during fiscal year 2022. To estimate the percentage change in adjusted earnings per share on a constant currency basis, a similar calculation is performed to arrive at adjusted net income divided by historical shares outstanding for fiscal year 2022 or projected shares outstanding for fiscal year 2023, as appropriate. The following provides a reconciliation of our estimated earnings per share to adjusted earnings per share for 2023 and actual results for 2022:

	Year Ended	
	2023 Projection	11/30/22
Earnings per share - diluted	\$2.42 to \$2.47	\$2.52
Impact of transaction and integration expenses	—	0.01
Impact of special charges	0.14	0.14
Impact of after-tax gain on sale of Kitchen Basics	—	(0.14)
Adjusted earnings per share - diluted	\$2.56 to \$2.61	\$2.53

