

1ST QUARTER 2022

*Financial Results
and Outlook*

McCORMICK & COMPANY, INC.

MARCH 29, 2022



The following slides accompany a March 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, including the on-going impact of the exit of the United Kingdom (U.K.) from the European Union, 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, President and
Chief Executive Officer



SOLID FIRST QUARTER 2022 RESULTS IN-LINE WITH EXPECTATIONS

TOP-LINE GROWTH DRIVEN BY BREADTH AND REACH OF BALANCED FLAVOR PORTFOLIO¹



FIRST QUARTER NET SALES GREW 3%

- 4% constant currency growth on top of 20% 1Q 2021 growth

ADJUSTED OPERATING INCOME DECLINED 14%²

- Higher inflation and broad-based supply chain challenges

ADJUSTED EARNINGS PER SHARE DECLINED 13%

CONFIDENT OUR SUCCESSFUL EXECUTION OF STRATEGIES, ENGAGEMENT OF EMPLOYEES AND STRONG MOMENTUM WILL CONTINUE TO DRIVE STRONG PERFORMANCE

1) 2021 net sales with approximation of category sizes
2) Includes 2% unfavorable currency impact

FIRST QUARTER CONSUMER SEGMENT UPDATE

STRENGTH OF OUR CATEGORIES HIGHLIGHTED AS CONSUMERS COOK MORE AT HOME

TOTAL CONSUMER SALES DECLINED 2%

- Decline against a strong comparison of 35% growth in 1Q 2021
- Double-digit growth in each region versus 1Q 2020
- Pricing actions in each region

AMERICAS

- 8th consecutive quarter of double-digit consumption growth versus two years ago
- Continued sequential improvement of market share performance

EMEA

- Strong consumption growth in key categories versus 1Q 2020
- Strong market share performance



FIRST QUARTER FLAVOR SOLUTIONS SEGMENT UPDATE

DIFFERENTIATED CUSTOMER ENGAGEMENT AND TECHNICAL CAPABILITIES DRIVING GROWTH

TOTAL FLAVOR SOLUTIONS SALES GREW 12%

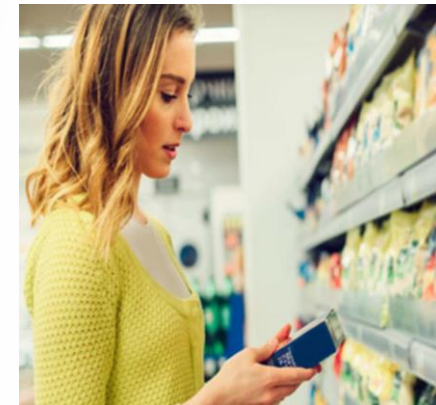
- Base business, new products and acquisition growth
- Higher volume and product mix as well as pricing in all regions
- Market conditions similar across all regions

CONSUMER PACKAGED FOOD & BEVERAGE CUSTOMERS

- Double-digit growth in performance nutrition, health and savory snack flavors
- Momentum with alcoholic beverage flavors continued

RESTAURANT & OTHER FOODSERVICE CUSTOMERS

- Strong quick service restaurant momentum
- Recovery of other foodservice customers continued



GLOBAL DEMAND FOR FLAVOR IS THE FOUNDATION OF SALES GROWTH

CAPITALIZING ON ACCELERATED LONG-TERM CONSUMER TRENDS

Healthy and flavorful cooking



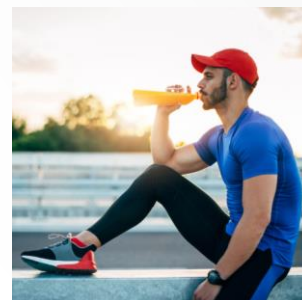
Digital engagement



Trusted brands



Purpose-minded practices



SUSTAINABLY POSITIONED FOR FUTURE GROWTH

Alignment with consumer trends

Breadth and reach of portfolio

Successful strategy execution

Focus on fast-growing categories

CONSUMER SEGMENT GROWTH PLANS

FUELING OUR GROWTH WITH BRAND MARKETING, CATEGORY MANAGEMENT AND NEW PRODUCTS

Accelerating flavor usage at home and delivering on the demand for heat



Value Line Launch

Bigger Sizes, Better Value



Strengthening relationships at every point of purchase

Building confidence in the kitchen and inspiring flavor exploration



Creating a delicious, healthy and sustainable future

FLAVOR SOLUTIONS GROWTH PLANS

DRIVING GROWTH WITH CULINARY AND CONSUMER PREFERRED FLAVOR DEVELOPMENT

Migrating the **portfolio** to more **value-added** and **technically insulated** products



Targeting opportunities with customers in **high-growth end markets**



Winning with our **flawless, customer experience**



Leveraging our **broad technology** to develop **clean** and **natural solutions**

Developing consumer preferred flavors



Accelerating global **seasonings growth**

COMMITMENT TO PEOPLE, COMMUNITIES AND THE PLANET

Purpose-led Performance 2021 Progress Report released



Greenhouse gas emissions targets updated to align with United Nations 1.5°C target by 2030 and Net Zero by 2050



STRONG FUNDAMENTALS AND GROWTH MOMENTUM CONTINUE INTO 2022



Strong foundation, in attractive categories and capitalizing on accelerated long-term trends

Forward-looking and actively responding to changing marketing conditions, consumer behaviors and customer needs



Focus on long-term objectives, strategies and values is driving growth while navigating with agility to volatility and disruptions

Momentum and success driven by McCormick employees

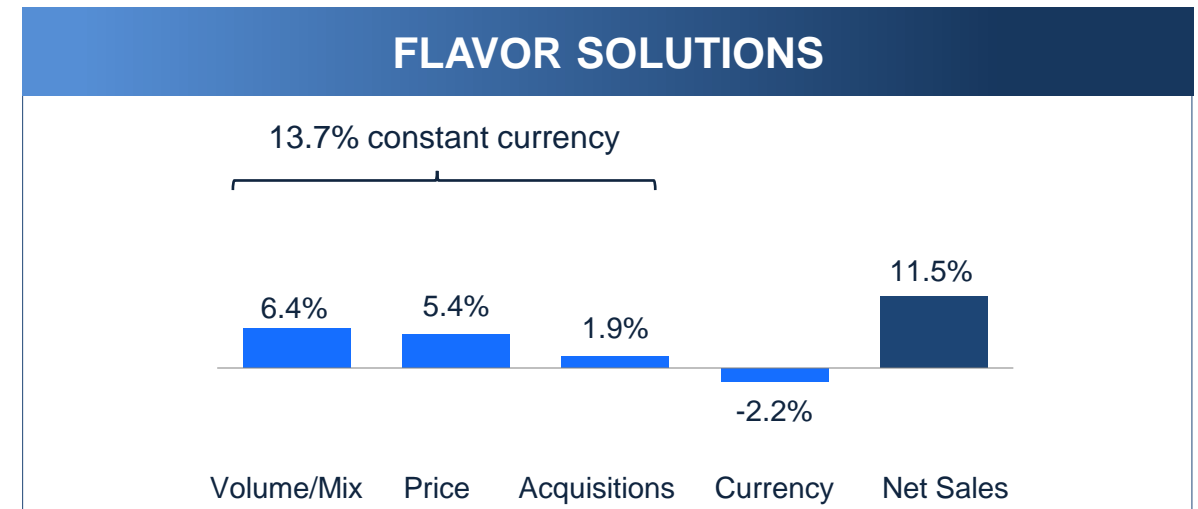
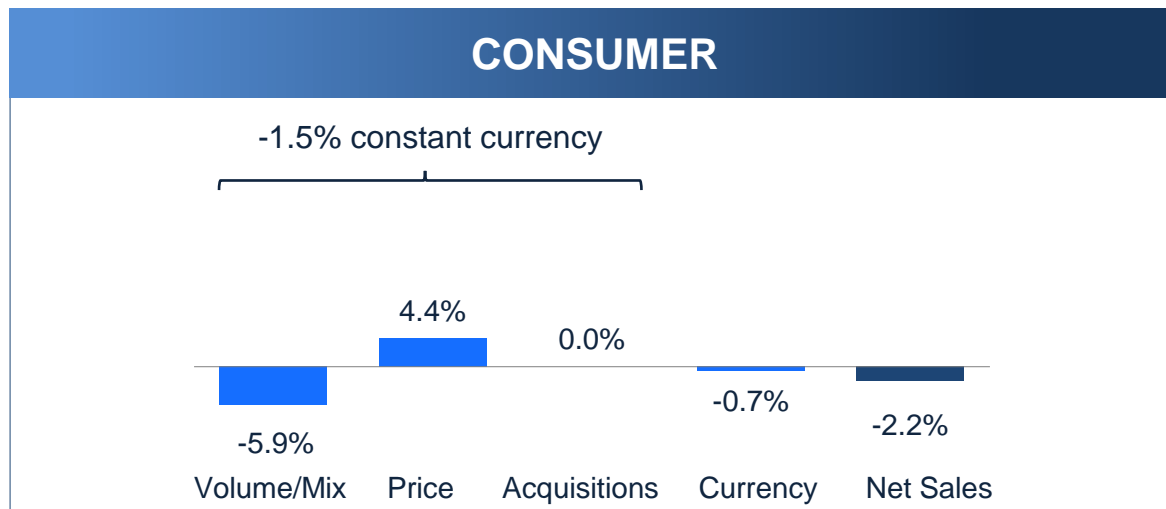
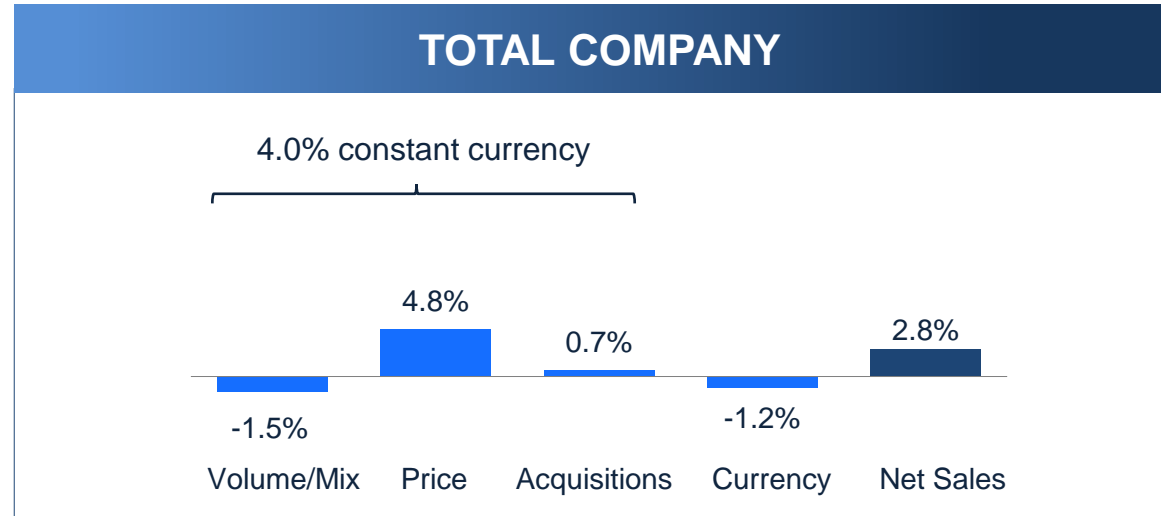


Mike Smith

Executive Vice President
and Chief Financial Officer

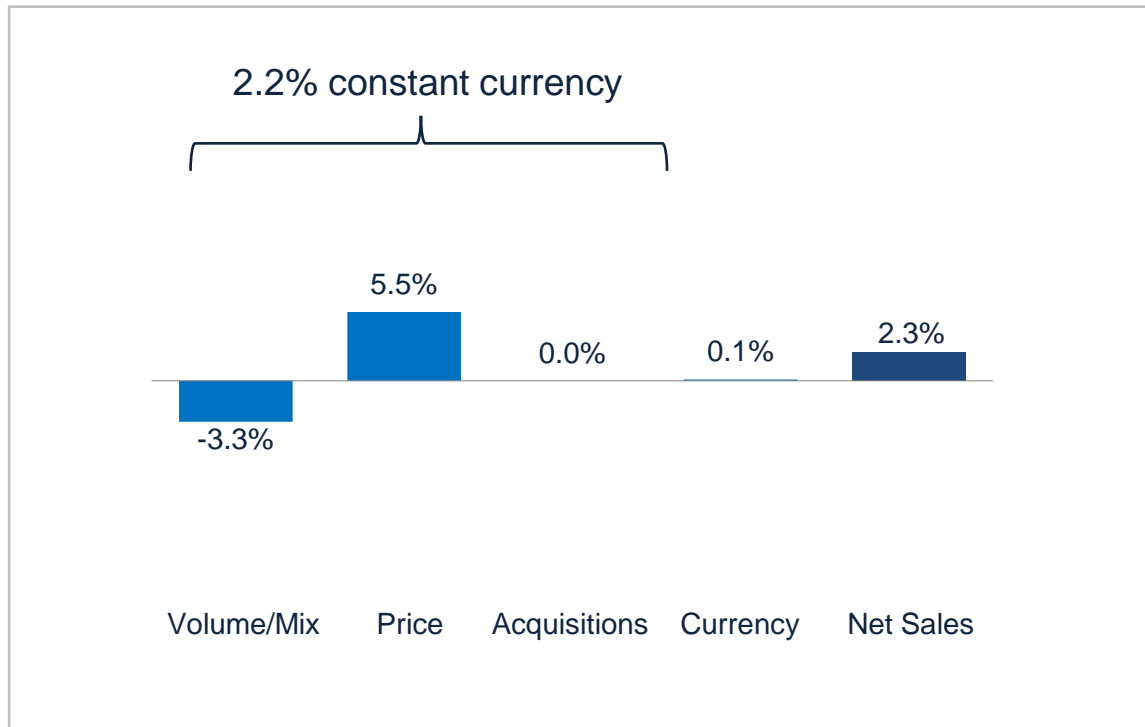


1Q 2022 SALES RESULTS



1Q 2022 SALES RESULTS: CONSUMER SEGMENT

AMERICAS

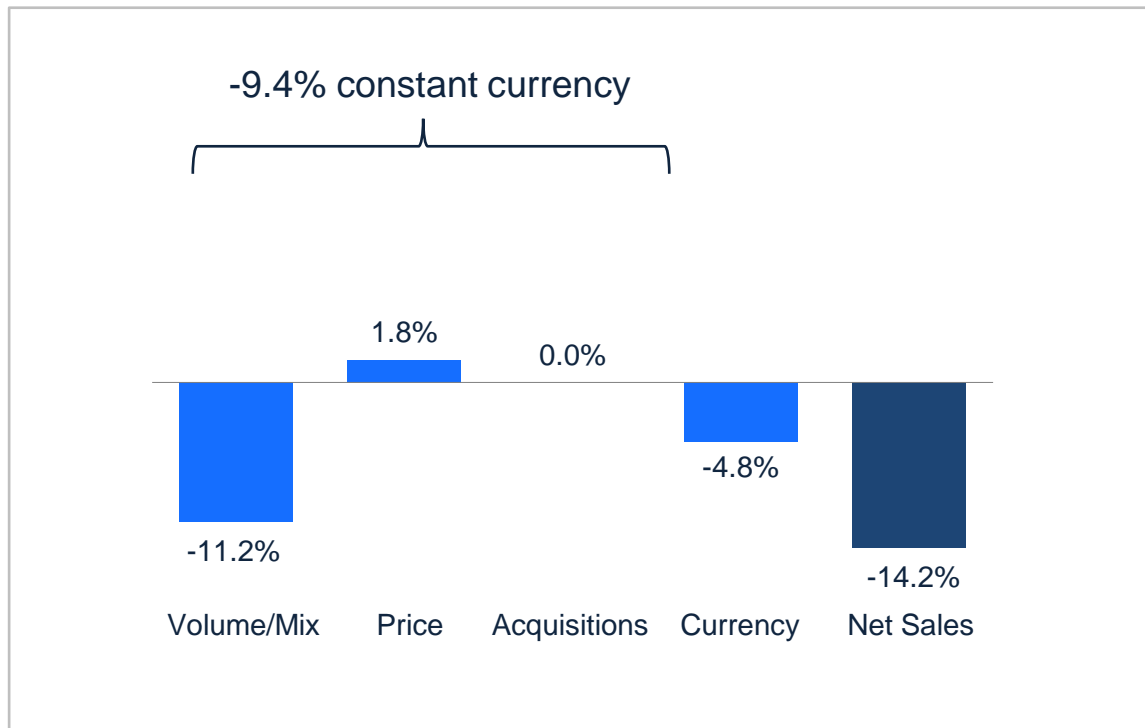


- Growth driven by pricing actions
- Lower volume due to lapping 1Q 2021 elevated demand
- Branded products led growth
- Decline in private label



1Q 2022 SALES RESULTS: CONSUMER SEGMENT

EMEA

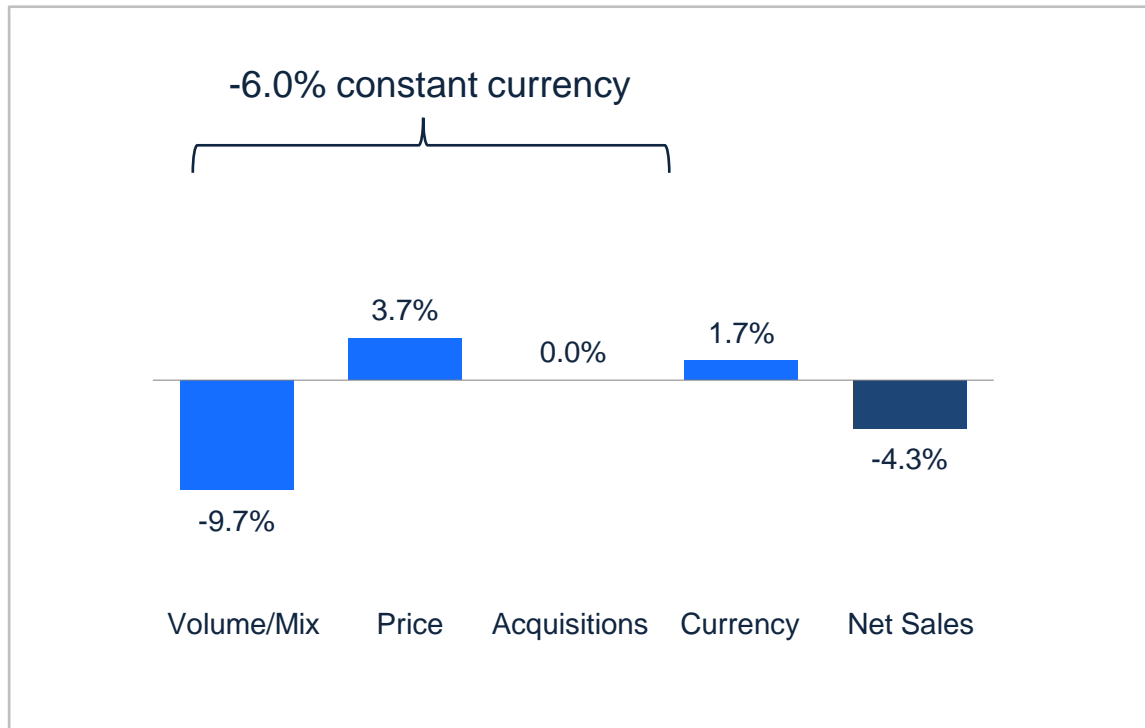


- Lower volume and product mix due to lapping high 1Q 2021 demand
- Most significant decline in Vahine homemade desserts
- Pricing actions to offset cost increases



1Q 2022 SALES RESULTS: CONSUMER SEGMENT

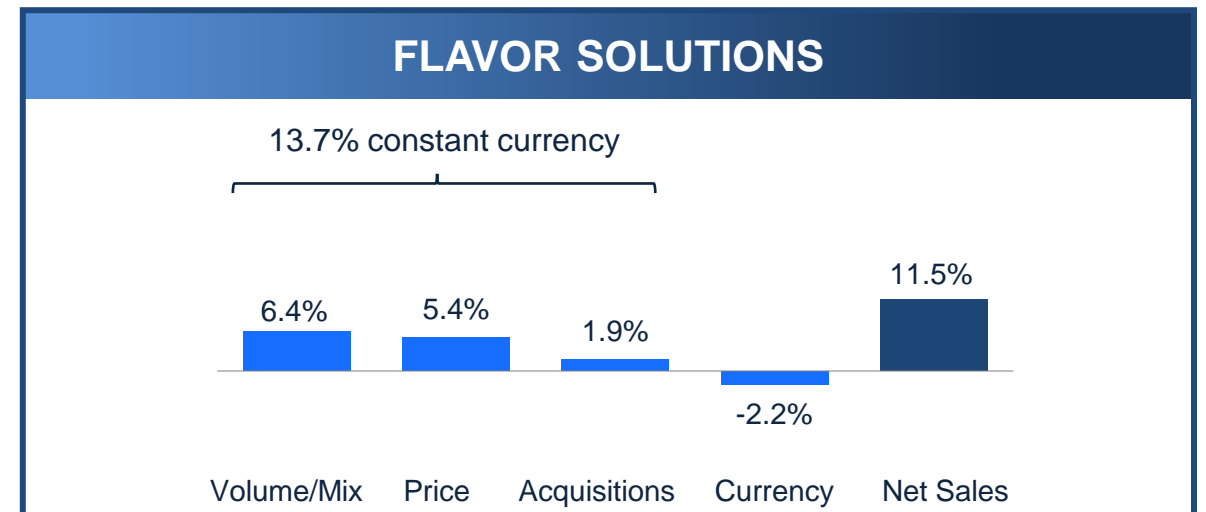
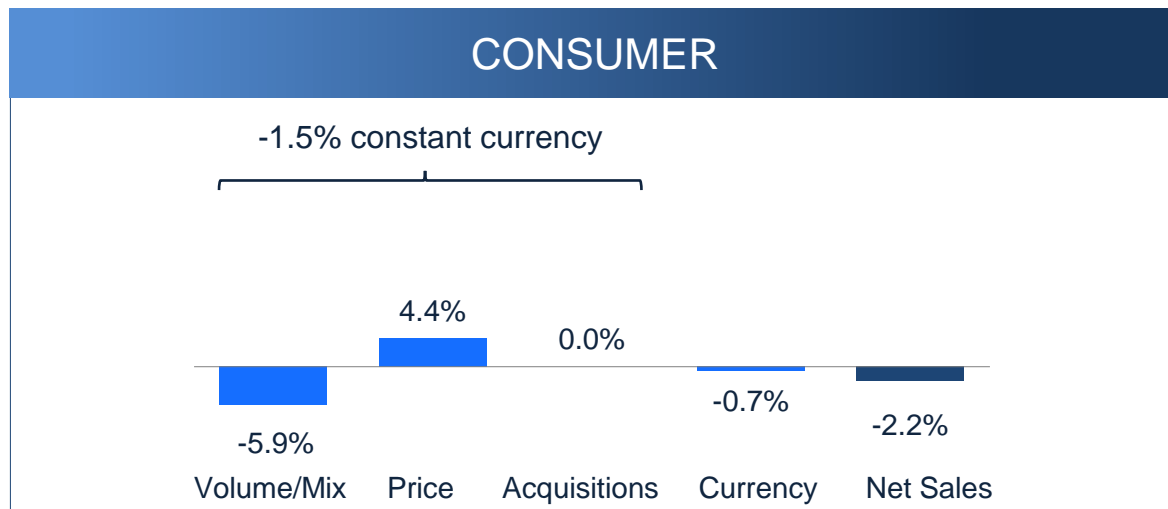
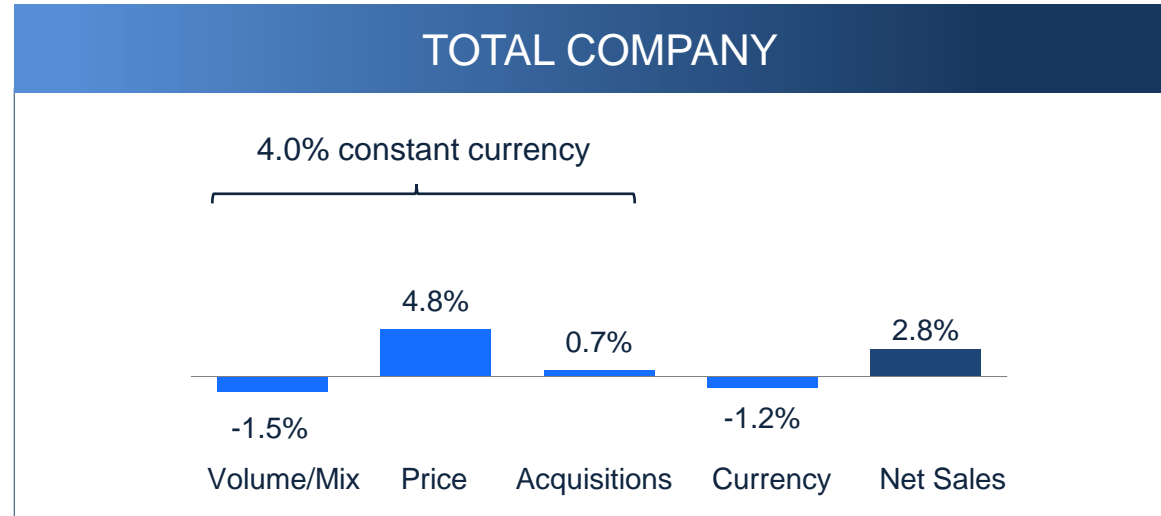
ASIA / PACIFIC



- Volume and mix decline driven by:
 - Exit of lower margin business in India
 - Scaled down Chinese New Year celebrations
- Pricing actions to offset cost inflation

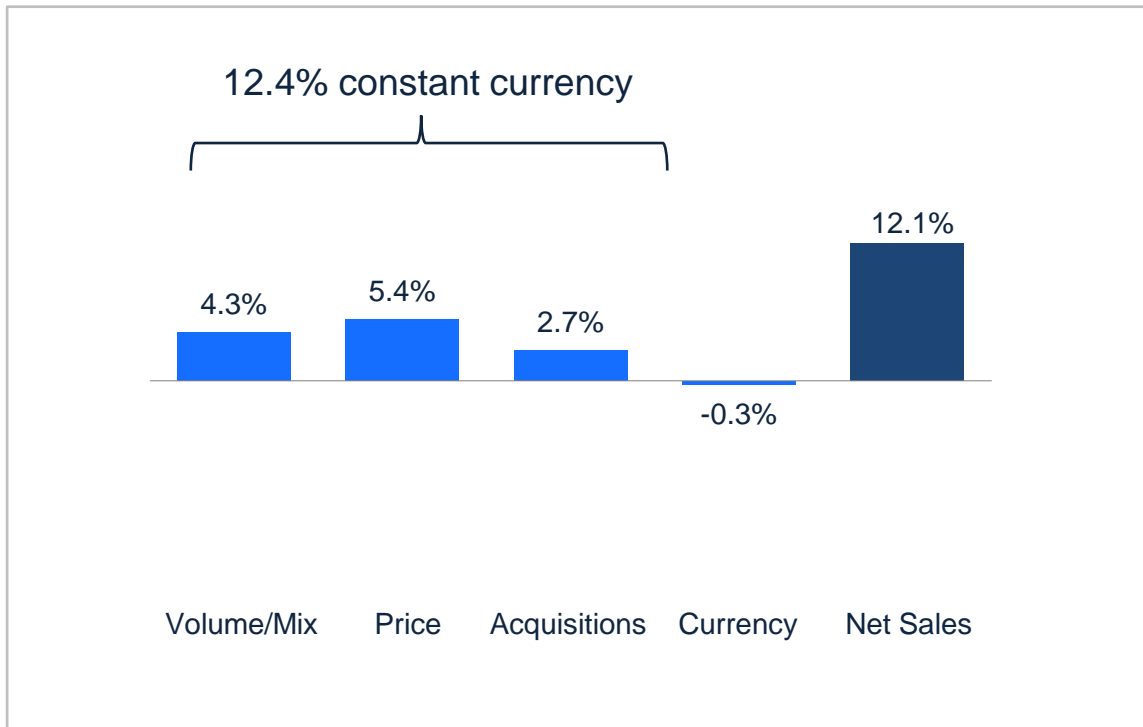


1Q 2022 SALES RESULTS



1Q 2022 SALES RESULTS: FLAVOR SOLUTIONS SEGMENT

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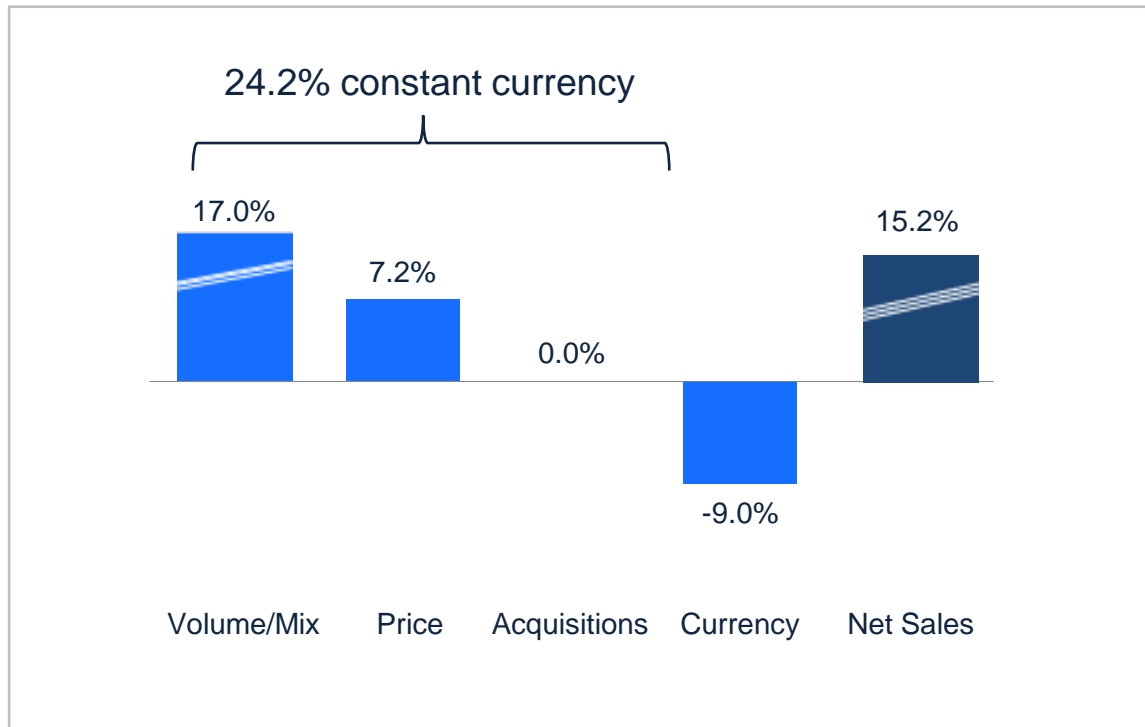


- Pricing actions to offset cost inflation
- Volume and mix growth driven by:
 - Higher sales to packaged food and beverage companies with strength in snack seasonings
 - Recovery of branded foodservice demand
- FONA acquisition growth



1Q 2022 SALES RESULTS: FLAVOR SOLUTIONS SEGMENT

EMEA

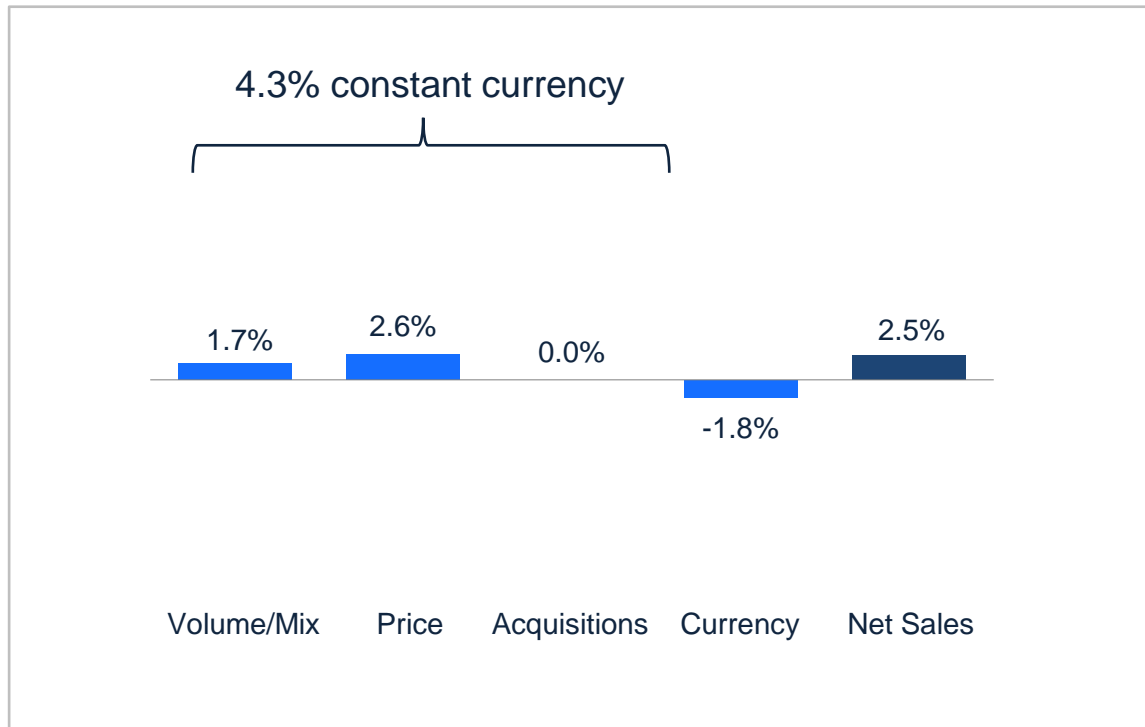


- Volume and mix driven by robust demand recovery of:
 - Quick service restaurant customers
 - Branded foodservice customers
- Pricing actions to offset cost inflation



1Q 2022 SALES RESULTS: FLAVOR SOLUTIONS SEGMENT

ASIA / PACIFIC



- Pricing actions to offset cost inflation
- Quick service restaurant customers growth from:
 - Core menu items
 - Limited time menu offers and promotional activities



OPERATING INCOME

| <i>(in millions)</i> | 1Q 2022 | 1Q 2021 | Fav/(Unfav) Change |
|---------------------------|---------|---------|-----------------------|
| Operating income | \$206.9 | \$236.3 | (12%) |
| Adjusted operating income | \$227.1 | \$262.5 | (14%) |
| Consumer | 167.0 | 189.9 | (12%) |
| Flavor Solutions | 60.1 | 72.6 | (17%) |

- 12% constant currency adjusted operating income decline for total company
 - Both segments unfavorably impacted by higher inflation and distribution costs as well as incremental ERP investment and favorably impacted by CCI-led cost savings
 - Consumer segment decline of 12% also reflects lower sales and reduction in COVID-19 related costs
 - Flavor Solutions segment decline of 11% also reflects supply chain investments and higher sales
- Transaction and integration expenses were \$1 million in 1Q 2022 versus \$25 million in 1Q 2021
- Special charges were \$20 million in 1Q 2022 versus \$1 million in 1Q 2021



OPERATING MARGIN

| <i>(in millions)</i> | 1Q 2022 | 1Q 2021 | Fav/(Unfav) Change |
|--|---------|---------|--------------------|
| Gross Margin | 36.8% | 39.0% | (220) bps |
| Adjusted Gross Margin | 36.8% | 39.4% | (260) bps |
| Selling, general & administrative expenses as percent of net sales | 21.9% | 21.7% | (20) bps |
| Operating margin | 13.6% | 16.0% | (240) bps |
| Adjusted operating margin | 14.9% | 17.7% | (280) bps |

- Adjusted gross margin declined 260 basis points driven by the net impact of cost pressures and pricing actions, as well as a sales shift between segments
- Approximately 200 basis point dilutive impact of pricing to offset dollar inflation increase estimated for 1Q
- Selling, general and administrative expenses as a percent of net sales increased 20 basis points due to higher distribution costs and higher level of investment in ERP program



INCOME TAXES

| <i>(in millions)</i> | 1Q 2022 | 1Q 2021 |
|--------------------------|--------------|--------------|
| Income tax rate | 19.1% | 28.3% |
| Adjusted income tax rate | 19.7% | 22.7% |

- Higher level of discrete tax items in 2022



INCOME FROM UNCONSOLIDATED OPERATIONS

| <i>(in millions)</i> | 1Q 2022 | 1Q 2021 | Fav/(Unfav) Change |
|--|--------------|---------------|-----------------------|
| Income from unconsolidated operations | \$9.3 | \$13.3 | (30%) |
| Adjusted income from unconsolidated operations | 9.3 | 13.3 | (30%) |

- Adjusted income from unconsolidated operations decline due to:
 - Elimination of higher earnings associated with minority interest
 - Higher inflation costs impacting McCormick de Mexico joint venture



EARNINGS PER SHARE

| | 1Q 2022 | 1Q 2021 | Fav/(Unfav) Change |
|-----------------------------|---------------|---------------|-----------------------|
| Earnings per share | \$0.57 | \$0.60 | (5%) |
| Adjusted earnings per share | \$0.63 | \$0.72 | (13%) |

Change in adjusted earnings per share

| | |
|---------------------------------------|------------------------|
| Decrease in adjusted operating income | (\$0.10) |
| Decrease in adjusted income tax rate | 0.02 |
| Decrease in unconsolidated income | <u>(0.01)</u> |
| Total decrease | <u>(\$0.09)</u> |



BALANCE SHEET AND CASH FLOW

- Cash flow provided from operations:
 - \$18 million inflow compared to a \$32 million outflow in 1Q 2021
 - Includes impact of working capital improvements
 - Reflects lower payments for transaction and integration costs
- \$99 million of cash returned to shareholders through dividends
- Capital expenditures of \$44 million in 1Q 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% | 4% to 6% |
| Adjusted operating income increase | 7% to 9% | 8% to 10% |
| CCI-led cost savings | Approximately \$85M | |
| Cost inflation | Mid-to-high teens increase | |
| Adjusted gross profit margin | Comparable to 2021 to 50 bps decrease | |
| Brand marketing | Low-single digit increase | |
| Adjusted income from unconsolidated operations | Comparable | |
| Adjusted tax rate | 22% to 23% | |
| Adjusted earnings per share | \$3.17 to \$3.22 | |
| Adjusted earnings per share growth | 4% to 6% | 5% to 7% |
| Shares outstanding | Approximately 271M | |



KEY TAKEAWAYS

Solid first quarter results in-line with expectations

Successful execution of strategies and have grown long-term value regardless of environment

Strong foundation for long-term sustainable growth provided by:

- **Strength of business model**
- **Value of products and capabilities**
- **Alignment with long-term consumer trends**

Confidence in driving strong 2022 growth and building shareholder value



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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 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 (including details with respect to estimated costs, which generally 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 ongoing basis through completion.

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 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 | |
|---|--------------------|-----------|
| | 2/28/2022 | 2/28/2021 |
| Gross profit | \$ 560.4 | \$ 577.5 |
| Impact of transaction and integration expenses included in cost of goods sold (1) | — | 6.3 |
| Adjusted gross profit | \$ 560.4 | \$ 583.8 |
| Adjusted gross profit margin (2) | 36.8 % | 39.4 % |
| Operating income | \$ 206.9 | \$ 236.3 |
| Impact of transaction and integration expenses included in cost of goods sold (1) | — | 6.3 |
| Impact of other transaction and integration expenses (1) | 0.7 | 18.8 |
| Impact of special charges | 19.5 | 1.1 |
| Adjusted operating income | \$ 227.1 | \$ 262.5 |
| % decrease versus year-ago period | (13.5)% | |
| Adjusted operating income margin (3) | 14.9 % | 17.7 % |
| Income tax expense | \$ 34.4 | \$ 58.6 |
| Impact of transaction and integration expenses (1) | 0.2 | (5.9) |
| Impact of special charges | 4.9 | 0.3 |
| Adjusted income tax expense | \$ 39.5 | \$ 53.0 |
| Adjusted income tax rate (4) | 19.7 % | 22.7 % |
| Net income | \$ 154.9 | \$ 161.8 |
| Impact of transaction and integration expenses (1) | 0.5 | 31.0 |
| Impact of special charges | 14.6 | 0.8 |
| Adjusted net income | \$ 170.0 | \$ 193.6 |
| % decrease versus year-ago period | (12.2)% | |
| Earnings per share - diluted | \$ 0.57 | \$ 0.60 |
| Impact of transaction and integration expenses (1) | — | 0.12 |
| Impact of special charges | 0.06 | — |
| Adjusted earnings per share - diluted | \$ 0.63 | \$ 0.72 |
| % decrease versus year-ago period | (12.5)% | |

- 1) 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 three months ended February 28, 2021.
- 2) Adjusted gross profit margin is calculated as adjusted gross profit as a percentage of net sales for each period presented.
- 3) Adjusted operating income margin is calculated as adjusted operating income as a percentage of net sales for each period presented.
- 4) 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 \$200.2 million and \$233.3 million for the three months ended February 28, 2022 and 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 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 February 28, 2022 | | | | Three Months Ended February 28, 2022 as compared to Three Months Ended February 29, 2020 | | |
|--|--------------------------------------|--|--|--------------------------------|---|--|--|
| | Percentage Change as Reported | Impact of Foreign Currency Exchange | Percentage Change on Constant Currency Basis | | Percentage Change as Reported | Impact of Foreign Currency Exchange | Percentage Change on Constant Currency Basis |
| Net sales | | | | | | | |
| Consumer Segment | | | | | | | |
| Americas | 2.3% | 0.1% | 2.2% | | | | |
| EMEA | (14.2)% | (4.8)% | (9.4)% | | | | |
| Asia/Pacific | (4.3)% | 1.7% | (6.0)% | | | | |
| Total Consumer segment | (2.2)% | (0.7)% | (1.5)% | | | | |
| Flavor Solutions Segment | | | | | | | |
| Americas | 12.1% | (0.3)% | 12.4% | | | | |
| EMEA | 15.2% | (9.0)% | 24.2% | | | | |
| Asia/Pacific | 2.5% | (1.8)% | 4.3% | | | | |
| Total Flavor Solutions segment | 11.5% | (2.2)% | 13.7% | | | | |
| Total net sales | 2.8% | (1.2)% | 4.0% | | | | |
| Adjusted operating income | | | | | | | |
| Consumer segment | (12.1)% | (0.2)% | (11.9)% | | | | |
| Flavor Solutions segment | (17.2)% | (6.6)% | (10.6)% | | | | |
| Total adjusted operating income | (13.5)% | (2.0)% | (11.5)% | | | | |
| | | | | Net sales: | | | |
| | | | | Total Consumer segment | 32.4 % | 2.1 % | 30.3 % |
| | | | | Total Flavor Solutions segment | 16.4 % | (1.8)% | 18.2 % |

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.

| | Projections for the Year Ending November 30, 2022 |
|---|--|
| Percentage change in net sales | 3% to 5% |
| Impact of unfavorable foreign currency exchange | 1% |
| Percentage change in net sales in constant currency | <u>4% to 6%</u> |
| Percentage change in adjusted operating income | 7% to 9% |
| Impact of unfavorable foreign currency exchange | 1% |
| Percentage change in adjusted operating income in constant currency | <u>8% to 10%</u> |
| Percentage change in adjusted earnings per share—diluted | 4% to 6% |
| Impact of unfavorable foreign currency exchange | 1% |
| Percentage change in adjusted earnings per share—diluted in constant currency | <u>5% to 7%</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 | \$3.07 to \$3.12 | \$ 2.80 |
| Impact of transaction and integration expenses | 0.01 | 0.14 |
| Impact of special charges | 0.09 | 0.16 |
| Impact of sale of unconsolidated investment | — | (0.05) |
| Adjusted earnings per share | <u>\$3.17 to \$3.22</u> | <u>\$ 3.05</u> |

