

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: June 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 organization) (I.R.S. Employer Identification Number)

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 July 23, 2024
Common Stock, par value \$0.10 per share	42,374,796

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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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue	\$ 403,525	\$ 374,313	\$ 788,195	\$ 743,319
Cost of products sold	272,803	252,136	530,924	496,479
Selling and administrative expenses	81,065	70,586	158,208	144,411
Operating income	49,657	51,591	99,063	102,429
Interest expense	7,653	6,352	14,698	12,354
Earnings before income taxes	42,004	45,239	84,365	90,075
Income taxes	11,072	11,206	22,493	22,391
Net earnings	<u>\$ 30,932</u>	<u>\$ 34,033</u>	<u>\$ 61,872</u>	<u>\$ 67,684</u>
Weighted average number of common shares outstanding:				
Basic	42,154	42,043	42,129	42,006
Diluted	42,398	42,235	42,351	42,245
Earnings per common share:				
Basic	\$ 0.73	\$ 0.81	\$ 1.47	\$ 1.61
Diluted	\$ 0.73	\$ 0.81	\$ 1.46	\$ 1.60
Dividends declared per common share	\$ 0.41	\$ 0.41	\$ 0.82	\$ 0.82

See accompanying notes to consolidated condensed financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Comprehensive income	\$ 8,483	\$ 41,199	\$ 35,812	\$ 91,151

See accompanying notes to consolidated condensed financial statements.

SENSIENT TECHNOLOGIES CORPORATION  
CONSOLIDATED BALANCE SHEETS  
(In thousands)

	June 30, 2024 (Unaudited)	December 31, 2023
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 30,339	\$ 28,934
Trade accounts receivable	315,604	272,164
Inventories	553,415	598,399
Prepaid expenses and other current assets	44,897	37,119
Total current assets	944,255	936,616
Other assets	92,501	94,873
Deferred tax assets	37,171	41,564
Intangible assets, net	11,615	12,112
Goodwill	418,185	424,065
Property, Plant, and Equipment:		
Land	32,752	31,901
Buildings	349,407	343,594
Machinery and equipment	798,717	781,789
Construction in progress	37,117	59,091
	1,217,993	1,216,375
Less accumulated depreciation	(726,853)	(711,098)
	491,140	505,277
Total assets	<u>\$ 1,994,867</u>	<u>\$ 2,014,507</u>
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities:		
Trade accounts payable	\$ 107,218	\$ 131,114
Accrued salaries, wages, and withholdings from employees	33,525	26,412
Other accrued expenses	52,802	52,024
Income taxes	6,495	13,296
Short-term borrowings	26,995	13,460
Total current liabilities	227,035	236,306
Deferred tax liabilities	14,087	14,260
Other liabilities	36,435	37,817
Accrued employee and retiree benefits	24,872	27,715
Long-term debt	634,663	645,085
Shareholders' Equity:		
Common stock	5,396	5,396
Additional paid-in capital	114,730	115,941
Earnings reinvested in the business	1,754,059	1,726,872
Treasury stock, at cost	(618,233)	(622,768)
Accumulated other comprehensive loss	(198,177)	(172,117)
Total shareholders' equity	<u>1,057,775</u>	<u>1,053,324</u>
Total liabilities and shareholders' equity	<u>\$ 1,994,867</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)

	Six Months Ended June 30,	
	2024	2023
Cash flows from operating activities:		
Net earnings	\$ 61,872	\$ 67,684
Adjustments to arrive at net cash provided by operating activities:		
Depreciation and amortization	29,725	28,590
Share-based compensation expense	4,911	4,766
Net (gain) loss on assets	(195)	81
Portfolio Optimization Plan costs	1,495	-
Deferred income taxes	529	(2,643)
Changes in operating assets and liabilities:		
Trade accounts receivable	(49,449)	6,062
Inventories	36,730	(16,927)
Prepaid expenses and other assets	(6,612)	3,534
Accounts payable and other accrued expenses	(22,722)	(18,329)
Accrued salaries, wages, and withholdings from employees	7,824	(19,713)
Income taxes	(6,591)	(1,998)
Other liabilities	1,429	595
Net cash provided by operating activities	58,946	51,702
Cash flows from investing activities:		
Acquisition of property, plant, and equipment	(22,850)	(45,137)
Proceeds from sale of assets	296	53
Other investing activities	(336)	2,054
Net cash used in investing activities	(22,890)	(43,030)
Cash flows from financing activities:		
Proceeds from additional borrowings	132,189	187,037
Debt payments	(120,571)	(143,923)
Dividends paid	(34,685)	(34,577)
Other financing activities	(3,016)	(8,003)
Net cash (used in) provided by financing activities	(26,083)	534
Effect of exchange rate changes on cash and cash equivalents	(8,568)	6,419
Net increase in cash and cash equivalents	1,405	15,625
Cash and cash equivalents at beginning of period	28,934	20,921
Cash and cash equivalents at end of period	<u>\$ 30,339</u>	<u>\$ 36,546</u>

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 June 30, 2024							
Balances at March 31, 2024	\$ 5,396	\$ 112,389	\$ 1,740,500	11,806,249	\$ (618,621)	\$ (175,728)	\$ 1,063,936
Net earnings	-	-	30,932	-	-	-	30,932
Other comprehensive loss	-	-	-	-	-	(22,449)	(22,449)
Cash dividends paid – \$0.41 per share	-	-	(17,373)	-	-	-	(17,373)
Share-based compensation	-	2,916	-	-	-	-	2,916
Non-vested stock issued upon vesting	-	(528)	-	(10,076)	528	-	-
Other	-	(47)	-	2,680	(140)	-	(187)
Balances at June 30, 2024	\$ 5,396	\$ 114,730	\$ 1,754,059	11,798,853	\$ (618,233)	\$ (198,177)	\$ 1,057,775
Three Months Ended June 30, 2023							
Balances at March 31, 2023	\$ 5,396	\$ 112,589	\$ 1,719,096	11,917,944	\$ (624,473)	\$ (184,387)	\$ 1,028,221
Net earnings	-	-	34,033	-	-	-	34,033
Other comprehensive income	-	-	-	-	-	7,166	7,166
Cash dividends paid – \$0.41 per share	-	-	(17,322)	-	-	-	(17,322)
Share-based compensation	-	2,499	-	-	-	-	2,499
Non-vested stock issued upon vesting	-	(663)	-	(12,644)	663	-	-
Other	-	(95)	-	4,533	(238)	-	(333)
Balances at June 30, 2023	\$ 5,396	\$ 114,330	\$ 1,735,807	11,909,833	\$ (624,048)	\$ (177,221)	\$ 1,054,264
Six Months Ended June 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	-	-	61,872	-	-	-	61,872
Other comprehensive loss	-	-	-	-	-	(26,060)	(26,060)
Cash dividends paid – \$0.82 per share	-	-	(34,685)	-	-	-	(34,685)
Share-based compensation	-	4,911	-	-	-	-	4,911
Non-vested stock issued upon vesting	-	(5,893)	-	(112,472)	5,893	-	-
Benefit plans	-	299	-	(21,405)	1,122	-	1,421
Other	-	(528)	-	47,332	(2,480)	-	(3,008)
Balances at June 30, 2024	\$ 5,396	\$ 114,730	\$ 1,754,059	11,798,853	\$ (618,233)	\$ (198,177)	\$ 1,057,775
Six Months Ended June 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	-	-	67,684	-	-	-	67,684
Other comprehensive income	-	-	-	-	-	23,467	23,467
Cash dividends paid – \$0.82 per share	-	-	(34,577)	-	-	-	(34,577)
Share-based compensation	-	4,766	-	-	-	-	4,766
Non-vested stock issued upon vesting	-	(12,619)	-	(240,825)	12,619	-	-
Benefit plans	-	375	-	(18,172)	952	-	1,327
Other	-	(2,235)	-	110,057	(5,766)	-	(8,001)
Balances at June 30, 2023	\$ 5,396	\$ 114,330	\$ 1,735,807	11,909,833	\$ (624,048)	\$ (177,221)	\$ 1,054,264

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 June 30, 2024, and the results of operations, comprehensive income, and shareholders' equity for the three and six months ended June 30, 2024 and 2023, and cash flows for the six months ended June 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 requires public entities to provide disclosures of significant segment expenses and other segment items. 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 is currently evaluating the potential impact of this standard on its consolidated financial statements and its related disclosures.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires public entities to consistently categorize, and provide greater disaggregation of, information in the rate reconciliation table and further disaggregate income tax payments by jurisdiction. This ASU is effective for fiscal years beginning after December 15, 2024. The Company is currently evaluating the potential impact of this standard on its consolidated financial statements and its related disclosures.

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 three and six months ended June 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 \$2.8 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 June 30, 2024 and December 31, 2023, respectively. The Company expects the Portfolio Optimization Plan will cost approximately \$40 million, of which \$32.4 million has been incurred through June 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 to 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 June 30, 2024:

(In thousands)	Flavors & Extracts	Color	Corporate & Other	Consolidated
Non-cash impairment charges – Selling and administrative expenses	\$ -	\$ 154	\$ -	\$ 154
Non-cash charges – Cost of products sold	283	(176)	-	107
Employee separation – Selling and administrative expenses	240	35	-	275
Other production costs – Cost of products sold	100	-	-	100
Other costs – Selling and administrative expenses <sup>(1)</sup>	743	400	(27)	1,116
<b>Total</b>	<b>\$ 1,366</b>	<b>\$ 413</b>	<b>\$ (27)</b>	<b>\$ 1,752</b>

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

The following table summarizes the Portfolio Optimization Plan expenses by segment for the six months ended June 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	851	526	28	1,405
Other production costs – Cost of products sold	100	-	-	100
Other costs – Selling and administrative expenses <sup>(1)</sup>	1,059	684	(27)	1,716
<b>Total</b>	<b>\$ 2,418</b>	<b>\$ 2,145</b>	<b>\$ 1</b>	<b>\$ 4,564</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 six month periods ended June 30, 2024 and 2023:

(In thousands)	Allowance for Doubtful Accounts
<u>Three Months Ended June 30, 2024</u>	
Balance at March 31, 2024	\$ 3,882
Provision for expected credit losses	496
Accounts written off	(5)
Translation and other activity	(98)
Balance at June 30, 2024	<u>\$ 4,275</u>

(In thousands)	Allowance for Doubtful Accounts
<u>Three Months Ended June 30, 2023</u>	
Balance at March 31, 2023	\$ 4,045
Provision for expected credit losses	371
Accounts written off	(193)
Translation and other activity	70
Balance at June 30, 2023	<u>\$ 4,293</u>

(In thousands)	Allowance for Doubtful Accounts
<u>Six Months Ended June 30, 2024</u>	
Balance at December 31, 2023	\$ 4,373
Provision for expected credit losses	803
Accounts written off	(752)
Translation and other activity	(149)
Balance at June 30, 2024	<u>\$ 4,275</u>

(In thousands)	Allowance for Doubtful Accounts
<u>Six Months Ended June 30, 2023</u>	
Balance at December 31, 2022	\$ 4,436
Provision for expected credit losses	491
Accounts written off	(807)
Translation and other activity	173
Balance at June 30, 2023	<u>\$ 4,293</u>

#### 4. Inventories

At June 30, 2024, and December 31, 2023, inventories included finished and in-process products totaling \$ 407.1 million and \$437.1 million, respectively, and raw materials and supplies of \$146.4 million and \$161.3 million, respectively.

#### 5. 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 June 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 \$0.1 million and an asset of \$1.0 million as of June 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 June 30, 2024 and December 31, 2023, was \$634.7 million and \$645.2 million, respectively. The fair value of the long-term debt at June 30, 2024 and December 31, 2023, was \$638.3 million and \$653.7 million, respectively.

#### 6. 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 June 30, 2024:</u>					
Revenue from external customers	\$ 202,020	\$ 162,925	\$ 38,580	\$ -	\$ 403,525
Intersegment revenue	7,193	4,775	-	-	11,968
Total revenue	<u>\$ 209,213</u>	<u>\$ 167,700</u>	<u>\$ 38,580</u>	<u>\$ -</u>	<u>\$ 415,493</u>
Operating income (loss)	\$ 26,209	\$ 31,502	\$ 7,880	\$ (15,934)	\$ 49,657
Interest expense	-	-	-	7,653	7,653
Earnings (loss) before income taxes	<u>\$ 26,209</u>	<u>\$ 31,502</u>	<u>\$ 7,880</u>	<u>\$ (23,587)</u>	<u>\$ 42,004</u>
<u>Three months ended June 30, 2023:</u>					
Revenue from external customers	\$ 181,752	\$ 156,532	\$ 36,029	\$ -	\$ 374,313
Intersegment revenue	6,532	3,931	-	-	10,463
Total revenue	<u>\$ 188,284</u>	<u>\$ 160,463</u>	<u>\$ 36,029</u>	<u>\$ -</u>	<u>\$ 384,776</u>
Operating income (loss)	\$ 24,456	\$ 29,217	\$ 7,575	\$ (9,657)	\$ 51,591
Interest expense	-	-	-	6,352	6,352
Earnings (loss) before income taxes	<u>\$ 24,456</u>	<u>\$ 29,217</u>	<u>\$ 7,575</u>	<u>\$ (16,009)</u>	<u>\$ 45,239</u>
(In thousands)	Flavors & Extracts	Color	Asia Pacific	Corporate & Other	Consolidated
<u>Six months ended June 30, 2024:</u>					
Revenue from external customers	\$ 390,042	\$ 319,289	\$ 78,864	\$ -	\$ 788,195
Intersegment revenue	12,263	8,436	22	-	20,721
Total revenue	<u>\$ 402,305</u>	<u>\$ 327,725</u>	<u>\$ 78,886</u>	<u>\$ -</u>	<u>\$ 808,916</u>
Operating income (loss)	\$ 49,887	\$ 63,181	\$ 16,656	\$ (30,661)	\$ 99,063
Interest expense	-	-	-	14,698	14,698
Earnings (loss) before income taxes	<u>\$ 49,887</u>	<u>\$ 63,181</u>	<u>\$ 16,656</u>	<u>\$ (45,359)</u>	<u>\$ 84,365</u>
<u>Six months ended June 30, 2023:</u>					
Revenue from external customers	\$ 353,724	\$ 313,481	\$ 76,114	\$ -	\$ 743,319
Intersegment revenue	13,412	8,143	-	-	21,555
Total revenue	<u>\$ 367,136</u>	<u>\$ 321,624</u>	<u>\$ 76,114</u>	<u>\$ -</u>	<u>\$ 764,874</u>
Operating income (loss)	\$ 46,636	\$ 61,102	\$ 16,816	\$ (22,125)	\$ 102,429
Interest expense	-	-	-	12,354	12,354
Earnings (loss) before income taxes	<u>\$ 46,636</u>	<u>\$ 61,102</u>	<u>\$ 16,816</u>	<u>\$ (34,479)</u>	<u>\$ 90,075</u>

## Product Lines

(In thousands)	Flavors & Extracts	Color	Asia Pacific	Consolidated
<b>Three months ended June 30, 2024:</b>				
Flavors, Extracts & Flavor Ingredients	\$ 134,749	\$ -	\$ -	\$ 134,749
Natural Ingredients	74,464	-	-	74,464
Food & Pharmaceutical Colors	-	125,327	-	125,327
Personal Care	-	42,373	-	42,373
Asia Pacific	-	-	38,580	38,580
Intersegment Revenue	(7,193)	(4,775)	-	(11,968)
Total revenue from external customers	<u>\$ 202,020</u>	<u>\$ 162,925</u>	<u>\$ 38,580</u>	<u>\$ 403,525</u>

<b>Three months ended June 30, 2023:</b>				
Flavors, Extracts & Flavor Ingredients	\$ 133,688	\$ -	\$ -	\$ 133,688
Natural Ingredients	54,596	-	-	54,596
Food & Pharmaceutical Colors	-	120,165	-	120,165
Personal Care	-	40,298	-	40,298
Asia Pacific	-	-	36,029	36,029
Intersegment Revenue	(6,532)	(3,931)	-	(10,463)
Total revenue from external customers	<u>\$ 181,752</u>	<u>\$ 156,532</u>	<u>\$ 36,029</u>	<u>\$ 374,313</u>

(In thousands)	Flavors & Extracts	Color	Asia Pacific	Consolidated
<b>Six months ended June 30, 2024:</b>				
Flavors, Extracts & Flavor Ingredients	\$ 259,554	\$ -	\$ -	\$ 259,554
Natural Ingredients	142,751	-	-	142,751
Food & Pharmaceutical Colors	-	242,385	-	242,385
Personal Care	-	85,340	-	85,340
Asia Pacific	-	-	78,886	78,886
Intersegment Revenue	(12,263)	(8,436)	(22)	(20,721)
Total revenue from external customers	<u>\$ 390,042</u>	<u>\$ 319,289</u>	<u>\$ 78,864</u>	<u>\$ 788,195</u>

<b>Six months ended June 30, 2023:</b>				
Flavors, Extracts & Flavor Ingredients	\$ 258,513	\$ -	\$ -	\$ 258,513
Natural Ingredients	108,623	-	-	108,623
Food & Pharmaceutical Colors	-	238,912	-	238,912
Personal Care	-	82,712	-	82,712
Asia Pacific	-	-	76,114	76,114
Intersegment Revenue	(13,412)	(8,143)	-	(21,555)
Total revenue from external customers	<u>\$ 353,724</u>	<u>\$ 313,481</u>	<u>\$ 76,114</u>	<u>\$ 743,319</u>

## Geographic Markets

(In thousands)	Flavors & Extracts	Color	Asia Pacific	Consolidated
<b>Three months ended June 30, 2024:</b>				
North America	\$ 156,650	\$ 82,535	\$ 82	\$ 239,267
Europe	32,064	45,825	60	77,949
Asia Pacific	5,103	15,648	37,017	57,768
Other	8,203	18,917	1,421	28,541
Total revenue from external customers	<u>\$ 202,020</u>	<u>\$ 162,925</u>	<u>\$ 38,580</u>	<u>\$ 403,525</u>

<b>Three months ended June 30, 2023:</b>				
North America	\$ 137,135	\$ 77,554	\$ 62	\$ 214,751
Europe	31,867	44,397	24	76,288
Asia Pacific	6,290	16,308	35,394	57,992
Other	6,460	18,273	549	25,282
Total revenue from external customers	<u>\$ 181,752</u>	<u>\$ 156,532</u>	<u>\$ 36,029</u>	<u>\$ 374,313</u>

(In thousands)	Flavors & Extracts	Color	Asia Pacific	Consolidated
<u>Six months ended June 30, 2024:</u>				
North America	\$ 303,602	\$ 157,655	\$ 82	\$ 461,339
Europe	64,221	91,987	106	156,314
Asia Pacific	8,809	33,067	75,702	117,578
Other	13,410	36,580	2,974	52,964
Total revenue from external customers	<u>\$ 390,042</u>	<u>\$ 319,289</u>	<u>\$ 78,864</u>	<u>\$ 788,195</u>
<u>Six months ended June 30, 2023:</u>				
North America	\$ 269,103	\$ 155,931	\$ 124	\$ 425,158
Europe	60,794	87,649	127	148,570
Asia Pacific	11,491	34,457	74,589	120,537
Other	12,336	35,444	1,274	49,054
Total revenue from external customers	<u>\$ 353,724</u>	<u>\$ 313,481</u>	<u>\$ 76,114</u>	<u>\$ 743,319</u>

## 7. 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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Service cost	\$ 509	\$ 371	\$ 881	\$ 739
Interest cost	529	413	930	822
Expected return on plan assets	(260)	(245)	(502)	(484)
Recognized actuarial gain	(91)	(138)	(182)	(277)
Total defined benefit expense	<u>\$ 687</u>	<u>\$ 401</u>	<u>\$ 1,127</u>	<u>\$ 800</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.

## 8. 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 \$ 30.7 million and \$58.4 million of forward exchange contracts designated as cash flow hedges outstanding as of June 30, 2024 and December 31, 2023, respectively. For the three and six months ended June 30, 2024 and 2023, 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. 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 June 30, 2024 and December 31, 2023, the total value of the Company's net investment hedges was \$304.8 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 June 30, 2024 and 2023, the impact of foreign exchange rates on these debt instruments decreased debt by \$1.9 million and increased debt by \$3.8 million, respectively, which has been recorded as foreign currency translation in OCI. For the six months ended June 30, 2024 and 2023, the impact of foreign exchange rates on these debt instruments decreased debt by \$ 8.5 million and increased debt by \$8.2 million, respectively, which has been recorded as foreign currency translation in OCI.

## 9. Income Taxes

The effective income tax rates for the three months ended June 30, 2024 and 2023 were 26.4% and 24.8%, respectively. For the six months ended June 30, 2024 and 2023, the effective income tax rates were 26.7% and 24.9%, respectively. The effective tax rates for the three and six months ended June 30, 2024 and 2023 were impacted by the mix of foreign earnings and changes in estimates associated with the finalization of prior year foreign tax items. The effective tax rates for both the three and six months ended June 30, 2024 were also impacted by the limited tax deductibility of costs related to the Portfolio Optimization Plan.

## 10. Accumulated Other Comprehensive Income

The following table summarizes the changes in OCI during the three and six month periods ended June 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	(537)	-	(25,163)	(25,700)
Amounts reclassified from OCI	(224)	(136)	-	(360)
Balances at June 30, 2024	\$ 236	\$ (2,215)	\$ (196,198)	\$ (198,177)

(In thousands)	Cash Flow Hedges <sup>(1)</sup>	Pension Items <sup>(1)</sup>	Foreign Currency Items	Total
Balances at March 31, 2024	\$ 1,477	\$ (2,147)	\$ (175,058)	\$ (175,728)
Other comprehensive loss before reclassifications	(1,239)	-	(21,140)	(22,379)
Amounts reclassified from OCI	(2)	(68)	-	(70)
Balances at June 30, 2024	\$ 236	\$ (2,215)	\$ (196,198)	\$ (198,177)

(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	3,213	-	21,115	24,328
Amounts reclassified from OCI	(617)	(244)	-	(861)
Balances at June 30, 2023	\$ 1,997	\$ (2,036)	\$ (177,182)	\$ (177,221)

(In thousands)	Cash Flow Hedges <sup>(1)</sup>	Pension Items <sup>(1)</sup>	Foreign Currency Items	Total
Balances at March 31, 2023	\$ 983	\$ (1,914)	\$ (183,456)	\$ (184,387)
Other comprehensive income before reclassifications	1,513	-	6,274	7,787
Amounts reclassified from OCI	(499)	(122)	-	(621)
Balances at June 30, 2023	\$ 1,997	\$ (2,036)	\$ (177,182)	\$ (177,221)

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

**11. 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.

**12. Subsequent Event**

On July 25, 2024, the Company announced its quarterly dividend of \$ 0.41 per share would be payable on September 3, 2024.

## 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 June 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 \$403.5 million and \$374.3 million for the three months ended June 30, 2024 and 2023, respectively. Revenue was \$788.2 million and \$743.3 million for the six months ended June 30, 2024 and 2023, respectively. The increase in revenue for the three and six months ended June 30, 2024 was primarily due to higher volumes and selling prices. For the three months ended June 30, 2024, the impact of foreign exchange rates decreased consolidated revenue by approximately 1%. Foreign exchange rates did not have a material impact on revenue for the six months ended June 30, 2024.

#### *Gross Margin*

The Company's gross margin was 32.4% and 32.6% for the three months ended June 30, 2024 and 2023, respectively. The Company's gross margin was 32.6% and 33.2% for the six months ended June 30, 2024 and 2023, respectively. The decrease in gross margin for both the three and six months ended June 30, 2024 was primarily due to higher raw material costs, partially offset by higher volumes and selling prices.

#### *Selling and Administrative Expenses*

Selling and administrative expense as a percent of revenue was 20.1% and 18.9% for the three months ended June 30, 2024 and 2023, respectively. Selling and administrative expense as a percent of revenue was 20.1% and 19.4% for the six months ended June 30, 2024 and 2023, respectively. For the three months ended June 30, 2024, selling and administrative expenses were increased by Portfolio Optimization Plan costs totaling \$1.5 million, which increased selling and administrative expenses as a percent of revenue by approximately 40 basis points. For the six months ended June 30, 2024, selling and administrative expenses were increased by Portfolio Optimization Plan costs totaling \$4.3 million, which increased selling and administrative expenses as a percent of revenue by approximately 60 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 months ended June 30, 2024 was primarily due to higher performance-based executive compensation in 2024.



### *Operating Income*

Operating income was \$49.7 million and \$51.6 million for the three months ended June 30, 2024 and 2023, respectively. Operating margins were 12.3% and 13.8% for the three months ended June 30, 2024 and 2023, respectively. Portfolio Optimization Plan costs decreased operating margins by approximately 40 basis points for the three months ended June 30, 2024. The remaining decrease in operating margin was primarily due to the higher raw material costs and higher performance-based executive compensation in 2024, partially offset by higher volumes and selling prices.

Operating income was \$99.1 million and \$102.4 million for the six months ended June 30, 2024 and 2023, respectively. Operating margins were 12.6% and 13.8% for the six months ended June 30, 2024 and 2023, respectively. Portfolio Optimization Plan costs decreased operating margins by approximately 50 basis points for the six months ended June 30, 2024. The remaining decrease in operating margin was primarily due to the higher raw material costs and higher performance-based executive compensation in 2024, partially offset by higher volumes and selling prices.

### *Interest Expense*

Interest expense was \$7.7 million and \$6.4 million for the three months ended June 30, 2024 and 2023, respectively, and \$14.7 million and \$12.4 million for the six months ended June 30, 2024 and 2023, respectively. The increase in expense for the three and six months ended June 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 June 30, 2024 and 2023 were 26.4% and 24.8%, respectively. For the six months ended June 30, 2024 and 2023, the effective income tax rates were 26.7% and 24.9%, respectively. The effective tax rates for the three and six months ended June 30, 2024 and 2023 were impacted by the mix of foreign earnings and changes in estimates associated with the finalization of prior year foreign tax items. The effective tax rates for both the three and six months ended June 30, 2024 were also impacted by the limited tax deductibility of costs related to the Portfolio Optimization Plan.

### *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.

In the three and six months ended June 30, 2024, the Company incurred \$1.8 million and \$4.6 million, respectively, related to the Portfolio Optimization Plan recorded in Corporate & Other, primarily for costs associated with decommissioning, employee separation, and impairment of fixed assets.

## **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 June 30,			Six Months Ended June 30,		
	2024	2023	% Change	2024	2023	% Change
<b>Operating Income (GAAP)</b>	\$ 49,657	\$ 51,591	(3.7%)	\$ 99,063	\$ 102,429	(3.3%)
Portfolio Optimization Plan costs – Cost of products sold	207	-		314	-	
Portfolio Optimization Plan costs – Selling and administrative expenses	1,545	-		4,250	-	
<b>Adjusted operating income</b>	<b>\$ 51,409</b>	<b>\$ 51,591</b>	<b>(0.4%)</b>	<b>\$ 103,627</b>	<b>\$ 102,429</b>	<b>1.2%</b>
<b>Net Earnings (GAAP)</b>	<b>\$ 30,932</b>	<b>\$ 34,033</b>	<b>(9.1%)</b>	<b>\$ 61,872</b>	<b>\$ 67,684</b>	<b>(8.6%)</b>
Portfolio Optimization Plan costs, before tax	1,752	-		4,564	-	
Tax impact of Portfolio Optimization Plan costs <sup>(1)</sup>	(214)	-		(569)	-	
<b>Adjusted net earnings</b>	<b>\$ 32,470</b>	<b>\$ 34,033</b>	<b>(4.6%)</b>	<b>\$ 65,867</b>	<b>\$ 67,684</b>	<b>(2.7%)</b>
<b>Diluted earnings per share (GAAP)</b>	<b>\$ 0.73</b>	<b>\$ 0.81</b>	<b>(9.9%)</b>	<b>\$ 1.46</b>	<b>\$ 1.60</b>	<b>(8.8%)</b>
Portfolio Optimization Plan costs, net of tax	0.04	-		0.09	-	
<b>Adjusted diluted earnings per share</b>	<b>\$ 0.77</b>	<b>\$ 0.81</b>	<b>(4.9%)</b>	<b>\$ 1.56</b>	<b>\$ 1.60</b>	<b>(2.5%)</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 six months ended June 30, 2024, compared to the results for the three and six months ended June 30, 2023, in the respective financial measures.

Revenue	Three Months Ended June 30, 2024				Six Months Ended June 30, 2024			
	Total	Foreign Exchange Rates	Adjustments <sup>(1)</sup>	Adjusted Local Currency	Total	Foreign Exchange Rates	Adjustments <sup>(1)</sup>	Adjusted Local Currency
Flavors & Extracts	11.1%	0.0%	N/A	11.1%	9.6%	0.5%	N/A	9.1%
Color	4.5%	(0.7%)	N/A	5.2%	1.9%	0.2%	N/A	1.7%
Asia Pacific	7.1%	(4.0%)	N/A	11.1%	3.6%	(3.8%)	N/A	7.4%
<b>Total Revenue</b>	<b>7.8%</b>	<b>(0.7%)</b>	<b>N/A</b>	<b>8.5%</b>	<b>6.0%</b>	<b>(0.1%)</b>	<b>N/A</b>	<b>6.1%</b>
<b>Operating Income</b>								
Flavors & Extracts	7.2%	(0.2%)	0.0%	7.4%	7.0%	0.1%	0.0%	6.9%
Color	7.8%	(1.0%)	0.0%	8.8%	3.4%	0.1%	0.0%	3.3%
Asia Pacific	4.0%	(5.2%)	0.0%	9.2%	(1.0%)	(4.8%)	0.0%	3.8%
Corporate & Other	65.0%	0.0%	18.1%	46.9%	38.6%	0.0%	20.6%	18.0%
<b>Total Operating Income</b>	<b>(3.7%)</b>	<b>(1.4%)</b>	<b>(3.4%)</b>	<b>1.1%</b>	<b>(3.3%)</b>	<b>(0.7%)</b>	<b>(4.4%)</b>	<b>1.8%</b>
<b>Diluted Earnings per Share</b>	<b>(9.9%)</b>	<b>(2.5%)</b>	<b>(4.9%)</b>	<b>(2.5%)</b>	<b>(8.8%)</b>	<b>(0.7%)</b>	<b>(6.2%)</b>	<b>(1.9%)</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 \$209.2 million and \$188.3 million for the three months ended June 30, 2024 and 2023, respectively, an increase of approximately 11%. The increase was primarily a result of higher revenue in Natural Ingredients, primarily due to higher volumes. Foreign exchange rates had an immaterial impact on segment revenue for the three months ended June 30, 2024.

Flavors & Extracts segment revenue was \$402.3 million and \$367.1 million for the six months ended June 30, 2024 and 2023, respectively, an increase of approximately 10%. The increase was primarily a result of higher revenue in Natural Ingredients, primarily due to higher volumes. Foreign exchange rates increased segment revenue by approximately 1% for the six months ended June 30, 2024.

Flavors & Extracts segment operating income was \$26.2 million and \$24.5 million for the three months ended June 30, 2024 and 2023, respectively, an increase of approximately 7%. The higher segment operating income was primarily a result of higher operating income in Flavors, Extracts & Flavor Ingredients, primarily due to higher selling prices and lower raw material costs, partially offset by higher manufacturing and other costs. Segment operating income as a percent of revenue was 12.5% in the current quarter compared to 13.0% in the prior year's comparable quarter. Foreign exchange rates had an immaterial impact on segment revenue for the three months ended June 30, 2024.

Flavors & Extracts segment operating income was \$49.9 million and \$46.6 million for the six months ended June 30, 2024 and 2023, respectively, an increase of approximately 7%. 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 and higher selling prices, partially offset by higher manufacturing and other costs and lower volumes. The lower segment operating income in Natural Ingredients was primarily a result of higher raw material costs, partially offset by higher volumes. Foreign exchange rates had an immaterial impact on segment operating income for the six months ended June 30, 2024. Segment operating income as a percent of revenue was 12.4% in the current six month period compared to 12.7% in the prior year's comparable six month period.

### *Color*

Segment revenue for the Color segment was \$167.7 million and \$160.5 million for the three months ended June 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 higher selling prices. Foreign exchange rates decreased segment revenue by approximately 1%.

Segment revenue for the Color segment was \$327.7 million and \$321.6 million for the six months ended June 30, 2024 and 2023, respectively, an increase of approximately 2%. The increase was a result of higher revenue in Food & Pharmaceutical Colors and Personal Care. The higher revenue in Food & Pharmaceutical Colors was primarily due to higher selling prices. The higher revenue in Personal Care was primarily due to higher selling prices and higher volumes. Foreign exchange rates had an immaterial impact on segment revenue for the six months ended June 30, 2024.

Segment operating income for the Color segment was \$31.5 million and \$29.2 million for the three months ended June 30, 2024 and 2023, respectively, an increase of approximately 8%. The increase in segment operating income was a result of higher operating income in Personal Care. The higher operating income in Personal Care was primarily due to higher selling prices and higher volumes. Foreign exchange rates decreased segment operating income by approximately 1%. Segment operating income as a percent of revenue was 18.8% in the current quarter and 18.2% in the prior year's comparable quarter.

Segment operating income for the Color segment was \$63.2 million and \$61.1 million for the six months ended June 30, 2024 and 2023, respectively, an increase of approximately 3%. The increase in segment operating income was primarily a result of higher operating income in Personal Care, partially offset by lower operating income in Food & Pharmaceutical Colors. The higher operating income in Personal Care was primarily due to higher selling prices, lower manufacturing and other costs, and favorable volumes. The lower operating income in Food & Pharmaceutical Colors was primarily due to higher manufacturing and other costs, partially offset by higher selling prices, lower raw material costs, and a favorable product mix. Foreign exchange rates had an immaterial impact on segment operating income for the six months ended June 30, 2024. Segment operating income as a percent of revenue was 19.3% in the current six month period and 19.0% in the prior year's comparable period.

#### *Asia Pacific*

Segment revenue for the Asia Pacific segment was \$38.6 million and \$36.0 million for the three months ended June 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 4%.

Segment revenue for the Asia Pacific segment was \$78.9 million and \$76.1 million for the six months ended June 30, 2024 and 2023, respectively, an increase of approximately 4%. 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 4%.

Segment operating income for the Asia Pacific segment was \$7.9 million and \$7.6 million for the three months ended June 30, 2024 and 2023, respectively, an increase of approximately 4%. Foreign exchange rates decreased segment operating income by approximately 5%. Segment operating income as a percent of revenue was 20.4% in the current quarter and 21.0% in the prior year's comparable quarter.

Segment operating income for the Asia Pacific segment was \$16.7 million and \$16.8 million for the six months ended June 30, 2024 and 2023, respectively, a decrease of approximately 1%. Foreign exchange rates decreased segment operating income by approximately 5%. Segment operating income as a percent of revenue was 21.1% in the current six month period and 22.1% in the prior year's comparable period.

#### *Corporate & Other*

The Corporate & Other operating expense was \$15.9 million and \$9.7 million for the three months ended June 30, 2024 and 2023, respectively. The higher operating expense was primarily a result of Portfolio Optimization Plan costs totaling \$1.8 million negatively impacting the three months ended June 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 \$30.7 million and \$22.1 million for the six months ended June 30, 2024 and 2023, respectively. The higher operating expense was primarily a result of Portfolio Optimization Plan costs totaling \$4.6 million negatively impacting the six months ended June 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 June 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 2024 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 six months ended June 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 \$58.9 million and \$51.7 million for the six months ended June 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 \$22.9 million and \$43.0 million during the six months ended June 30, 2024 and 2023, respectively. Capital expenditures were \$22.9 million and \$45.1 million during the six months ended June 30, 2024 and 2023, respectively.

#### *Cash Flows from Financing Activities*

Net cash used in financing activities was \$26.1 million and net cash provided by financing activities was \$0.5 million for the six months ended June 30, 2024 and 2023, respectively. Net debt increased by \$11.6 million and \$43.1 million for the six months ended June 30, 2024 and 2023, respectively. The cash proceeds from the increase in net debt in the current period were primarily used to support capital expenditure investments during the six months ended June 30, 2024. For purposes of the cash flow statement, net changes in debt exclude the impact of foreign exchange rates. Dividends of \$34.7 million and \$34.6 million were paid during the six months ended June 30, 2024 and 2023, respectively. Total dividends of \$0.82 per share were paid for both the six months ended June 30, 2024 and 2023.

### **CRITICAL ACCOUNTING POLICIES**

There have been no material changes in the Company's critical accounting policies during the quarter ended June 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 June 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 June 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 11, *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 June 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 June 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 six months ended June 30, 2024.

**ITEM 5. OTHER INFORMATION**

During the three months ended June 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.

**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 JUNE 30, 2024

<u>Exhibit</u>	<u>Description</u>	<u>Incorporated by Reference From</u>	<u>Filed Herewith</u>
<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: August 7, 2024

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

Date: August 7, 2024

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



**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: August 7, 2024

/s/ Paul Manning

Paul Manning, Chairman, President &  
Chief Executive Officer

**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: August 7, 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 June 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: August 7, 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.

**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 June 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: August 7, 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.