



**TO
STAND
TOGETHER
FOR THE
FUTURE OF
FLAVOR.**

McCormick & Company, Inc.
2021 Annual Shareholders Meeting



Sizzle Video



Lawrence Kurzious

Chairman, President And
Chief Executive Officer





Lawrence Kurzious

Chairman, President And
Chief Executive Officer



**OUR
PURPOSE:
TO STAND
TOGETHER
FOR THE
FUTURE OF
FLAVOR**



**WIN WITH
LEADERSHIP,
RESULTS,
AND TALENT**



me[®]

DELIVERED TOP TIER FINANCIAL PERFORMANCE

Sales, EPS,
Cash Flow
And Dividends



EMERGED STRONGER THROUGH COVID

Increased
Capacity And
Resilience



ACQUIRED CHOLULA

A Premium
Mexican
Hot Sauce



ACQUIRED FONA

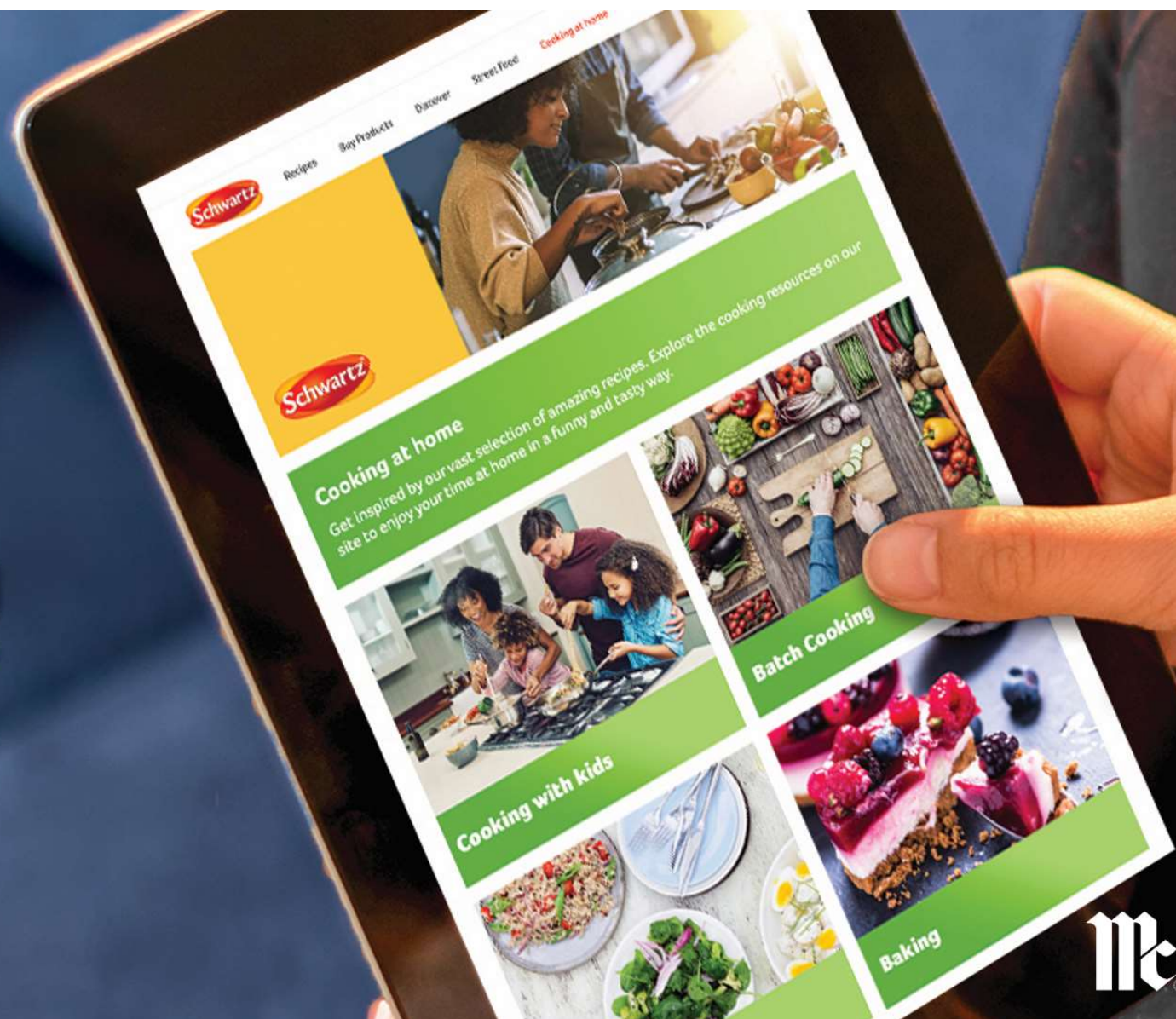
A Leading
North American
Flavor House



**GAINED
MILLIONS
OF NEW
CONSUMERS**

#1 U.S. FOOD BRAND

Gartner L2 Digital IQ Index 2020



Mc

**TRANSFORMING
TO CREATE
CAPACITY**



STANDING WITH OUR EMPLOYEES & COMMUNITIES

Health, Safety And
Social Justice



**RECEIVED
RECOGNITION
FOR OUR
PURPOSE-LED
PERFORMANCE**



Most Sustainable Corporations in the World

GLOBAL100



BARRON'S

**Most
Sustainable
Companies
2021**



FORMAL BUSINESS





Jeffery Schwartz

Vice President, General Counsel
And Corporate Secretary



FORMAL BUSINESS



FORMAL BUSINESS



FORMAL BUSINESS





Anne Bramman



Michael Conway



Freeman Hrabowski



Lawrence Kurzius



Patricia Little



Michael Mangan



Maritza Montiel



Margaret Preston



Gary Rodkin



Jacques Tapiero



W. Anthony Vernon

FORMAL BUSINESS



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FORMAL BUSINESS



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FORMAL BUSINESS



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FORMAL BUSINESS



FORMAL BUSINESS



FORMAL BUSINESS



FORMAL BUSINESS



FINANCIAL PERFORMANCE





Mike Smith

Executive Vice President
And Chief Financial Officer

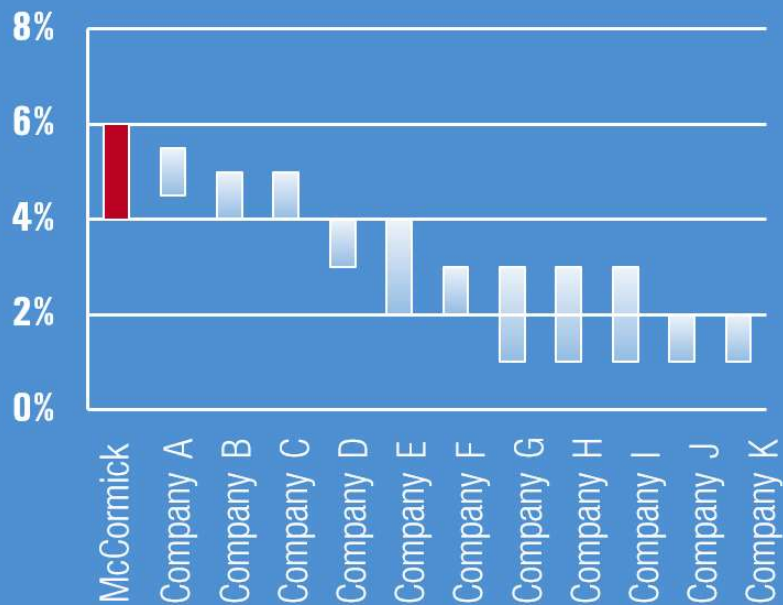


FINANCIAL OBJECTIVES AND 2020 RESULTS

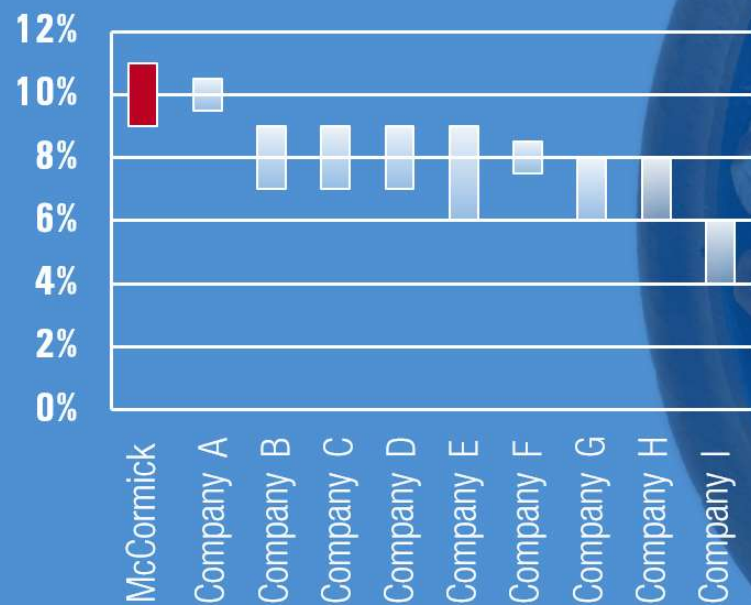


DIFFERENTIATED BY TOP-TIER FINANCIAL OBJECTIVES

LONG-TERM SALES GROWTH TARGET



LONG-TERM ADJUSTED EPS GROWTH TARGET



DELIVERING ON LONG-TERM GROWTH OBJECTIVES

SALES GROWTH

ADJUSTED OPERATING INCOME

ADJUSTED EARNINGS PER SHARE

In constant currency

2016-2020
5-YEAR CAGR

+7%

+11%

+11%

LONG-TERM
OBJECTIVES

+4-6%

+7-9%

+9-11%



The non-GAAP measures included herein, which we refer to as "adjusted", exclude the impact of items affecting comparability between periods. See reconciliation of GAAP to non-GAAP financial measures on slides 75 to 82, including the impact of constant currency.

2020 RESULTS

SALES GROWTH

In constant currency

+5%

- + CONSUMER SEGMENT GROWTH
- FLAVOR SOLUTIONS SEGMENT DECLINE

The non-GAAP measures included herein, which we refer to as "adjusted", exclude the impact of items affecting comparability between periods. See reconciliation of GAAP to non-GAAP financial measures on slides 75 to 82, including the impact of constant currency.



Mc

2020 RESULTS

ADJUSTED OPERATING INCOME

In constant currency

+5%

- + HIGHER SALES
- + PRODUCT MIX
- + CCI-LED COST SAVINGS
- COVID-19 COSTS
- HIGHER SG&A

The non-GAAP measures included herein, which we refer to as "adjusted", exclude the impact of items affecting comparability between periods. See reconciliation of GAAP to non-GAAP financial measures on slides 75 to 82, including the impact of constant currency.



me

2020 RESULTS: CONSUMER SEGMENT

SALES

In constant currency

+10%

**ADJUSTED
OPERATING
INCOME**

In constant currency

+16%



The non-GAAP measures included herein, which we refer to as "adjusted", exclude the impact of items affecting comparability between periods. See reconciliation of GAAP to non-GAAP financial measures on slides 75 to 82, including the impact of constant currency.



2020 RESULTS: FLAVOR SOLUTIONS SEGMENT

SALES

In constant currency

-2%

**ADJUSTED
OPERATING
INCOME**

In constant currency

-20%



The non-GAAP measures included herein, which we refer to as "adjusted", exclude the impact of items affecting comparability between periods. See reconciliation of GAAP to non-GAAP financial measures on slides 75 to 82, including the impact of constant currency.



2020 RESULTS

**ADJUSTED
EARNINGS PER
SHARE**

+6%



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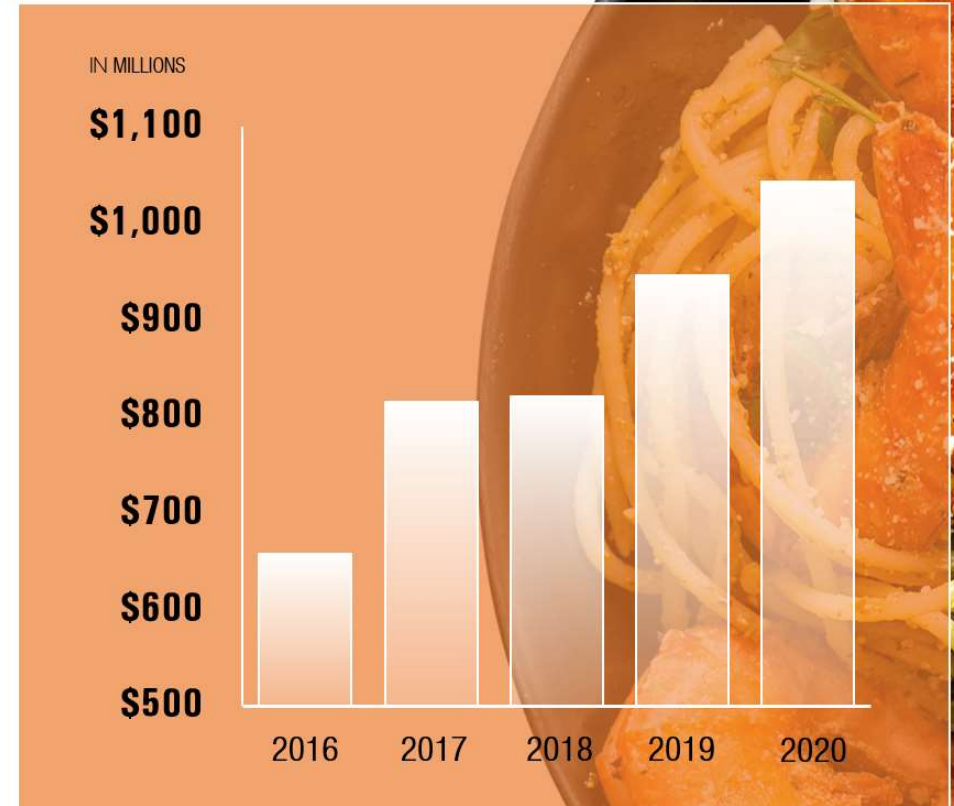
2020 RESULTS: CASH FROM OPERATIONS

**OPERATING
CASH FLOW**

**CONSECUTIVE
YEAR OF RECORD
CASH FLOWS**

+10% 9TH

**REACHED RECORD HIGH
\$1 BILLION**



DIVIDENDS PAID

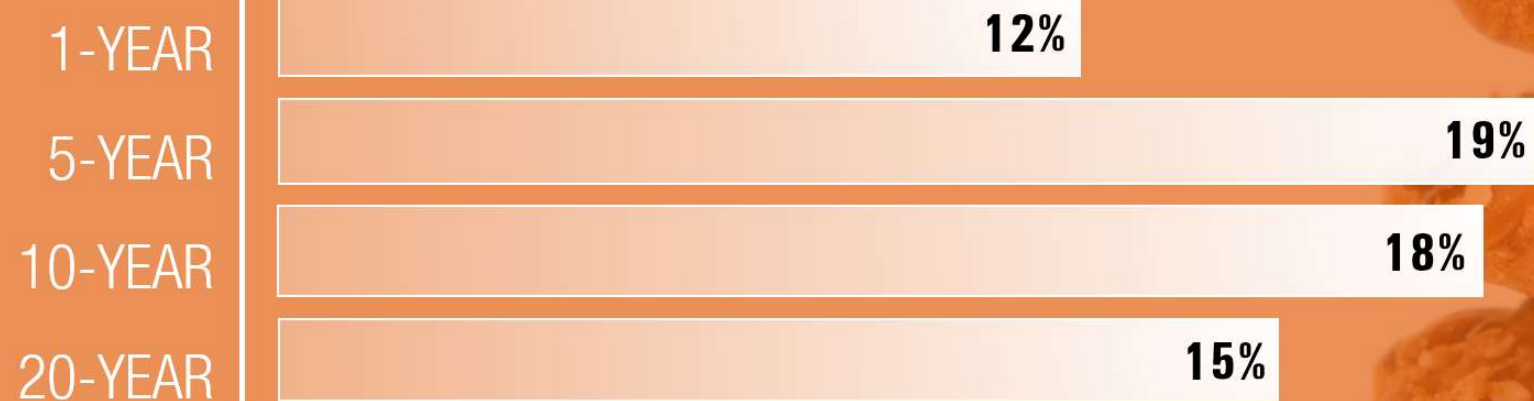
35TH

CONSECUTIVE ANNUAL INCREASE

DIVIDEND ARISTOCRAT



TOTAL SHAREHOLDER RETURN



Periods ending November 30, 2020



2021 OUTLOOK



2021 OUTLOOK: SALES GROWTH

+6 to 8%

In constant currency

- + BASE BUSINESS
- + NEW PRODUCTS
- + ACQUISITIONS

The non-GAAP measures included herein, which we refer to as "adjusted", exclude the impact of items affecting comparability between periods. See reconciliation of GAAP to non-GAAP financial measures on slides 75 to 82, including the impact of constant currency.



2021 OUTLOOK: ADJUSTED OPERATING INCOME GROWTH

+7 to 9%

In constant currency

- + BASE BUSINESS GROWTH
- + ACQUISITION CONTRIBUTION
- + CCI-LED COST SAVINGS
- INCREMENTAL BUSINESS TRANSFORMATION COSTS
- COVID-19 COSTS

The non-GAAP measures included herein, which we refer to as "adjusted", exclude the impact of items affecting comparability between periods. See reconciliation of GAAP to non-GAAP financial measures on slides 75 to 82, including the impact of constant currency.



2021 OUTLOOK: EARNINGS PER SHARE GROWTH

\$2.97 to \$3.02

+5 to 7%



The non-GAAP measures included herein, which we refer to as "adjusted", exclude the impact of items affecting comparability between periods. See reconciliation of GAAP to non-GAAP financial measures on slides 75 to 82, including the impact of constant currency.



2021 FIRST QUARTER RESULTS



2021 FIRST QUARTER RESULTS

SALES

+20%

In constant currency

ADJUSTED OPERATING INCOME

+32%

In constant currency

ADJUSTED EARNINGS PER SHARE

+33%

to

\$0.72

The non-GAAP measures included herein, which we refer to as "adjusted", exclude the impact of items affecting comparability between periods. See reconciliation of GAAP to non-GAAP financial measures on slides 75 to 82, including the impact of constant currency.



CONTINUING TOP TIER PERFORMANCE

INVESTING IN GROWTH

DRIVING SALES AND PROFIT

GENERATING SIGNIFICANT CASH FLOW

BUILDING SHAREHOLDER VALUE





Lawrence Kurzious

Chairman, President And
Chief Executive Officer



SUSTAINABLY POSITIONED FOR GROWTH

Global
Demand
For Flavor



FUELING GROWTH THROUGH HEALTH & WELLNESS

Promoting The
Health Benefits Of
Herbs & Spices



McCormick

A person is cooking in a kitchen, with their hands visible as they handle a wooden spoon and a pan. In the foreground, a hand holds a smartphone displaying a live video of a woman, likely a chef, waving and smiling. The video has a 'LIVE HOME' icon in the top left corner. Text overlays on the video include 'Follow along with Chef', 'chatting as we make a', 'Cheesy Hash Brown', and 'Breakfast Cass'. The background is slightly blurred, showing a kitchen counter and a pan with food cooking on a stove.

WIN WITH LEADERSHIP

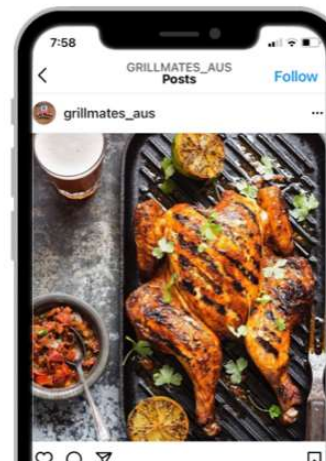
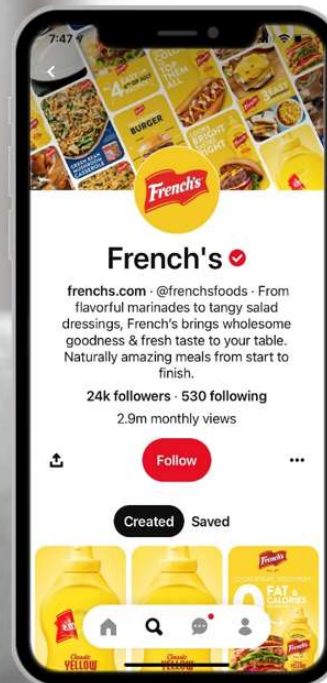
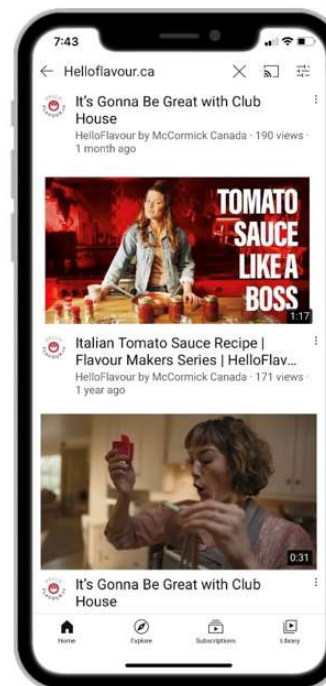
Strengthening Consumer Connection





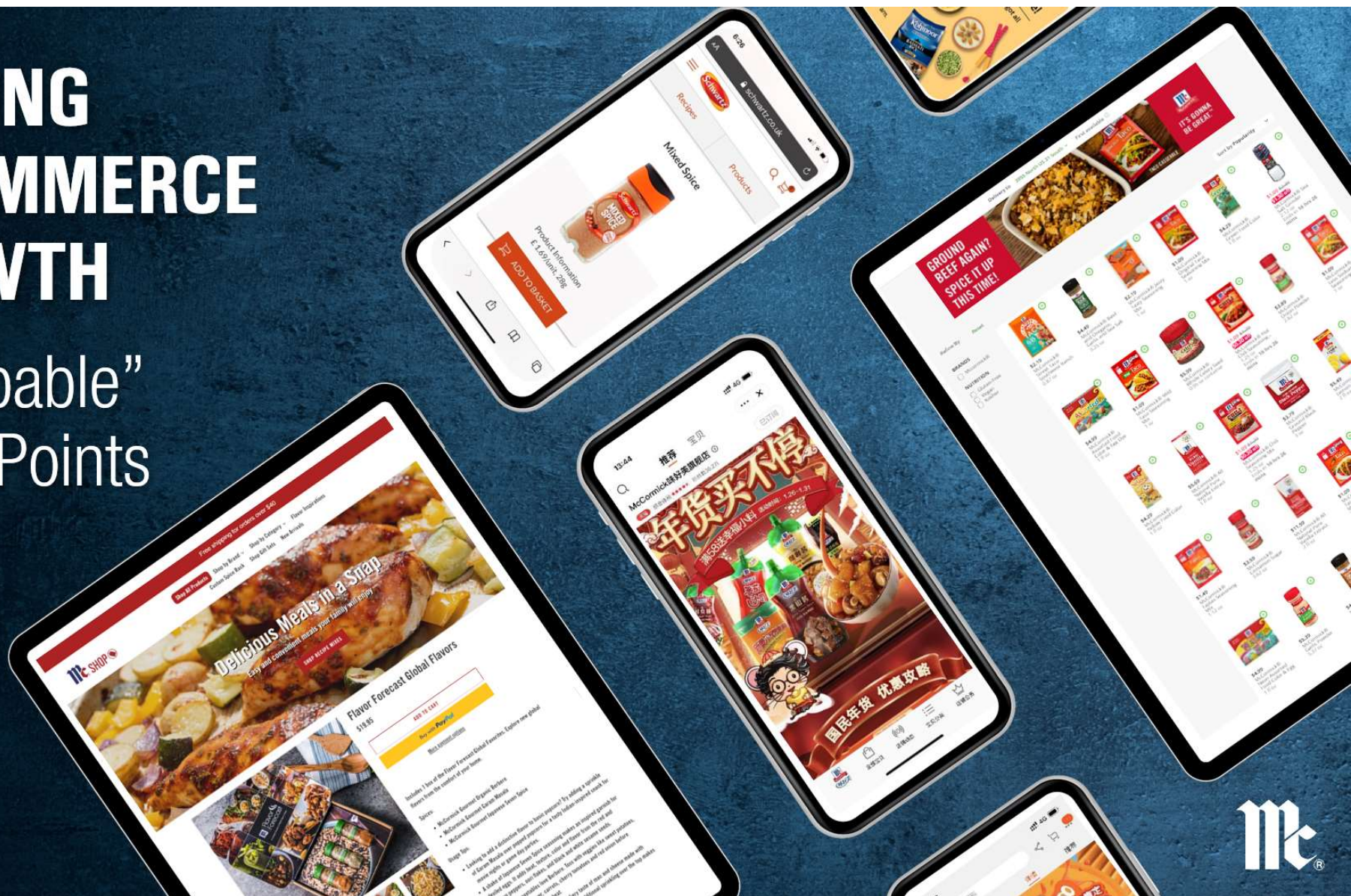
ACTIVATING DIGITAL CONNECTIONS

Real-time,
On-trend
Inspiration



DRIVING E-COMMERCE GROWTH

“Shoppable”
Touch Points



DRIVING CATEGORY LEADERSHIP

Launching
New
Products



DRIVING CATEGORY LEADERSHIP

New
Merchandising
Solutions



INSPIRE.

Bake.
Grill.
Cook.

Get recipes on the McCormick
Flavor Maker app



DOWNLOAD AT
WWW.FLAVORMAKERAPP.COM



A chef with a beard and glasses, wearing a grey chef's coat, stands behind a wooden counter in a kitchen. He is smiling and looking towards a camera operator on the left. The counter is cluttered with various condiments, including large jugs of orange juice, bottles of hot sauce, and jars of spices. A professional video camera on a tripod is positioned in the foreground, with a person's hand visible adjusting it. The background features stainless steel kitchen equipment and a brick wall.

WIN WITH LEADERSHIP

Strengthening Flavor Solutions
Customer Intimacy



FUELING GROWTH THROUGH HEALTH & WELLNESS

Advancing Our
Flavor Solutions
Leadership In
Natural Flavors



me[®]



WIN WITH RESULTS

Investing In Our Supply Chain

**McCORMICK
NORTHEAST
DISTRIBUTION
CENTER**

November 12, 2020



McCormick Northeast Distribution Center
November 12, 2020



EXPANDING FLAVOR SOLUTIONS FOOTPRINT

APZ
Manufacturing



SUPPLY CHAIN RESILIENCE

Increasing Agility



LEADING IN RENEWABLE ENERGY PROGRAMS

Reducing
Greenhouse
Gas Emissions



RECYCLING PLASTICS

Circular
Plastics
Economy



A scientist wearing a white lab coat, a white hairnet, and a white face mask is working in a laboratory. They are holding a small vial and a pipette, carefully transferring liquid. The background shows shelves with various laboratory bottles and equipment. The text "WIN WITH TALENT" is overlaid in large, bold, white letters, and "Leveraging The Power Of People" is overlaid in a smaller, white font below it. The scientist's lab coat has a small logo that says "solutions" on the left chest.

WIN WITH TALENT

Leveraging The Power Of People



MIGRATING QUICKLY TO VIRTUAL ENGAGEMENT

Safety For All
Employees



Leave

Mute (Ctrl+Shift+M)



+54



5:24 PM

A man in the foreground wears a plaid jacket, a white face mask, and an orange camouflage cap with 'ART' on it. He is raising his right fist. In the background, several people are holding signs that say 'McClintock' and 'Risingly Better'.

SUPPORTING CRITICAL EMPLOYEES

Premium Pay, Wellness
Programs, Flexibility
And Salary Assurance



PROVIDING COMMUNITY SUPPORT

Critical
Workers
And Those
In Need



MAKING A PUBLIC COMMITMENT TO SOCIAL JUSTICE

Fair And Equal
Treatment Of All



ADVANCING TO OUR DIVERSITY & INCLUSION GOALS

Ethnically Diverse
Talent And Women



COMMUNITY SERVICE AWARD WINNER





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







FORWARD-LOOKING INFORMATION

Certain information contained in this presentation, including statements concerning expected performance, such as those relating to net sales, volume and product mix, gross margins, earnings, cost savings, brand marketing support, transaction and integration expenses, special charges, acquisitions, 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 COVID-19 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 preferences 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 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 impact of the exit of the 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, regarding the U.S. Tax Act enacted on December 22, 2017 and 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. 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.



NON-GAAP FINANCIAL MEASURES

The tables below include financial measures of adjusted operating income, adjusted operating income margin, adjusted income tax expense, adjusted income tax rate, adjusted net income and adjusted diluted earnings per share, each excluding the impact of special charges for each of the periods presented. For 2020, these financial measures also exclude transaction and integration expenses. For 2019, these financial measures also exclude the net non-recurring income tax benefit related to the U.S. Tax Act as this impacts comparability between years. Adjusted operating income, adjusted operating income margin, adjusted income tax expense, adjusted income tax rate, adjusted net income and adjusted diluted earnings per share 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:

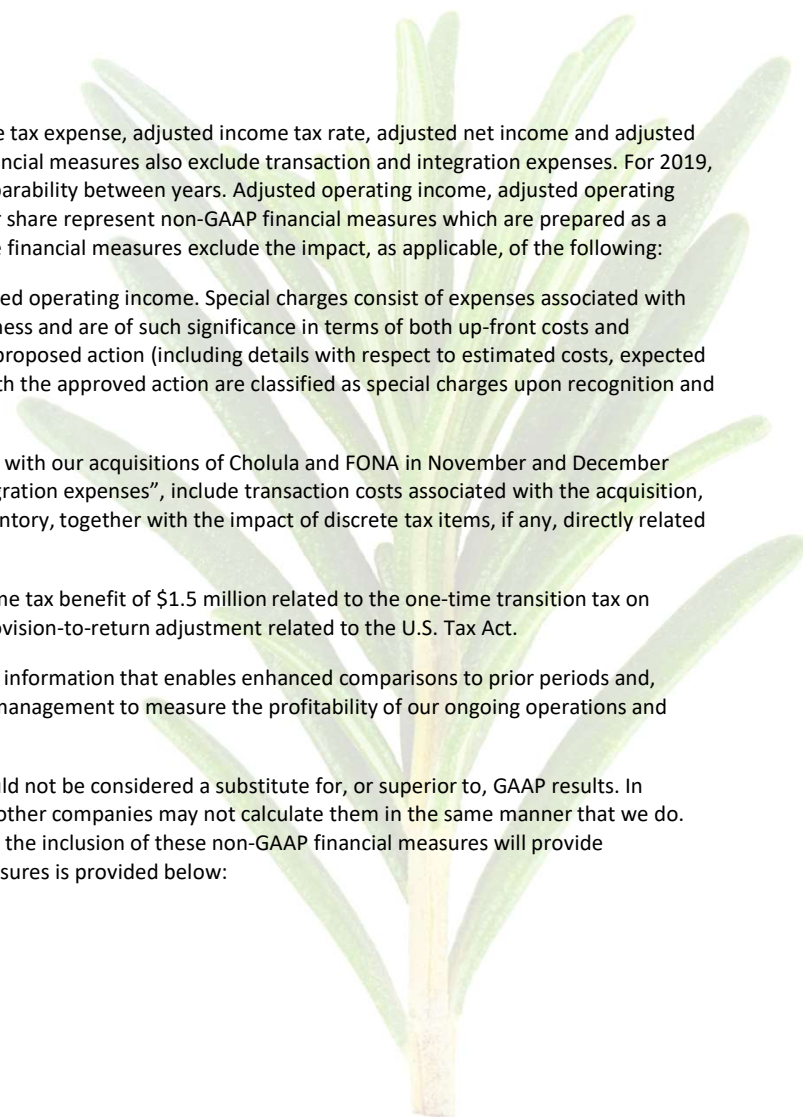
In our consolidated income statement, we include a separate line item captioned “Special charges” in arriving at our consolidated operating income. Special charges consist of expenses associated with certain actions undertaken by the company to reduce fixed costs, simplify or improve processes, and improve 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 taxes associated with the U.S. Tax Act in December 2017, which was enacted in December 2017, consists of a net income tax benefit of \$1.5 million related to the one-time transition tax on previously unremitted earnings of non-U.S. subsidiaries recognized in the year ended November 30, 2019 associated with a provision-to-return adjustment related to the U.S. Tax Act.

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:

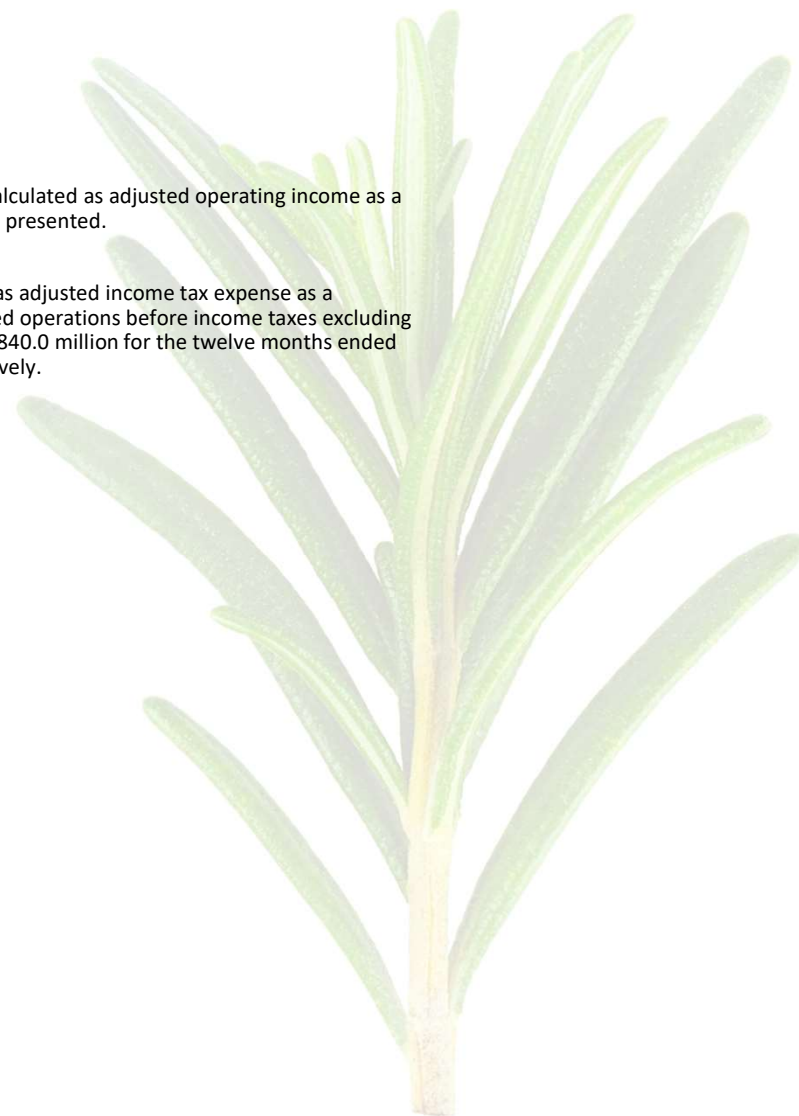


NON-GAAP FINANCIAL MEASURES

(in millions except per share data)

	Twelve Months Ended	
	11/30/2020	11/30/2019
Operating income	\$ 999.5	\$ 957.7
Impact of transaction and integration expenses	12.4	—
Impact of special charges	6.9	20.8
Adjusted operating income	<u>\$ 1,018.8</u>	<u>\$ 978.5</u>
% (decrease) increase versus year-ago period	<u>4.1 %</u>	
Adjusted operating income margin (1)	18.2 %	18.3 %
Income tax expense	\$ 174.9	\$ 157.4
Non-recurring benefit of the U.S. Tax Act	—	1.5
Impact of transaction and integration expenses	1.9	—
Impact of special charges	2.1	4.7
Adjusted income tax expense	<u>\$ 178.9</u>	<u>\$ 163.6</u>
Adjusted income tax rate (2)	19.9 %	19.5 %
Net income	\$ 747.4	\$ 702.7
Impact of transaction and integration expenses	10.5	—
Impact of special charges	4.8	16.1
Non-recurring benefit of the U.S. Tax Act	—	(1.5)
Adjusted net income	<u>\$ 762.7</u>	<u>\$ 717.3</u>
% (decrease) increase versus year-ago period	6.3 %	
Earnings per share - diluted	\$ 2.78	\$ 2.62
Impact of transaction and integration expenses	0.04	—
Impact of special charges	0.01	0.06
Adjusted earnings per share - diluted	<u>\$ 2.83</u>	<u>\$ 2.68</u>
% (decrease) increase versus year-ago period	5.6 %	

- 1) Adjusted operating income margin is calculated as adjusted operating income as a percentage of net sales for each period presented.
- 2) 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 or \$900.8 million and \$840.0 million for the twelve months ended November 30, 2020 and 2019, 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 in “constant currency” 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 prior fiscal 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 prior fiscal year. Constant currency growth rates follow:

	Twelve Months Ended November 30, 2020		
	Percentage Change as Reported	Impact of Foreign Currency Exchange	Percentage Change on Constant Currency Basis
Net sales			
Consumer segment			
Americas	13.9%	(0.1)%	14.0%
EMEA	14.5%	0.2%	14.3%
Asia/Pacific	(16.6)%	(1.5)%	(15.1)%
Total Consumer segment	10.0%	(0.3)%	10.3%
Flavor Solutions segment			
Americas	(3.5)%	(1.0)%	(2.5)%
EMEA	(5.5)%	(1.3)%	(4.2)%
Asia/Pacific	0.4%	(1.2)%	1.6%
Total Flavor Solutions	(3.5)%	(1.1)%	(2.4)%
Total net sales	4.7%	(0.6)%	5.3%
Adjusted operating income			
Consumer segment	15.5%	(0.2)%	15.7%
Flavor Solutions segment	(21.3)%	(1.6)%	(19.7)%
Total adjusted operating income	4.1%	(0.7)%	4.8%

	Three Months Ended February 28, 2021		
	Percentage Change as Reported	Impact of Foreign Currency Exchange	Percentage Change on Constant Currency Basis
Net sales			
Consumer Segment			
Americas	29.8%	0.3%	29.5%
EMEA	34.6%	8.4%	26.2%
Asia/Pacific	64.7%	9.7%	55.0%
Total Consumer segment	35.4%	3.2%	32.2%
Flavor Solutions segment			
Americas	2.1%	(0.3)%	2.4%
EMEA	1.4%	1.3%	0.1%
Asia/Pacific	25.8%	8.2%	17.6%
Total Flavor Solutions	4.3%	0.9%	3.4%
Total net sales	22.2%	2.2%	20.0%
Adjusted operating income			
Consumer segment	58.8%	4.6%	54.2%
Flavor Solutions segment	(4.0)%	0.2%	(4.2)%
Total adjusted operating income	34.5%	2.9%	31.6%

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. To present the compounded annual growth rates (“CAGR”) percentages in sales and adjusted operating income on a constant currency basis, 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 for all periods. The following provides a reconciliation of our actual CAGR and constant currency CAGR through 2020 follows:

5-Year CAGR - Net sales	6%
Impact of foreign currency exchange rates	<u>1%</u>
5-Year CAGR - Net sales on a constant currency basis	<u>7%</u>

5-Year CAGR - Adjusted operating income	10%
Impact of foreign currency exchange rates	<u>1%</u>
5-Year CAGR - Adjusted operating income on a constant currency basis	<u>11%</u>

5-Year CAGR - Adjusted earnings per share	10%
Impact of foreign currency exchange rates	<u>1%</u>
5-Year CAGR - Adjusted earnings per share on a constant currency basis	11%



NON-GAAP FINANCIAL MEASURES

(in millions except per share data)

	Three Months Ended	
	2/28/2021	2/29/2020
Gross profit	\$ 577.5	\$ 469.9
Impact of transaction and integration expenses included in cost of goods sold (1)	6.3	—
Adjusted gross profit	\$ 583.8	\$ 469.9
Adjusted gross profit margin (2)	39.4 %	38.8 %
Operating income	\$ 236.3	\$ 194.2
Impact of transaction and integration expenses included in cost of goods sold (1)	6.3	—
Impact of other transactions and integration expenses (1)	18.8	—
Impact of special charges	1.1	1.0
Adjusted operating income	\$ 262.5	\$ 195.2
% increase versus year-ago period	34.5 %	
Adjusted operating income margin (3)	17.7 %	16.1 %
Income tax expense	\$ 58.6	\$ 30.1
Impact of transaction and integration expenses (1)	(5.9)	—
Impact of special charges	0.3	0.3
Adjusted income tax expense	\$ 53.0	\$ 30.4
Adjusted income tax rate (4)	22.7 %	18.4 %
Net income	\$ 161.8	\$ 144.7
Impact of transaction and integration expenses (1)	31.0	—
Impact of special charges	0.8	0.7
Adjusted net income	\$ 193.6	\$ 145.4
% increase versus year-ago period	33.1 %	
Earnings per share - diluted	\$ 0.60	\$ 0.54
Impact of transaction and integration expenses (1)	0.12	—
Impact of special charges	—	—
Adjusted earnings per share - diluted	\$ 0.72	\$ 0.54
% increase versus year-ago period	33.3 %	

- 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, directly related to our December 2020 acquisition of FONA, of \$11.4 million or \$0.04 per diluted share.
- 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 \$233.3 million for the three months ended February 28, 2021 and \$165.4 million for the three months ended February 29, 2020.

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.

	Projection for the Year Ending November 30, 2021
Percentage change in net sales	8% to 10%
Impact of favorable foreign currency exchange	2 %
Percentage change in net sales in constant currency	6% to 8%
Percentage change in adjusted operating income	9% to 11%
Impact of favorable foreign currency exchange	2 %
Percentage change in adjusted operating income in constant currency	7% to 9%
Percentage change in adjusted earnings per share — diluted	5% to 7%
Impact of favorable foreign currency exchange	2 %
Percentage change in adjusted earnings per share in constant currency — diluted	3% to 5%



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:

	Twelve Months Ended	
	2021 Projection	11/30/20
Earnings per share - diluted	\$2.77 to \$2.82	\$ 2.78
Impact of transaction and integration expenses	0.18	0.04
Impact of special charges	0.02	0.01
Adjusted earnings per share	<u>\$2.97 to \$3.02</u>	<u>\$ 2.83</u>

