

2ND QUARTER 2022

*Financial Results
and Outlook*

McCORMICK & COMPANY, INC.

JUNE 29, 2022



The following slides accompany a June 29th, 2022, 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.” 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, including the acquisitions of Cholula and FONA; 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 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 (CCI) program and global enablement initiative; the impact of the Russia-Ukraine conflict, 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 (ERP) 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 as well as quarterly dividends and the ability to 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; 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 Russia-Ukraine conflict, 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



McCORMICK LONG-TERM PERFORMANCE¹

HISTORY OF MEETING OR EXCEEDING OUR LONG-TERM OBJECTIVES

| | 10-YEAR CAGR | 5-YEAR CAGR | LONG-TERM OBJECTIVES |
|----------------------------------|--------------|-------------|----------------------|
| Sales growth | 7% | 8% | 4% - 6% |
| Adjusted operating income growth | 8% | 11% | 7% - 9% |
| Adjusted EPS growth | 9% | 10% | 9% - 11% |

1) 10-Year CAGR, 2011 to 2021, and 5-Year CAGR, 2016-2021, in constant currency

CHALLENGING GLOBAL ENVIRONMENT



COST INFLATION AND SUPPLY CHAIN

- Higher cost inflation has persisted**
- Broad-based supply chain challenges**
- Escalation in 2Q drove adjustments to upcoming pricing**



MITIGATING ACTIONS

- Multiple pricing actions**
- Revenue management initiatives**
- Comprehensive Continuous Improvement program (CCI)**
- Reduction of discretionary spending**

**2022 PROFIT FURTHER WEIGHTED TO SECOND HALF
WITH PLAN TO FULLY OFFSET COST PRESSURES OVER TIME**

CHALLENGING GLOBAL ENVIRONMENT



CHINA COVID-RELATED LOCKDOWNS

Low utilization at Shanghai Plant

Incremental cost to supply customers

Significant demand softness

Market conditions limit ability to price



CONFLICT IN UKRAINE

Ukrainian operations paused mid-March

Russian operations suspended mid-March

Decision to exit Russian Consumer business

SECOND QUARTER 2022 SALES RESULTS

SALES IMPACTS

REPORTED RESULTS

| | CHINA CONSUMPTION DISRUPTION | CONFLICT IN UKRAINE | EXIT OF BUSINESS IN INDIA | LAPPING U.S. TRADE INVENTORY REFILL | ALL OTHER SALES PERFORMANCE | | 2Q 2022 SALES GROWTH ¹ | 3-YEAR SALES CAGR ¹ |
|------------------|------------------------------|---------------------|---------------------------|-------------------------------------|-----------------------------|---|-----------------------------------|--------------------------------|
| Consumer | -2% | -% | -1% | -3% | -1% | → | -7% | 4% |
| Flavor Solutions | -1% | -% | - | - | 12% | → | 11% | 8% |
| Total MKC | -1% | -% | -1% | -2% | 4% | → | 0% | 6% |

1) In constant currency

SECOND QUARTER 2022 PROFIT RESULTS

SECOND QUARTER PROFIT PRESSURE EXPECTED TO BE MITIGATED LATER IN 2022

ADJUSTED OPERATING INCOME DECLINED 33%¹

- Comparison includes 7% impact from China consumption disruption and the conflict in Ukraine
- Higher inflation and broad-based supply chain challenges were anticipated to offset profit from sales growth
- Cost escalation resulted in a greater impact to profit

ADJUSTED EARNINGS PER SHARE DECLINED 30%

1) Includes 1% unfavorable currency impact



SECOND QUARTER CONSUMER SEGMENT UPDATE

PRICING ACTIONS IN ALL REGIONS

AMERICAS

- First wave in 4Q 2021
- Second wave in April 2022
- Third wave effective end of 3Q 2022
- Elasticities have increased, but still below historical levels

EMEA AND APZ

- Actions on track with elasticity similar to Americas
- Timing varies by market
- Additional actions taken in EMEA

REGIONAL HIGHLIGHTS

AMERICAS

- 7% 3-year compounded annual growth rate since 2019
- 4% impact from lapping 2Q 2021 trade inventory refill

EMEA

- Strong share performance in most categories and markets
- Strong year-ago COVID-restriction consumption lapped

APZ

- China consumption disruption
- Exit of Kohinoor rice business in India



SECOND QUARTER FLAVOR SOLUTIONS SEGMENT UPDATE

PRICING ACTIONS IN ALL REGIONS

- Branded foodservice follows Consumer business cadence
- Rest of Flavor Solutions business
 - Timing typically based on contractual windows
 - Additional actions are being taken
 - Costs passed through faster than usual

AMERICAS AND EMEA VOLUME

- Outstanding 2Q growth
- Branded foodservice demand continues to strengthen
- Americas flavor momentum continues in savory snacks, performance nutrition and health applications
- Strong EMEA QSR momentum with expanded distribution



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 IN FAST GROWING CATEGORIES¹



INVESTMENTS TO SUSTAINABLY MEET GROWING DEMAND

GLOBAL SUPPLY CHAIN

Increasing Capacity and Strengthening Resiliency



BRAND MARKETING

Pivoting Messaging to Highlight Value of MKC Products



NEW PRODUCTS

Launching Products for New Consumer Needs



Entry Price Point



Better Value



Lunch at Home

FOCUSED ON LONG-TERM GOALS, STRATEGIES AND VALUES THAT HAVE DRIVEN OUR SUCCESS



Grown and compounded that growth over the years regardless of environment

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

Confidence in growth momentum and ability to navigate environment with:

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

Well-positioned to deliver strong 2022 performance and drive long-term value

Momentum and success driven by McCormick employees



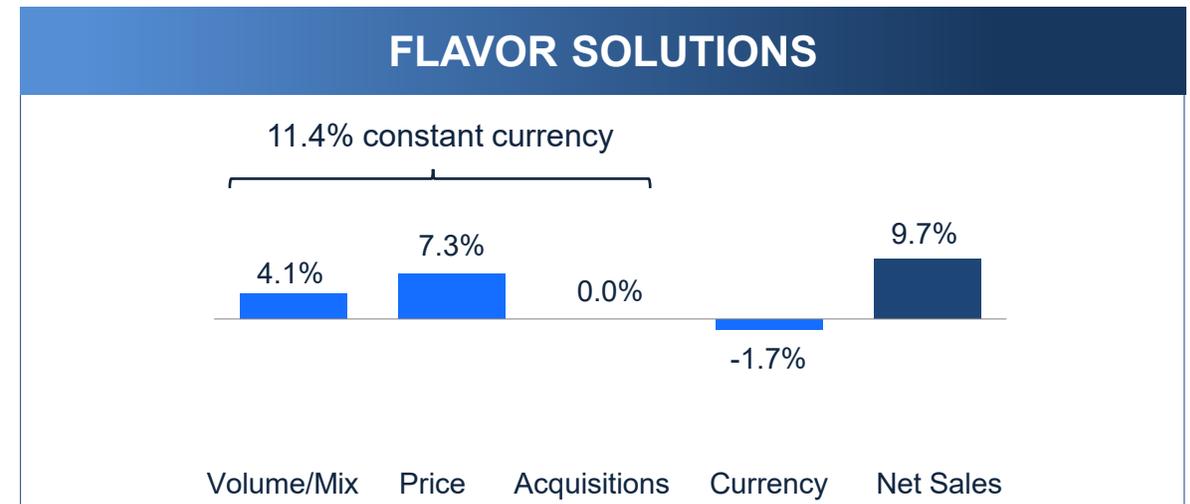
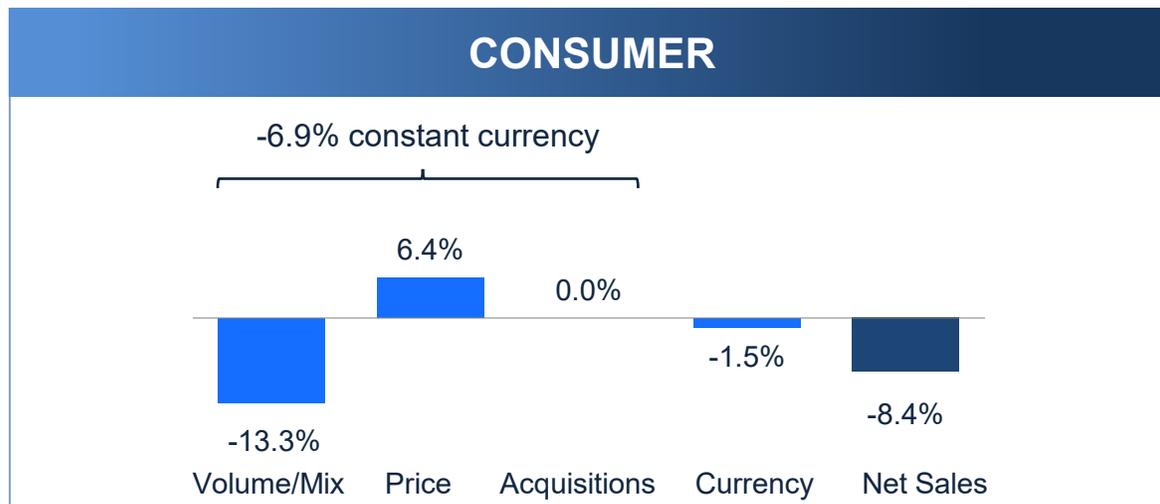
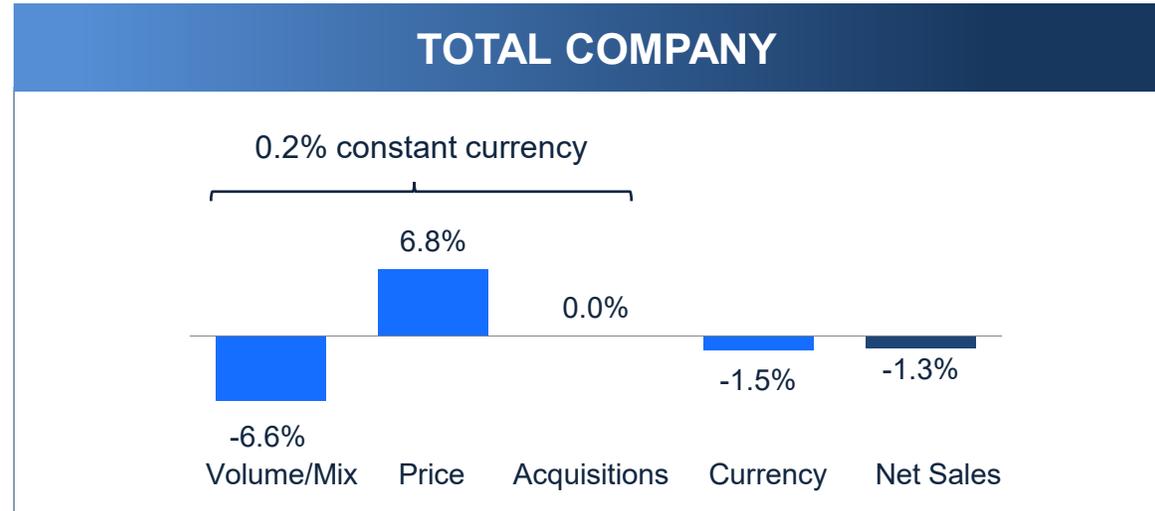


Mike Smith

Executive Vice President
and Chief Financial Officer

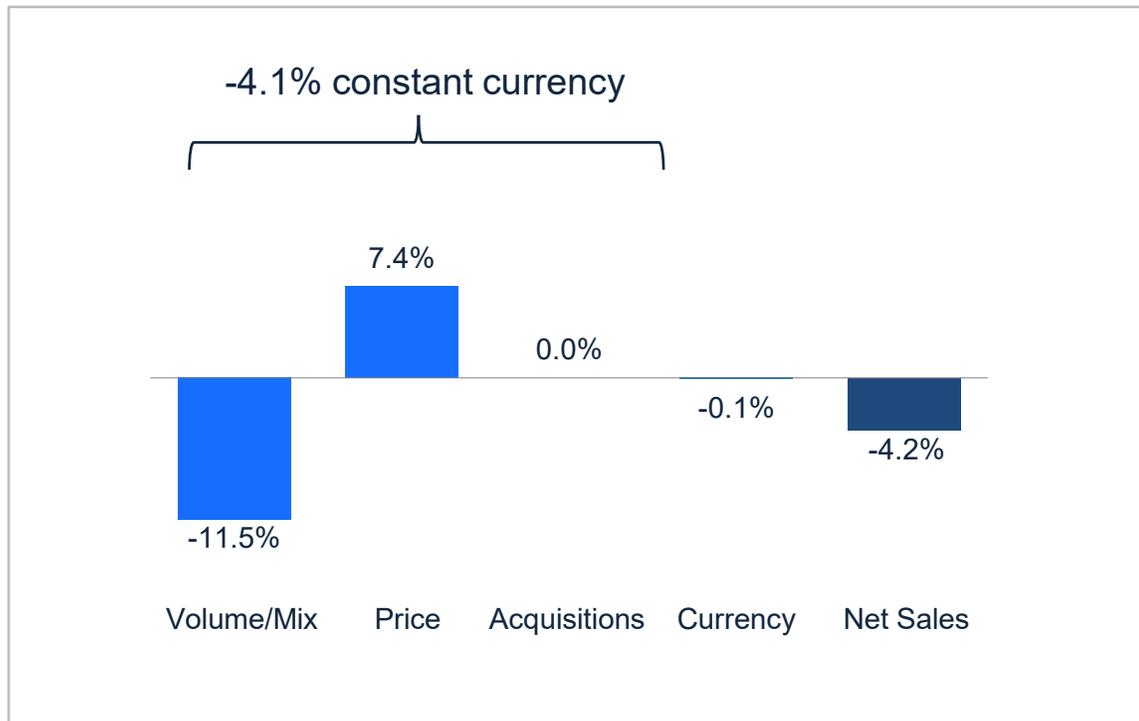


2Q 2022 SALES RESULTS



2Q 2022 SALES RESULTS: CONSUMER SEGMENT

AMERICAS

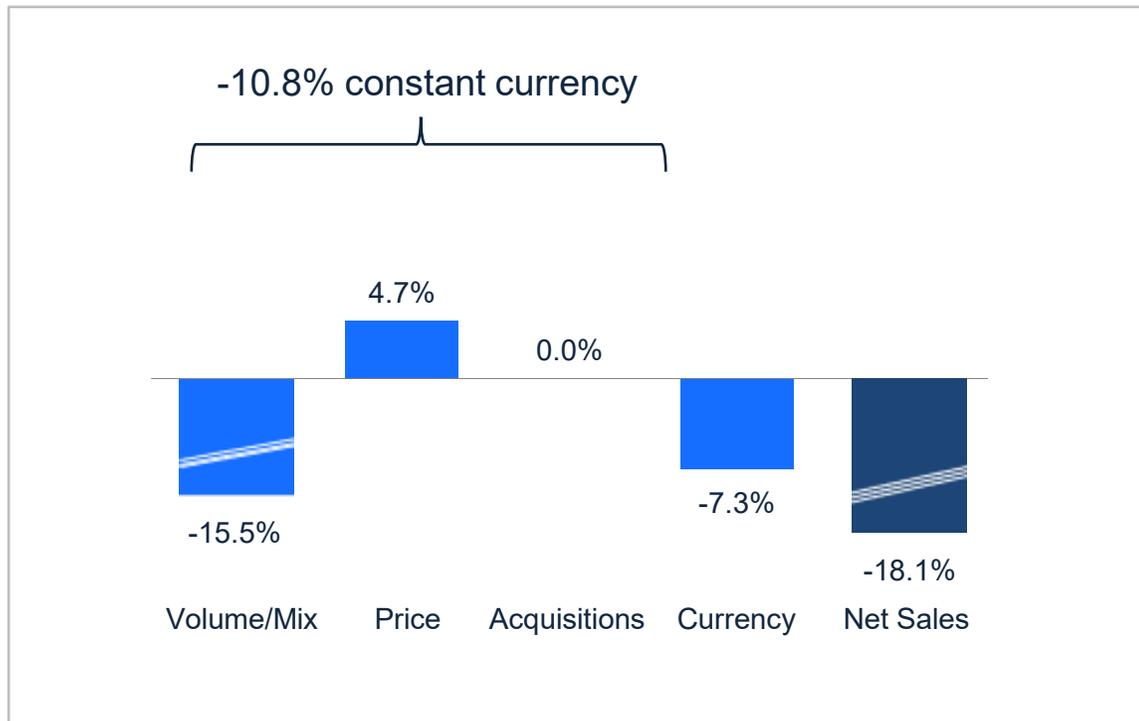


- **2Q compared to 2021**
 - Decline due to 4% impact from lapping trade inventory replenishments in 2Q 2021
 - Pricing actions to offset cost increases
- **3-Year CAGR since 2019**
 - 7% constant currency growth



2Q 2022 SALES RESULTS: CONSUMER SEGMENT

EMEA



■ 2Q compared to 2021

– Lower volume and mix due to:

- High year-ago demand related to COVID lockdowns lapped
- Most significant decline in Vahine homemade desserts
- 1% impact from lower sales in Russia and Ukraine

– Pricing actions to offset cost increases

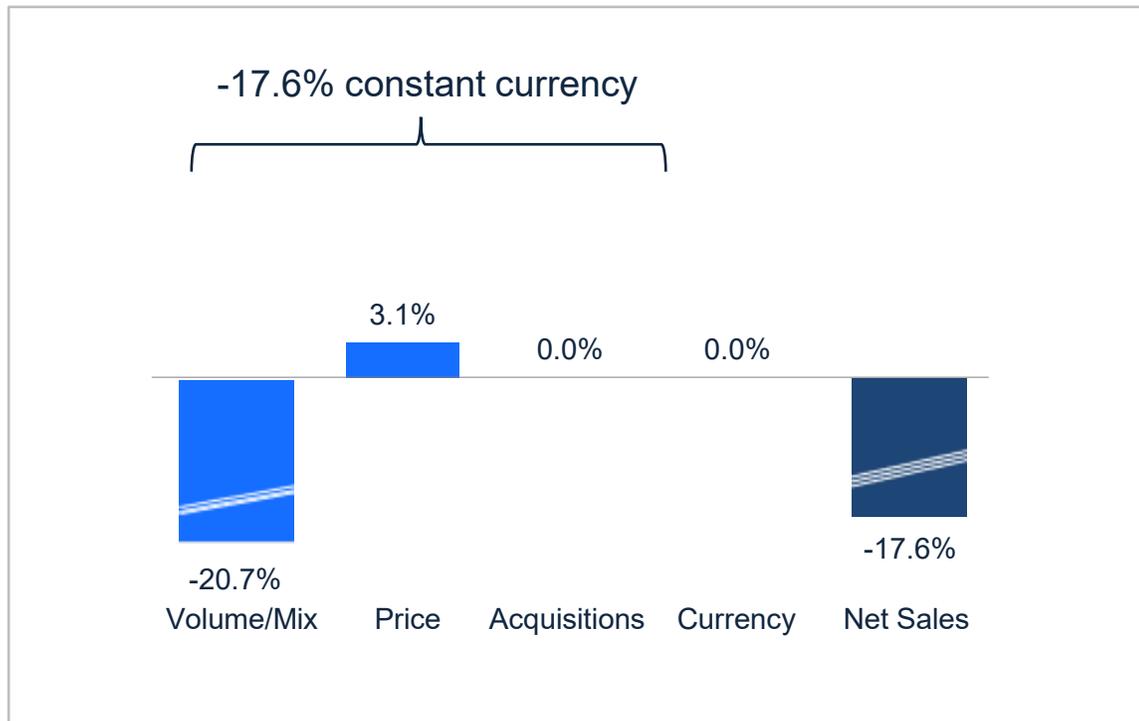
■ 3-Year CAGR since 2019

– 3% constant currency growth



2Q 2022 SALES RESULTS: CONSUMER SEGMENT

ASIA / PACIFIC



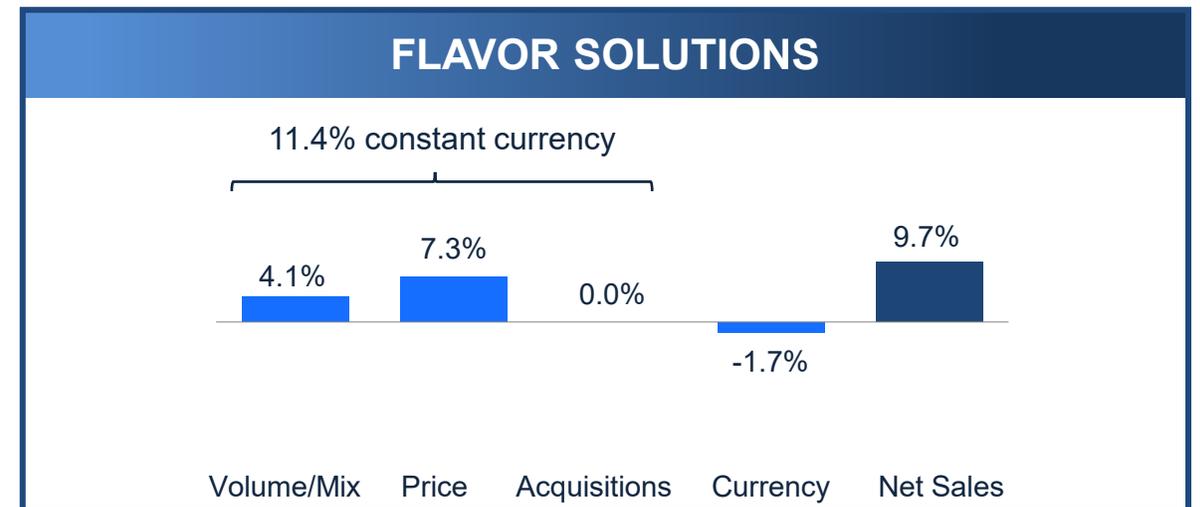
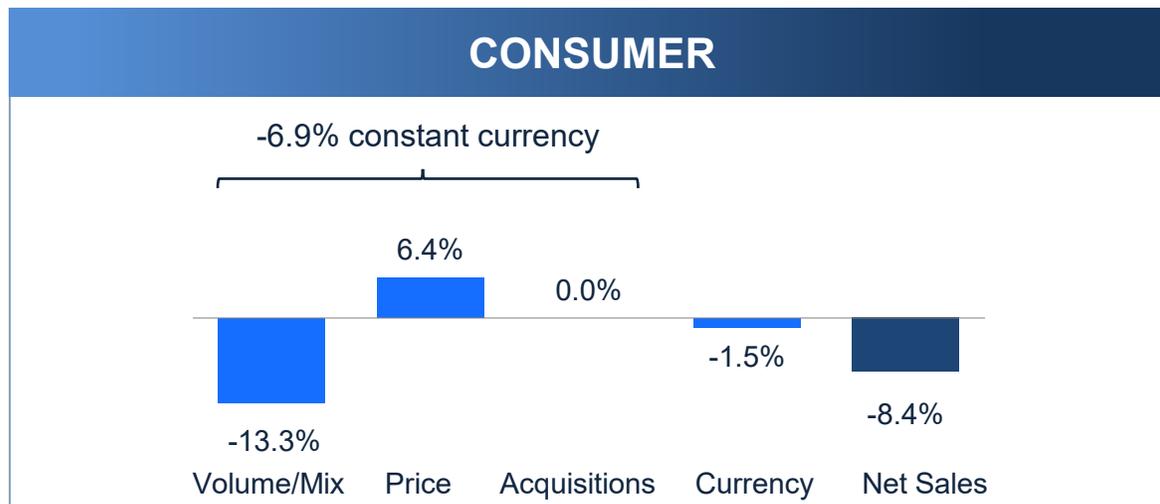
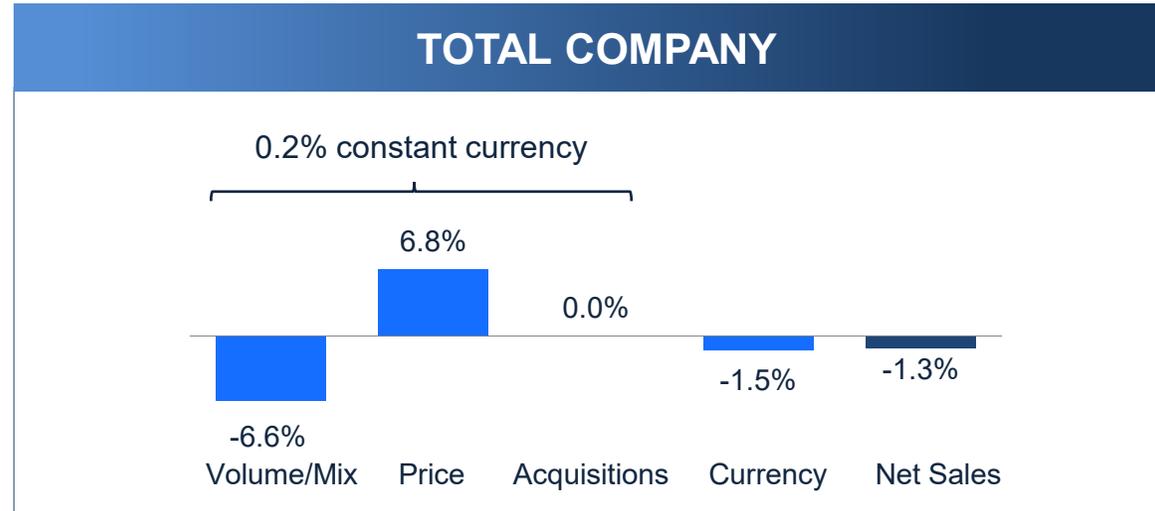
■ 2Q compared to 2021

- Includes a 20% volume and mix decline due to:
 - Consumption disruption in China
 - Exit of low margin rice business in India
- Pricing actions to offset cost inflation

■ 3-Year CAGR since 2019

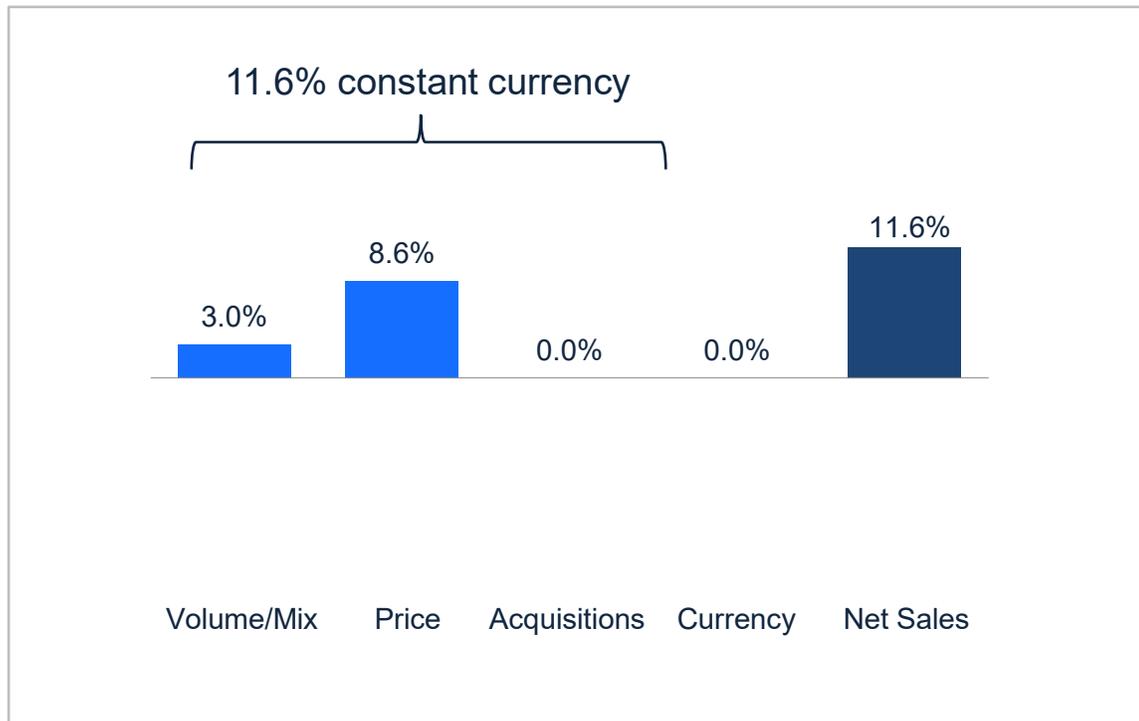
- 7% constant currency decline
- 5% constant currency growth, excluding China and India impacts

2Q 2022 SALES RESULTS



2Q 2022 SALES RESULTS: FLAVOR SOLUTIONS SEGMENT

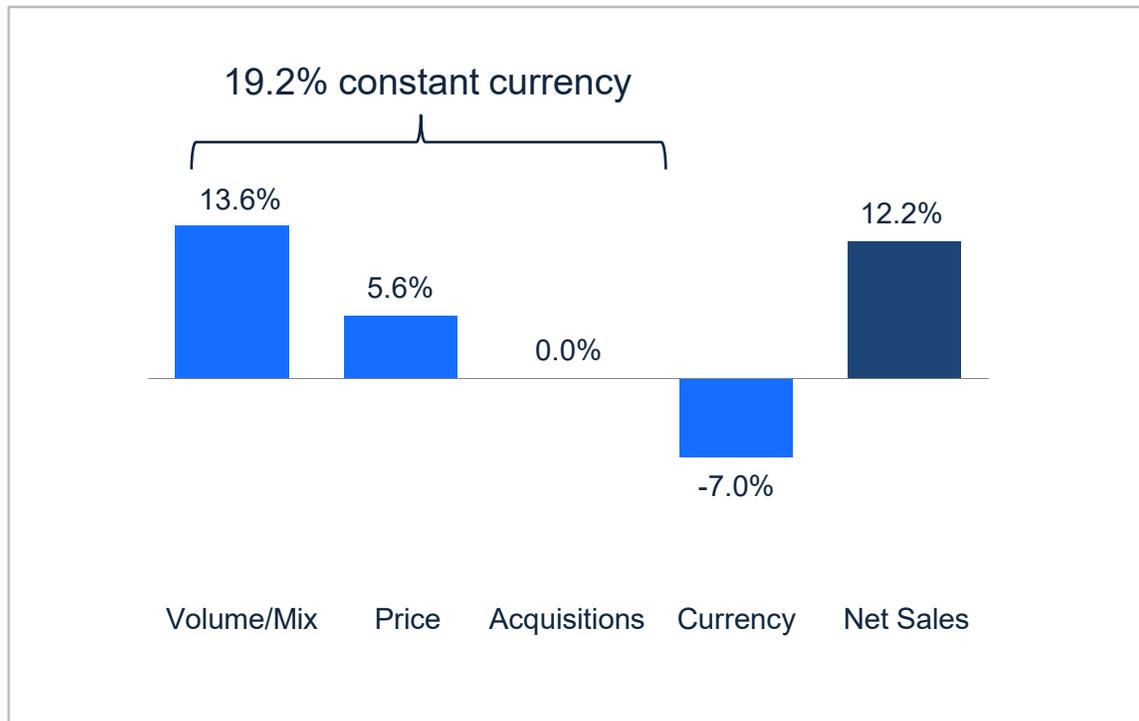
AMERICAS



- **2Q compared to 2021**
 - Pricing actions to offset cost inflation
 - Volume and mix growth driven by:
 - Higher sales to packaged food and beverage companies with strength in snack seasonings
 - Higher branded foodservice demand
- **3-Year CAGR since 2019**
 - 8% constant currency growth

2Q 2022 SALES RESULTS: FLAVOR SOLUTIONS SEGMENT

EMEA



■ 2Q compared to 2021

- Broad-based volume and mix growth driven by:
 - Strong growth with quick service restaurant customers
 - Strong growth with branded foodservice customers
 - Partial offset of 1% impact from the conflict in Ukraine
- Pricing actions to offset cost inflation

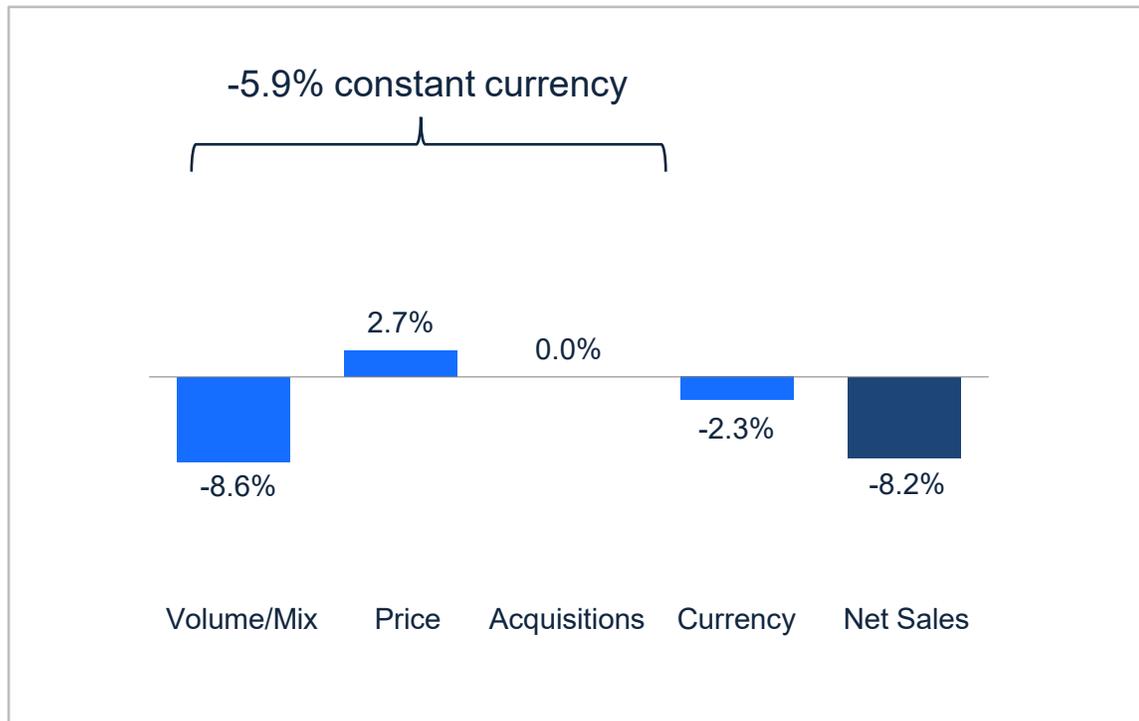
■ 3-Year CAGR since 2019

- 10% constant currency growth



2Q 2022 SALES RESULTS: FLAVOR SOLUTIONS SEGMENT

ASIA / PACIFIC



- **2Q compared to 2021**
 - Includes a 7% decline due to China COVID-related restrictions
 - Pricing actions to offset cost inflation
- **3-Year CAGR since 2019**
 - 3% constant currency growth

GROSS MARGIN

| <i>(in millions)</i> | 2Q 2022 | 2Q 2021 | 2Q Fav/(Unfav) Change | YTD 2022 Fav/(Unfav) Change |
|-----------------------|---------|---------|-----------------------|-----------------------------|
| Gross Margin | 34.0% | 39.5% | (550) bps | (380) bps |
| Adjusted Gross Margin | 34.0% | 39.5% | (550) bps | (400) bps |

ANTICIPATED DRIVERS

- ~250 basis point dilutive impact of pricing to offset dollar inflation
- Unfavorable product mix
- Flavor Solutions manufacturing facility start up costs
- Favorable impact of CCI-led cost savings

UNANTICIPATED DRIVERS

- Escalation of inflation and supply chain costs
- Incremental costs to meet strong Flavor Solutions demand
- Impact from China COVID-related restrictions
 - Significant manufacturing and transportation costs



OPERATING INCOME

| <i>(in millions)</i> | 2Q 2022 | 2Q 2021 | 2Q Fav/(Unfav) Change | YTD 2022 Fav/(Unfav) Change |
|--|---------|---------|-----------------------|-----------------------------|
| Selling, general & administrative expenses as percent of net sales | 22.7% | 22.9% | 20 bps | - |
| Operating income | \$157.2 | \$237.4 | (34%) | (23%) |
| Adjusted operating income | \$173.8 | \$258.0 | (33%) | (23%) |
| Consumer | 124.8 | 176.8 | (29%) | (20%) |
| Flavor Solutions | 49.0 | 81.2 | (40%) | (29%) |

- Selling, general and administrative expenses as a percent of net sales decreased 20 basis points due to lower employee benefit, lower brand marketing investments and discretionary spending reductions partially offset by higher distribution costs
- 33% adjusted operating income decline for total company including 1% unfavorable currency impact
- Transaction and integration expenses were \$2 million in 2Q 2022 versus \$7 million in 2Q 2021
- Special charges were \$15 million in 2Q 2022 versus \$14 million in 2Q 2021



INCOME TAXES

| <i>(in millions)</i> | 2Q 2022 | 2Q 2021 |
|--------------------------|--------------|--------------|
| Income tax rate | 16.7% | 22.1% |
| Adjusted income tax rate | 18.6% | 22.2% |

| YTD 2022 | YTD 2021 |
|--------------|--------------|
| 18.1% | 25.2% |
| 19.2% | 22.5% |

- Higher level of discrete tax items in 2022



EARNINGS PER SHARE

| | 2Q 2022 | 2Q 2021 | Fav/(Unfav) Change |
|-----------------------------|---------------|---------------|-----------------------|
| Earnings per share | \$0.44 | \$0.68 | (35%) |
| Adjusted earnings per share | \$0.48 | \$0.69 | (30%) |

Change in adjusted earnings per share

| | |
|---------------------------------------|------------------------|
| Decrease in adjusted operating income | (\$0.24) |
| Increase in other income | 0.01 |
| Decrease in adjusted income tax rate | <u>0.02</u> |
| Total decrease | <u>(\$0.21)</u> |



BALANCE SHEET AND CASH FLOW

- Cash flow provided from operations was \$154 million compared to \$229 million in 2021 driven by lower net income
- \$198 million of cash returned to shareholders through dividends
- Capital expenditures of \$102 million through 2Q 2022

BALANCED USE OF CASH



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

2022 expected to be a year of strong cash flow driven by profit and working capital initiatives

2022 OUTLOOK GROWTH RATES

| | Reported Currency | Constant Currency |
|--|-----------------------------|-------------------|
| Sales growth | 3% to 5% | 5% to 7% |
| Adjusted operating income increase | Comparable to 2% | 2% to 4% |
| CCI-led cost savings | Approximately \$85M | |
| Cost inflation | High-teens increase | |
| Adjusted gross profit margin | 200 bps to 150 bps decrease | |
| Brand marketing | Comparable | |
| Adjusted income from unconsolidated operations | Comparable | |
| Adjusted tax rate | Approximately 22% | |
| Adjusted earnings per share | \$3.03 to \$3.08 | |
| Adjusted earnings per share growth | -1% to 1% | 1% to 3% |
| Shares outstanding | Approximately 270M to 271M | |



KEY TAKEAWAYS

Long-term performance has been industry-leading meeting or exceeding objectives, including through volatile environments

Strong sales growth momentum

- **Strength of broad global portfolio**
- **Effective execution of strategies**
- **Pricing actions**

Confidence in driving strong 2022 performance and building shareholder value, while navigating the current environment



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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 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 three and six months ended May 31, 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.

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 that occurred during the second quarter of fiscal 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 three and six months ended May 31, 2021, and the year ended November 30, 2021.

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 | | Six Months Ended | |
|---|--------------------|-----------|------------------|-----------|
| | 5/31/2022 | 5/31/2021 | 5/31/2022 | 5/31/2021 |
| Gross profit | \$ 523.0 | \$ 614.6 | \$1,083.4 | \$1,192.1 |
| Impact of transaction and integration expenses included in cost of goods sold (1) | — | — | — | 6.3 |
| Adjusted gross profit | \$ 523.0 | \$ 614.6 | \$1,083.4 | \$1,198.4 |
| Adjusted gross profit margin (3) | 34.0 % | 39.5 % | 35.4 % | 39.4 % |
| Operating income | \$ 157.2 | \$ 237.4 | \$ 364.1 | \$ 473.7 |
| Impact of transaction and integration expenses included in cost of goods sold (1) | — | — | — | 6.3 |
| Impact of other transaction and integration expenses (1) | 1.5 | 6.9 | 2.2 | 25.7 |
| Impact of special charges (2) | 15.1 | 13.7 | 34.6 | 14.8 |
| Adjusted operating income | \$ 173.8 | \$ 258.0 | \$ 400.9 | \$ 520.5 |
| % decrease versus year-ago period | (32.6)% | | (23.0)% | |
| Adjusted operating income margin (4) | 11.3 % | 16.6 % | 13.1 % | 17.1 % |
| Income tax expense | \$ 21.7 | \$ 45.4 | \$ 56.1 | \$ 104.0 |
| Impact of transaction and integration expenses (1) | 0.4 | 1.6 | 0.6 | (4.3) |
| Impact of special charges (2) | 5.1 | 3.2 | 10.0 | 3.5 |
| Adjusted income tax expense | \$ 27.2 | \$ 50.2 | \$ 66.7 | \$ 103.2 |
| Adjusted income tax rate (5) | 18.6 % | 22.2 % | 19.2 % | 22.5 % |
| Net income | \$ 118.5 | \$ 183.7 | \$ 273.4 | \$ 345.5 |
| Impact of transaction and integration expenses (1) | 1.1 | 5.3 | 1.6 | 36.3 |
| Impact of special charges (2) | 10.0 | 10.5 | 24.6 | 11.3 |
| Impact of after-tax gain on sale of unconsolidated operation | — | (13.4) | — | (13.4) |
| Adjusted net income | \$ 129.6 | \$ 186.1 | \$ 299.6 | \$ 379.7 |
| % decrease versus year-ago period | (30.4)% | | (21.1)% | |
| Earnings per share - diluted | \$ 0.44 | \$ 0.68 | \$ 1.01 | \$ 1.28 |
| Impact of transaction and integration expenses (1) | — | 0.02 | 0.01 | 0.14 |
| Impact of special charges (2) | 0.04 | 0.04 | 0.09 | 0.04 |
| Impact of after-tax gain on sale of unconsolidated operation | — | (0.05) | — | \$ (0.05) |
| Adjusted earnings per share - diluted | \$ 0.48 | \$ 0.69 | \$ 1.11 | \$ 1.41 |
| % decrease versus year-ago period | (30.4)% | | (21.3)% | |

- 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 unfavorable impact of a discrete deferred state income tax expense item, directly related to our December 2020 acquisition of FONA, of \$11.4 million or \$0.04 per diluted share for the six months ended May 31, 2021.
- Special charges for the three and six months ended May 31, 2022 include a \$10.0 million non-cash intangible asset impairment charge associated with our exit of our business operations in Russia. We exited our Kohinoor rice product line in India in the fourth quarter of fiscal 2021. Special charges for the three and six months ended May 31, 2022 include a \$13.6 million gain associated with the sale of the Kohinoor brand name.
- 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 of \$146.4 million and \$346.6 million for the three and six months ended May 31, 2022, respectively, and \$226.3 million and \$459.6 million for the three and six months ended May 31, 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 May 31, 2022 | | |
|--|---------------------------------|-------------------------------------|--|
| | Percentage Change as Reported | Impact of Foreign Currency Exchange | Percentage Change on Constant Currency Basis |
| Net sales | | | |
| Consumer Segment | | | |
| Americas | (4.2)% | (0.1)% | (4.1)% |
| EMEA | (18.1)% | (7.3)% | (10.8)% |
| Asia/Pacific | (17.6)% | —% | (17.6)% |
| Total Consumer segment | (8.4)% | (1.5)% | (6.9)% |
| Flavor Solutions Segment | | | |
| Americas | 11.6% | —% | 11.6% |
| EMEA | 12.2% | (7.0)% | 19.2% |
| Asia/Pacific | (8.2)% | (2.3)% | (5.9)% |
| Total Flavor Solutions segment | 9.7% | (1.7)% | 11.4% |
| Total net sales | (1.3)% | (1.5)% | 0.2% |
| Adjusted operating income | | | |
| Consumer segment | (29.4)% | (0.9)% | (28.5)% |
| Flavor Solutions segment | (39.7)% | (0.9)% | (38.8)% |
| Total adjusted operating income | (32.6)% | (0.9)% | (31.7)% |

| | Three Months Ended May 31, 2022 | | |
|-------------------------------------|---------------------------------|-------------------------------------|--|
| | Percentage Change as Reported | Impact of Foreign Currency Exchange | Percentage Change on Constant Currency Basis |
| 3 Year CAGR- Net sales | | | |
| Consumer Segment | | | |
| Americas | 6.8% | 0.2% | 6.6% |
| EMEA | 1.2% | (1.4)% | 2.6% |
| Asia/Pacific | (5.3)% | 1.2% | (6.5)% |
| Total Consumer segment | 4.3% | —% | 4.3% |
| Flavor Solutions Segment | | | |
| Americas | 7.7% | (0.1)% | 7.8% |
| EMEA | 9.4% | (0.6)% | 10.0% |
| Asia/Pacific | 3.3% | 0.7% | 2.6% |
| Total Flavor Solutions segment | 7.6% | (0.1)% | 7.7% |
| Total 3 Year CAGR- Net sales | 5.7% | —% | 5.7% |

NON-GAAP FINANCIAL MEASURES

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:

| | |
|---|----------------------|
| | <u>Total Company</u> |
| 10-Year CAGR - Net sales | 6% |
| Impact of foreign currency exchange rates | 1% |
| 10-Year CAGR - Net sales on a constant currency basis | <u>7%</u> |
| 10-Year CAGR - Adjusted operating income | 7% |
| Impact of foreign currency exchange rates | 1% |
| 10-Year CAGR - Adjusted operating income on a constant currency basis | <u>8%</u> |
| 10-Year CAGR - Adjusted diluted earnings per share | 8% |
| Impact of foreign currency exchange rates | 1% |
| 10-Year CAGR - Adjusted diluted earnings per share on a constant currency basis | <u>9%</u> |
| | <u>Total Company</u> |
| 5-Year CAGR - Net sales | 8% |
| Impact of foreign currency exchange rates | 0% |
| 5-Year CAGR - Net sales on a constant currency basis | <u>8%</u> |
| 5-Year CAGR - Adjusted operating income | 11% |
| Impact of foreign currency exchange rates | 0% |
| 5-Year CAGR - Adjusted operating income on a constant currency basis | <u>11%</u> |
| 5-Year CAGR - Adjusted diluted earnings per share | 10% |
| Impact of foreign currency exchange rates | 0% |
| 5-Year CAGR - Adjusted diluted earnings per share on a constant currency basis | <u>10%</u> |



NON-GAAP FINANCIAL MEASURES

To present “constant currency” information for the fiscal year 2022 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 2022 and are compared to the 2021 results, translated into U.S. dollars using the same 2022 budgeted exchange rates, rather than at the average actual exchange rates in effect during fiscal year 2021. 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 2021 or projected shares outstanding for fiscal year 2022, as appropriate.

| | <u>Projection for the Year Ending November 30, 2022</u> |
|---|---|
| Percentage change in net sales | 3% to 5% |
| Impact of unfavorable foreign currency exchange | <u>2%</u> |
| Percentage change in net sales in constant currency | <u>5% to 7%</u> |
| | |
| Percentage change in adjusted operating income | 0% to 2% |
| Impact of unfavorable foreign currency exchange | <u>2%</u> |
| Percentage change in adjusted operating income in constant currency | <u>2% to 4%</u> |
| | |
| Percentage change in adjusted earnings per share — diluted | -1% to 1% |
| Impact of unfavorable foreign currency exchange | <u>2%</u> |
| Percentage change in adjusted earnings per share in constant currency — diluted | <u>1% to 3%</u> |



NON-GAAP FINANCIAL MEASURES

The following provides a reconciliation of our estimated earnings per share to adjusted earnings per share for 2022 and actual results for 2021:

| | Twelve Months Ended | |
|--|---------------------|----------|
| | 2022 Projection | 11/30/21 |
| Earnings per share - diluted | \$2.89 to \$2.94 | \$ 2.80 |
| Impact of transaction and integration expenses | 0.01 | 0.14 |
| Impact of special charges | 0.13 | 0.16 |
| Impact of sale of unconsolidated operation | — | (0.05) |
| Adjusted earnings per share - diluted | \$3.03 to \$3.08 | \$ 3.05 |

