



# Advancing Our Leadership and Differentiation

McCormick & Company, Inc.  
CAGNY 2025 | February 18, 2025



# 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, 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,” “plan,” and similar expressions. These statements may relate to: general economic and industry conditions, including consumer spending rates, recessions, interest rates, and availability of capital; expectations regarding sales growth potential in various geographies and markets, including the impact of brand marketing support, product innovation, and customer, channel, category, heat platform, and e-commerce expansion; expected trends in net sales, earnings performance, and other financial measures; the expected impact of pricing actions on the Company's results of operations, including our sales volume and mix as well as gross margins; the expected impact of the inflationary cost environment on our business; the anticipated effects of factors affecting our supply chain, including the availability and prices of commodities and other supply chain resources such as raw materials, packaging, labor, and transportation; the expected impact of productivity improvements, including those associated with our Comprehensive Continuous Improvement (CCI) program and the Global Business Services operating model initiative; the ability to identify, attract, hire, retain, and develop qualified personnel and the next generation of leaders; the impact of ongoing conflicts, including those between Russia and Ukraine and the war in the Middle East, particularly regarding the potential for broader economic disruption; expected working capital improvements; the anticipated 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; expectations regarding 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 payments of interest, repayment of short- and long-term debt, working capital needs, planned capital expenditures, quarterly dividends, and our ability to obtain additional short- and long-term financing or issue additional debt securities; and expectations regarding purchasing shares of McCormick's common stock under the existing repurchase authorization.

These and other forward-looking statements are based on management's current views and assumptions and involve risks and uncertainties that could significantly affect expected results. Results may be materially affected by factors such as: the Company's ability to drive revenue growth; the Company's ability to increase pricing to offset, or partially offset, inflationary pressures on the cost of our products; damage to the Company's reputation or brand name; loss of brand relevance; increased private label use; the Company's ability to drive productivity improvements, including those related to our CCI program and other streamlining actions; 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; issues affecting the Company's supply chain and procurement of raw materials, including fluctuations in the cost and availability of raw and packaging materials; labor shortage, turnover and labor cost increases; the impact of the ongoing conflicts between Russia and Ukraine and the war in the Middle East, 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 our amount of outstanding indebtedness and related level of debt service as well as the effects that such 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, 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.





**McCormick is  
Flavor.  
It is our History,  
and it is our  
Future.**

**Building on our strong foundation**

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**Demand for flavor remains strong**

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**Prioritizing investments to drive the  
greatest value**

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**Reaffirming our sustainable  
long-term objectives**



# We Are End-to-End Flavor

\$6.7B Net Sales in 2024

## WE ARE A GLOBAL LEADER IN FLAVOR



## WE FLAVOR EVERY SIP AND BITE

Every Region  
& Market



Across  
Channels



In- & Away-  
From-home



Every  
Occasion



Every Cuisine  
& Flavor Trend



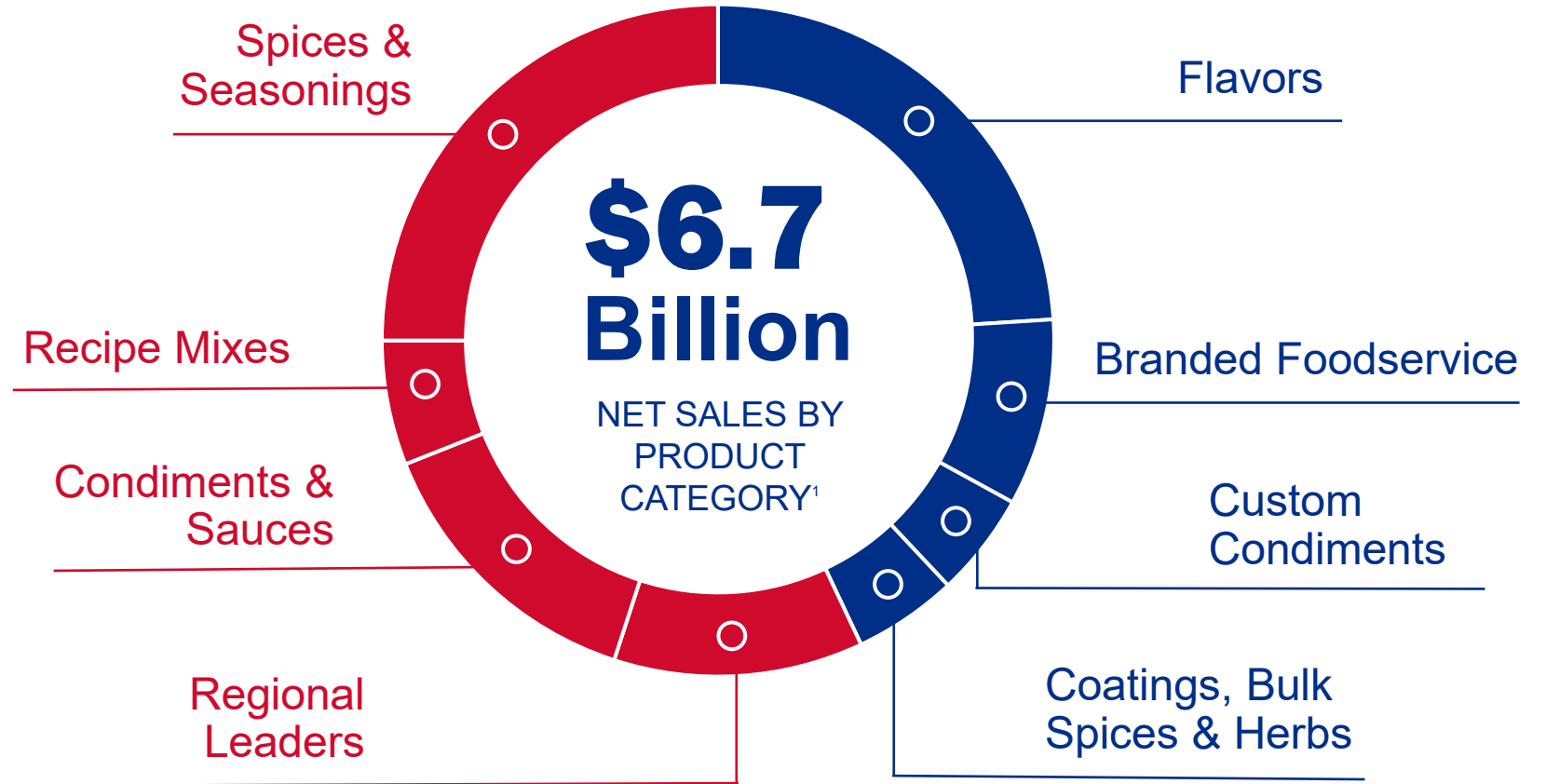
Every Format  
& Application

# Broad and Advantaged Global Flavor Portfolio



**CONSUMER – 57%**

**FLAVOR SOLUTIONS – 43%**



<sup>1</sup> 2024 Net Sales

# Others Compete for Calories ... *We Flavor Them*





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# Growth



# Projected Flavor Growth

**5 - 7%**

**Global CAGR  
2025 - 2027**

**3 - 5%**

**McCormick Markets' CAGR  
2025 - 2027**



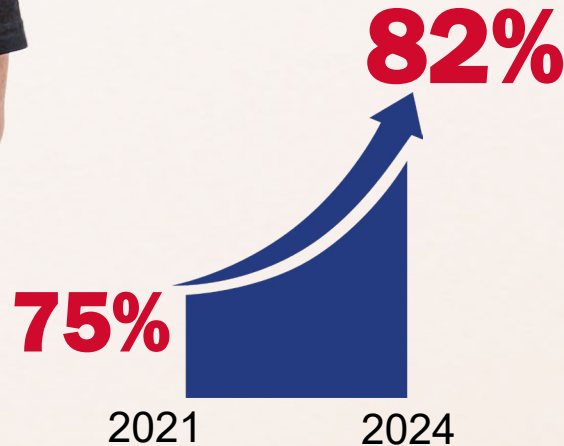
# Demand for Flavor Remains Strong

## Increased Desire to Eat Healthy and Explore New Flavors



“ *Healthy eating is important... Seasonings in my life are essential. Without flavor, food would be dull and mundane.* ”

Cook to **prepare healthier meals**



“ *I’m addicted to bold loud flavors.... Dressing and seasoning. It’s just like water. It’s what dictates everything. It drives the bus.* ”

**>65%**

Cook to explore new flavors

**>50%**

GEN Z tried new flavors in last year



Source: McCormick Global Pulse Survey Dec 2024 (U.S., Canada, Mexico, U.K., France, Spain, Italy, Poland, China and Australia).

# Heat Is More Than a Trend ... It Is a Sustainable Flavor Profile



“

*“I would describe food that is spicy as flavoursome, ethnic, cultured, and bursting with varying levels of taste. It takes you on a journey from flat to high.*

*- U.K. Consumer*

# Uniquely Positioned to Win in Heat with Global Iconic Brands and Connected Capabilities

1

From the Farm



2

In Our Labs and Research Centers



3

In Product Development



4

To Our Factories



# Delivering on Our Priorities



Strengthen global leadership in our core categories



Drive profitable growth and higher returns on investments



Accelerate our digital transformation



Build the next generation of leaders and capabilities



Expand our system of competitive advantages

# Our System of Competitive Growth Advantages

## Breadth and Reach of Focused Global Portfolio



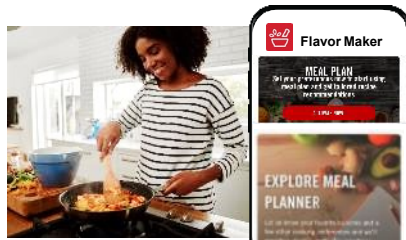
## Powerful Leading Brands



## Global Heat Platform



## Unmatched Consumer Insights



## Global Sourcing Expertise



## Acquisition Discipline and Integration



## Power of People Culture

# Leveraging Our Culture as a Strength

## Power of People



## Employee Engagement and Development



# Strategic Roadmap

**Our Purpose:** To Stand Together for the Future of Flavor™

**Our Vision:** A World United by Flavor—where Healthy, Sustainable and Delicious go Hand in Hand™

## GROWTH

### Win With Consumers and Customers

- Drive undisputed global leadership in herbs, spices and seasonings
- Advance leadership in global flavors
- Strengthen global heat leadership
- Expand branded condiments
- Accelerate new product innovation

## PERFORMANCE

### Win With Purpose-led Performance

- Expand system of competitive advantages
- Accelerate digital transformation
- Create value through higher returns on investments
- Drive operational excellence
- Strengthen organizational resiliency

## PEOPLE

### Win With Talent and Engagement

- Leverage our Power of People culture
- Elevate organizational effectiveness
- Foster an innovative and learning organization
- Promote an inclusive environment
- Build future leaders and capabilities

## McCORMICK PRINCIPLES

Passion for Flavor | Power of People | Taste you Trust | Driven to Innovate | Purpose-led Performance



# Differentiated in Flavor and Performance

## McCormick Is Flavor



- Flavor is an enduring trend
- Broad, flavor-focused global portfolio across two segments
- Unmatched connectivity to the consumer



## Robust Growth Plans



- Increased focus on profitable categories
- Proven CCI program
- Targeted high-return investments



## Proven Track Record



- Industry-leading performance
- Strong foundation and long-term fundamentals
- System of competitive advantages

# Reaffirming Our Sustainable Long-Term Objectives

**Net  
Sales**

**4 – 6%**

**Operating  
Income**

**7 – 9%**

**Earnings  
Per Share**

**9 – 11%**



# Confidence in Plans to Drive Organic Growth



# Intentionally Focused on High-Growth Categories

**Consumer Segment**

**Spices & Seasonings**



**Condiments & Sauces**



**Flavor Solutions Segment**

**Branded Food Service**



**Flavors**





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# Consumer





# Spices & Seasonings



# McCormick Brands Are Market Leaders



**#1** H&S Brand in the World



**#1** Australia & U.S.



**#1** France



**#1** United Kingdom



**#1** Canada



**#1** Grilling Segment U.S.



**#1** Gourmet Segment U.S.



**#1** Poland



# Our Integrated Building Blocks

Investing in **category leading advertising** focused on differentiation

Driving **robust category management**

Accelerating share of category **innovation**

Building on the success of **core renovation** to all segments

Continued investment in **revenue growth management**





McCormick®



Ducros®

# End-to-End Category Solution Winning with Shoppers

**Category Grew +2.2x**

Unit Growth Executed Stores vs. Non-Executed

**McCormick Grew +3.5x**

Unit Growth Executed Stores vs. Non-Executed



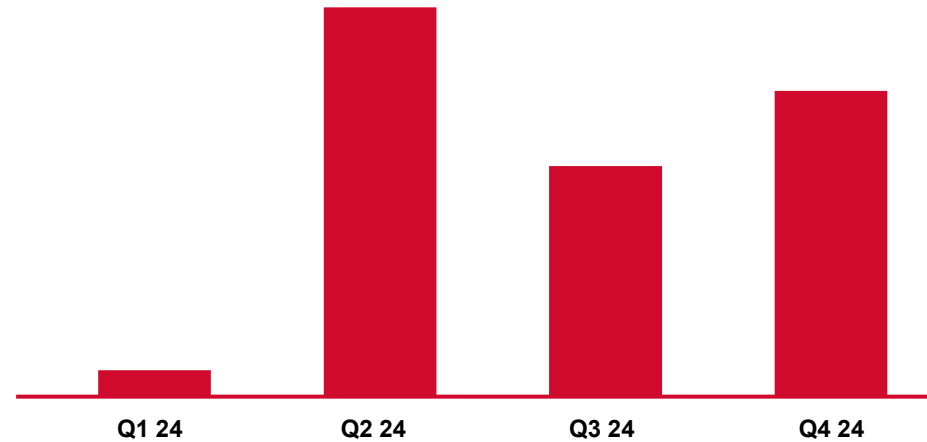
# Leading Edge Approach to Revenue Growth Management

## Driving Total Sequential Unit Improvement

~1/3

Growth Coming from Revenue Growth Management  
FY 2024

Units % Growth



# Driving Growth Globally with New Flavors and Formats

**2024 New Products  
Doubled Sales  
Contribution Since 2022**



**Continued Innovation in 2025**

# End-to-End Category Solution Winning with Shoppers

## Red Cap Packaging Renovation

**+14% Velocity**  
Average Weekly Units



Convenient Flavor Name and Prominent Best-by Date

Freshness You Can Hear and Smell

Snap Tight™ Lid Audibly Snaps and Seals Aroma In

Freshness You Can See and Taste

Long-lasting and Visibly Fresher Flavor

# Continued Renovation Across Portfolio

**Grill Mates 2025**  
Winning on Trust, Quality  
and Freshness



**Gourmet 2025**  
Providing Consumers with  
Countertop-worthy Design



# Our Strategies Are Working

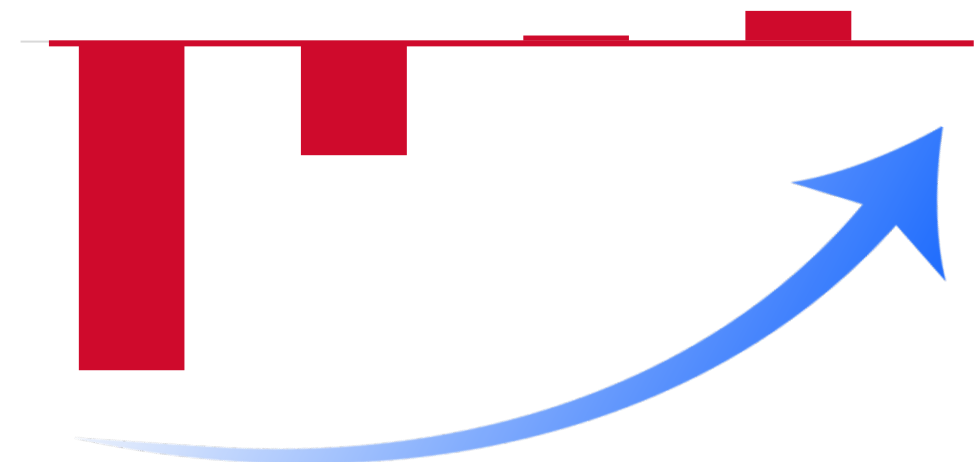
**+2.3%** U.S. Unit Change vs YA  
FY 2024

**+3.8%** U.S. Distribution vs YA  
Q1 2024 - Q4 2024



## U.S. Volume Share

Q1 24      Q2 24      Q3 24      Q4 24





# Condiments & Sauces

# McCormick Positioned to Win in Condiments & Sauces

## Global Brand Leader



**#1**

Hot Sauce



**#1**

Mexican Hot Sauce



**#1**

Mustard

## Regional Brand Leader



**#1**

Marinade U.S.



**#1**

Mayonnaise Mexico



**#1**

Premium BBQ U.S.



**#2**

Ketchup China



**#1**

Mustard Poland

# 3 Growth Pillars

Building  
**Hot Sauce**  
to Be the **Condiment of  
the Next Generation**

Strengthening  
**Mustard  
Leadership**

Growing Our **Regionally  
Strong Condiments  
and Sauces**



# Building Hot Sauce Behind Our Powerful Brands

**Recruit**

**Innovate**

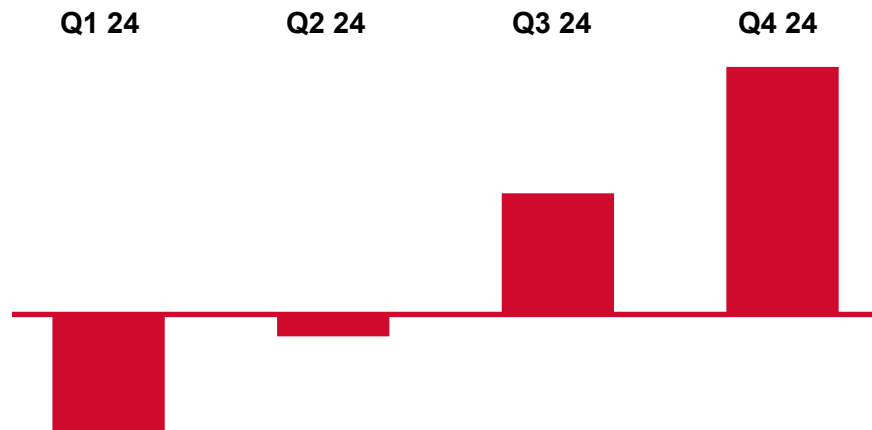
**Expand**



# Changing U.S. Share Trajectory on Frank's RedHot

## Frank's RedHot Growing Units Behind Strong Plans

Franks RedHot Unit Sales % Change

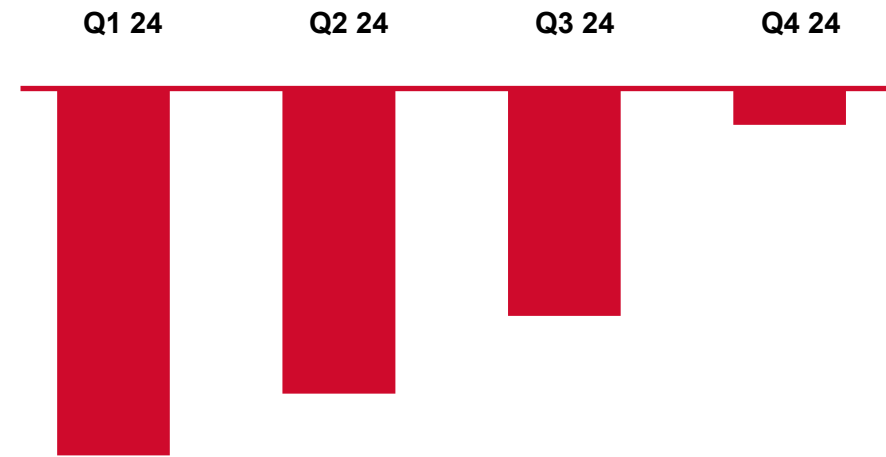


Source: Circana Total US-Multi Outlet, Unit Sales % Change vs. YA, from Q1 2024- Q4 2024.



## Resulting in Sequential Improvement

Frank's RedHot Unit Share Change vs. YA



Source: Circana Total US-Multi Outlet, Unit Share of Segment Change vs. YA, from Q1 2024- Q4 2024.

# Driving Cholula Incrementality Beyond Hot Sauce



**+75%**  
Incremental to  
Cholula brand



..... AUTHENTIC MEXICAN FLAVOR .....

Source: Circana Total US- All Outlets, Latest 52 Weeks Ending Dec-29-2024

# Continue Expanding Our Hot Sauce Footprint Globally

## Canada



**#1 Hot Sauce Company**

## United Kingdom



**#1 Hot Sauce SKU Overall**

## Australia



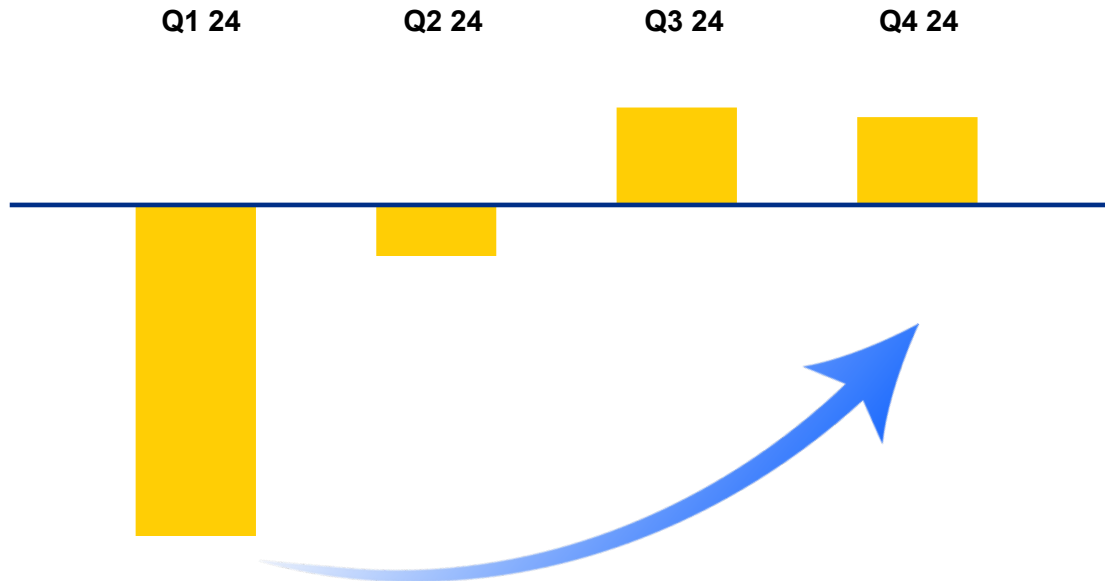
**Double-Digit Growth**

Source: CA: NielsenIQ – GDM ending 01/25/2025; . UK: NielsenIQ Retail Measurement - Total UK - Unit Sales - Hot Sauce Category - 52w Ending 01/25/2025; AUS: Circana L52 weeks ending 1/25/2025

# Strengthening Mustard Leadership

## Improving French's U.S. Unit Share Trajectory

Unit Share Chg. vs. YA



## Launching On-Trend Flavors and Formats



Source: Circana Total US-Multi Outlet, Unit Share Change vs. YA, Latest 52 Weeks Ending 10-08-24, Fiscal Year to Date Ending 10-08-2024 and Latest 13 Weeks Ending 12/01/2024

# Driving Growth in Condiments and Sauces with Innovation



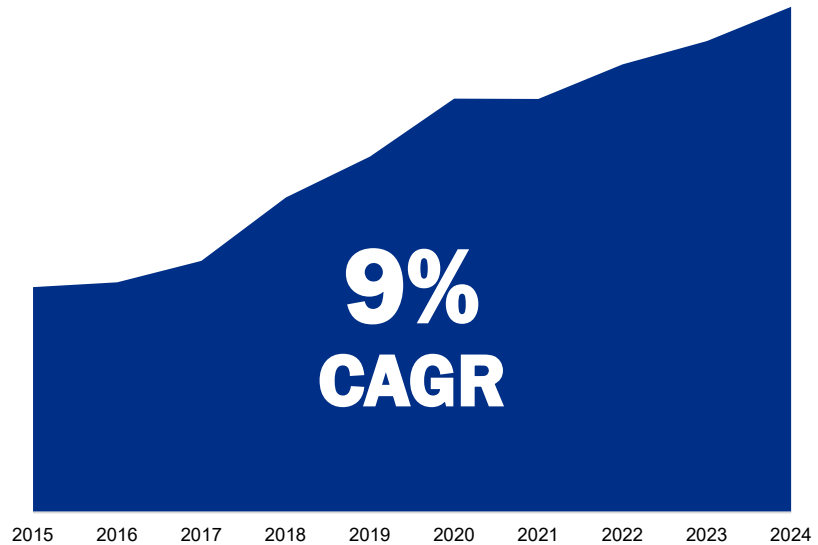
# Heating Up Excitement with Frank's RedHot



# Reaching Consumers with Strong Brand Marketing

96% Share of Voice

Continuing to Invest in Working Media to Drive Incremental Brand Growth



Annual Working Media Investment<sup>1</sup>

<sup>1</sup> 2015-2024 CAGR Americas Consumer





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# Flavor Solutions



# A Diverse Global Flavor Solutions Portfolio

## Flavors

### Product type

- Seasonings
- Specialty flavors

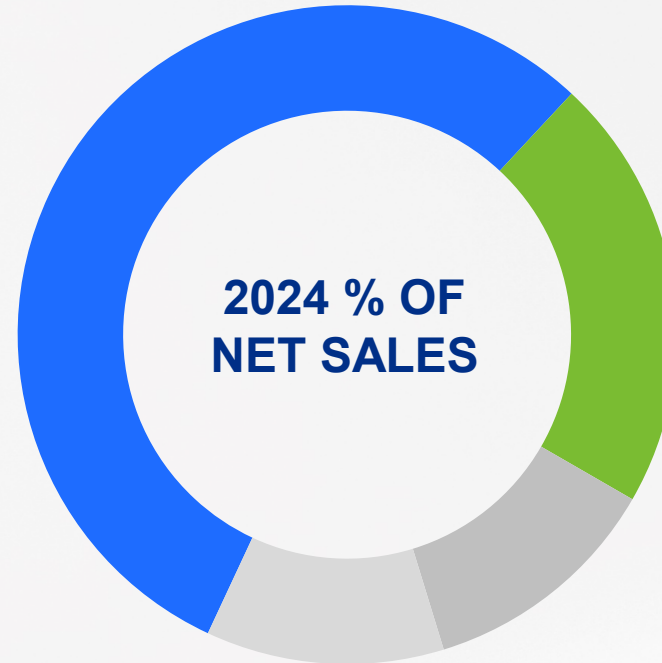
### Taste competencies

- Savory, heat, naturally sweet, citrus & fruit

### Primary customer base

- CPG manufacturers
- Consumer health companies
- Internal McCormick

Value-add and technically insulated



## Branded Foodservice

### Product type

- Branded spices, seasonings, condiments and sauces
- Private label spices and seasonings

### Primary customer base

- Broadline and regional distributors
- Restaurants
- E-commerce

Significant brand equity

## Custom Condiments, Coatings & Ingredients

Product type: Custom condiments and sauces, sweet syrups, bulk spices, protein coating systems

Primary customer base: Quick service & casual dining restaurants





# Branded Foodservice





# Strengthening Our Branded Foodservice Leadership



Restaurants

Delivery & Take-out

Stadiums & Venues



# Investing to Continue Our Growth Momentum

Increasing  
**Innovation and  
Renovation**

**Reaching  
Consumers and  
Operators**  
with Brand Marketing

Expanding Our  
**Channel Presence**



# Reaching Consumers on Menus and in Restaurants

## New Flavors



## Packaging Innovation



# Expanding Our Channel Presence

## Retail Foodservice



## Hispanic Channel



## Non-Commercial Sector





# Flavors



We are the **SECRET** \_\_\_\_\_ for your **Favorite** \_\_\_\_\_



# Attractive Flavor Industry

**Large Market  
Opportunity**

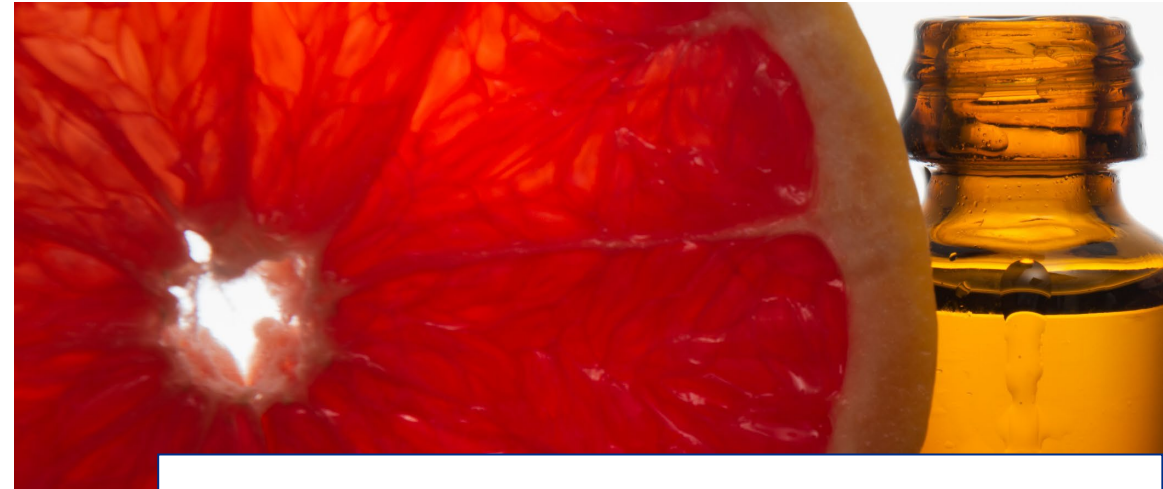
**Technically  
Insulated**

**Attractive  
Margin Profile**



# Our Leadership in Global Flavors

## Global Leadership in Seasonings



# #1

Flavor House in North  
America



# Distinctly Positioned From Other Flavor Houses



**100% Focused on Flavor**



**Culinary  
foundation and  
food heritage**



**Global consumer  
brand leader with  
strength in insights**



**Leading expertise  
in spices and  
seasonings**



**Core taste  
competencies in  
savory and heat**

# Focused on Right-to-Win Taste Competencies

## SAVORY



## HEAT

# Focused on Right-to-Win Taste Competencies

## NATURALLY SWEET



## CITRUS & FRUIT

# Leverage Our Strength in Seasonings

**Expand Geographically**



**Capitalize on Savory and Heat**



**Develop Naturally Sweet Further**



# Building Specialty Flavors Scale and Expertise



Amplifying the Power  
of McCormick, Giotti  
and FONA



Investing in Talent and  
Technologies



# Partnering With Customers to Address Evolving Trends

## Preferences Change and the Need for Flavor Continues

### HEALTH-CONSCIOUS CONSUMERS



Clean & Natural, Health & Wellness

### HIGH-GROWTH CATEGORIES



Consumer Health, Low / No Alcohol, Savory Snacks

### REGULATION



High Fat, Sugar, Salt, Coloring and Artificial Ingredients





**Distinctly Positioned Based  
on Our Strengths and  
Go-to-Market Approach**

# No One Knows Flavor Like McCormick

**Mc**  
**FLAVOR FORECAST**

25<sup>TH</sup> EDITION

**Flavor**  
OF THE  
YEAR

**AJI AMARILLO**  
"YELLOW CHILE PEPPER"





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# Performance



# Achieving Top-Tier Performance



**Building on a  
Proven Track  
Record**

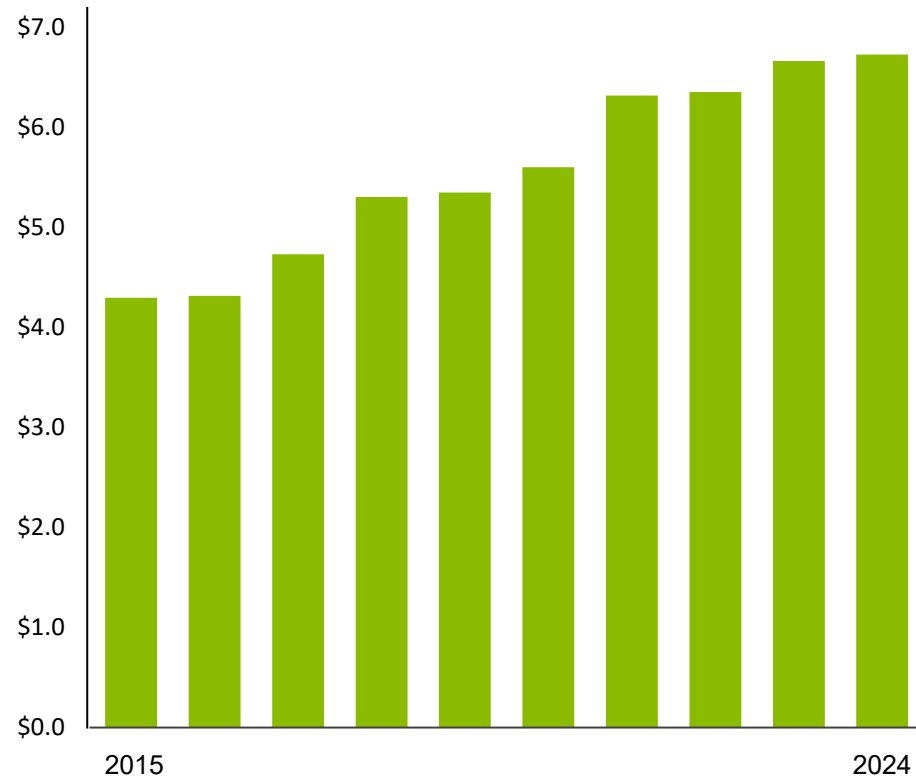
**Reaffirming  
Sustainable Long-  
Term Objectives**

**Generating Strong  
Cash Flow with  
Disciplined  
Capital Allocation**

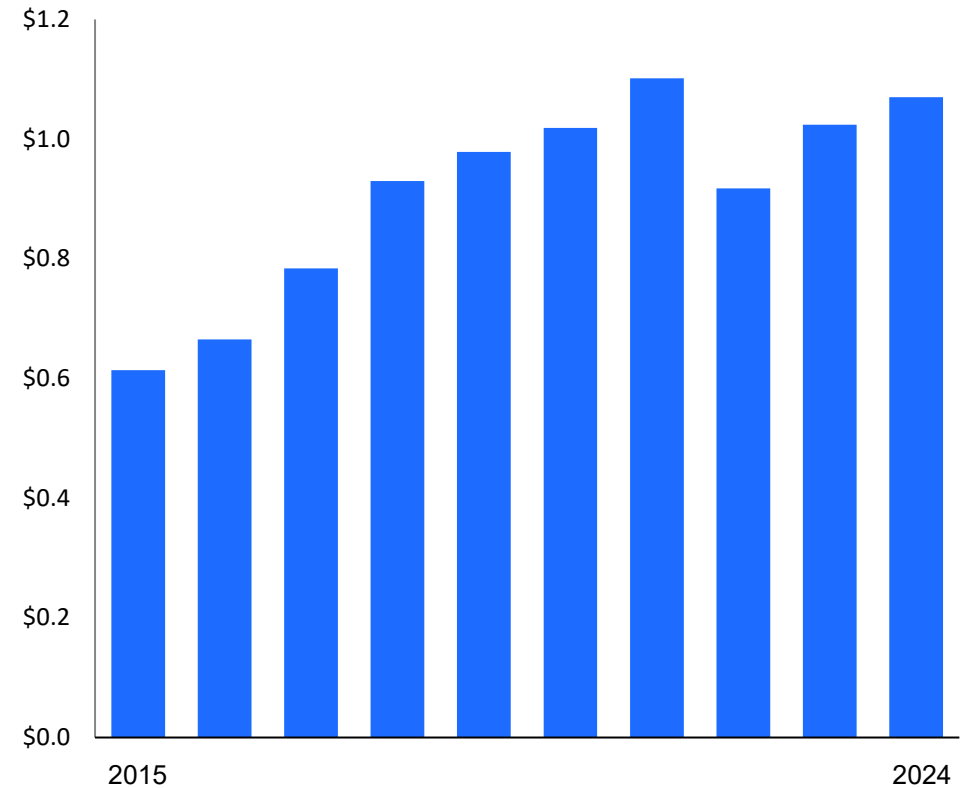


# Proven Track Record

## Net Sales<sup>1</sup>



## Adjusted Operating Income



<sup>1</sup> Net sales amounts as reported prior to recast for adoption of Revenue Recognition ASU as recast information not available for 2015. Recast trend expected to be consistent.

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

# Historical Volume-Led Organic Sales Growth 2015 - 2024

**Organic Sales Growth CAGR**

**4%**

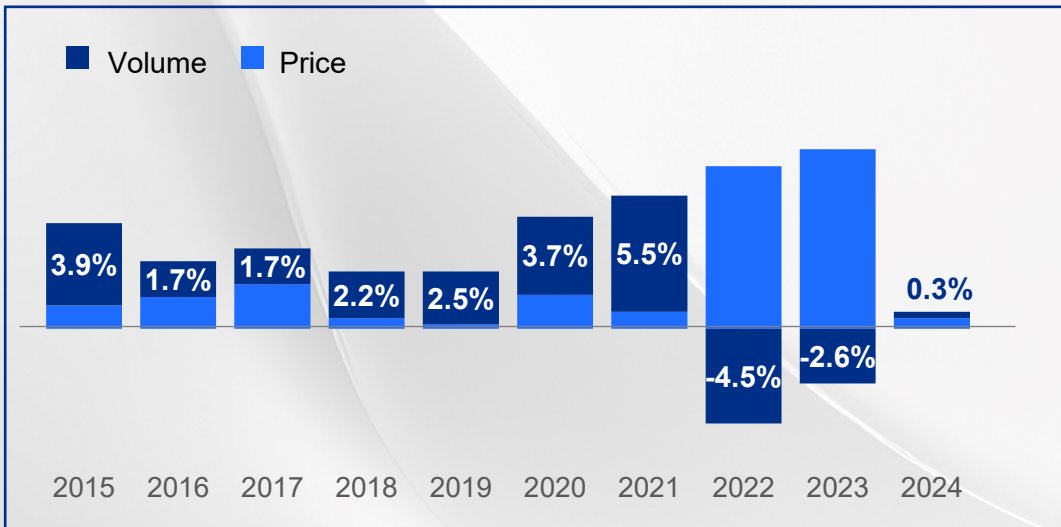
**Acquisition Contribution**

**+**

**2%**

**=**

**6%**



In constant currency. Net sales amounts as reported prior to recast for adoption of Revenue Recognition ASU as recast information not available for 2015. Recast trend expected to be consistent. See reconciliation of GAAP to non-GAAP financial measures, including the impact of currency, in the in the appendix.

# Reaffirming Our Sustainable Long-Term Objectives

**Net  
Sales**

**4 – 6%**

**Operating  
Income**

**7 – 9%**

**Earnings  
Per Share**

**9 – 11%**



# Long-Term Objectives: Net Sales



# Confidence in Plans to Drive Organic Growth



Organic  
~3 to 4%  
Growth

# Organic Growth Drivers

## Consumer

### **Spices & Seasonings + Condiments & Sauces**

- Invest in enhanced brand marketing
- Increase in distribution points
- Launch renovation and new packaging
- Drive innovation in line with consumer insights
- Leverage revenue growth management
- Expand in high-growth markets and channels

## Flavor Solutions

### **Flavors**

- Invest behind taste competencies
- Leverage strength in Seasonings
- Expand in high-growth markets

### **Branded Foodservice**

- Leverage brand power
- Increase innovation and renovation
- Expand in emerging channels



# Acquisitions a Key Growth Lever

**Value creation with sales, margin and earnings accretion**

**Timely and successful integration**

**EVA and ROIC focus**

## Pipeline Strategy

**Fits  
Strategic  
Vision**

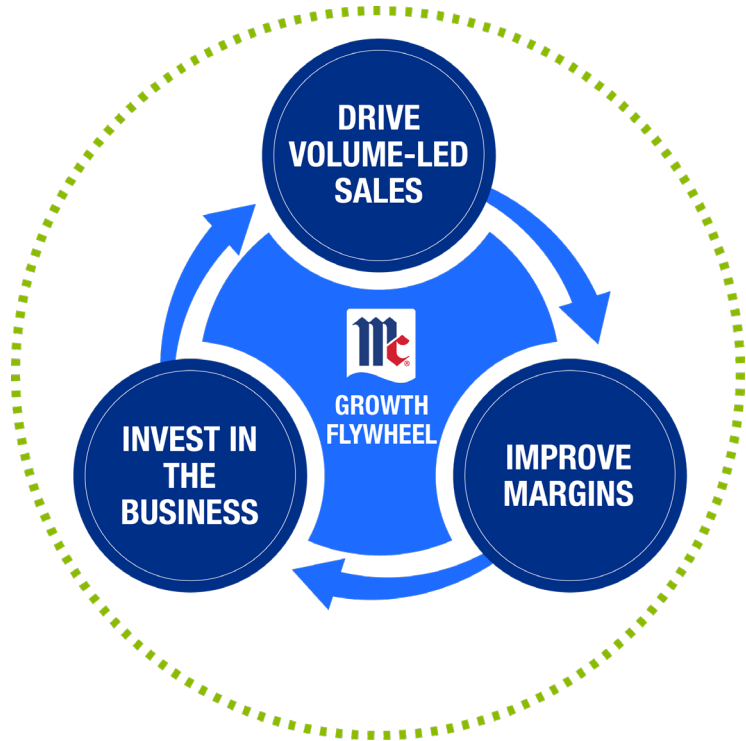
**Meets  
Financial  
Thresholds**

**Drives  
Shareholder  
Value**

## Disciplined Financial Criteria

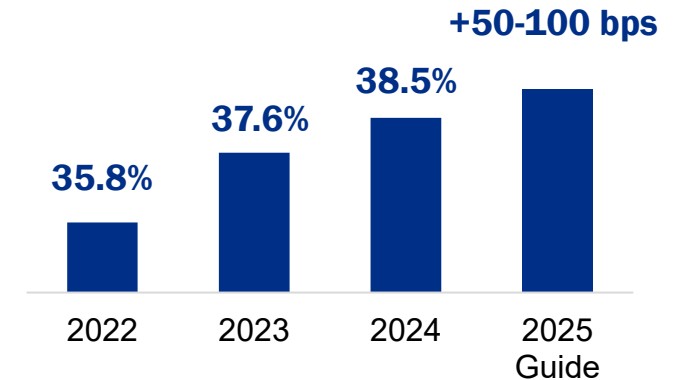
**Proven Track Record of Successful Acquisitions and Integrations**

# Drive Margin Expansion and Invest for Growth

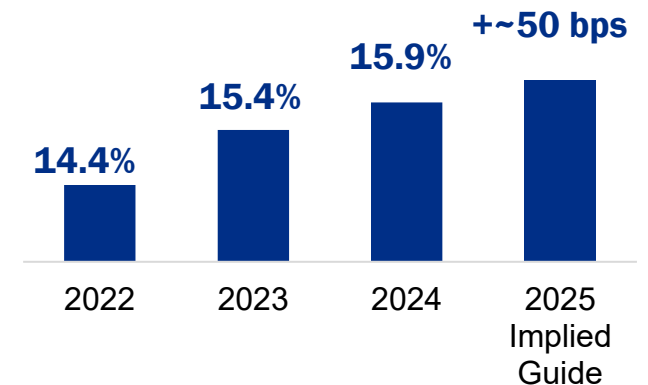


- ✓ Optimize portfolio and mix favorability
- ✓ Deliver CCI savings
- ✓ Prioritize investments to drive value
- ✓ Improved operating profit through gross margin

## Gross Margin Expansion



## Operating Margin Expansion



**Targeting Operating Margin of 17.5% by 2028**

# Improving Flavor Solutions Operating Margin



# Investing to Drive Profitable Growth

**Brand Marketing**



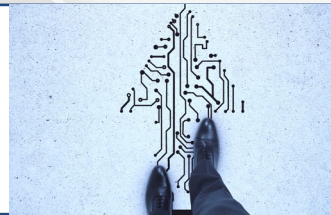
**Category Management**



**Innovation & R&D**



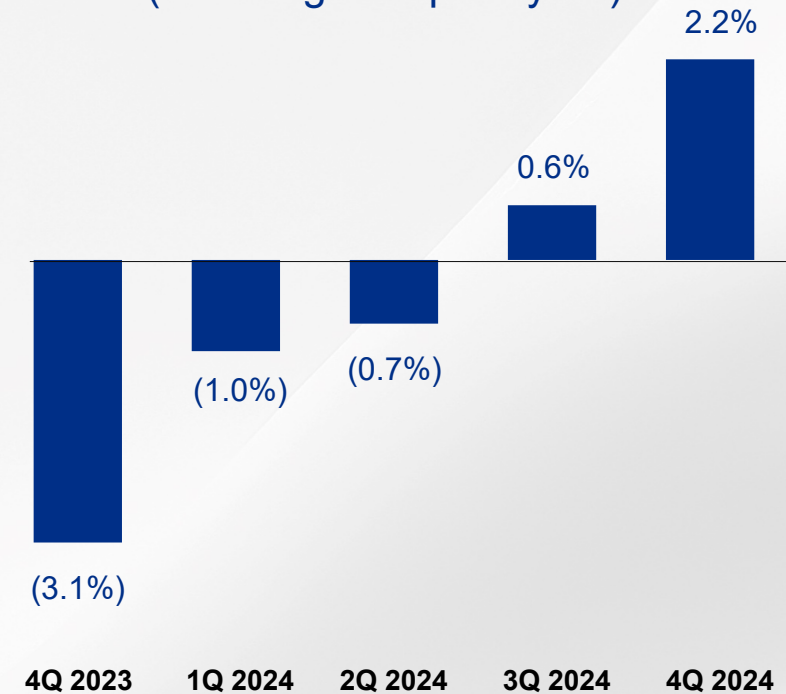
**Digital Transformation**



## Organic Volume Sales Trend

### Total McCormick

(% change vs. prior year)



# Digital Transformation Priorities

## Growth

**Driving Demand Generation**



**Accelerating Product Innovation**



**Optimizing Retail Execution**



## Performance

**Enhancing Operational Efficiency**



## People

**Elevating Talent & Ways of Working**



**Data & Insights**

| AI Strategy and Data Governance

**Process Simplification**

| Global Business Solutions and Automation



**Enterprise Foundation**

| Enterprise Resource Planning and Data Lake



# Elevating Digital Capabilities to Drive Growth

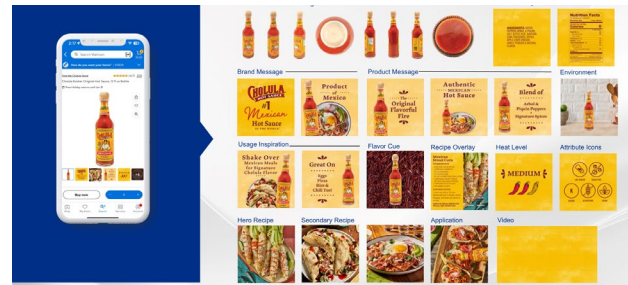
**Meeting Consumers Where They Are with Targeted Content**



**Enhancing Revenue Growth Management Capabilities**



**Digitizing Path to Purchase with Integrated Digital Ecosystem**



**Driving Faster Insight Driven Innovation**

**IDEA SHAKER**



**Strengthening Growth Competitive Advantages with Technology**

# Enhancing Operational Efficiency

## Driving Efficiency in Sourcing and Procurement



## Enhancing Shop Floor Connectivity and Automation



## Improving Predictability in Demand and Supply Planning



**Strengthening Supply Chain Capabilities with Data Analytics and Automation**

# Disciplined Capital Allocation Priorities

## Generating Strong Cash Flow

Investments to  
Drive Growth

Returns to  
Shareholders

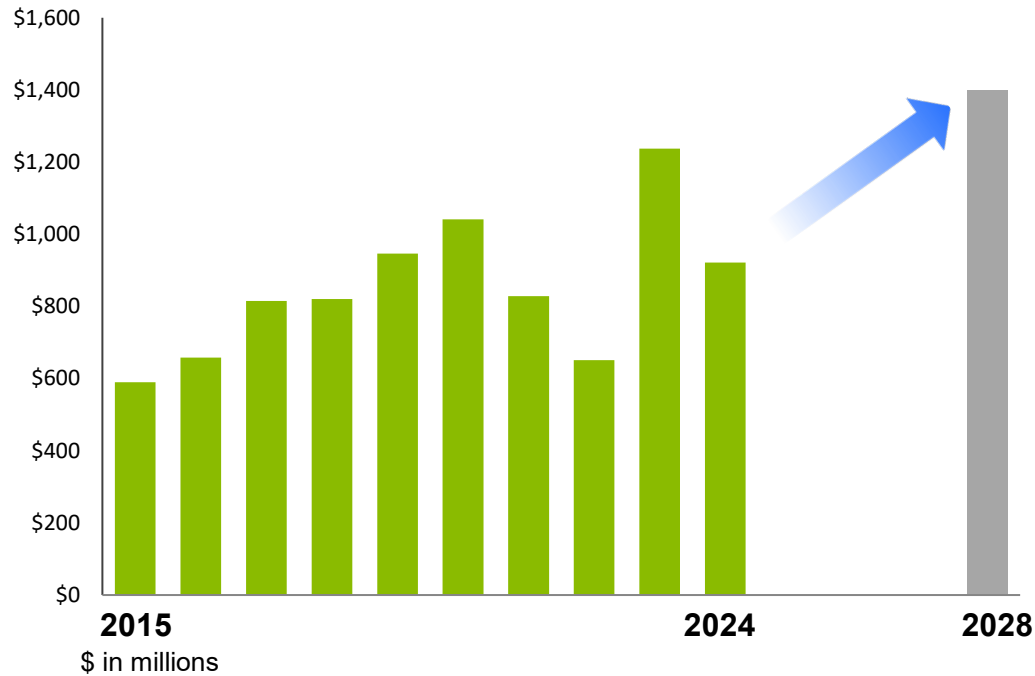
Strong and Flexible  
Balance Sheet

## Balanced Use of Cash

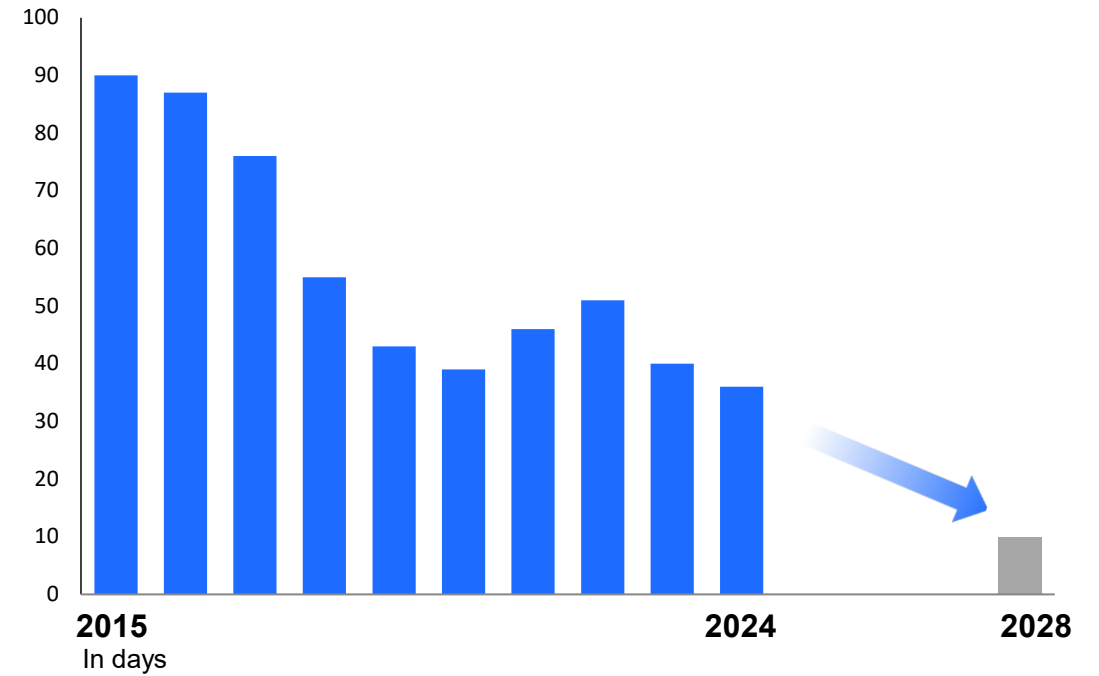


# Generating Strong Cash Flow

## Operating Cash Flow



## Cash Conversion Cycle (days)



**>95% of Net Income Converted to Free Cash Flow**

# Strategic Capital Investments to Support Growth

**Invest in Capacity**



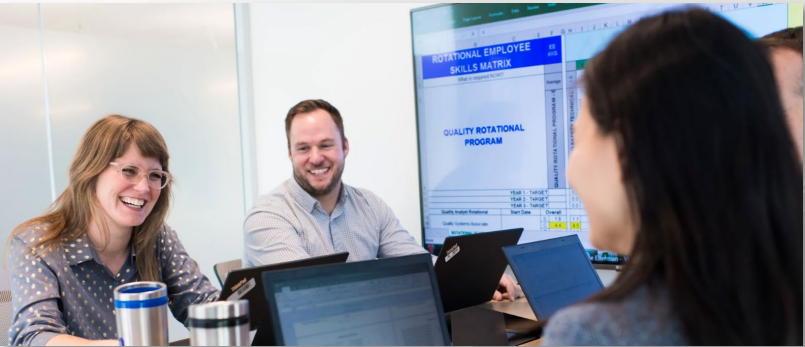
**Strengthen Capabilities**



**Advance Cost Savings and Efficiencies**



**Accelerate Our Digital Transformation**



**Capital Investments Targeted at 3.5 - 4% of Net Sales**

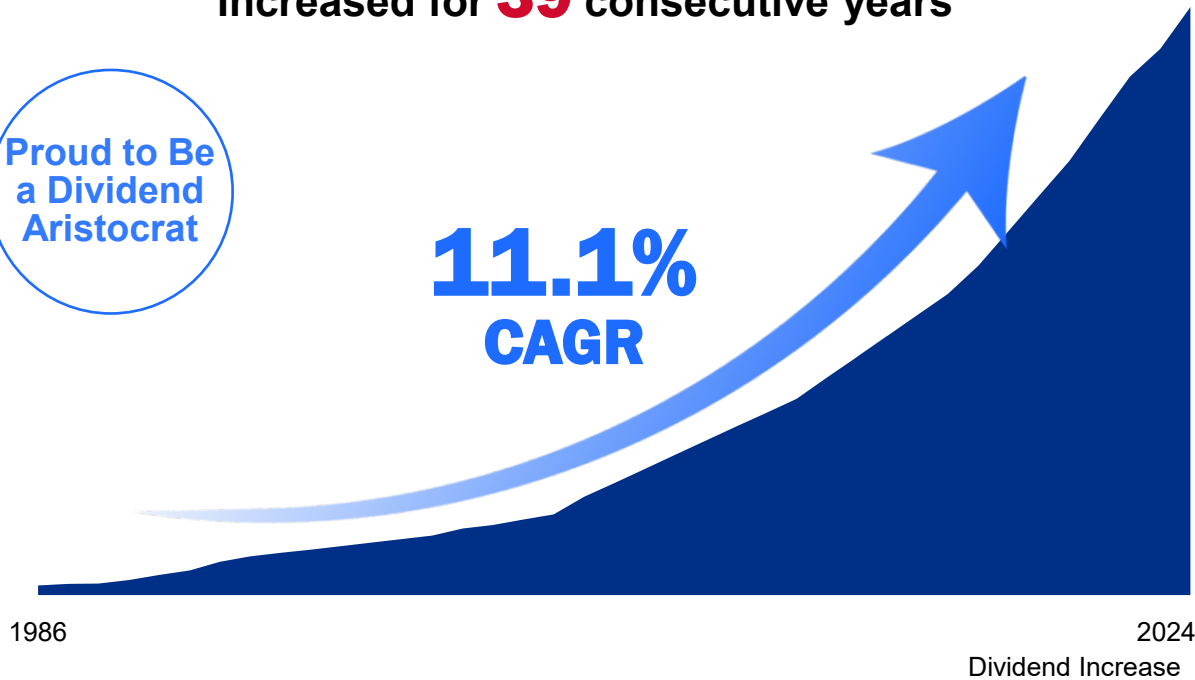
# Returning Cash to Shareholders and Maintaining Balance Sheet Flexibility

## Dividend

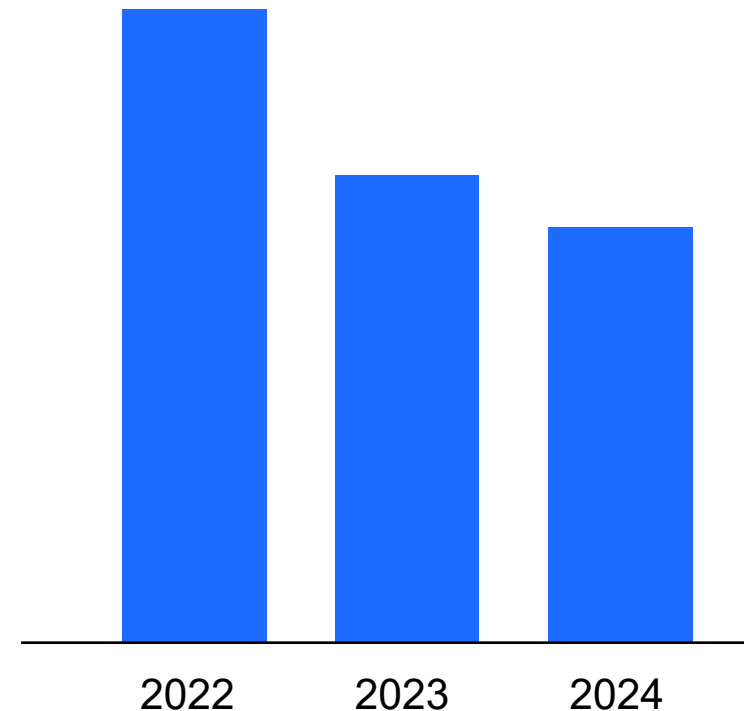
**101** years of continuous dividend payments  
Increased for **39** consecutive years

Proud to Be  
a Dividend  
Aristocrat

**11.1%**  
CAGR



## Leverage Ratio



Expect to  
continue to  
de-lever

# Reaffirming Our 2025 Outlook

	Reported Currency	Constant Currency
<b>Net sales growth</b>	<b>0% to 2%</b>	<b>1% to 3%<sup>1</sup></b>
<b>Adjusted operating income growth</b>	<b>3% to 5%</b>	<b>4% to 6%</b>
<b>Adjusted earnings per share</b>	<b>\$3.03 to \$3.08</b>	
<b>Adjusted earnings per share growth</b>	<b>3% to 5%</b>	<b>5% to 7%</b>

1. Organic sales, defined as the impact of volume/mix and price and excludes the impact of acquisitions or divestitures, as applicable, and foreign currency, growth is expected to be a 1% to 3% increase over the 2024 level.  
 Financial measures which we refer to as "adjusted" are Non-GAAP financial measures. See the accompanying Non-GAAP information and reconciliations in the appendix.



# 2028 Objectives

**Net Sales**

**Organic sales growth<sup>1</sup>**

**At least \$8 billion**

**~3% - 4% CAGR<sup>2</sup>**

**Operating income growth**

**Operating margin expansion**

**At least 7% CAGR<sup>2</sup>**

**~200 bps to ~17.5%**

**Earnings per share growth**

**At least 9% CAGR<sup>2</sup>**

1. Organic sales, defined as the impact of volume/mix and price and excludes the impact of acquisitions or divestitures, as applicable, and foreign currency.

2. 2023-2028 CAGR in constant currency





Advancing Our Leadership and Differentiation | CAGNY 2025

# Non-GAAP Reconciliations



# Non-GAAP Financial Measures

The following tables include financial measures of organic net sales, 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.

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; however, they should not be viewed as a substitute for, or superior to, GAAP results. Furthermore, these non-GAAP financial measures may not be comparable to similarly titled measures of other companies, as they may calculate them differently than we do. We intend to continue providing these non-GAAP financial measures as part of our future earnings discussions, ensuring consistency in our financial reporting. A reconciliation of these non-GAAP financial measures to the related GAAP financial measures is provided below:



# Reconciliation of Non-GAAP Financial Measures

(in millions except per share data)

	Year Ended	
	11/30/2024	11/30/2023
Operating income	<b>\$1,060.3</b>	\$963.0
Impact of special charges	<b>9.5</b>	61.2
Adjusted operating income	<b>\$1,069.8</b>	\$1,024.2
% (decrease) increase versus year-ago period	<b>4.5%</b>	
Operating income margin <sup>(1)</sup>	<b>15.8%</b>	14.5%
Impact of special charges	<b>0.1%</b>	0.9%
Adjusted operating income margin <sup>(1)</sup>	<b>15.9%</b>	15.4%
Income tax expense	<b>\$184.0</b>	\$174.5
Impact of special charges	<b>2.4</b>	14.5
Adjusted income tax expense	<b>\$186.4</b>	\$189.0
Income tax rate <sup>(2)</sup>	<b>20.5%</b>	21.8%
Impact of special charges <sup>(2)</sup>	<b>— %</b>	0.2%
Adjusted income tax rate <sup>(2)</sup>	<b>20.5%</b>	22.0%
Net income	<b>\$788.5</b>	\$680.6
Impact of special charges	<b>7.1</b>	46.7
Adjusted net income	<b>\$795.6</b>	\$727.3
% (decrease) increase versus year-ago period	<b>9.4%</b>	
Earnings per share - diluted	<b>\$2.92</b>	\$2.52
Impact of special charges	<b>0.03</b>	0.18
Adjusted earnings per share - diluted	<b>\$2.95</b>	\$2.70
% (decrease) increase versus year-ago period	<b>9.3%</b>	

- 1) Operating income margin, impact of special charges, and adjusted operating income margin are calculated as operating income, impact of special charges, and adjusted operating income as a percentage of net sales for each period presented.
- 2) Income tax rate is calculated as income tax expense as a percentage of income from consolidated operations before income taxes. Adjusted income tax rate is calculated as adjusted income tax expense as a percentage of income from consolidated operations before income taxes excluding special charges of \$907.8 million and \$859.9 million for the year ended November 30, 2024 and 2023, respectively.



# Reconciliation of 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 time. 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. To present the compounded annual growth rates (“CAGR”) percentages in sales on a constant currency basis, sales for entities reporting in currencies other than the U.S. dollar are translated into U.S. dollars at the company's budgeted exchange rate for 2023 for all periods.

A reconciliation of McCormick’s actual CAGR and constant currency CAGR for the period from December 1, 2014 to November 30, 2024 follows:

	<u>Total Sales</u>	<u>Organic Sales</u>	<u>Acquisition Contribution</u>
CAGR – Net sales	5%	3%	2%
Impact of foreign currency exchange rates	1%	1%	0%
CAGR – Net sales on a constant currency basis	6%	4%	2%



# Reconciliation of Non-GAAP Financial Measures

To present the percentage change in projected 2025 net sales, adjusted operating income, and adjusted earnings per share (diluted) on a constant currency basis, the projected local currency net sales, adjusted operating income, and adjusted net income for entities reporting in currencies other than the U.S. dollar are translated into U.S. dollars at forecasted exchange rates. These figures are then compared to the 2025 local currency projected results, which are translated into U.S. dollars at the average actual exchange rates in effect during the corresponding months of fiscal year 2024. This comparison determines what the 2025 consolidated U.S. dollar net sales, adjusted operating income, and adjusted earnings per share (diluted) would have been if the relevant currency exchange rates had not changed from those of the comparable 2024 periods.

	Projection for the Year Ending November 30, 2025
Percentage change in net sales	0% to 2%
Impact of unfavorable foreign currency exchange	1%
Percentage change in net sales in constant currency	<u>1% to 3%</u>
Percentage change in adjusted operating income	3% to 5%
Impact of unfavorable foreign currency exchange	1%
Percentage change in adjusted operating income in constant currency	<u>4% to 6%</u>
Percentage change in adjusted earnings per share — diluted	3% to 5%
Impact of unfavorable foreign currency exchange	2%
Percentage change in adjusted earnings per share in constant currency — diluted	<u>5% to 7%</u>

# Reconciliation of Non-GAAP Financial Measures

The following provides a reconciliation of our estimated earnings per share to adjusted earnings per share for 2025 and actual results for 2024:

	Year Ended	
	2025 Projection	11/30/2024
Earnings per share - diluted	\$2.99 to \$3.04	\$2.92
Impact of special charges	0.04	0.03
Adjusted earnings per share - diluted	\$3.03 to \$3.08	\$2.95

# Reconciliation of Non-GAAP Financial Measures

We define free cash flow as net cash provided by operating activities less capital expenditures (including expenditures for capitalized software) for a period. Free cash flow is considered a non-GAAP financial measure. Management believes, however, that free cash flow, which measures our ability to generate additional cash from our business operations, is an important financial measure for use in evaluating the company's financial performance. Free cash flow should be considered in addition to, rather than a substitute for, consolidated net income as a measure of our performance and net cash provided by operating activities as a measure of our liquidity. Additionally, our definition of free cash flow is limited, in that it does not represent residual cash flows available for discretionary expenditures, due to the fact that the measure does not deduct the payments required for debt service and other contractual obligations or payments made for business acquisitions. Therefore, we believe it is important to view free cash flow as a measure that provides supplemental information to our Consolidated Statement of Cash Flows.

The following table sets forth a reconciliation of free cash flow, a non-GAAP financial measure, to net cash provided by operating activities, which we believe to be the GAAP financial measure that is most directly comparable to free cash flow as well as information regarding our free cash flow as a percentage of net income from the period December 1, 2014 to November 30, 2024.

	For the period from December 1, 2014 to November 30, 2024
Operating cash flow	\$8,511.7
Less: Capital expenditures	<u>2,111.5</u>
Free cash flow	\$6,400.2
Net income	\$6,641.2
Free cash flow as a percentage of net income	96%