



2ND QUARTER 2021 FINANCIAL RESULTS AND OUTLOOK

McCormick & Company, Inc.

July 1, 2021

The following slides accompany a July 1st, 2021, 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 presentation, 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 material costs and pricing actions on the company's results of operations and gross margins; the expected impact of productivity improvements, including those associated with our Comprehensive Continuous Improvement (CCI) program and global enablement initiative; 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 or equity 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; 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 crisis, including COVID-19; issues affecting the company's supply chain and raw materials, including fluctuations in the cost and availability of raw and packaging materials; government regulation, and changes in legal and regulatory requirements and enforcement practices; the lack of successful acquisition and integration of new businesses, including the acquisitions of Cholula and FONA; 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; 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, volatility in our effective tax rate; climate change; 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. We undertake 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



STRONG SECOND QUARTER 2021 RESULTS COMPARED TO EXCEPTIONAL 2020 PERFORMANCE

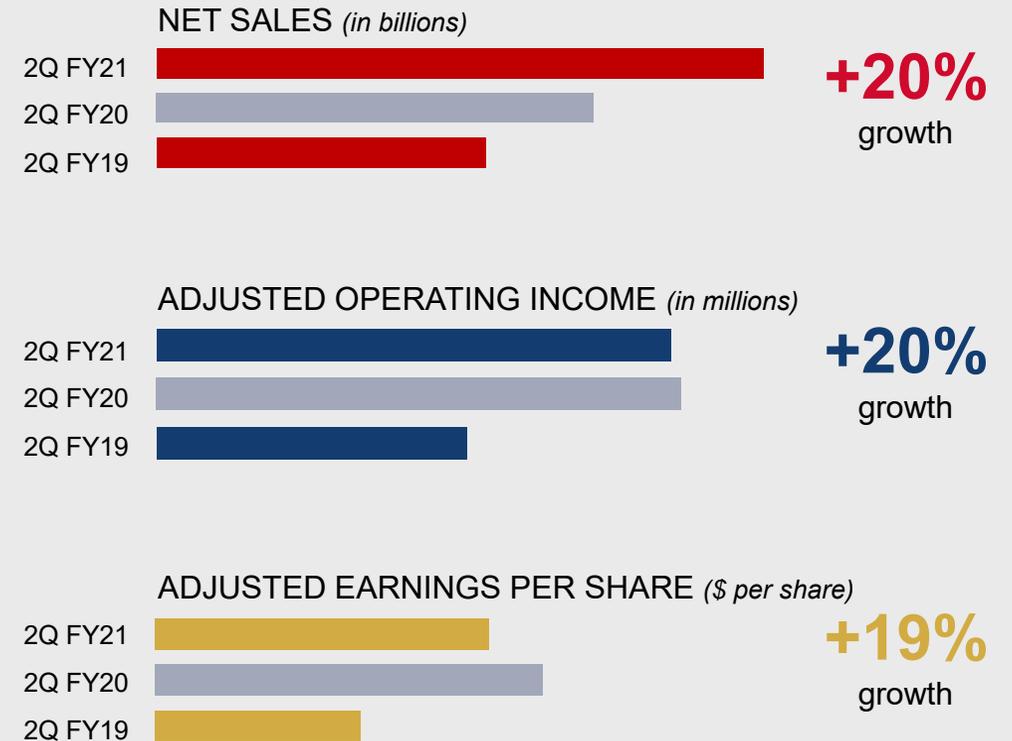
Executing from a position of strength

Well positioned to drive differentiated growth

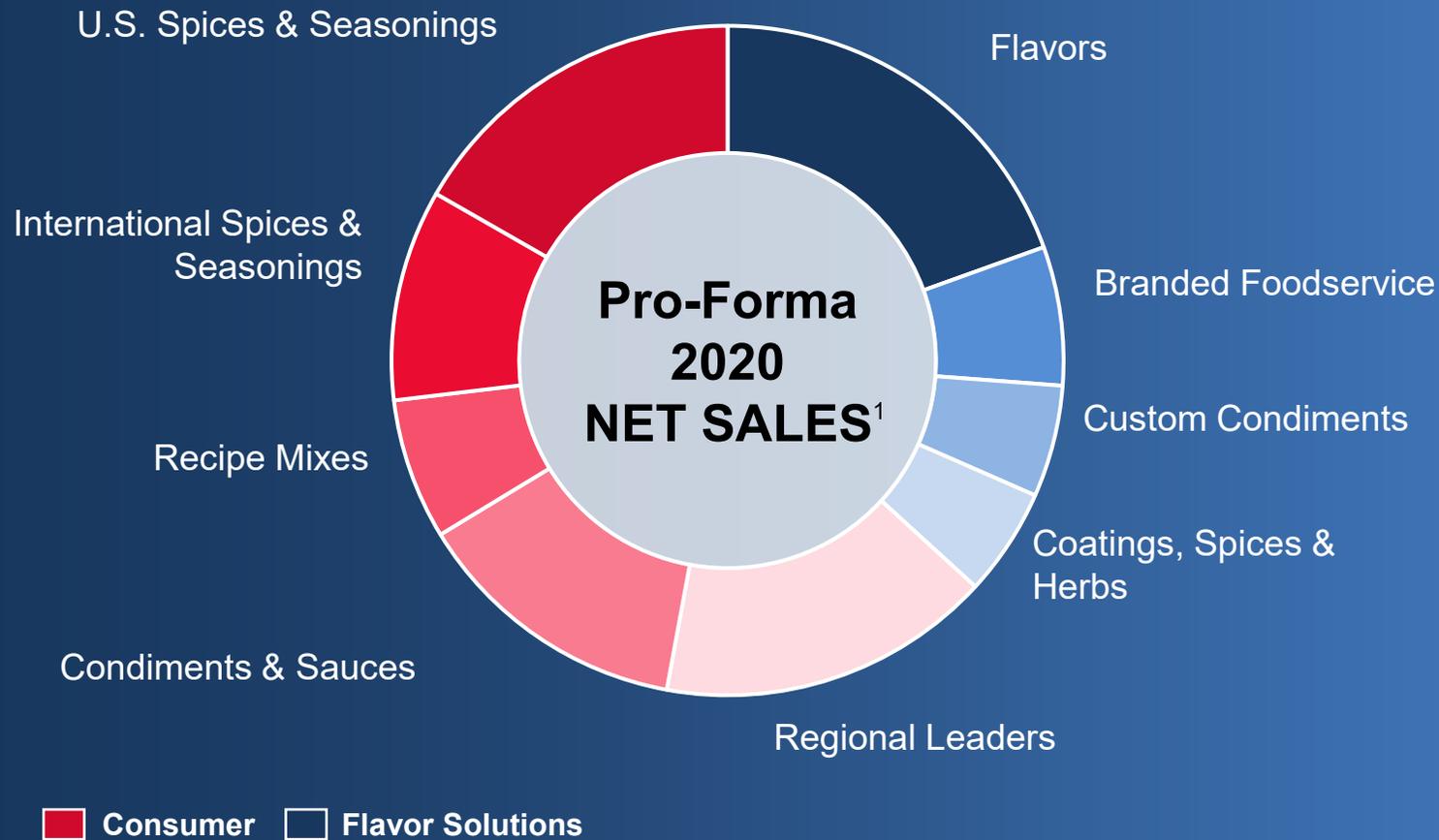
- Broad and advantaged portfolio
- Acceleration of consumer trends
- Effective execution of strategies
- Cholula and FONA acquisitions
- Engagement of employees

Emerging stronger with confidence

ROBUST 2-YEAR GROWTH MOMENTUM



OUR BROAD AND ADVANTAGED GLOBAL PORTFOLIO



STRENGTH AND DIVERSITY OF OUR OFFERING

Compelling products for every retail and customer strategy across all channels

creates a balanced portfolio

to drive consistency in our performance



SECOND QUARTER AND YEAR-TO-DATE 2021 PERFORMANCE

SECOND QUARTER

Net Sales **+11%**

Adjusted Operating Income **(1%)**

Adjusted EPS **(7%)**

- Sales increase strong against 8% growth in 2Q 2020
- Adjusted Operating Income reflects shift in sales between segments
- Adjusted EPS reflects higher 2021 tax rate
- Reported results include 3% favorable currency impact

YEAR-TO-DATE

Net Sales **+16%**

Adjusted Operating Income **+14%**

Adjusted EPS **+10%**

- Outstanding 2021 first half results
- Robust operating momentum
- Confidence in an even stronger 2021 Outlook
- Reported results include 3% favorable currency impact



CAPTURING THE CONSUMER SEGMENT MOMENTUM

FUELING AT-HOME CONSUMPTION WITH BRAND MARKETING, NEW PRODUCTS AND CATEGORY MANAGEMENT

AMERICAS

- 18% U.S. branded portfolio consumption growth versus 2Q 2019
- Household penetration and repeat buy rate increases versus 2Q 2019

EMEA

- Outstanding momentum and strong market share performance
- Household penetration rate increase continued
- Double-digit branded consumption growth versus 2Q 2019

APZ

- China branded foodservice and Hubei province lockdown recovery
- Elevated consumption and share gains in Australia versus 2Q 2019



RETURNING TO A ROBUST GROWTH TRAJECTORY IN FLAVOR SOLUTIONS

DRIVING GROWTH WITH ACQUISITIONS, NEW PRODUCTS AND DIFFERENTIATED CUSTOMER ENGAGEMENT

AMERICAS

- FONA and Cholula acquisitions contributed to strong growth
- Strong snack seasoning and beverage growth with consumer packaged food and beverage customers
- Branded foodservice and restaurant customers' demand recovering

EMEA

- Double-digit growth with quick service restaurants versus 2Q 2019
- New product and base business strength with consumer packaged food and beverage customers

APZ

- Recovery from 2Q 2020 lockdowns outside of China
- Momentum with quick service restaurant customers in China and Australia



ACCELERATING GLOBAL CONDIMENTS PLATFORM

SECOND QUARTER PERFORMANCE



Gaining share with **54%** consumption growth versus 2019



Grew total distribution points **11%** and household penetration **5%** versus 2020



Cinco de Mayo promotion with **2x** 2019 merchandising

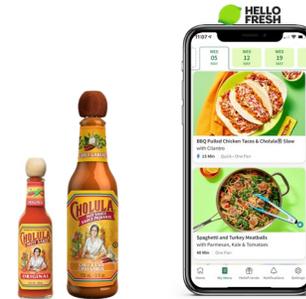


63% increase in limited time offer menu participation since December 1st



REALIZING GROWTH AMBITIONS AND ACCELERATING MOMENTUM

Expanding distribution points using category management expertise



Launching cleaner formulas and new innovation



Increasing awareness through brand marketing, partnerships and promotional scale



Growing foodservice penetration with increased menu participation



NEW Cholula® Hot & Sweet Chicken Bowl or Burrito
 Enjoy some sweet heat with our new Cholula® Hot & Sweet Chicken made with Cholula® Original Hot Sauce and real honey paired with pico de gallo, cilantro lime rice, black beans, sour cream, & cotija cheese. [Cal 560 - 870]
 If you want additional ingredients or substitutions, please order from the "Create Your Own" menu.
\$8.95



YEAR-TO-DATE PERFORMANCE



Double Digit sales growth versus 2020



+14% Beverage growth with strength in performance nutrition



Record new product wins and pipeline potential



“Impressed on early collaboration...” - Top 20 U.S. Food & Beverage Company



REALIZING GROWTH AMBITIONS WITH OUR COMBINED PASSION FOR FLAVOR



Delivering FONA flavors through MKC's global footprint



Leveraging MKC's sustainability leadership



Capitalizing on core strengths across McCormick and FONA



Optimizing our combined assets and technologies

GLOBAL DEMAND FOR FLAVOR IS THE FOUNDATION OF SALES GROWTH

CAPITALIZING ON ACCELERATED LONG-TERM CONSUMER TRENDS

- Healthy and flavorful cooking
- Trusted brands
- Digital engagement
- Purpose-minded practices



PRE-PANDEMIC

88% of U.S. population liked cooking with Millennials over indexing⁵



At-Home meal occasions exceeded Away-from-Home meal occasions by **4X** pre-pandemic⁶



~**1/2** of U.K. and French consumers prefer sustainably sourced ingredients¹

Gen Z likes bold, spicy flavors more than previous generations⁷



>50% of global consumers choose spicy flavors⁸

>60% U.K. and French consumers like exploring and discovering new flavors¹



U.S. consumers seeking flavor experimentation has grown **71%**... with Millennials indexing higher than all adults⁴

~**60%** of China, U.K. and French consumers are focused on healthy eating ...with an increased focus on high quality and natural products^{1,2}



~**70%** of U.S., U.K. and French consumers feel home cooked food is healthier^{3,4}



Nearly **1 in 3** global consumers have ordered groceries through e-commerce more in the past 3 months²

CONSUMER SENTIMENT AND BEHAVIOR DRIVING AT HOME CONSUMPTION

Sustained Increase In Home Cooking ... Today And Tomorrow



68% of U.S. consumers say they are **cooking more today** than pre-pandemic¹

78% of U.S. consumers plan to maintain or increase level of **cooking at home** versus today ... even if life was "normal" **next week**¹

Millennials over index

40% - 50% of U.S. consumers indicate they are **cooking more** to explore new recipes, tools, ingredients, or cooking methods^{1,2}

Consumer investments in small appliances increased **+31%** ... air fryers **+73%**⁷

~50% of U.S., U.K. and French consumers enjoy cooking from scratch³

+55% of U.S. consumers state cooking reduces stress, and connects the family¹



Finding Your Inner Chef

65% of U.S., U.K. and French consumers feel creative and adventurous when cooking¹ Consumers recreating restaurant meals at home is growing¹

Dining Out ... At Home

80% of restaurant meals eaten off premise⁸



~ 70% - 75% of consumers are adding spices, sauces or condiments at home to take-out or delivery meals⁴

Lunch Is The New Meal

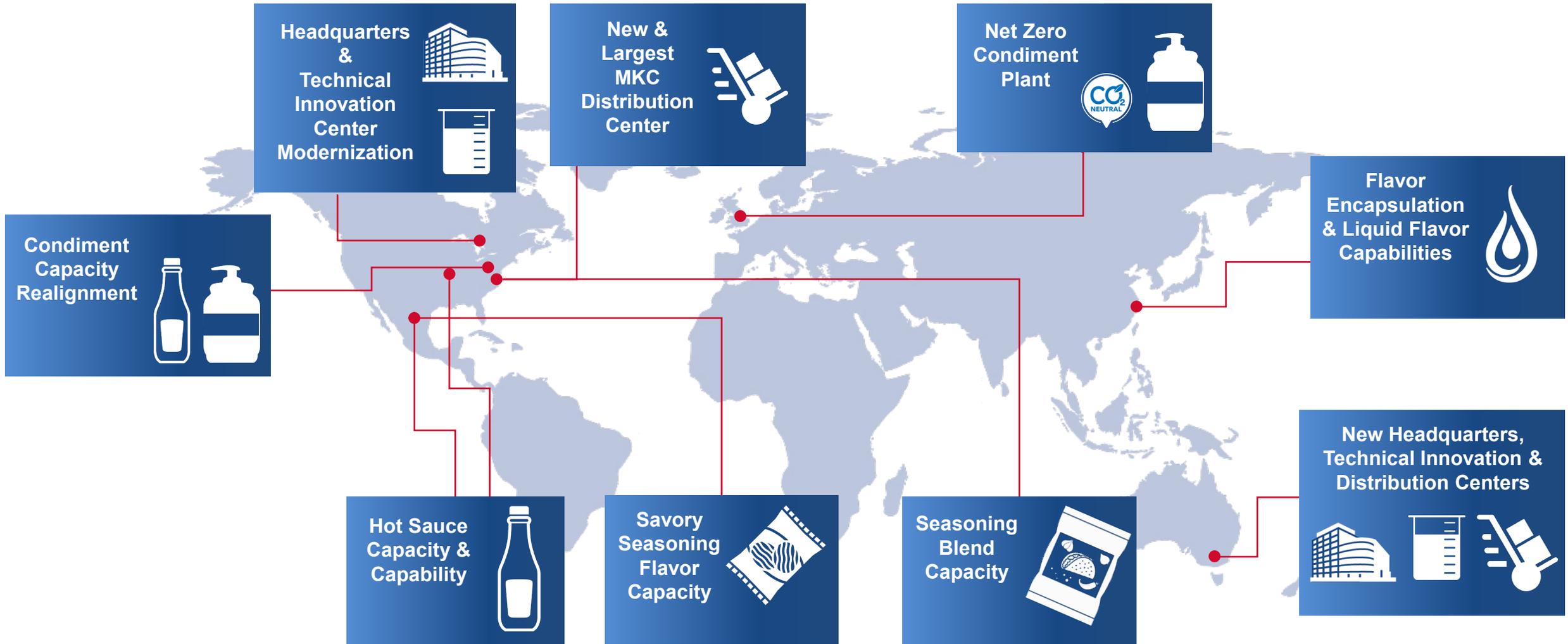
Hybrid workplace models around the world will be more common post pandemic⁵



Research indicates up to **30%** more at-home lunch occasions⁶

TRANSFORMATIVE INVESTMENTS TO DELIVER GROWTH

INCREASING CAPACITY AND EXPANDING CAPABILITIES



PURPOSE-LED PERFORMANCE

DELIVERING INDUSTRY-LEADING FINANCIAL PERFORMANCE

McCormick Milestone
named as a
Fortune 500 Company



Sustained performance with overarching focus on growth and successful execution of strategies

RECOGNIZED FOR DOING WHAT'S RIGHT

5th consecutive year
named as a
DiversityInc Top 50 Company



STRONG FUNDAMENTALS, MOMENTUM AND GROWTH OUTLOOK



Confidence in strong 2021 growth and performance bolstered by:

- Alignment with long-term trends
- Breadth and reach of portfolio
- Robust operating momentum
- Successful execution of strategies



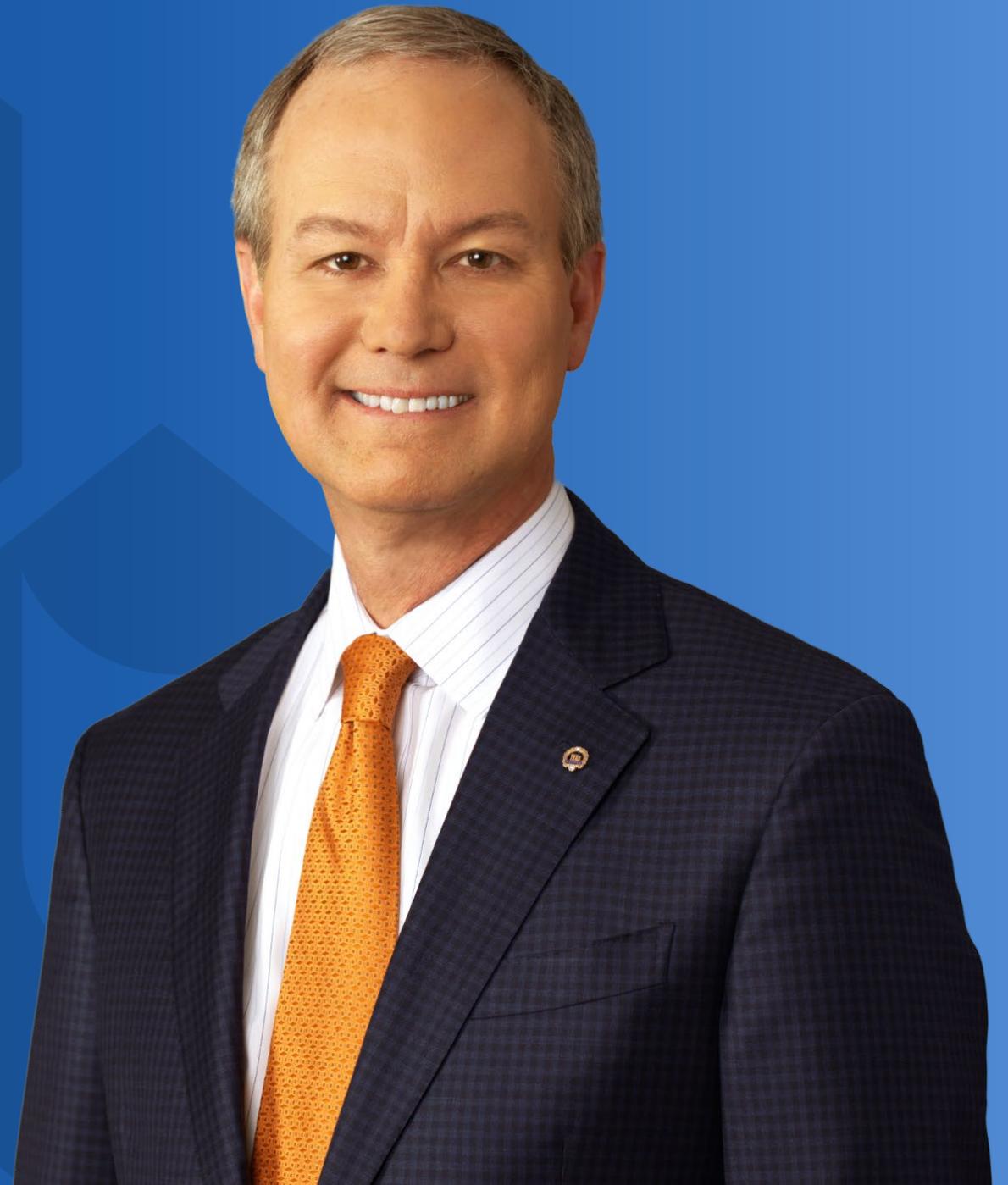
2021 Outlook reflects strong underlying base business performance and growth from acquisitions while investing for the future

McCormick is emerging stronger driven by employees' passion for winning

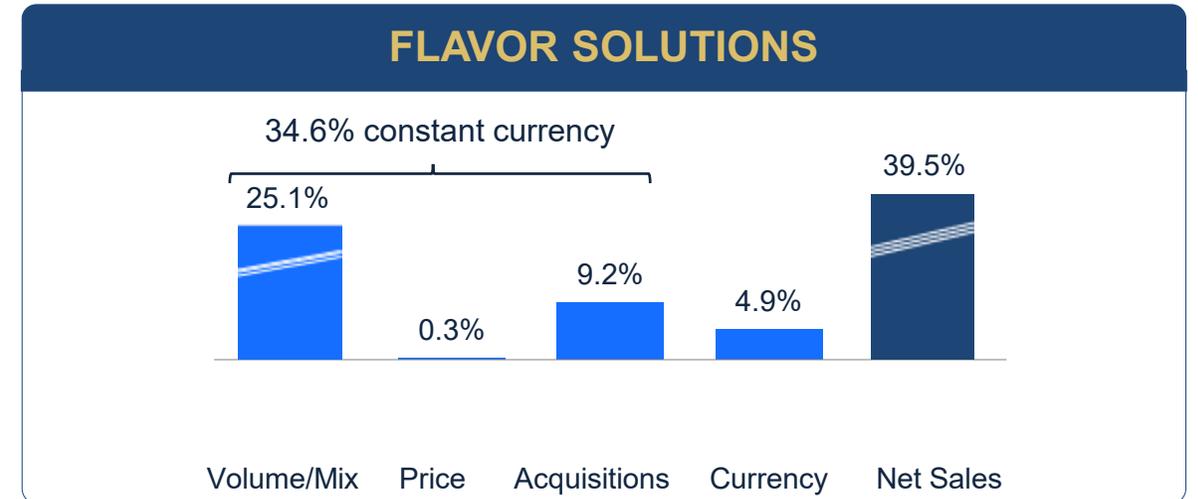
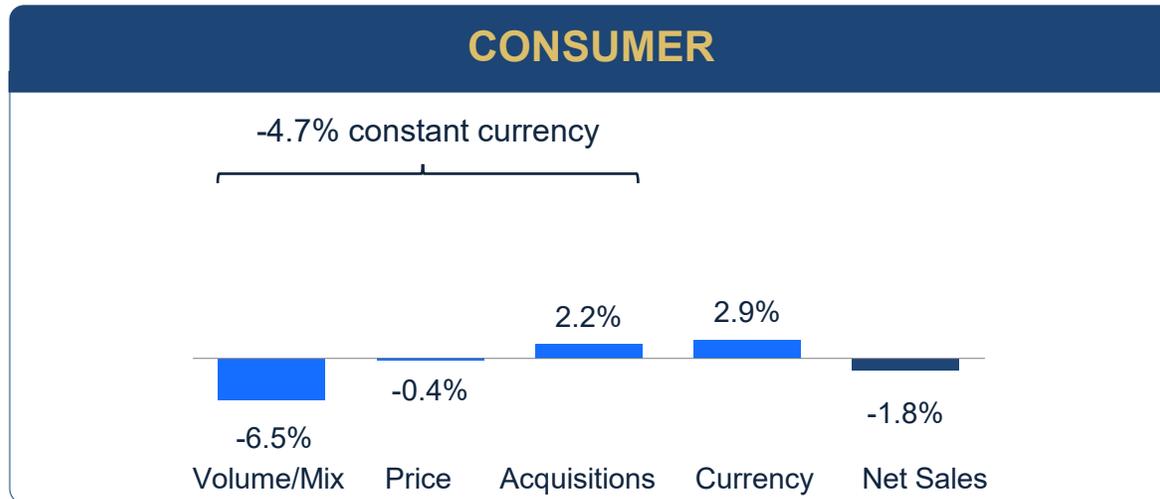
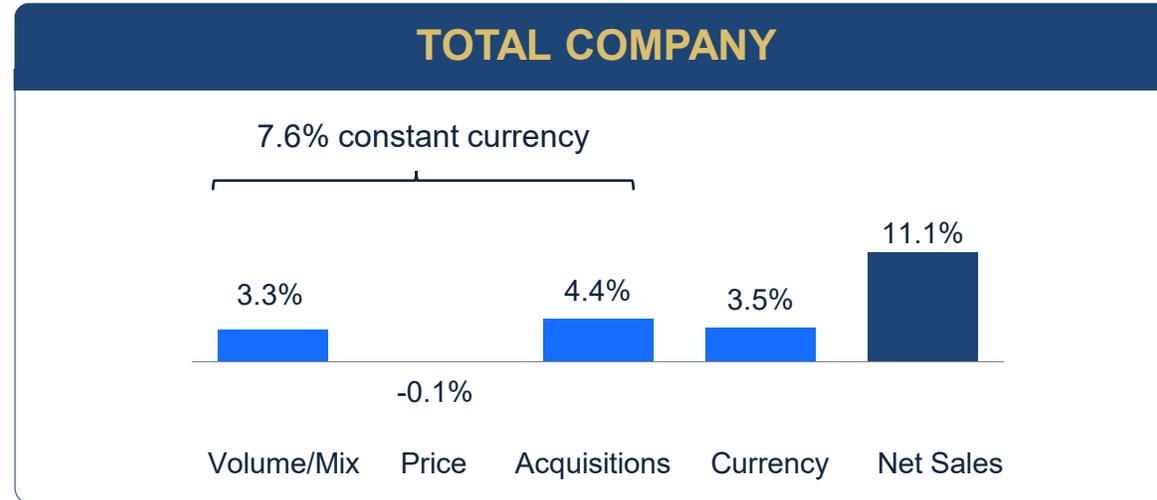


Mike Smith

Executive Vice President
And Chief Financial Officer

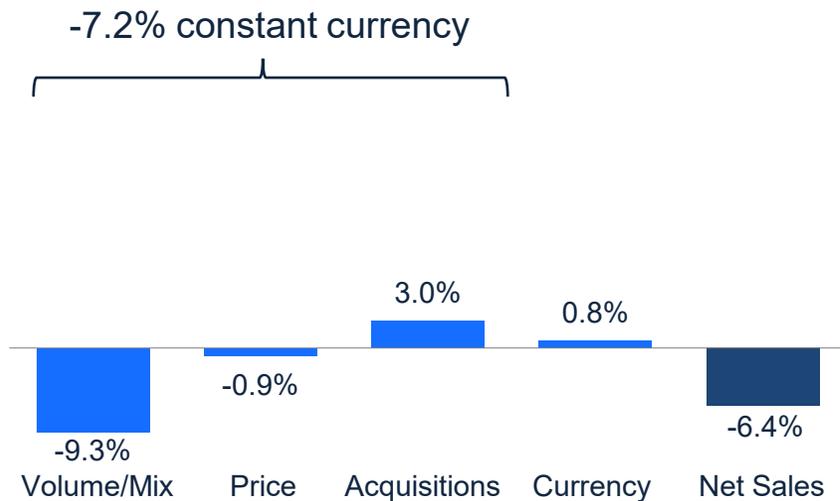


2Q 2021 SALES RESULTS



2Q 2021 SALES RESULTS: CONSUMER SEGMENT

AMERICAS

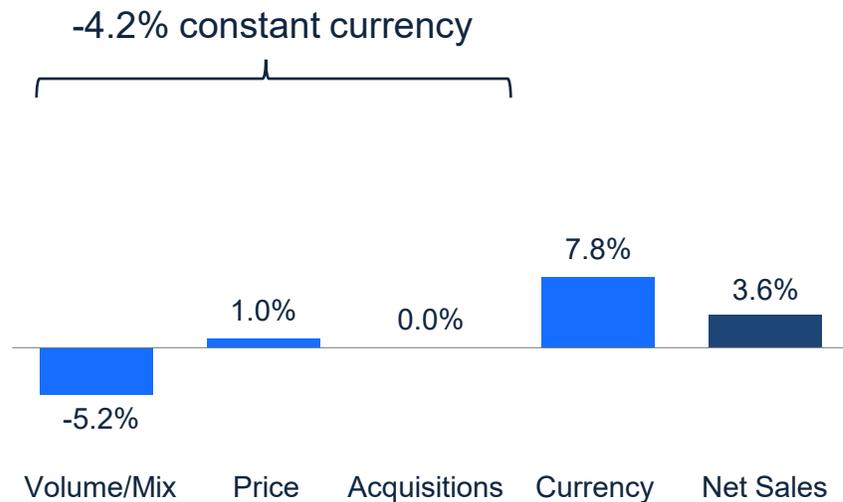


- 2Q compared to 2020
 - Decline from lapping year-ago demand surge
 - Cholula acquisition growth partially offset decline
- 2Q compared to 2019
 - 26% constant currency growth
 - Broad-based growth across branded portfolio



2Q 2021 SALES RESULTS: CONSUMER SEGMENT

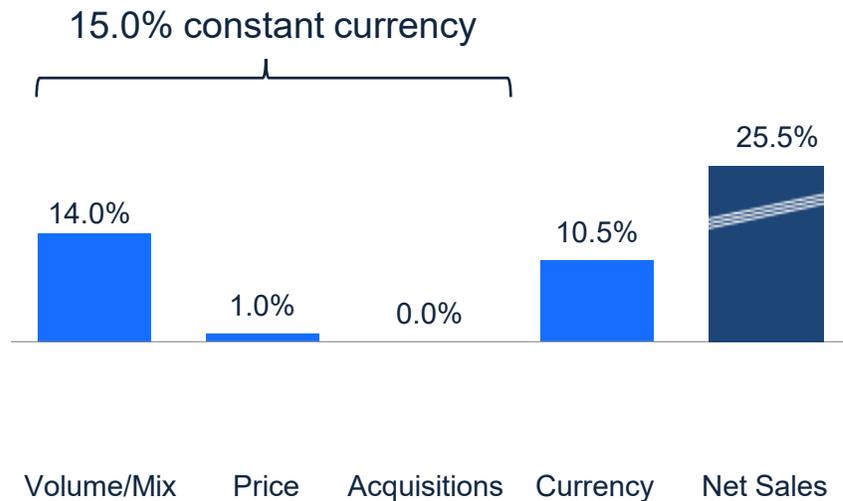
EMEA



- 2Q compared to 2020
 - Decline from lapping high demand in 2Q 2020
 - U.K. and Eastern Europe growth partially offset decline
- 2Q compared to 2019
 - 21% constant currency growth
 - Double-digit growth in all markets

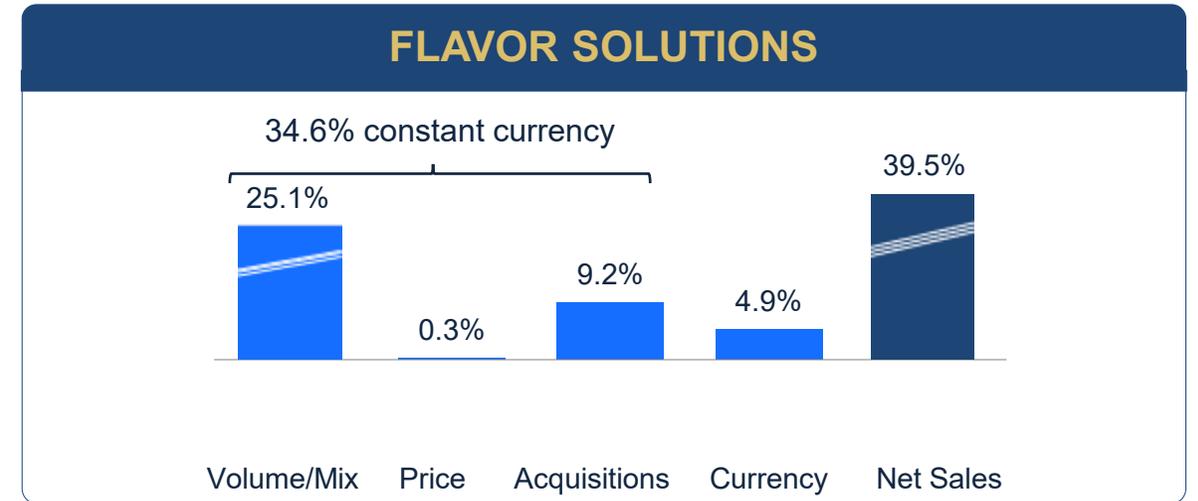
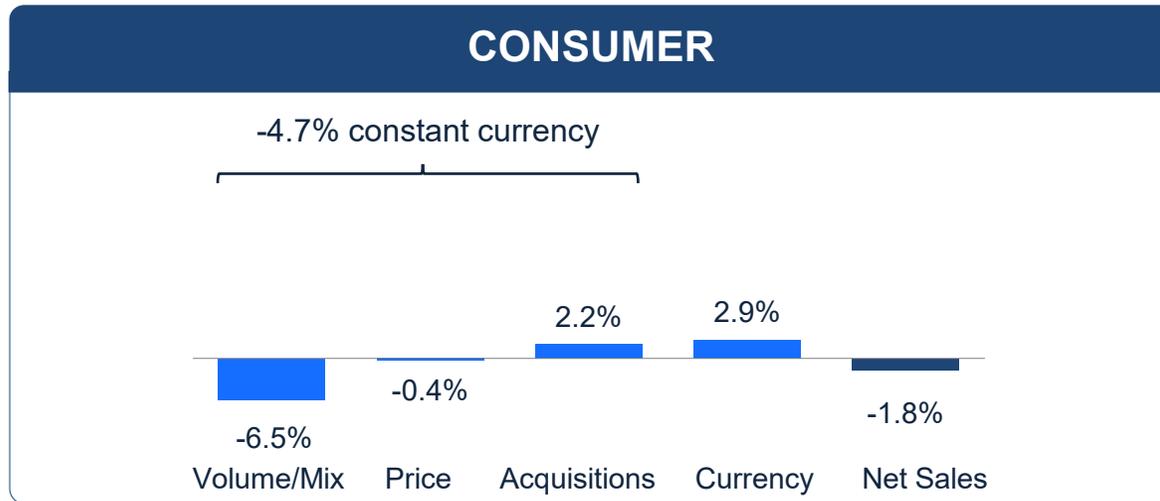
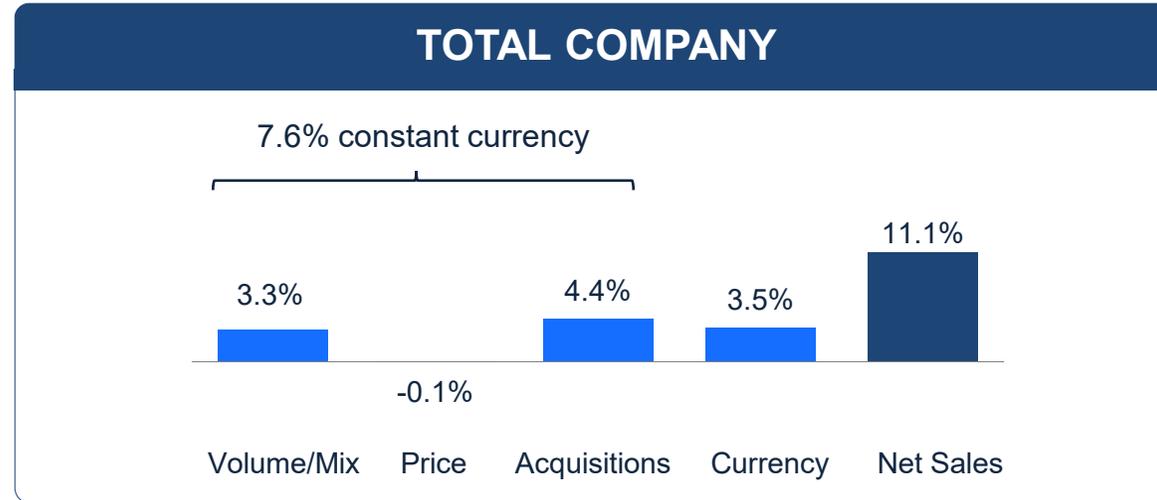
2Q 2021 SALES RESULTS: CONSUMER SEGMENT

ASIA / PACIFIC



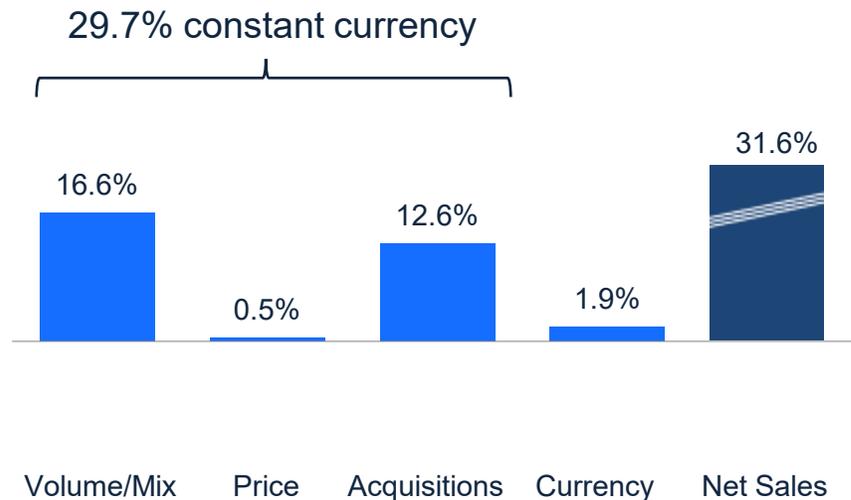
- 2Q compared to 2020
 - Growth for recovery of branded foodservice sales and disruption in Wuhan in 2Q 2020
 - Partial offset from decline in consumer demand due to elevated 2Q 2020 levels
- 2Q compared to 2019
 - Constant currency sales were comparable
 - India decline from a slower recovery impacts comparison

2Q 2021 SALES RESULTS



2Q 2021 SALES RESULTS: FLAVOR SOLUTIONS SEGMENT

AMERICAS

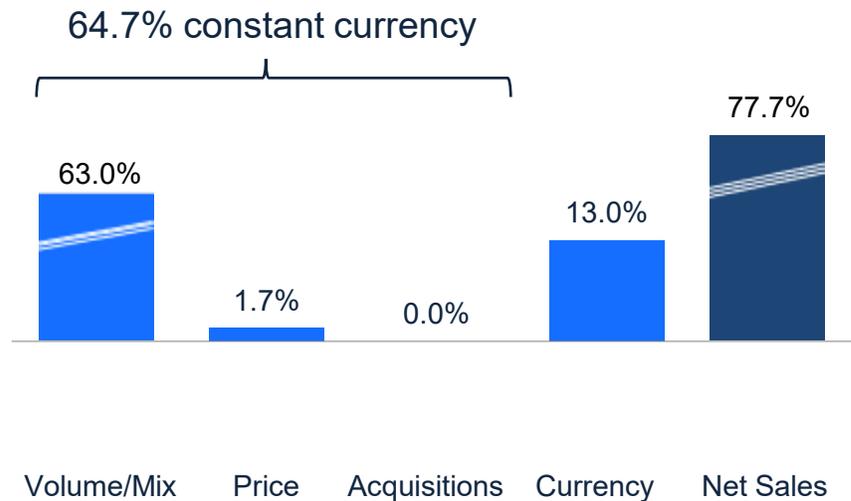


- 2Q compared to 2020
 - FONA and Cholula acquisitions growth
 - Higher sales to branded foodservice customers
 - Growth with packaged food and beverage companies with strength in snack seasonings and beverages
- 2Q compared to 2019
 - 12% constant currency growth
 - Higher sales from acquisitions and packaged food and beverage companies



2Q 2021 SALES RESULTS: FLAVOR SOLUTIONS SEGMENT

EMEA

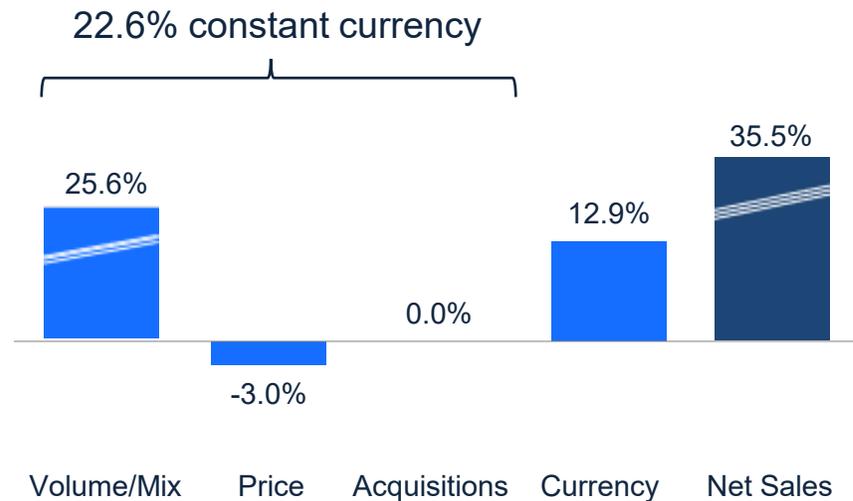


- 2Q compared to 2020
 - Quick service restaurants and branded foodservice growth
 - Continued growth momentum with packaged food and beverage companies
- 2Q compared to 2019
 - 16% constant currency growth
 - Growth with packaged food companies and quick service restaurants



2Q 2021 SALES RESULTS: FLAVOR SOLUTIONS SEGMENT

ASIA / PACIFIC



- 2Q compared to 2020
 - Growth led by quick service restaurants in China and Australia
 - Recovery from COVID-19 lockdowns outside of China in year-ago period contributed to growth
- 2Q compared to 2019
 - 15% constant currency growth



OPERATING INCOME

| <i>(in millions)</i> | 2Q 2021 | 2Q 2020 | 2Q Fav/(Unfav) Change | YTD 2021 Fav/(Unfav) Change |
|---------------------------|---------|---------|-----------------------|-----------------------------|
| Operating income | \$237.4 | \$257.4 | (8%) | 5% |
| Adjusted operating income | \$258.0 | \$260.3 | (1%) | 14% |
| Consumer | 176.8 | 231.6 | (24%) | 4% |
| Flavor Solutions | 81.2 | 28.7 | 183% | 47% |

- 4% constant currency adjusted operating income decline for total company
 - Consumer segment decline of 26% driven primarily by lower sales and a 15% increase in brand marketing versus 2Q 2020
 - Flavor Solutions segment growth of 175% driven primarily by higher sales
 - Both segments favorably impacted by product mix and CCI-led cost savings, with partial offset from cost inflation
- Transaction and integration expenses were \$7 million in 2Q 2021
- Special charges were \$14 million in 2Q 2021 versus \$3 million in 2Q 2020



OPERATING MARGIN

| <i>(in millions)</i> | 2Q 2021 | 2Q 2020 | 2Q Fav/(Unfav) Change | YTD 2021 Fav/(Unfav) Change |
|--------------------------------------------------------------------|---------|---------|-----------------------|-----------------------------|
| Gross Margin | 39.5% | 41.4% | (190) bps | (100) bps |
| Adjusted Gross Margin | 39.5% | 41.4% | (190) bps | (80) bps |
| Selling, general & administrative expenses as percent of net sales | 22.9% | 22.8% | (10) bps | 50 bps |
| Operating margin | 15.3% | 18.4% | (310) bps | (170) bps |
| Adjusted operating margin | 16.6% | 18.6% | (200) bps | (30) bps |

- Adjusted gross margin declined 190 basis points compared to 2020 driven by a shift of sales between segments and expanded 40 basis points compared to 2019
- Selling, general and administrative expenses as a percent of net sales increased by 10 basis points with leverage from sales growth more than offset by higher brand marketing investments
- Adjusted operating margin declined 200 basis points from 2020 and expanded 10 basis points from 2019



INCOME TAXES

| <i>(in millions)</i> | 2Q 2021 | 2Q 2020 | YTD 2021 | YTD 2020 |
|--------------------------|---------|---------|----------|----------|
| Income tax rate | 22.1% | 17.9% | 25.2% | 18.1% |
| Adjusted income tax rate | 22.2% | 18.0% | 22.5% | 18.2% |

- Both periods favorably impacted by discrete tax items
- More significant impact in 2Q 2020 due to a discrete item related to refinement of our entity structure



INCOME FROM UNCONSOLIDATED OPERATIONS

| <i>(in millions)</i> | 2Q 2021 | 2Q 2020 | 2Q Fav/(Unfav) Change | YTD 2021 Fav/(Unfav) Change |
|------------------------------------------------|---------------|---------------|-----------------------|-----------------------------|
| Income from unconsolidated operations | \$23.4 | \$10.2 | 129% | 78% |
| Adjusted income from unconsolidated operations | \$10.0 | \$10.2 | (2%) | 13% |

- Sale of minority stake in Eastern Condiments completed at the end of March 2021
- Low-single digit decline expected for 2021



EARNINGS PER SHARE

| <i>(in millions)</i> | 2Q 2021 | 2Q 2020 | Fav/(Unfav) Change |
|-----------------------------|---------|---------|-----------------------|
| Earnings per share | \$0.68 | \$0.73 | (7%) |
| Adjusted earnings per share | \$0.69 | \$0.74 | (7%) |

Change in adjusted earnings per share

| | |
|---------------------------------------|------------------------|
| Decrease in adjusted operating income | (\$0.01) |
| Increase in adjusted income tax rate | <u>(0.04)</u> |
| Total decrease | <u>(\$0.05)</u> |



BALANCE SHEET AND CASH FLOW

- Cash flow provided from operations was \$229 million compared to \$356 million in 2020
 - Driven by the timing of working capital payments
 - Includes payment of transaction and integration expenses
- \$182 million of cash returned to shareholders through dividends
- Capital expenditures of \$113 million through second quarter

BALANCED USE OF CASH



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

2021 expected to be another year of strong cash flow driven by profit and working capital initiatives

2021 OUTLOOK GROWTH RATES

| | Reported Currency | Constant Currency |
|-------------------------------------------------|---------------------------|-------------------|
| Sales growth | 11% to 13% | 8% to 10% |
| Contribution from Cholula and FONA acquisitions | High-end of 3.5% to 4% | |
| Adjusted operating income increase | 10% to 12% | 8% to 10% |
| CCI-led cost savings | Approximately \$110M | |
| Cost inflation | Mid-single digit increase | |
| Adjusted gross profit margin | 100 to 80 bps decrease | |
| Brand marketing | Low-single digit increase | |
| Adjusted income from unconsolidated operations | Low-single digit decrease | |
| Adjusted tax rate | Approximately 23% | |
| Adjusted earnings per share | \$3.00 to \$3.05 | |
| Adjusted earnings per share growth | 6% to 8% | 4% to 6% |
| Shares outstanding | Approximately 270M | |



2021 OUTLOOK GROWTH RATES

| | STRONG BASE BUSINESS & ACQUISITION GROWTH | COVID-19 COST INCREASE | ERP INVESTMENT | TAX HEADWIND | 2021 CONSTANT CURRENCY GUIDANCE |
|-----------------------------------|-------------------------------------------|------------------------|----------------|--------------|---------------------------------|
| Sales growth* | 8% to 10% | | | | 8% to 10% |
| Adjusted operating income growth* | 12% to 14% | -1% | -3% | | 8% to 10% |
| Adjusted EPS growth* | 12% to 14% | -1% | -3% | -4% | 4% to 6% |

* In constant currency



KEY TAKEAWAYS

- **Exceptional 2Q 2021 growth despite a challenging comparison**
- **Double-digit year-to-date and two-year growth rates**
- **Higher at-home consumption expected to persist beyond the pandemic and well positioned to capitalize on accelerated consumer trends**
- **Enthusiasm and confidence in Cholula and FONA acquisitions strengthened**
- **Confidence in delivering differentiated growth and performance in 2021 and continuing growth trajectory beyond 2021**





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July 1, 2021

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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 income from unconsolidated operations, 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, expected benefits and expected timing) 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.

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 the acquisition, as well as integration costs following the acquisition, including the impact of any acquisition date fair value adjustment for inventory, 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 with 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.

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

| | For the three months ended | | For the six months ended | |
|----------------------------------------------------------------------------------------------|----------------------------|--------------|--------------------------|--------------|
| | May 31, 2021 | May 31, 2020 | May 31, 2021 | May 31, 2020 |
| Gross profit | \$ 614.6 | \$ 579.5 | \$ 1,192.1 | \$ 1,049.4 |
| Impact of transaction and integration expenses included in cost of goods sold ⁽¹⁾ | — | — | 6.3 | — |
| Adjusted gross profit | \$ 614.6 | \$ 579.5 | \$ 1,198.4 | \$ 1,049.4 |
| Adjusted gross profit margin ⁽²⁾ | 39.5 % | 41.4 % | 39.4 % | 40.2 % |
| Operating income | \$ 237.4 | \$ 257.4 | \$ 473.7 | \$ 451.6 |
| Impact of transaction and integration expenses included in cost of goods sold ⁽¹⁾ | — | — | 6.3 | — |
| Impact of other transaction and integration expenses ⁽¹⁾ | 6.9 | — | 25.7 | — |
| Impact of special charges | 13.7 | 2.9 | 14.8 | 3.9 |
| Adjusted operating income | \$ 258.0 | \$ 260.3 | \$ 520.5 | \$ 455.5 |
| Adjusted operating income margin ⁽³⁾ | 16.6 % | 18.6 % | 17.1 % | 17.4 % |
| Income tax expense | \$ 45.4 | \$ 40.4 | \$ 104.0 | \$ 70.5 |
| Impact of transaction and integration expenses ⁽¹⁾ | 1.6 | — | (4.3) | — |
| Impact of special charges | 3.2 | 0.9 | 3.5 | 1.2 |
| Adjusted income tax expense | \$ 50.2 | \$ 41.3 | \$ 103.2 | \$ 71.7 |
| Adjusted income tax rate ⁽⁴⁾ | 22.2 % | 18.0 % | 22.5 % | 18.2 % |
| Income from unconsolidated operations | \$ 23.4 | \$ 10.2 | \$ 36.7 | \$ 20.6 |
| Impact of after-tax gain on sale of unconsolidated operation | (13.4) | — | (13.4) | — |
| Adjusted income from unconsolidated operations | \$ 10.0 | \$ 10.2 | \$ 23.3 | \$ 20.6 |
| Net income | \$ 183.7 | \$ 195.9 | \$ 345.5 | \$ 340.6 |
| Impact of transaction and integration expenses ⁽¹⁾ | 5.3 | — | 36.3 | — |
| Impact of special charges | 10.5 | 2.0 | 11.3 | 2.7 |
| Impact of after-tax gain on sale of unconsolidated operation | (13.4) | — | (13.4) | — |
| Adjusted net income | \$ 186.1 | \$ 197.9 | \$ 379.7 | \$ 343.3 |

| | For the three months ended | | For the six months ended | |
|---------------------------------------------------------------|----------------------------|--------------|--------------------------|--------------|
| | May 31, 2021 | May 31, 2020 | May 31, 2021 | May 31, 2020 |
| Earnings per share – diluted | \$ 0.68 | \$ 0.73 | \$ 1.28 | \$ 1.27 |
| Impact of transaction and integration expenses ⁽¹⁾ | 0.02 | — | 0.14 | — |
| Impact of special charges | 0.04 | 0.01 | 0.04 | 0.01 |
| Impact of after-tax gain on sale of unconsolidated operation | (0.05) | — | (0.05) | — |
| Adjusted earnings per share – diluted | \$ 0.69 | \$ 0.74 | \$ 1.41 | \$ 1.28 |

- 1) Transaction and integration expenses include transaction and integration expenses associated with our acquisitions of Cholula and FONA. These expenses include transaction expenses, integration expenses, including the effect of the fair value adjustment of acquired inventory on cost of goods sold and the unfavorable impact of a discrete item related to deferred State income tax expense during the first quarter of 2021, directly related to our December 2020 acquisition of FONA. This unfavorable discrete tax item had an impact of \$11.4 million or \$0.04 per diluted share for the six months ended May 31, 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 \$226.3 million and \$459.6 million for the three and six months ended May 31, 2021, respectively and \$229.0 million and \$394.4 million for the three and six months ended May 31, 2020.



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 May 31, 2021 as compared to Three Months Ended May 31, 2020 | | |
|-------------------------------------------|-----------------------------------------------------------------------------------|----------------------------------------|-------------------------------------------------|
| | Percentage Change as Reported | Impact of Foreign Currency Exchange | Percentage Change on Constant Currency Basis |
| Net sales: | | | |
| Consumer segment: | | | |
| Americas | (6.4)% | 0.8 % | (7.2)% |
| EMEA | 3.6 % | 7.8 % | (4.2)% |
| Asia/Pacific | 25.5 % | 10.5 % | 15.0 % |
| Total Consumer | (1.8)% | 2.9 % | (4.7)% |
| Flavor Solutions segment: | | | |
| Americas | 31.6 % | 1.9 % | 29.7 % |
| EMEA | 77.7 % | 13.0 % | 64.7 % |
| Asia/Pacific | 35.5 % | 12.9 % | 22.6 % |
| Total Flavor Solutions | 39.5 % | 4.9 % | 34.6 % |
| Total net sales | 11.1 % | 3.5 % | 7.6 % |
| Adjusted operating income: | | | |
| Consumer segment | (23.7)% | 2.0 % | (25.7)% |
| Flavor Solutions segment | 182.9 % | 7.9 % | 175.0 % |
| 37 Total adjusted operating income | (0.9)% | 2.7 % | (3.6)% |

| | Three Months Ended May 31, 2021 as compared to Three Months Ended May 31, 2019 | | |
|-------------------------------|-----------------------------------------------------------------------------------|----------------------------------------|-------------------------------------------------|
| | Percentage Change as Reported | Impact of Foreign Currency Exchange | Percentage Change on Constant Currency Basis |
| Net sales: | | | |
| Consumer segment: | | | |
| Americas ⁽¹⁾ | 27.0 % | 0.7 % | 26.3 % |
| EMEA | 26.5 % | 5.4 % | 21.1 % |
| Asia/Pacific | 3.0 % | 3.1 % | (0.1)% |
| Total Consumer | 23.7 % | 1.9 % | 21.8 % |
| Flavor Solutions segment: | | | |
| Americas | 11.9 % | (0.2)% | 12.1 % |
| EMEA | 16.8 % | 0.8 % | 16.0 % |
| Asia/Pacific | 20.1 % | 5.1 % | 15.0 % |
| Total Flavor Solutions | 13.7 % | 0.5 % | 13.2 % |
| Total net sales | 19.6 % | 1.3 % | 18.3 % |

1) Net sales associated with our acquisition of Cholula contributed 4.0% of our growth as reported and in constant currency in the Consumer segment of the Americas region for the three months ended May 31, 2021 as compared to the three months ended May 31, 2019. Excluding the impact of this acquisition, organic sales for the Consumer segment in the Americas region grew 23.0% as reported and 22.3% in constant currency for the three months ended May 31, 2021 as compared to the three months ended May 31, 2019.



NON-GAAP FINANCIAL MEASURES

To present “constant currency” information for the fiscal year 2021 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 2021 and are compared to the 2020 results, translated into U.S. dollars using the same 2021 budgeted exchange rates, rather than at the average actual exchange rates in effect during fiscal year 2020. 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 2020 or projected shares outstanding for fiscal year 2021, as appropriate.

| | Projections for the Year Ending November 30, 2021 |
|---------------------------------------------------------------------------------|---------------------------------------------------|
| Percentage change in net sales | 11% to 13% |
| Impact of favorable foreign currency exchange | 3 % |
| Percentage change in net sales in constant currency | <u>8% to 10%</u> |
| Percentage change in adjusted operating income | 10% to 12% |
| Impact of favorable foreign currency exchange | 2 % |
| Percentage change in adjusted operating income in constant currency | <u>8% to 10%</u> |
| Percentage change in adjusted earnings per share – diluted | 6% to 8% |
| Impact of favorable foreign currency exchange | 2 % |
| Percentage change in adjusted earnings per share in constant currency – diluted | <u>4% to 6%</u> |



NON-GAAP FINANCIAL MEASURES

The following provides a reconciliation of our estimated earnings per share to adjusted earnings per share for 2021 and actual results for 2020:

| | For the year ended November 30, 2020 | Estimated for the year ending November 30, 2021 |
|-----------------------------------------------------------------|-----------------------------------------------|----------------------------------------------------------|
| Earnings per share – diluted | \$ 2.78 | \$ 2.83 to \$2.88 |
| Impact of transaction and integration expenses | 0.04 | 0.16 |
| Impact of special charges | 0.01 | 0.06 |
| Impact of after-tax gain on sale of unconsolidated operation | — | (0.05) |
| Adjusted earnings per share – diluted | <u>\$ 2.83</u> | <u>\$3.00 to \$3.05</u> |

