

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: September 30, 2024

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to  
Commission file number: 001-07626

Sensient Technologies Corporation

(Exact name of registrant as specified in its charter)

Wisconsin 39-0561070  
(State or other jurisdiction of incorporation or (I.R.S. Employer Identification Number)  
organization)

777 EAST WISCONSIN AVENUE, MILWAUKEE, WISCONSIN 53202-5304  
(Address of principal executive offices)

Registrant's telephone number, including area code: (414) 271-6755

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.10 per share	SXT	New York Stock Exchange LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for at least the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒ Accelerated Filer ☐ Non-Accelerated Filer ☐  
Smaller Reporting Company ☐ Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at October 23, 2024
Common Stock, par value \$0.10 per share	42,360,785

SENSIENT TECHNOLOGIES CORPORATION  
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**PART I. FINANCIAL INFORMATION**  
**ITEM 1. FINANCIAL STATEMENTS**

SENSIENT TECHNOLOGIES CORPORATION  
CONSOLIDATED STATEMENTS OF EARNINGS  
(In thousands except per share amounts)  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue	\$ 392,613	\$ 363,829	\$ 1,180,808	\$ 1,107,148
Cost of products sold	262,209	250,202	793,133	746,681
Selling and administrative expenses	79,884	69,096	238,092	213,507
Operating income	50,520	44,531	149,583	146,960
Interest expense	7,696	6,294	22,394	18,648
Earnings before income taxes	42,824	38,237	127,189	128,312
Income taxes	10,134	6,694	32,627	29,085
Net earnings	\$ 32,690	\$ 31,543	\$ 94,562	\$ 99,227
Weighted average number of common shares outstanding:				
Basic	42,159	42,045	42,139	42,020
Diluted	42,429	42,233	42,377	42,241
Earnings per common share:				
Basic	\$ 0.78	\$ 0.75	\$ 2.24	\$ 2.36
Diluted	\$ 0.77	\$ 0.75	\$ 2.23	\$ 2.35
Dividends declared per common share	\$ 0.41	\$ 0.41	\$ 1.23	\$ 1.23

See accompanying notes to consolidated condensed financial statements.

SENSIENT TECHNOLOGIES CORPORATION  
CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME  
(In thousands)  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Comprehensive income	\$ 38,257	\$ 18,229	\$ 74,069	\$ 109,380

See accompanying notes to consolidated condensed financial statements.

SENSIENT TECHNOLOGIES CORPORATION  
CONSOLIDATED BALANCE SHEETS  
(In thousands)

	September 30, 2024 (Unaudited)	December 31, 2023
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 36,969	\$ 28,934
Trade accounts receivable	302,012	272,164
Inventories	580,847	598,399
Prepaid expenses and other current assets	38,973	37,119
	<u>958,801</u>	<u>936,616</u>
Total current assets	958,801	936,616
Other assets	96,241	94,873
Deferred tax assets	54,731	41,564
Intangible assets, net	12,271	12,112
Goodwill	425,949	424,065
<b>Property, Plant, and Equipment:</b>		
Land	33,615	31,901
Buildings	355,357	343,594
Machinery and equipment	815,608	781,789
Construction in progress	37,724	59,091
	<u>1,242,304</u>	<u>1,216,375</u>
Less accumulated depreciation	(747,685)	(711,098)
	<u>494,619</u>	<u>505,277</u>
Total assets	<u>\$ 2,042,612</u>	<u>\$ 2,014,507</u>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities:</b>		
Trade accounts payable	\$ 119,238	\$ 131,114
Accrued salaries, wages, and withholdings from employees	43,020	26,412
Other accrued expenses	62,099	52,024
Income taxes	14,287	13,296
Short-term borrowings	17,811	13,460
	<u>256,455</u>	<u>236,306</u>
Total current liabilities	256,455	236,306
Deferred tax liabilities	14,500	14,260
Other liabilities	39,449	37,817
Accrued employee and retiree benefits	26,130	27,715
Long-term debt	625,627	645,085
<b>Shareholders' Equity:</b>		
Common stock	5,396	5,396
Additional paid-in capital	116,303	115,941
Earnings reinvested in the business	1,769,400	1,726,872
Treasury stock, at cost	(618,038)	(622,768)
Accumulated other comprehensive loss	(192,610)	(172,117)
	<u>1,080,451</u>	<u>1,053,324</u>
Total shareholders' equity	1,080,451	1,053,324
Total liabilities and shareholders' equity	<u>\$ 2,042,612</u>	<u>\$ 2,014,507</u>

See accompanying notes to consolidated condensed financial statements.

SENSIENT TECHNOLOGIES CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(In thousands)  
(Unaudited)

	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net earnings	\$ 94,562	\$ 99,227
Adjustments to arrive at net cash provided by operating activities:		
Depreciation and amortization	45,185	43,360
Share-based compensation expense	6,980	7,285
Net gain on assets	(210)	(81)
Portfolio Optimization Plan costs	1,406	-
Deferred income taxes	(11,117)	2,082
Changes in operating assets and liabilities:		
Trade accounts receivable	(32,138)	18,830
Inventories	14,902	(21,455)
Prepaid expenses and other assets	221	842
Accounts payable and other accrued expenses	(4,664)	(20,572)
Accrued salaries, wages, and withholdings from employees	16,769	(16,749)
Income taxes	854	(6,536)
Other liabilities	3,011	587
Net cash provided by operating activities	135,761	106,820
Cash flows from investing activities:		
Acquisition of property, plant, and equipment	(36,088)	(67,718)
Proceeds from sale of assets	338	130
Other investing activities	(1,444)	2,036
Net cash used in investing activities	(37,194)	(65,552)
Cash flows from financing activities:		
Proceeds from additional borrowings	134,432	197,577
Debt payments	(154,219)	(174,083)
Dividends paid	(52,034)	(51,900)
Other financing activities	(3,317)	(8,034)
Net cash used in financing activities	(75,138)	(36,440)
Effect of exchange rate changes on cash and cash equivalents	(15,394)	6,236
Net increase in cash and cash equivalents	8,035	11,064
Cash and cash equivalents at beginning of period	28,934	20,921
Cash and cash equivalents at end of period	\$ 36,969	\$ 31,985

See accompanying notes to consolidated condensed financial statements.

SENSIENT TECHNOLOGIES CORPORATION  
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY  
(In thousands, except share and per share amounts)  
(Unaudited)

				Treasury Stock			
	Common Stock	Additional Paid-In Capital	Earnings Reinvested in the Business	Shares	Amount	Accumulated Other Comprehensive Income (Loss)	Total Equity
Three Months Ended September 30, 2024							
Balances at June 30, 2024	\$ 5,396	\$ 114,730	\$ 1,754,059	11,798,853	\$ (618,233)	\$ (198,177)	\$ 1,057,775
Net earnings	-	-	32,690	-	-	-	32,690
Other comprehensive income	-	-	-	-	-	5,567	5,567
Cash dividends paid – \$0.41 per share	-	-	(17,349)	-	-	-	(17,349)
Share-based compensation	-	2,069	-	-	-	-	2,069
Non-vested stock issued upon vesting	-	(390)	-	(7,438)	390	-	-
Other	-	(106)	-	3,719	(195)	-	(301)
Balances at September 30, 2024	\$ 5,396	\$ 116,303	\$ 1,769,400	11,795,134	\$ (618,038)	\$ (192,610)	\$ 1,080,451
Three Months Ended September 30, 2023							
Balances at June 30, 2023	\$ 5,396	\$ 114,330	\$ 1,735,807	11,909,833	\$ (624,048)	\$ (177,221)	\$ 1,054,264
Net earnings	-	-	31,543	-	-	-	31,543
Other comprehensive loss	-	-	-	-	-	(13,314)	(13,314)
Cash dividends paid – \$0.41 per share	-	-	(17,323)	-	-	-	(17,323)
Share-based compensation	-	2,519	-	-	-	-	2,519
Non-vested stock issued upon vesting	-	(67)	-	(1,285)	67	-	-
Other	-	(7)	-	492	(26)	-	(33)
Balances at September 30, 2023	\$ 5,396	\$ 116,775	\$ 1,750,027	11,909,040	\$ (624,007)	\$ (190,535)	\$ 1,057,656
Nine Months Ended September 30, 2024							
Balances at December 31, 2023	\$ 5,396	\$ 115,941	\$ 1,726,872	11,885,398	\$ (622,768)	\$ (172,117)	\$ 1,053,324
Net earnings	-	-	94,562	-	-	-	94,562
Other comprehensive loss	-	-	-	-	-	(20,493)	(20,493)
Cash dividends paid – \$1.23 per share	-	-	(52,034)	-	-	-	(52,034)
Share-based compensation	-	6,980	-	-	-	-	6,980
Non-vested stock issued upon vesting	-	(6,283)	-	(119,910)	6,283	-	-
Benefit plans	-	299	-	(21,405)	1,122	-	1,421
Other	-	(634)	-	51,051	(2,675)	-	(3,309)
Balances at September 30, 2024	\$ 5,396	\$ 116,303	\$ 1,769,400	11,795,134	\$ (618,038)	\$ (192,610)	\$ 1,080,451
Nine Months Ended September 30, 2023							
Balances at December 31, 2022	\$ 5,396	\$ 124,043	\$ 1,702,700	12,058,773	\$ (631,853)	\$ (200,688)	\$ 999,598
Net earnings	-	-	99,227	-	-	-	99,227
Other comprehensive income	-	-	-	-	-	10,153	10,153
Cash dividends paid – \$1.23 per share	-	-	(51,900)	-	-	-	(51,900)
Share-based compensation	-	7,285	-	-	-	-	7,285
Non-vested stock issued upon vesting	-	(12,686)	-	(242,110)	12,686	-	-
Benefit plans	-	375	-	(18,172)	952	-	1,327
Other	-	(2,242)	-	110,549	(5,792)	-	(8,034)
Balances at September 30, 2023	\$ 5,396	\$ 116,775	\$ 1,750,027	11,909,040	\$ (624,007)	\$ (190,535)	\$ 1,057,656

See accompanying notes to consolidated condensed financial statements.

SENSIENT TECHNOLOGIES CORPORATION  
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS  
(Unaudited)

**1. Accounting Policies**

In the opinion of Sensient Technologies Corporation (the Company), the accompanying unaudited consolidated condensed financial statements contain all adjustments (consisting of only normal recurring adjustments) that are necessary to present fairly the financial position of the Company as of September 30, 2024, and the results of operations, comprehensive income, and shareholders' equity for the three and nine months ended September 30, 2024 and 2023, and cash flows for the nine months ended September 30, 2024 and 2023. The results of operations for any interim period are not necessarily indicative of the results to be expected for the full year.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Expenses are charged to operations in the period incurred.

*Recently Issued Accounting Pronouncements*

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which will require the Company to disclose segment expenses that are significant and regularly provided to the Company's chief operating decision maker (CODM). In addition, this ASU will require the Company to disclose the title and position of its CODM and how the CODM uses segment profit or loss information in assessing segment performance and deciding how to allocate resources. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company will adopt this ASU in the fourth quarter of 2024 using a retrospective transition method.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which will require the Company to disclose specified additional information in its income tax rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. This ASU will also require the Company to disaggregate its income taxes paid disclosure by federal, state, and foreign taxes, with further disaggregation required for significant individual jurisdictions. This ASU is effective for fiscal years beginning after December 15, 2024. The Company will adopt this ASU in the fourth quarter of 2025 using a prospective transition method.

Please refer to the notes in the Company's annual consolidated financial statements for the year ended December 31, 2023, for additional details of the Company's financial condition and a description of the Company's accounting policies, which have been continued without change.

**2. Portfolio Optimization Plan**

During the fourth quarter of 2023, the Board of Directors of the Company approved a plan to undertake an effort to optimize certain production facilities and improve efficiencies within the Company (Portfolio Optimization Plan). As part of the Portfolio Optimization Plan, in the Flavors & Extracts segment, the Company evaluated the closure of its manufacturing facility in Felinfach, Wales, United Kingdom, the closure of its sales office in Granada, Spain, and the centralization and elimination of certain selling and administrative positions. In addition, in the Color segment, the Company evaluated the closure of a manufacturing facility in Delta, British Columbia, Canada, the closure of a sales office in Argentina, and centralizing and eliminating certain production positions and selling and administrative positions. The Company reports all costs associated with the Portfolio Optimization Plan in the Corporate & Other segment.

The Company's Felinfach site will continue to operate until all production activities have successfully transferred to other locations, and then will be closed. The Company has substantially completed all other actions contemplated under the Portfolio Optimization Plan in accordance with local laws.

The Company recorded non-cash impairment charges in *Selling and Administrative Expenses*, primarily related to certain property, plant, and equipment during the nine months ended September 30, 2024, when the estimated fair value of these assets was lower than the carrying value. The property, plant, and equipment related to a product line that was shut down and determined to not be usable at other plant locations.



The Company recorded \$2.7 million and \$3.7 million of accrued liabilities in *Other Accrued Expenses* on the Company's Consolidated Balance Sheet related to the Portfolio Optimization Plan as of September 30, 2024 and December 31, 2023, respectively. The Company expects the Portfolio Optimization Plan will cost approximately \$40 million, of which \$33.6 million has been incurred through September 30, 2024, primarily related to non-cash impairment charges and proposed employee separation costs, and upon completion would reduce annual operating costs by approximately \$8 million to \$10 million, with the full benefit expected to be achieved after 2025. The Company anticipates it would reduce headcount by approximately 100 positions, primarily in the Flavors & Extracts and Color segments, related to certain production and selling and administrative positions.

The following table summarizes the Portfolio Optimization Plan expenses by segment for the three months ended September 30, 2024:

(In thousands)	Flavors & Extracts	Color	Corporate & Other	Consolidated
Employee separation – Selling and administrative expenses	\$ 490	\$ 68	\$ -	\$ 558
Other production costs – Cost of products sold	209	-	-	209
Other costs – Selling and administrative expenses <sup>(1)</sup>	447	9	(12)	444
<b>Total</b>	<b>\$ 1,146</b>	<b>\$ 77</b>	<b>\$ (12)</b>	<b>\$ 1,211</b>

<sup>(1)</sup> Other costs include professional services, accelerated depreciation, and other related costs.

The following table summarizes the Portfolio Optimization Plan expenses by segment for the nine months ended September 30, 2024:

(In thousands)	Flavors & Extracts	Color	Corporate & Other	Consolidated
Non-cash impairment charges – Selling and administrative expenses	\$ -	\$ 1,129	\$ -	\$ 1,129
Non-cash charges – Cost of products sold	408	(194)	-	214
Employee separation – Selling and administrative expenses	1,341	594	28	1,963
Other production costs – Cost of products sold	309	-	-	309
Other costs – Selling and administrative expenses <sup>(1)</sup>	1,506	693	(39)	2,160
<b>Total</b>	<b>\$ 3,564</b>	<b>\$ 2,222</b>	<b>\$ (11)</b>	<b>\$ 5,775</b>

<sup>(1)</sup> Other costs include professional services, decommissioning costs, accelerated depreciation, accelerated lease costs, and other related costs.

### 3. Trade Accounts Receivable

Trade accounts receivables are recorded at their face amount, less an allowance for expected losses on doubtful accounts. The allowance for doubtful accounts is calculated based on customer-specific analysis and an aging methodology using historical loss information. The Company believes historical loss information is a reasonable basis for expected credit losses as the Company's historical credit loss experience correlates with its customer delinquency status. This information is also adjusted for any known current economic conditions. Forecasted economic conditions have not had a significant impact on the current credit loss estimate due to the short-term nature of the Company's customer receivables; however, the Company will continue to monitor and evaluate as economic conditions change. Additionally, as the Company only has one portfolio segment, there are not different risks between portfolios. Specific accounts are written off against the allowance for doubtful accounts when the receivable is deemed no longer collectible.

The following table summarizes the changes in the allowance for doubtful accounts during the three and nine month periods ended September 30, 2024 and 2023:

(In thousands)	Allowance for Doubtful Accounts
<u>Three Months Ended September 30, 2024</u>	
Balance at June 30, 2024	\$ 4,275
Provision for expected credit losses	410
Accounts written off	(56)
Translation and other activity	71
Balance at September 30, 2024	<u>\$ 4,700</u>

(In thousands)	Allowance for Doubtful Accounts
<u>Three Months Ended September 30, 2023</u>	
Balance at June 30, 2023	\$ 4,293
Provision for expected credit losses	13
Accounts written off	(244)
Translation and other activity	(76)
Balance at September 30, 2023	<u>\$ 3,986</u>

(In thousands)	Allowance for Doubtful Accounts
<u>Nine Months Ended September 30, 2024</u>	
Balance at December 31, 2023	\$ 4,373
Provision for expected credit losses	1,213
Accounts written off	(808)
Translation and other activity	(78)
Balance at September 30, 2024	<u>\$ 4,700</u>

(In thousands)	Allowance for Doubtful Accounts
<u>Nine Months Ended September 30, 2023</u>	
Balance at December 31, 2022	\$ 4,436
Provision for expected credit losses	504
Accounts written off	(1,051)
Translation and other activity	97
Balance at September 30, 2023	<u>\$ 3,986</u>

#### 4. Inventories

At September 30, 2024, and December 31, 2023, inventories included finished and in-process products totaling \$ 415.4 million and \$437.1 million, respectively, and raw materials and supplies of \$165.4 million and \$161.3 million, respectively.

#### 5. Debt

On August 30, 2024, the Company entered into Amendment No. 11 ( Receivables Amendment) to the Receivables Purchase Agreement, dated as of October 3, 2016. The Receivables Amendment extended the termination date of the Receivables Purchase Agreement from August 30, 2024 to August 29, 2025.

On October 31, 2024, the Company entered into Amendment No. 1 (Loan Amendment) to the Loan Agreement with PNC Bank, N.A., dated as of November 7, 2022. The Loan Amendment extended the maturity date of the Loan Agreement from November 7, 2024 to November 7, 2025.

#### 6. Fair Value

Accounting Standards Codification 820, *Fair Value Measurement*, defines fair value for financial assets and liabilities, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. The carrying values of the Company's cash and cash equivalents, trade accounts receivable, trade accounts payable, accrued expenses, and short-term borrowings were approximately the same as the fair values as of September 30, 2024 and December 31, 2023. The net fair value of the forward exchange contracts based on current pricing obtained for comparable derivative products (Level 2 inputs) was a liability of \$0.3 million and an asset of \$1.0 million as of September 30, 2024 and December 31, 2023, respectively. The fair value of the Company's long-term debt, including current maturities, is estimated using discounted cash flows based on the Company's current incremental borrowing rates for similar types of borrowing arrangements (Level 2 inputs). The carrying value of the long-term debt at September 30, 2024 and December 31, 2023 was \$ 625.8 million and \$645.2 million, respectively. The fair value of the long-term debt at September 30, 2024 and December 31, 2023 was \$ 638.4 million and \$653.7 million, respectively.

## 7. Segment Information

The Company evaluates performance based on operating income before share-based compensation; restructuring and other charges, including Portfolio Optimization Plan costs; interest expense; and income taxes (segment operating income). Total revenue and segment operating income by business segment and geographic region include both sales to customers, as reported in the Company's Consolidated Statements of Earnings, and intersegment sales, which are accounted for at prices that approximate market prices and are eliminated in consolidation.

The Company determines its operating segments based on information utilized by its chief operating decision maker to allocate resources and assess performance. The Company's three reportable segments are the Flavors & Extracts and Color segments, which are both managed on a product line basis, and the Asia Pacific segment, which is managed on a geographic basis. The Company's Flavors & Extracts segment produces flavor, extracts, and essential oils products that impart a desired taste, texture, aroma, or other characteristics to a broad range of consumer and other products. The Color segment produces natural and synthetic color systems for use in foods, beverages, pharmaceuticals, and nutraceuticals; colors and other ingredients for personal care, such as active ingredients, solubilizers, and surface treated pigments; pharmaceutical and nutraceutical excipients, such as colors, flavors, coatings, and nutraceutical ingredients; and technical colors for industrial applications. The Asia Pacific segment is managed on a geographic basis and produces and distributes color, flavor, and essential oils products in the Asia Pacific countries. The Company's corporate expenses, share-based compensation, and restructuring and other charges, including Portfolio Optimization Plan costs, are included in the "Corporate & Other" category.

Operating results by segment for the periods presented are as follows:

(In thousands)	Flavors & Extracts	Color	Asia Pacific	Corporate & Other	Consolidated
<u>Three months ended September 30, 2024:</u>					
Revenue from external customers	\$ 194,222	\$ 156,672	\$ 41,719	\$ -	\$ 392,613
Intersegment revenue	9,057	5,408	59	-	14,524
Total revenue	<u>\$ 203,279</u>	<u>\$ 162,080</u>	<u>\$ 41,778</u>	<u>\$ -</u>	<u>\$ 407,137</u>
Operating income (loss)	\$ 25,862	\$ 29,806	\$ 9,307	\$ (14,455)	\$ 50,520
Interest expense	-	-	-	7,696	7,696
Earnings (loss) before income taxes	<u>\$ 25,862</u>	<u>\$ 29,806</u>	<u>\$ 9,307</u>	<u>\$ (22,151)</u>	<u>\$ 42,824</u>
<u>Three months ended September 30, 2023:</u>					
Revenue from external customers	\$ 185,029	\$ 142,026	\$ 36,774	\$ -	\$ 363,829
Intersegment revenue	5,968	2,913	-	-	8,881
Total revenue	<u>\$ 190,997</u>	<u>\$ 144,939</u>	<u>\$ 36,774</u>	<u>\$ -</u>	<u>\$ 372,710</u>
Operating income (loss)	\$ 23,078	\$ 22,925	\$ 8,095	\$ (9,567)	\$ 44,531
Interest expense	-	-	-	6,294	6,294
Earnings (loss) before income taxes	<u>\$ 23,078</u>	<u>\$ 22,925</u>	<u>\$ 8,095</u>	<u>\$ (15,861)</u>	<u>\$ 38,237</u>
(In thousands)	Flavors & Extracts	Color	Asia Pacific	Corporate & Other	Consolidated
<u>Nine months ended September 30, 2024:</u>					
Revenue from external customers	\$ 584,264	\$ 475,961	\$ 120,583	\$ -	\$ 1,180,808
Intersegment revenue	21,320	13,844	81	-	35,245
Total revenue	<u>\$ 605,584</u>	<u>\$ 489,805</u>	<u>\$ 120,664</u>	<u>\$ -</u>	<u>\$ 1,216,053</u>
Operating income (loss)	\$ 75,749	\$ 92,987	\$ 25,963	\$ (45,116)	\$ 149,583
Interest expense	-	-	-	22,394	22,394
Earnings (loss) before income taxes	<u>\$ 75,749</u>	<u>\$ 92,987</u>	<u>\$ 25,963</u>	<u>\$ (67,510)</u>	<u>\$ 127,189</u>
<u>Nine months ended September 30, 2023:</u>					
Revenue from external customers	\$ 538,753	\$ 455,507	\$ 112,888	\$ -	\$ 1,107,148
Intersegment revenue	19,380	11,056	-	-	30,436
Total revenue	<u>\$ 558,133</u>	<u>\$ 466,563</u>	<u>\$ 112,888</u>	<u>\$ -</u>	<u>\$ 1,137,584</u>
Operating income (loss)	\$ 69,714	\$ 84,027	\$ 24,911	\$ (31,692)	\$ 146,960
Interest expense	-	-	-	18,648	18,648
Earnings (loss) before income taxes	<u>\$ 69,714</u>	<u>\$ 84,027</u>	<u>\$ 24,911</u>	<u>\$ (50,340)</u>	<u>\$ 128,312</u>

## Product Lines

(In thousands)	Flavors & Extracts	Color	Asia Pacific	Consolidated
<u>Three months ended September 30, 2024:</u>				
Flavors, Extracts & Flavor Ingredients	\$ 128,990	\$ -	\$ -	\$ 128,990
Natural Ingredients	74,289	-	-	74,289
Food & Pharmaceutical Colors	-	118,883	-	118,883
Personal Care	-	43,197	-	43,197
Asia Pacific	-	-	41,778	41,778
Intersegment Revenue	(9,057)	(5,408)	(59)	(14,524)
Total revenue from external customers	<u>\$ 194,222</u>	<u>\$ 156,672</u>	<u>\$ 41,719</u>	<u>\$ 392,613</u>

<u>Three months ended September 30, 2023:</u>				
Flavors, Extracts & Flavor Ingredients	\$ 124,697	\$ -	\$ -	\$ 124,697
Natural Ingredients	66,300	-	-	66,300
Food & Pharmaceutical Colors	-	107,723	-	107,723
Personal Care	-	37,216	-	37,216
Asia Pacific	-	-	36,774	36,774
Intersegment Revenue	(5,968)	(2,913)	-	(8,881)
Total revenue from external customers	<u>\$ 185,029</u>	<u>\$ 142,026</u>	<u>\$ 36,774</u>	<u>\$ 363,829</u>

(In thousands)	Flavors & Extracts	Color	Asia Pacific	Consolidated
<u>Nine months ended September 30, 2024:</u>				
Flavors, Extracts & Flavor Ingredients	\$ 388,544	\$ -	\$ -	\$ 388,544
Natural Ingredients	217,040	-	-	217,040
Food & Pharmaceutical Colors	-	361,268	-	361,268
Personal Care	-	128,537	-	128,537
Asia Pacific	-	-	120,664	120,664
Intersegment Revenue	(21,320)	(13,844)	(81)	(35,245)
Total revenue from external customers	<u>\$ 584,264</u>	<u>\$ 475,961</u>	<u>\$ 120,583</u>	<u>\$ 1,180,808</u>

<u>Nine months ended September 30, 2023:</u>				
Flavors, Extracts & Flavor Ingredients	\$ 383,210	\$ -	\$ -	\$ 383,210
Natural Ingredients	174,923	-	-	174,923
Food & Pharmaceutical Colors	-	346,635	-	346,635
Personal Care	-	119,928	-	119,928
Asia Pacific	-	-	112,888	112,888
Intersegment Revenue	(19,380)	(11,056)	-	(30,436)
Total revenue from external customers	<u>\$ 538,753</u>	<u>\$ 455,507</u>	<u>\$ 112,888</u>	<u>\$ 1,107,148</u>

## Geographic Markets

(In thousands)	Flavors & Extracts	Color	Asia Pacific	Consolidated
<u>Three months ended September 30, 2024:</u>				
North America	\$ 152,753	\$ 78,187	\$ 15	\$ 230,955
Europe	30,908	37,089	32	68,029
Asia Pacific	4,500	16,477	40,101	61,078
Other	6,061	24,919	1,571	32,551
Total revenue from external customers	<u>\$ 194,222</u>	<u>\$ 156,672</u>	<u>\$ 41,719</u>	<u>\$ 392,613</u>

<u>Three months ended September 30, 2023:</u>				
North America	\$ 147,992	\$ 75,417	\$ -	\$ 223,409
Europe	25,298	36,816	57	62,171
Asia Pacific	4,881	13,344	35,791	54,016
Other	6,858	16,449	926	24,233
Total revenue from external customers	<u>\$ 185,029</u>	<u>\$ 142,026</u>	<u>\$ 36,774</u>	<u>\$ 363,829</u>

(In thousands)	Flavors & Extracts	Color	Asia Pacific	Consolidated
<u>Nine months ended September 30, 2024:</u>				
North America	\$ 456,355	\$ 235,842	\$ 97	\$ 692,294
Europe	95,129	129,076	138	224,343
Asia Pacific	13,309	49,544	115,803	178,656
Other	19,471	61,499	4,545	85,515
Total revenue from external customers	<u>\$ 584,264</u>	<u>\$ 475,961</u>	<u>\$ 120,583</u>	<u>\$ 1,180,808</u>
<u>Nine months ended September 30, 2023:</u>				
North America	\$ 417,095	\$ 231,348	\$ 124	\$ 648,567
Europe	86,092	124,465	184	210,741
Asia Pacific	16,372	47,801	110,380	174,553
Other	19,194	51,893	2,200	73,287
Total revenue from external customers	<u>\$ 538,753</u>	<u>\$ 455,507</u>	<u>\$ 112,888</u>	<u>\$ 1,107,148</u>

## 8. Retirement Plans

The Company's components of annual benefit cost for the defined benefit plans for the periods presented are as follows:

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Service cost	\$ 430	\$ 372	\$ 1,311	\$ 1,111
Interest cost	459	415	1,389	1,237
Expected return on plan assets	(252)	(248)	(754)	(732)
Recognized actuarial loss	(91)	(138)	(273)	(415)
Total defined benefit expense	<u>\$ 546</u>	<u>\$ 401</u>	<u>\$ 1,673</u>	<u>\$ 1,201</u>

The Company's non-service cost portion of defined benefit expense is recorded in *Interest Expense* on the Company's Consolidated Statements of Earnings. The Company's service cost portion of defined benefit expense is recorded in *Selling and Administrative Expenses* on the Company's Consolidated Statements of Earnings.

## 9. Derivative Instruments and Hedging Activity

The Company may use forward exchange contracts and foreign currency denominated debt to manage its exposure to foreign exchange risk in order to reduce the effect of fluctuating foreign currencies on short-term foreign currency denominated intercompany transactions, non-functional currency raw material purchases, non-functional currency sales, and other known foreign currency exposures. These forward exchange contracts generally have maturities of less than 18 months. The Company's primary hedging activities and their accounting treatment are summarized below.

*Forward exchange contracts* – Certain forward exchange contracts have been designated as cash flow hedges. The Company had \$ 24.3 million and \$58.4 million of forward exchange contracts designated as cash flow hedges outstanding as of September 30, 2024 and December 31, 2023, respectively. For the three and nine months ended September 30, 2024, the amounts reclassified into net earnings in the Company's Consolidated Statements of Earnings that offset the underlying transactions' impact on earnings in the same period were not material. For the three months ended September 30, 2023, a gain of \$0.8 million was reclassified into net earnings in the Company's Consolidated Statements of Earnings that offset the underlying transactions' impact on earnings in the same period. For the nine months ended September 30, 2023, a gain of \$1.4 million was reclassified into net earnings in the Company's Consolidated Statements of Earnings that offset the underlying transactions' impact on earnings in the same period. In addition, the Company utilizes forward exchange contracts that are not designated as cash flow hedges. The results of these transactions were not material to the financial statements of the Company.

**Net investment hedges** – The Company has designated certain foreign currency denominated long-term borrowings as partial hedges of the Company's foreign currency net asset positions. As of September 30, 2024 and December 31, 2023, the total value of the Company's net investment hedges was \$317.4 million and \$313.3 million, respectively. These net investment hedges included Euro and British Pound denominated long-term debt. Changes in the fair value of this debt attributable to changes in the spot foreign exchange rate are recorded in foreign currency translation in Other Comprehensive Income (OCI). For the three months ended September 30, 2024 and 2023, the impact of foreign exchange rates on these debt instruments increased debt by \$12.6 million and decreased debt by \$11.0 million, respectively, which has been recorded as foreign currency translation in OCI. For the nine months ended September 30, 2024 and 2023, the impact of foreign exchange rates on these debt instruments increased debt by \$4.1 million and decreased debt by \$2.8 million, respectively, which has been recorded as foreign currency translation in OCI.

## 10. Income Taxes

The effective income tax rates for the three months ended September 30, 2024 and 2023 were 23.7% and 17.5%, respectively. For the nine months ended September 30, 2024 and 2023, the effective income tax rates were 25.7% and 22.7%, respectively. The effective tax rates for the three and nine months ended September 30, 2024 and 2023, were impacted by changes in estimates associated with the finalization of prior year foreign tax items and the mix of foreign earnings. The effective tax rates for both the three and nine months ended September 30, 2024, were also impacted by the limited tax deductibility of costs related to the Portfolio Optimization Plan. The effective tax rates for both the three and nine months ended September 30, 2023, were also impacted by changes in valuation allowances.

## 11. Accumulated Other Comprehensive Income

The following table summarizes the changes in OCI during the three and nine month periods ended September 30, 2024 and 2023:

(In thousands)	Cash Flow Hedges <sup>(1)</sup>	Pension Items <sup>(1)</sup>	Foreign Currency Items	Total
Balances at December 31, 2023	\$ 997	\$ (2,079)	\$ (171,035)	\$ (172,117)
Other comprehensive loss before reclassifications	(843)	-	(19,446)	(20,289)
Amounts reclassified from OCI	-	(204)	-	(204)
Balances at September 30, 2024	<u>\$ 154</u>	<u>\$ (2,283)</u>	<u>\$ (190,481)</u>	<u>\$ (192,610)</u>

  

(In thousands)	Cash Flow Hedges <sup>(1)</sup>	Pension Items <sup>(1)</sup>	Foreign Currency Items	Total
Balances at June 30, 2024	\$ 236	\$ (2,215)	\$ (196,198)	\$ (198,177)
Other comprehensive (loss) income before reclassifications	(306)	-	5,717	5,411
Amounts reclassified from OCI	224	(68)	-	156
Balances at September 30, 2024	<u>\$ 154</u>	<u>\$ (2,283)</u>	<u>\$ (190,481)</u>	<u>\$ (192,610)</u>

  

(In thousands)	Cash Flow Hedges <sup>(1)</sup>	Pension Items <sup>(1)</sup>	Foreign Currency Items	Total
Balances at December 31, 2022	\$ (599)	\$ (1,792)	\$ (198,297)	\$ (200,688)
Other comprehensive income before reclassifications	2,974	-	8,977	11,951
Amounts reclassified from OCI	(1,432)	(366)	-	(1,798)
Balances at September 30, 2023	<u>\$ 943</u>	<u>\$ (2,158)</u>	<u>\$ (189,320)</u>	<u>\$ (190,535)</u>

  

(In thousands)	Cash Flow Hedges <sup>(1)</sup>	Pension Items <sup>(1)</sup>	Foreign Currency Items	Total
Balances at June 30, 2023	\$ 1,997	\$ (2,036)	\$ (177,182)	\$ (177,221)
Other comprehensive loss before reclassifications	(239)	-	(12,138)	(12,377)
Amounts reclassified from OCI	(815)	(122)	-	(937)
Balances at September 30, 2023	<u>\$ 943</u>	<u>\$ (2,158)</u>	<u>\$ (189,320)</u>	<u>\$ (190,535)</u>

(1) Cash Flow Hedges and Pension Items are net of tax.

## **12. Commitments and Contingencies**

The Company is subject to various claims and litigation arising in the normal course of business. The Company establishes reserves for claims and proceedings when it is probable that liabilities exist and reasonable estimates of loss can be made. While it is not possible to predict the outcome of these matters, based on our assessment of the facts and circumstances now known, we do not believe that these matters, individually or in the aggregate, will have a material adverse effect on our financial position. However, actual outcomes may be different from those expected and could have a material effect on our results of operations or cash flows in a particular period.

## **13. Subsequent Events**

On October 24, 2024, the Company announced its quarterly dividend of \$ 0.41 per share would be payable on December 2, 2024.

On October 31, 2024, the Company entered into an amendment to its existing Loan Agreement with PNC Bank, N.A. See Note 5, *Debt*, for further details.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that reflect management's current assumptions and estimates of future economic circumstances, industry conditions, Company performance, and financial results. Forward-looking statements include statements in the future tense, statements referring to any period after September 30, 2024, and statements including the terms "expect," "believe," "anticipate," and other similar terms that express expectations as to future events or conditions. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for such forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, and other factors that could cause actual events to differ materially from those expressed in the forward-looking statements. A variety of factors could cause the Company's actual results and experience to differ materially from the anticipated results. These factors and assumptions include, among others, the Company's ability to manage general business, economic, and capital market conditions, including actions taken by customers in response to such market conditions, and the impact of recessions and economic downturns; the impact of macroeconomic and geopolitical volatility, including inflation and shortages impacting the availability and cost of raw materials, energy, and other supplies, disruptions and delays in the Company's supply chain, and the conflicts between Russia and Ukraine and Israel and Hamas and other parties in the Middle East; the availability and cost of labor, logistics, and transportation; the pace and nature of new product introductions by the Company and the Company's customers; the Company's ability to anticipate and respond to changing consumer preferences and changing technologies; the Company's ability to successfully implement its growth strategies; the outcome of the Company's various productivity-improvement and cost-reduction efforts, acquisition and divestiture activities, and Portfolio Optimization Plan; industry, regulatory, legal, and economic factors related to the Company's domestic and international business; the effects of tariffs, trade barriers, and disputes; growth in markets for products in which the Company competes; industry and customer acceptance of price increases; actions by competitors; the Company's ability to enhance its innovation efforts and drive cost efficiencies; currency exchange rate fluctuations; and the matters discussed under Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2023. Except to the extent required by applicable law, the Company does not undertake to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.

### OVERVIEW

#### *Revenue*

Revenue was \$392.6 million and \$363.8 million for the three months ended September 30, 2024 and 2023, respectively. Revenue was \$1.2 billion and \$1.1 billion for the nine months ended September 30, 2024 and 2023, respectively. The increase in revenue for the three and nine months ended September 30, 2024 was primarily due to higher volumes and selling prices. For the three months ended September 30, 2024, the impact of foreign exchange rates decreased consolidated revenue by approximately 1%. Foreign exchange rates had an immaterial impact on consolidated revenue for the nine months ended September 30, 2024.

#### *Gross Margin*

The Company's gross margin was 33.2% and 31.2% for the three months ended September 30, 2024 and 2023, respectively. The Company's gross margin was 32.8% and 32.6% for the nine months ended September 30, 2024 and 2023, respectively. The increase in gross margin for both the three and nine months ended September 30, 2024 was primarily due to the higher volumes and selling prices, partially offset by higher raw material costs.

#### *Selling and Administrative Expenses*

Selling and administrative expense as a percent of revenue was 20.3% and 19.0% for the three months ended September 30, 2024 and 2023, respectively. Selling and administrative expense as a percent of revenue was 20.2% and 19.3% for the nine months ended September 30, 2024 and 2023, respectively. For the three months ended September 30, 2024, selling and administrative expenses were increased by Portfolio Optimization Plan costs totaling \$1.0 million, which increased selling and administrative expenses as a percent of revenue by approximately 20 basis points. For the nine months ended September 30, 2024, selling and administrative expenses were increased by Portfolio Optimization Plan costs totaling \$5.3 million, which increased selling and administrative expenses as a percent of revenue by approximately 50 basis points. See *Portfolio Optimization Plan* below for further information. The remaining increase in selling and administrative expense as a percent of revenue for the three and nine months ended September 30, 2024, was primarily due to higher performance-based executive compensation costs in 2024.



*Operating Income*

Operating income was \$50.5 million and \$44.5 million for the three months ended September 30, 2024 and 2023, respectively. Operating margins were 12.9% and 12.2% for the three months ended September 30, 2024 and 2023, respectively. The increase in operating margin was primarily due to the higher volumes and selling prices, partially offset by higher raw material costs and higher performance-based executive compensation costs in 2024. Portfolio Optimization Plan costs also offset the increase, decreasing operating margins by approximately 30 basis points for the three months ended September 30, 2024.

Operating income was \$149.6 million and \$147.0 million for the nine months ended September 30, 2024 and 2023, respectively. Operating margins were 12.7% and 13.3% for the nine months ended September 30, 2024 and 2023, respectively. Portfolio Optimization Plan costs decreased operating margins by approximately 50 basis points for the nine months ended September 30, 2024.

*Interest Expense*

Interest expense was \$7.7 million and \$6.3 million for the three months ended September 30, 2024 and 2023, respectively, and \$22.4 million and \$18.6 million for the nine months ended September 30, 2024 and 2023, respectively. The increase in interest expense for the three and nine months ended September 30, 2024, was primarily due to an increase in the average interest rate.

*Income Taxes*

The effective income tax rates for the three months ended September 30, 2024 and 2023 were 23.7% and 17.5%, respectively. The effective income tax rates for the nine months ended September 30, 2024 and 2023 were 25.7% and 22.7%, respectively. The effective tax rates for the three and nine months ended September 30, 2024 and 2023 were impacted by changes in estimates associated with the finalization of prior year foreign tax items and the mix of foreign earnings. The effective tax rates for both the three and nine months ended September 30, 2024, were also impacted by the limited tax deductibility of costs related to the Portfolio Optimization Plan. The effective tax rates for both the three and nine months ended September 30, 2023, were also impacted by changes in valuation allowances.

*Portfolio Optimization Plan*

During the fourth quarter of 2023, the Board of Directors of the Company approved a plan to undertake an effort to optimize certain production facilities and improve efficiencies within the Company (Portfolio Optimization Plan). As part of the Portfolio Optimization Plan, in the Flavors & Extracts segment, the Company evaluated the closure of its manufacturing facility in Felinfach, Wales, United Kingdom, the closure of its sales office in Granada, Spain, and the centralization and elimination of certain selling and administrative positions. In addition, in the Color segment, the Company evaluated the closure of a manufacturing facility in Delta, British Columbia, Canada, the closure of a sales office in Argentina, and centralizing and eliminating certain production positions and selling and administrative positions. The Company reports all costs associated with the Portfolio Optimization Plan in the Corporate & Other segment.

The Company's Felinfach site will continue to operate until all production activities have successfully transferred to other locations, and then will be closed. The Company has substantially completed all other actions contemplated under the Portfolio Optimization Plan in accordance with local laws.

For the three months ended September 30, 2024, the Company incurred costs of \$1.2 million related to the Portfolio Optimization Plan recorded in Corporate & Other, primarily for costs associated with employee separation and professional services.

For the nine months ended September 30, 2024, the Company incurred costs of \$5.8 million related to the Portfolio Optimization Plan recorded in Corporate & Other, primarily for costs associated with employee separation, impairment of fixed assets, decommissioning, and professional services.

**NON-GAAP FINANCIAL MEASURES**

Within the following tables, the Company reports certain non-GAAP financial measures, including: (1) adjusted operating income, adjusted net earnings, and adjusted diluted earnings per share, which exclude restructuring and other costs, including the Portfolio Optimization Plan costs, and (2) percentage changes in revenue, operating income, and diluted earnings per share on an adjusted local currency basis, which eliminate the effects that result from translating its international operations into U.S. dollars and restructuring and other costs, including the Portfolio Optimization Plan costs.

The Company has included each of these non-GAAP measures in order to provide additional information regarding our underlying operating results and comparable year-over-year performance. Such information is supplemental to information presented in accordance with GAAP and is not intended to represent a presentation in accordance with GAAP. These non-GAAP measures should not be considered in isolation. Rather, they should be considered together with GAAP measures and the rest of the information included in this report. Management internally reviews each of these non-GAAP measures to evaluate performance on a comparative period-to-period basis and to gain additional insight into underlying operating and performance trends, and the Company believes the information can be beneficial to investors for the same purposes. These non-GAAP measures may not be comparable to similarly titled measures used by other companies.

(In thousands, except per share amounts)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
<b>Operating Income (GAAP)</b>	\$ 50,520	\$ 44,531	13.4%	\$ 149,583	\$ 146,960	1.8%
Portfolio Optimization Plan costs – Cost of products sold	209	-		523	-	
Portfolio Optimization Plan costs – Selling and administrative expenses	1,002	-		5,252	-	
<b>Adjusted operating income</b>	<b>\$ 51,731</b>	<b>\$ 44,531</b>	<b>16.2%</b>	<b>\$ 155,358</b>	<b>\$ 146,960</b>	<b>5.7%</b>
<b>Net Earnings (GAAP)</b>	\$ 32,690	\$ 31,543	3.6%	\$ 94,562	\$ 99,227	(4.7%)
Portfolio Optimization Plan costs, before tax	1,211	-		5,775	-	
Tax impact of Portfolio Optimization Plan costs <sup>(1)</sup>	(17)	-		(586)	-	
<b>Adjusted net earnings</b>	<b>\$ 33,884</b>	<b>\$ 31,543</b>	<b>7.4%</b>	<b>\$ 99,751</b>	<b>\$ 99,227</b>	<b>0.5%</b>
<b>Diluted earnings per share (GAAP)</b>	\$ 0.77	\$ 0.75	2.7%	\$ 2.23	\$ 2.35	(5.1%)
Portfolio Optimization Plan costs, net of tax	0.03	-		0.12	-	
<b>Adjusted diluted earnings per share</b>	<b>\$ 0.80</b>	<b>\$ 0.75</b>	<b>6.7%</b>	<b>\$ 2.35</b>	<b>\$ 2.35</b>	<b>0.0%</b>

(1) Tax impact adjustments were determined based on the nature of the underlying non-GAAP adjustments and their relevant jurisdictional tax rates.

Portfolio Optimization Plan costs are discussed under "Portfolio Optimization Plan" above and Note 2, Portfolio Optimization Plan, in the Notes to the Consolidated Financial Statements included in this report.

Note: Earnings per share calculations may not foot due to rounding differences .

The following table summarizes the percentage change for the results of the three and nine months ended September 30, 2024, compared to the results for the three and nine months ended September 30, 2023, in the respective financial measures.

	Three Months Ended September 30, 2024				Nine Months Ended September 30, 2024			
	Total	Foreign Exchange Rates	Adjustments <sup>(1)</sup>	Adjusted Local Currency	Total	Foreign Exchange Rates	Adjustments <sup>(1)</sup>	Adjusted Local Currency
<b>Revenue</b>								
Flavors & Extracts	6.4%	(0.4%)	N/A	6.8%	8.5%	0.2%	N/A	8.3%
Color	11.8%	(1.2%)	N/A	13.0%	5.0%	(0.2%)	N/A	5.2%
Asia Pacific	13.6%	0.2%	N/A	13.4%	6.9%	(2.5%)	N/A	9.4%
<b>Total Revenue</b>	<b>7.9%</b>	<b>(0.7%)</b>	<b>N/A</b>	<b>8.6%</b>	<b>6.7%</b>	<b>(0.2%)</b>	<b>N/A</b>	<b>6.9%</b>
<b>Operating Income</b>								
Flavors & Extracts	12.1%	(0.7%)	0.0%	12.8%	8.7%	(0.1%)	0.0%	8.8%
Color	30.0%	(0.9%)	0.0%	30.9%	10.7%	(0.1%)	0.0%	10.8%
Asia Pacific	15.0%	(0.3%)	0.0%	15.3%	4.2%	(3.3%)	0.0%	7.5%
Corporate & Other	51.1%	0.1%	12.6%	38.4%	42.4%	0.1%	18.2%	24.1%
<b>Total Operating Income</b>	<b>13.4%</b>	<b>(1.0%)</b>	<b>(2.7%)</b>	<b>17.1%</b>	<b>1.8%</b>	<b>(0.7%)</b>	<b>(3.9%)</b>	<b>6.4%</b>
<b>Diluted Earnings per Share</b>	<b>2.7%</b>	<b>(1.3%)</b>	<b>(4.0%)</b>	<b>8.0%</b>	<b>(5.1%)</b>	<b>(0.8%)</b>	<b>(5.2%)</b>	<b>0.9%</b>

(1) Adjustments consist of Portfolio Optimization Plan costs.

Note: Refer to table above for a reconciliation of these non-GAAP measures.

## SEGMENT INFORMATION

The Company determines its operating segments based on information utilized by its chief operating decision maker to allocate resources and assess performance. Segment performance is evaluated on operating income before share-based compensation, restructuring and other costs, including the Portfolio Optimization Plan costs, and other costs (which are reported in Corporate & Other), interest expense, and income taxes.

The Company's reportable segments consist of the Flavors & Extracts, Color, and Asia Pacific segments.

### *Flavors & Extracts*

Flavors & Extracts segment revenue was \$203.3 million and \$191.0 million for the three months ended September 30, 2024 and 2023, respectively, an increase of approximately 6%. The increase was a result of higher revenue in Natural Ingredients and Flavors, Extracts & Flavor Ingredients, primarily due to higher volumes and selling prices. Foreign exchange rates had an immaterial impact on segment revenue for the three months ended September 30, 2024.

Flavors & Extracts segment revenue was \$605.6 million and \$558.1 million for the nine months ended September 30, 2024 and 2023, respectively, an increase of approximately 9%. The increase was a result of higher revenue in Natural Ingredients and Flavors, Extracts & Flavor Ingredients. The increase in Natural Ingredients was a result of higher volumes and selling prices. The increase in Flavors, Extracts & Flavor Ingredients was primarily a result of higher selling prices. Foreign exchange rates had an immaterial impact on segment revenue for the nine months ended September 30, 2024.

Flavors & Extracts segment operating income was \$25.9 million and \$23.1 million for the three months ended September 30, 2024 and 2023, respectively, an increase of approximately 12%. The higher segment operating income was primarily a result of higher operating income in Flavors, Extracts & Flavor Ingredients, partially offset by lower operating income in Natural Ingredients. The higher segment operating income in Flavors, Extracts, & Flavor Ingredients was primarily due to lower raw material costs, higher selling prices, lower manufacturing and other costs, higher volumes, and savings generated from the Portfolio Optimization Plan. The lower segment operating income in Natural Ingredients was primarily a result of higher raw material costs, partially offset by higher selling prices and volumes. Foreign exchange rates decreased segment operating income by approximately 1%. Segment operating income as a percent of revenue was 12.7% in the current quarter compared to 12.1% in the prior year's comparable quarter.

Flavors & Extracts segment operating income was \$75.7 million and \$69.7 million for the nine months ended September 30, 2024 and 2023, respectively, an increase of approximately 9%. The increase was a result of higher segment operating income in Flavors, Extracts & Flavor Ingredients, partially offset by lower segment operating income in Natural Ingredients. The higher segment operating income in Flavors, Extracts & Flavor Ingredients was primarily a result of lower raw material costs, higher selling prices, and savings generated from the Portfolio Optimization Plan. The lower segment operating income in Natural Ingredients was primarily a result of higher raw material costs, partially offset by higher volumes and selling prices. Foreign exchange rates had an immaterial impact on segment operating income for the nine months ended September 30, 2024. Segment operating income as a percent of revenue was 12.5% in both the current nine month period and the prior year's comparable nine month period.

### *Color*

Color segment revenue was \$162.1 million and \$144.9 million for the three months ended September 30, 2024 and 2023, respectively, an increase of approximately 12%. The increase was a result of higher revenue in Food & Pharmaceutical Colors and Personal Care. The higher revenue in Food & Pharmaceutical Colors was due to higher volumes and selling prices, partially offset by the unfavorable impact of foreign exchange rates that decreased segment revenue by approximately 1%. The higher revenue in Personal Care was primarily due to higher volumes.

Color segment revenue was \$489.8 million and \$466.6 million for the nine months ended September 30, 2024 and 2023, respectively, an increase of approximately 5%. The increase was a result of higher revenue in Food & Pharmaceutical Colors and Personal Care, primarily due to higher volumes and selling prices. Foreign exchange rates had an immaterial impact on segment revenue for the nine months ended September 30, 2024.

Segment operating income for the Color segment was \$29.8 million and \$22.9 million for the three months ended September 30, 2024 and 2023, respectively, an increase of approximately 30%. The increase in segment operating income was a result of higher operating income in Personal Care and Food & Pharmaceutical Colors. The higher operating income in Personal Care was primarily due to higher volumes and lower raw material costs. The higher operating income in Food & Pharmaceutical Colors was primarily due to higher volumes, selling prices, and savings generated from the Portfolio Optimization Plan, partially offset by higher manufacturing and other costs. Foreign exchange rates decreased segment operating income by approximately 1%. Segment operating income as a percent of revenue was 18.4% in the current quarter and 15.8% in the prior year's comparable quarter.

Segment operating income for the Color segment was \$93.0 million and \$84.0 million for the nine months ended September 30, 2024 and 2023, respectively, an increase of approximately 11%. The increase in segment operating income was primarily a result of higher operating income in Personal Care and savings generated from the Portfolio Optimization Plan. The higher operating income in Personal Care was primarily due to higher volumes and selling prices and lower manufacturing and other costs. Foreign exchange rates had an immaterial impact on segment operating income for the nine months ended September 30, 2024. Segment operating income as a percent of revenue was 19.0% in the current nine month period and 18.0% in the prior year's comparable period.

#### *Asia Pacific*

Segment revenue for the Asia Pacific segment was \$41.8 million and \$36.8 million for the three months ended September 30, 2024 and 2023, respectively, an increase of approximately 14%. The increase was primarily a result of higher volumes. Foreign exchange rates had an immaterial impact on segment revenue for the three months ended September 30, 2024.

Segment revenue for the Asia Pacific segment was \$120.7 million and \$112.9 million for the nine months ended September 30, 2024 and 2023, respectively, an increase of approximately 7%. The increase was a result of higher volumes and selling prices, partially offset by the unfavorable impact of foreign exchange rates that decreased segment revenue by approximately 3%.

Segment operating income for the Asia Pacific segment was \$9.3 million and \$8.1 million for the three months ended September 30, 2024 and 2023, respectively, an increase of approximately 15%. The increase was primarily a result of the higher volumes. Foreign exchange rates had an immaterial impact on segment operating income for the three months ended September 30, 2024. Segment operating income as a percent of revenue was 22.3% in the current quarter and 22.0% in the prior year's comparable quarter.

Segment operating income for the Asia Pacific segment was \$26.0 million and \$24.9 million for the nine months ended September 30, 2024 and 2023, respectively, an increase of approximately 4%. The increase was primarily a result of the higher volumes and selling prices, partially offset by higher raw material and manufacturing and other costs and the unfavorable impact of foreign exchange rates that decreased segment operating income by approximately 3%. Segment operating income as a percent of revenue was 21.5% in the current nine month period and 22.1% in the prior year's comparable period.

#### *Corporate & Other*

The Corporate & Other operating expense was \$14.5 million and \$9.6 million for the three months ended September 30, 2024 and 2023, respectively. The higher operating expense was primarily a result of Portfolio Optimization Plan costs totaling \$1.2 million negatively impacting the three months ended September 30, 2024, and higher performance-based executive compensation costs. See the *Portfolio Optimization Plan* section above for further information.

The Corporate & Other operating expense was \$45.1 million and \$31.7 million for the nine months ended September 30, 2024 and 2023, respectively. The higher operating expense was primarily a result of Portfolio Optimization Plan costs totaling \$5.8 million negatively impacting the nine months ended September 30, 2024, and higher performance-based executive compensation costs. See the *Portfolio Optimization Plan* section above for further information.

## **LIQUIDITY AND FINANCIAL CONDITION**

#### *Financial Condition*

The Company's financial position remains strong. The Company is in compliance with its loan covenants calculated in accordance with applicable agreements as of September 30, 2024. The Company expects its cash flow from operations and its existing debt capacity can be used to meet anticipated future cash requirements for operations, capital expenditures, and dividend payments, as well as potential acquisitions and stock repurchases. The Company's contractual obligations consist primarily of operational commitments, which we expect to continue to be able to satisfy through cash generated from operations and debt. The Company has various series of notes outstanding that mature from 2025 through 2029. The Company believes that it has the ability to refinance or repay these obligations through a combination of cash flow from operations, issuance of additional notes, and sufficient borrowing capacity under the Company's revolving credit facility, which matures in 2026.

As a result of our ability to manage the impact of inflation through pricing and other actions, the impact of inflation was not material to the Company's financial position and its results of operations for the three or nine months ended September 30, 2024. The Company has experienced increased costs for certain inputs, such as raw materials, shipping and logistics, and labor-related costs. We continue to expect to manage these impacts in the near term, but persistent, accelerated, or expanded inflationary conditions could exacerbate these challenges and impact our profitability.

#### *Cash Flows from Operating Activities*

Net cash provided by operating activities was \$135.8 million and \$106.8 million for the nine months ended September 30, 2024 and 2023, respectively. The increase in net cash from operating activities was primarily due to a decrease in cash used for performance-based compensation payments (which are determined based on prior year performance) made during 2024 compared to 2023 and an increase in cash provided by inventory during 2024 compared to 2023, partially offset by a decrease in cash provided by accounts receivable.

#### *Cash Flows from Investing Activities*

Net cash used in investing activities was \$37.2 million and \$65.6 million during the nine months ended September 30, 2024 and 2023, respectively. Capital expenditures were \$36.1 million and \$67.7 million during the nine months ended September 30, 2024 and 2023, respectively.

#### *Cash Flows from Financing Activities*

Net cash used in financing activities was \$75.1 million and \$36.4 million for the nine months ended September 30, 2024 and 2023, respectively. Net debt decreased by \$19.8 million and increased by \$23.5 million for the nine months ended September 30, 2024 and 2023, respectively. For purposes of the cash flow statement, net changes in debt exclude the impact of foreign exchange rates. Dividends of \$52.0 million and \$51.9 million were paid during the nine months ended September 30, 2024 and 2023, respectively. Total dividends of \$1.23 per share were paid for both the nine months ended September 30, 2024 and 2023.

### **CRITICAL ACCOUNTING POLICIES**

There have been no material changes in the Company's critical accounting policies during the quarter ended September 30, 2024. For additional information about the Company's critical accounting policies, refer to "Critical Accounting Policies" under Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There have been no material changes in the Company's exposure to market risk during the quarter ended September 30, 2024. For additional information about market risk, refer to Part II, Item 7A of the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

### **ITEM 4. CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures:** The Company carried out an evaluation, under the supervision and with the participation of management, including the Company's Chairman, President, and Chief Executive Officer and its Vice President and Chief Financial Officer, of the effectiveness, as of the end of the period covered by this report, of the design and operation of the disclosure controls and procedures, as defined in Rule 13a-15(e) of the Exchange Act. Based upon that evaluation, the Company's Chairman, President, and Chief Executive Officer and its Vice President and Chief Financial Officer have concluded that the disclosure controls and procedures were effective as of the end of the period covered by this report.

**Changes in Internal Control over Financial Reporting:** There have been no changes in the Company's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) during the quarter ended September 30, 2024, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

See Part I, Item 1, Note 12, *Commitments and Contingencies*, of this report for information regarding legal proceedings in which the Company is involved.

## ITEM 1A. RISK FACTORS

There were no material changes to the risk factors previously disclosed in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On October 19, 2017, the Board of Directors authorized the repurchase of up to three million shares (2017 Authorization). As of September 30, 2024, 1,267,019 shares had been repurchased under the 2017 Authorization. There is no expiration date for the 2017 Authorization. The 2017 Authorization may be modified, suspended, or discontinued by the Board of Directors at any time. As of September 30, 2024, the maximum number of shares that may be purchased under publicly announced plans is 1,732,981. No shares were purchased by the Company during the three or nine months ended September 30, 2024.

## ITEM 5. OTHER INFORMATION

### *Rule 10b5-1 Trading Arrangements*

During the three months ended September 30, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

### *Amendment to Term Loan*

On October 31, 2024, the Company entered into Amendment No. 1 (the Amendment) to that certain Loan Agreement, by and between the Company and PNC Bank, National Association. The Amendment amends the Loan Agreement to, among other things, (i) extend the maturity date of the Loan Agreement to November 7, 2025, and (ii) set the margin on the borrowings, which was previously determined on the basis of the Company's leverage ratio, to a fixed rate. The borrowings under the Loan Agreement bear interest on the unpaid principal amount at the Eurocurrency Rate (defined as reserve-adjusted EURIBOR) plus such margin.

The foregoing summary does not purport to be complete and is qualified in its entirety by reference to the Amendment, which is filed with this Quarterly Report on Form 10-Q as Exhibit 10.2 and is incorporated herein by reference.

## ITEM 6. EXHIBITS

The exhibits listed in the following Exhibit Index are filed as part of this Quarterly Report on Form 10-Q.

SENSIENT TECHNOLOGIES CORPORATION  
EXHIBIT INDEX  
QUARTERLY REPORT ON FORM 10-Q  
FOR THE QUARTER ENDED SEPTEMBER 30, 2024

<u>Exhibit</u>	<u>Description</u>	<u>Incorporated by Reference From</u>	<u>Filed Herewith</u>
<a href="#">10.1</a>	Amendment No. 11 to Receivables Purchase Agreement, dated as of August 30, 2024, among Sensient Receivables LLC, Sensient Technologies Corporation, and Wells Fargo Bank, National Association.	Exhibit 10.1 to Current Report on Form 8-K dated September 4, 2024 (Commission File No. 1-7626)	
<a href="#">10.2</a>	Amendment No. 1 to Loan Agreement, dated as of October 31, 2024, between Sensient Technologies Corporation and PNC Bank, National Association.		X
<a href="#">31</a>	Certifications of the Company's Chairman, President & Chief Executive Officer and Vice President & Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act		X
<a href="#">32</a>	Certifications of the Company's Chairman, President & Chief Executive Officer and Vice President & Chief Financial Officer pursuant to 18 United States Code § 1350		X
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)		X
101.SCH	Inline XBRL Taxonomy Extension Schema Document		X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document		X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document		X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document		X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document		X
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)		X

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SENSIENT TECHNOLOGIES CORPORATION

Date: November 5, 2024

By: /s/ John J. Manning  
John J. Manning, Senior Vice President, General Counsel & Secretary

Date: November 5, 2024

By: /s/ Tobin Tornehl  
Tobin Tornehl, Vice President & Chief Financial Officer



**FIRST AMENDMENT TO LOAN AGREEMENT**

This FIRST AMENDMENT TO LOAN AGREEMENT (this "Amendment") is dated as of October 31, 2024 and is by and among SENSIENT TECHNOLOGIES CORPORATION, a Wisconsin corporation (the "Company" or the "Borrower"), the financial institutions signatory hereto as lenders, and PNC BANK, NATIONAL ASSOCIATION, a national banking association, as administrative agent (in such capacity, the "Administrative Agent").

Unless otherwise indicated, all capitalized terms used herein and not otherwise defined shall have the respective meanings provided such terms in the Loan Agreement referred to below.

**WITNESSETH:**

WHEREAS, the Company, the financial institutions party thereto (the "Lenders") and the Administrative Agent are parties to a certain Loan Agreement dated as of November 7, 2022 (as amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement");

WHEREAS, each of the Lenders and the Administrative Agent entered into Assignment and Assumption Agreements whereby the Administrative Agent irrevocably purchased and assumed all of the rights and obligations under the Loan Agreement from each of the other Lenders; and

WHEREAS, the Company, the Administrative Agent and the sole Lender wish to amend the Loan Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Amendments to Loan Agreement. Upon the First Amendment Effective Date (as defined below), the Loan Agreement is hereby amended as follows:

(a) The definition of "Applicable Margin" in Section 1.01 of the Loan Agreement is hereby deleted in its entirety.

(b) The definition of "Applicable Period" in Section 1.01 of the Loan Agreement is hereby deleted in its entirety.

(c) The definition of "Base Rate Margin" in Section 1.01 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"Base Rate Margin" means 0.125%.

(d) The definition of "Calculation Date" in Section 1.01 of the Loan Agreement is hereby deleted in its entirety.

(e) The definition of "Daily Simple SOFR" in Section 1.01 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

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"Daily Simple SOFR" means, for any day (a "SOFR Rate Day"), the interest rate per annum determined by the Administrative Agent (rounded upwards, at the Administrative Agent's discretion, to the nearest 1/100th of 1%) equal to SOFR for the day (the "SOFR Determination Date") that is 2 Business Days prior to (i) such SOFR Rate Day if such SOFR Rate Day is a Business Day or (ii) the Business Day immediately preceding such SOFR Rate Day if such SOFR Rate Day is not a Business Day, in each case, as such SOFR is published by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate) on the website of the Federal Reserve Bank of New York, at <http://www.newyorkfed.org>, or any successor source identified by the Federal Reserve Bank of New York or its successor administrator for the secured overnight financing rate from time to time. If Daily Simple SOFR as determined above would be less than the Floor, then Daily Simple SOFR shall be deemed to be the Floor. If SOFR for any SOFR Determination Date has not been published or replaced with a Benchmark Replacement by 5:00 p.m. (Pittsburgh, Pennsylvania time) on the second Business Day immediately following such SOFR Determination Date, then SOFR for such SOFR Determination Date will be SOFR for the first Business Day preceding such SOFR Determination Date for which SOFR was published in accordance with the definition of "SOFR"; provided that SOFR determined pursuant to this sentence shall be used for purposes of calculating Daily Simple SOFR for no more than 3 consecutive SOFR Rate Days. If and when Daily Simple SOFR as determined above changes, any applicable rate of interest based on Daily Simple SOFR will change automatically without notice to the Borrower, effective on the date of any such change.

(f) The definition of "EURIBOR Rate" in Section 1.01 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"EURIBOR Rate" means the rate per annum equal to the Euro Interbank Offered Rate as administered by the European Money Markets Institute (or any other person that takes over the administration of such rate) for a period equal in length to the applicable interest period (one (1), three (3) or six (6) months), as displayed on the applicable Bloomberg page (or on any successor or substitute page or service providing such quotations as determined by the Administrative Agent from time to time) at approximately 11:00 a.m. (Brussels time) two (2) business days prior to the commencement of such interest period; provided, that if by such time the EURIBOR Rate in respect of such day has not been so published, or if such day is not a business day, then the EURIBOR Rate for such day will be the EURIBOR Rate as published in respect of the first preceding business day for which such EURIBOR Rate was published thereon; provided further that any EURIBOR Rate so determined based on the first preceding business day shall be utilized for purposes of calculation of the EURIBOR Rate for no more than three (3) consecutive business days (any such day, collectively, the "EURIBOR Lookback Day").

(g) The definition of "Eurocurrency Rate Margin" in Section 1.01 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"Eurocurrency Rate Margin" means 1.125%.

(h) The definition of "Maturity Date" in Section 1.01 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"Maturity Date" means November 7, 2025.

(i) The definition of "Percentage" in Section 1.01 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"Percentage" means, with respect to each Lender, the ratio of (a) that Lender's Term Loan Commitment, to (b) the Aggregate Term Loan Commitment Amount. For purposes of this definition only, following the advance of the Term Loan, each Lender's Percentage shall be deemed to be the portion (on a percentage basis) of the Term Loan held by such Lender.

(j) Article I of the Loan Agreement is hereby amended by adding a new Section following Section 1.6 to read in its entirety as follows:

**Section 1.7      Benchmark Replacement Notification; Rates.**

Section 2.13(l) of this Agreement provides a mechanism for determining an alternative rate of interest in the event that any Benchmark is no longer available or in certain other circumstances. The Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, (a) the continuation of, administration of, submission of or calculation of, or any other matter related to, any Benchmark, or any component definition thereof or rates referred to in the definition thereof, or any alternative or successor rate thereto, or replacement rate therefor (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement) will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, such Benchmark prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Conforming Changes. The Administrative Agent and its affiliates or other related entities may engage in transactions that affect the calculation of any Benchmark, any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto, in each case, in a manner adverse to the Borrower or any other person or entity. The Administrative Agent may select information sources or services in its reasonable discretion to ascertain any Benchmark, any component definition thereof or rates referred to in the definition thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

(k) Section 2.8(b) of the Loan Agreement is hereby amended by deleting the references to capitalized term "Alternative Currency" appearing therein and replacing it with the uncapitalized term "alternative currency".

(l) Section 5.3 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

### **Section 5.3      Compliance with Laws.**

The Company will, and will cause each Subsidiary to, comply with the requirements of applicable laws and regulations, the non-compliance with which would effect a Material Adverse Change. In addition, and without limiting the foregoing sentence, the Company will (a) ensure, and cause each Subsidiary to ensure, that no Person who owns a controlling interest in or otherwise controls the Company or any Subsidiary is or shall be a Sanctioned Person, (b) not use or permit the use of the proceeds of the Term Loan in a manner inconsistent with the second sentence of Section 4.20 and not repay the Term Loans with funds derived from any unlawful activity and (c) comply, and cause each Subsidiary to comply, with all Anti-Terrorism Laws in all material respects.

2.      Representations and Warranties. The Company hereby represents and warrants that:

(a)      The execution, delivery and performance by the Company of this Amendment have been duly authorized by all necessary corporate or other organizational action and do not and will not (a) require any consent or approval of the equityholders of the Company, or any authorization, consent, approval, order, filing, registration or qualification by or with any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, other than those consents described in Schedule 4.2 of the Loan Agreement, each of which has been obtained and is in full force and effect, (b) violate any provision of any law, rule or regulation (including Regulation X of the Board of Governors of the Federal Reserve System and Section 7 of the Exchange Act or any regulation promulgated thereunder) or of any order, writ, injunction or decree presently in effect having applicability to the Company or of the Organizational Documents of the Borrower, (c) result in a breach of or constitute a default under any indenture or loan or credit agreement or any other material agreement, lease or instrument to which the Company or any Subsidiary is a party or by which it or its properties may be bound or affected, or (d) result in, or require, the creation or imposition of any Lien or other charge or encumbrance of any nature upon or with respect to any of the properties now owned or hereafter acquired by the Company or any Subsidiary.

(b)      This Amendment has been duly executed and delivered by the duly authorized officers of the Company and constitutes the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with its respective terms, except to the extent that such enforcement may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally or by general equitable principles.

(c)      Both immediately before and immediately after giving effect to this Amendment, the representations and warranties contained in Article IV of the Loan Agreement are correct in all material respects (or correct in all respects, if any such representation and warranty is qualified by materiality or reference to Material Adverse Change), except to the extent that such representations and warranties relate solely to an earlier date, in which case such representations and warranties are correct in all material respects (or correct in all respects, if any such representation and warranty is qualified by materiality or reference to Material Adverse Change) as of such earlier date.

(d)      Immediately before and immediately after giving effect to this Amendment, no event has occurred and is continuing, or would result from this Amendment, which constitutes a Default or an Event of Default.

3. Effectiveness. This Amendment shall become effective, and the "First Amendment Effective Date" shall be deemed to have occurred, upon the occurrence or satisfaction of each of the events and conditions below:

(a) the execution and delivery hereof by the Company, the Administrative Agent and the Required Lenders;

(b) the Administrative Agent shall have received, in form and substance satisfactory to it:

(i) a certificate of the secretary or an assistant secretary of the Company (i) certifying that the execution, delivery and performance of the Amendment and other documents contemplated hereunder have been duly approved by all necessary action of the Governing Board of the Company (or the Finance Committee thereof, if such committee is authorized to act on behalf of the Governing Board of the Company), and attaching true and correct copies of the applicable resolutions granting such approval, (ii) certifying that attached to such certificate are true and correct copies of the Organizational Documents of the Company, together with such copies (or a certification that no modifications have been made to such Organizational Documents since the date last delivered to the Administrative Agent), and (iii) certifying the names of the officers of the Company who are authorized to sign the Amendment and other documents contemplated hereunder, together with the true signatures of such officers (or a certification that there have been no changes to the officers of the Company since the Closing Date);

(ii) a certificate of good standing of the Company from the Secretary of State of its jurisdiction of incorporation, dated not more than thirty days before the First Amendment Effective Date;

(iii) such other documents (including "know your customer" information) as the Administrative Agent or the Required Lenders may reasonably deem necessary or advisable in connection with the Term Loan; and

(iv) a Beneficial Ownership Certification in relation to the Company (or a certification that the Company qualifies for an express exclusion from the "legal entity customer" definition under the Beneficial Ownership Regulation) to any Lender requesting the same; and

(c) The Company shall have paid all fees and expenses of the Administrative Agent required to be paid as of the First Amendment Effective Date under this Amendment, including fees of counsel for the Administrative Agent for which a statement has been received.

4. References, Effect, Etc. Upon the effectiveness of this Amendment, each reference to the Loan Agreement in the Loan Agreement or any other Loan Document shall mean and be a reference to the Loan Agreement as modified by this Amendment. For the avoidance of doubt, this Amendment constitutes a Loan Document.

5. Estoppel, Acknowledgement and Reaffirmation. As of the date hereof, the aggregate outstanding principal amount of the Term Loan is €75,000,000 and PNC Bank, National Association is the sole Lender with respect to the Term Loan and holds the entire outstanding principal amount thereof. The Borrower hereby acknowledges and reaffirms its obligations under the Loan Documents and agrees that this Amendment shall in no manner impair or otherwise adversely affect such obligations, except as explicitly set forth herein.

6. No Waiver. The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Administrative Agent or the Lenders, nor constitute a waiver of or consent to any provision of the Loan Agreement or any other Loan Documents executed and/or delivered in connection therewith.

7. Counterparts. This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Amendment.

8. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

9. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

\* \* \*

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized signatories to execute and deliver this Amendment as of the date first above written.

**SENSIENT TECHNOLOGIES CORPORATION,**  
as Company

By: /s/ Amy M. Agallar  
Name: Amy M. Agallar  
Title: Vice President and Treasurer

SENSIENT TECHNOLOGIES CORPORATION  
FIRST AMENDMENT TO LOAN AGREEMENT

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**PNC BANK, NATIONAL ASSOCIATION,**  
as Administrative Agent and the sole Lender

By: /s/ Joseph Plantier

Name: Joseph Plantier

Title: Assistant Vice President

SENSIENT TECHNOLOGIES CORPORATION  
FIRST AMENDMENT TO LOAN AGREEMENT

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**CERTIFICATION**  
**Pursuant to Rule 13a-14(a) of the Exchange Act**

I, Paul Manning, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sensient Technologies Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2024

/s/ Paul Manning

Paul Manning, Chairman, President & Chief  
Executive Officer

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**CERTIFICATION**  
**Pursuant to Rule 13a-14(a) of the Exchange Act**

I, Tobin Tornehl, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sensient Technologies Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2024

/s/ Tobin Tornehl

Tobin Tornehl, Vice President & Chief Financial  
Officer

**CERTIFICATION**  
**Pursuant to 18 United States Code § 1350**

The undersigned hereby certifies that the Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2024, of Sensient Technologies Corporation (the "Company") filed with the Securities and Exchange Commission on or about the date hereof fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Paul Manning

\_\_\_\_\_  
Name: Paul Manning  
Title: Chairman, President & Chief Executive Officer  
Date: November 5, 2024

A signed original of this written statement required by Section 906 has been provided to Sensient Technologies Corporation and will be retained by Sensient Technologies Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

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**CERTIFICATION**  
**Pursuant to 18 United States Code § 1350**

The undersigned hereby certifies that the Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2024, of Sensient Technologies Corporation (the "Company") filed with the Securities and Exchange Commission on or about the date hereof fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Tobin Tornehl

\_\_\_\_\_  
Name: Tobin Tornehl  
Title: Vice President & Chief Financial Officer  
Date: November 5, 2024

A signed original of this written statement required by Section 906 has been provided to Sensient Technologies Corporation and will be retained by Sensient Technologies Corporation and furnished to the Securities and Exchange Commission or its staff upon request.