

REFINITIV

DELTA REPORT

10-Q

MKC - MCCORMICK & CO INC

10-Q - MAY 31, 2024 COMPARED TO 10-Q - FEBRUARY 29, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	1063
<div>CHANGES</div>	301
<div>DELETIONS</div>	205
<div>ADDITIONS</div>	557

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 **February 29, 2024** **May 31, 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 001-14920

McCORMICK & COMPANY, INCORPORATED

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of
incorporation or organization)

52-0408290

(I.R.S. Employer
Identification No.)

24 Schilling Road, Suite 1,

Hunt Valley, MD

(Address of principal executive offices)

21031

(Zip Code)

Registrant's telephone number, including area code (410) 771-7301

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

Title of each class	Trading	Name of each exchange on which registered
	Symbol(s)	
Common Stock, Par Value \$0.01 per share	MKC.V	New York Stock Exchange
Common Stock Non-Voting, Par Value \$0.01 per share	MKC	New York Stock Exchange

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 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 (Section 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 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	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

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.

	Shares Outstanding	
	February 29, 2024	May 31, 2024
Common Stock	16,667,386	16,614,663
Common Stock Non-Voting	251,745,319	252,015,474

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

McCORMICK & COMPANY, INCORPORATED

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
(in millions except per share amounts)

	2024	Three months ended May 31, 2023	Six months ended May 31, 2024	2023
		Three months ended		
		Three months ended		
		Three months ended		
	February 29, 2024			
	February 29, 2024			
	February 29, 2024			
Net sales				
Net sales				
Net sales				
Cost of goods sold				
Cost of goods sold				
Cost of goods sold				
Gross profit				
Gross profit				
Gross profit				
Selling, general and administrative expense				
Selling, general and administrative expense				
Selling, general and administrative expense				
Special charges				
Special charges				
Special charges				
Operating income				
Operating income				
Operating income				
Interest expense				
Interest expense				
Interest expense				
Other income, net				
Other income, net				
Other income, net				
Income from consolidated operations before income taxes				
Income from consolidated operations before income taxes				
Income from consolidated operations before income taxes				
Income tax expense				
Income tax expense				
Income tax expense				
Net income from consolidated operations				
Net income from consolidated operations				
Net income from consolidated operations				
Income from unconsolidated operations				
Income from unconsolidated operations				
Income from unconsolidated operations				
Net income				
Net income				
Net income				

Earnings per share – basic
Earnings per share – basic
Earnings per share – basic
Earnings per share – diluted
Earnings per share – diluted
Earnings per share – diluted
Average shares outstanding – basic
Average shares outstanding – basic
Average shares outstanding – basic
Average shares outstanding – diluted
Average shares outstanding – diluted
Average shares outstanding – diluted
Cash dividends paid per share – voting and non-voting
Cash dividends paid per share – voting and non-voting
Cash dividends paid per share – voting and non-voting
Cash dividends declared per share – voting and non-voting

See notes to condensed consolidated financial statements (unaudited).

McCORMICK & COMPANY, INCORPORATED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
(in millions)

	Three months ended May 31,		Six months ended May 31,	
	2024	2023	2024	2023
		Three months ended		
		Three months ended		
		Three months ended		
	February 29, 2024			
	February 29, 2024			
	February 29, 2024			
Net income				
Net income				
Net income				
Net income attributable to non-controlling interest				
Net income attributable to non-controlling interest				
Net income attributable to non-controlling interest				
Other comprehensive income (loss):				
Other comprehensive income (loss):				
Other comprehensive income (loss):				
Unrealized components of pension and other postretirement plans				
Unrealized components of pension and other postretirement plans				
Unrealized components of pension and other postretirement plans				
Currency translation adjustments				
Currency translation adjustments				
Currency translation adjustments				
Change in derivative financial instruments				
Change in derivative financial instruments				

Change in derivative financial instruments
Tax benefit
Tax benefit
Tax benefit
Total other comprehensive income (loss), net of tax
Total other comprehensive income (loss), net of tax
Total other comprehensive income (loss), net of tax
Comprehensive income
Comprehensive income
Comprehensive income

See notes to condensed consolidated financial statements (unaudited).

McCORMICK & COMPANY, INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEET
(in millions)

	February 29, 2024	February 29, 2024	February 29, 2024	November 30, 2023	
	May 31, 2024	May 31, 2024	May 31, 2024	November 30, 2023	
	(unaudited)				(unaudited)
ASSETS					
Cash and cash equivalents					
Cash and cash equivalents					
Cash and cash equivalents					
Trade accounts receivable, net of allowances					
Inventories, net					
Finished products					
Finished products					
Finished products					
Raw materials and work-in-process					
	1,129.6				
	1,158.2				
Prepaid expenses and other current assets					
Total current assets					
Property, plant and equipment, net					
Goodwill					
Intangible assets, net					
Other long-term assets					
Total assets					

LIABILITIES AND SHAREHOLDERS' EQUITY	
Short-term borrowings	
Short-term borrowings	
Short-term borrowings	
Current portion of long-term debt	
Trade accounts payable	
Other accrued liabilities	
Total current liabilities	
Long-term debt	
Deferred taxes	
Other long-term liabilities	
Total liabilities	
Shareholders' equity	
Common stock	
Common stock	
Common stock	
Common stock non-voting	
Retained earnings	
Accumulated other comprehensive loss	
Total McCormick shareholders' equity	
Non-controlling interests	
Total shareholders' equity	
Total liabilities and shareholders' equity	

See notes to condensed consolidated financial statements (unaudited).

McCORMICK & COMPANY, INCORPORATED
CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
(in millions)

	Six months ended May 31,	
	2024	2023
	Three months ended	
	Three months ended	
	Three months ended	
	February 29, 2024	February 28, 2023
Operating activities		
Net income		
Net income		
Net income		
Adjustments to reconcile net income to net cash flow provided by operating activities:		
Depreciation and amortization		
Depreciation and amortization		
Depreciation and amortization		
Stock-based compensation		
Income from unconsolidated operations		
Deferred income tax expense (benefit)		
Income from unconsolidated operations		

Deferred income tax expense (benefit)
Deferred income tax expense (benefit)
Income from unconsolidated operations
Changes in operating assets and liabilities
Trade accounts receivable
Trade accounts receivable
Trade accounts receivable
Inventories
Trade accounts payable
Other assets and liabilities
Dividends from unconsolidated affiliates
Net cash flow provided by operating activities
Investing activities
Capital expenditures (including software)
Capital expenditures (including software)
Capital expenditures (including software)
Other investing activities
Other investing activities
Other investing activities
Net cash flow used in investing activities
Net cash flow used in investing activities
Net cash flow used in investing activities
Financing activities
Short-term borrowings, net
Short-term borrowings, net
Short-term borrowings, net
Long-term debt repayments
Long-term debt repayments
Long-term debt borrowings
Payment of debt issuance costs
Long-term debt repayments
Proceeds from exercised stock options
Taxes withheld and paid on employee stock awards
Common stock acquired by purchase
Dividends paid
Other financing activities
Net cash flow used in financing activities
Effect of exchange rate changes on cash and cash equivalents
Increase in cash and cash equivalents
Increase (decrease) in cash and cash equivalents
Cash and cash equivalents at beginning of period
Cash and cash equivalents at end of period

See notes to condensed consolidated financial statements (unaudited).

McCORMICK & COMPANY, INCORPORATED

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)
(in millions)

(millions)

(millions)

	Common Stock							Common Stock						
	Common	Non-	Common		Accumulated	Other	Non-	Common	Non-	Common		Accumulated	Other	Non-
	Stock	Voting	Stock	Retained	Comprehensive	(Loss)	controlling	Stock	Voting	Stock	Retained	Comprehensive	(Loss)	controlling
(millions)	Shares	Shares	Amount	Earnings	Income	Interests	Equity	Shares	Shares	Amount	Earnings	Income	Interests	Equity
<u>Three months ended</u>														
<u>May 31, 2024</u>														
Balance, February 29, 2024														
Balance, February 29, 2024														
Balance, February 29, 2024														
Net income														
Net income attributable to non-controlling interest														
Other comprehensive income, net of tax														
Dividends														
Stock-based compensation														
Shares purchased and retired														
Shares issued														
Equal exchange														
Balance, May 31, 2024														
<u>Three months ended</u>														
<u>February 29, 2024</u>														
<u>Three months ended</u>														
<u>February 29, 2024</u>														
<u>Three months ended</u>														
<u>February 29, 2024</u>														
<u>Six months ended</u>														
<u>May 31, 2024</u>														
<u>Six months ended</u>														
<u>May 31, 2024</u>														
<u>Six months ended</u>														
<u>May 31, 2024</u>														
Balance, November 30, 2023														
Balance, November 30, 2023														
Balance, November 30, 2023														
Net income														
Net income attributable to non-controlling interest														

Other comprehensive (loss), net of tax
Stock-based compensation
Stock-based compensation
Other comprehensive income, net of tax
Dividends
Stock-based compensation
Shares purchased and retired
Shares issued
Equal exchange
Balance, February 29, 2024
Balance, May 31, 2024
Three months ended February 28, 2023
Three months ended February 28, 2023
Three months ended February 28, 2023
Balance, November 30, 2022
Balance, November 30, 2022
Balance, November 30, 2022
Three months ended May 31, 2023
Three months ended May 31, 2023
Three months ended May 31, 2023
Balance, February 28, 2023
Balance, February 28, 2023
Balance, February 28, 2023
Net income
Net income attributable to non-controlling interest
Other comprehensive income (loss), net of tax
Stock-based compensation
Stock-based compensation

Other comprehensive income, net of tax
Dividends
Stock-based compensation
Shares purchased and retired
Shares issued
Equal exchange
Balance, February 28, 2023
Balance, May 31, 2023

<u>Six months ended May 31, 2023</u>							
Balance, November 30, 2022	17.4	250.6 \$	2,138.6 \$	3,022.5 \$	(480.6) \$	18.7 \$	4,699.2
Net income			—	291.2	—	—	291.2
Net income attributable to non-controlling interest			—	—	—	2.8	2.8
Other comprehensive income (loss), net of tax			—	—	49.1	(1.6)	47.5
Dividends			—	(104.6)	—	—	(104.6)
Stock-based compensation			38.5	—	—	—	38.5
Shares purchased and retired	(0.4)	—	(12.7)	(17.7)	—	—	(30.4)
Shares issued	0.6	—	12.7	—	—	—	12.7
Equal exchange	(0.4)	0.4	—	—	—	—	—
Balance, May 31, 2023	17.2	251.0 \$	2,177.1 \$	3,191.4 \$	(431.5) \$	19.9 \$	4,956.9

See notes to condensed consolidated financial statements (unaudited).

McCORMICK & COMPANY, INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all the information and notes required by United States generally accepted accounting principles (GAAP) for complete financial statements. In our opinion, the accompanying condensed consolidated financial statements contain all adjustments, which are of a normal and recurring nature, necessary to present fairly the financial position and the results of operations for the interim periods presented.

The results of consolidated operations for the **three-month** **six-month** period ended **February 29, 2024** **May 31, 2024** are not necessarily indicative of the results to be expected for the full year. Historically, our net sales, net income and cash flow from operations have been lower in the first half of the fiscal year and higher in the second half of the fiscal year. The historical increase in net sales, net income and cash flow from operations in the second half of the year has largely been due to the consumer business cycle in the U.S., where customers typically purchase more products in the fourth quarter due to the Thanksgiving and Christmas holiday seasons.

For further information, refer to the consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended November 30, 2023.

Accounts Payable - Supplier Finance Program

As more fully described in our Annual Report on Form 10-K for the year ended November 30, 2023, we participate in a Supply Chain Financing program (SCF) with several global financial institutions (SCF Banks). Under the SCF, qualifying suppliers may elect to sell their receivables from us to an SCF Bank, enabling participating suppliers to

negotiate their receivables sales arrangements directly with the respective SCF Bank. We are not party to those agreements and have no economic interest in a supplier's decision to sell a receivable.

All outstanding amounts related to suppliers participating in the SCF are recorded within the line entitled Trade accounts payable in our condensed consolidated balance sheets, and the associated payments are included in operating activities within our consolidated statements of cash flows. As of February 29, 2024 May 31, 2024 and November 30, 2023, the amounts due to suppliers participating in the SCF and included in trade accounts payable were approximately \$308.6 \$360.4 million and \$300.5 million, respectively.

Accounting Pronouncement Partially Adopted

In September 2022, the FASB issued ASU No. 2022-04: Liabilities - Supplier Finance Programs (Topic 450-50): Disclosure of Supplier Finance Program Obligations, that requires entities that use supplier finance programs in connection with the purchase of goods and services to disclose the key terms of the programs and information about obligations outstanding at the end of the reporting period, including a roll-forward of those obligations. The guidance does not affect the recognition, measurement or financial statement presentation of supplier finance program obligations. We adopted the new standard's requirements to disclose the key terms of the programs and information about obligations outstanding as of November 30, 2023. The standard's requirement to disclose a roll-forward of obligations outstanding will be effective for our fiscal year ending November 30, 2025. The partial adoption of this standard did not have a material impact on our consolidated financial statements, nor do we expect the adoption of the future disclosure requirements to have a material impact on our consolidated financial statements.

Recently Issued Accounting Pronouncements — Pending Adoption

In November 2023, the FASB issued ASU No. 2023-07: Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures that requires entities to report incremental information about significant segment expenses included in a segment's profit or loss measure as well as the name and title of the chief operating decision maker. The guidance also requires interim disclosures related to reportable segment profit or loss and assets that had previously only been disclosed annually. The new standard is effective for our annual period ending November 30, 2025 and our interim periods during the fiscal year ending November 30, 2026. The guidance does not affect recognition or measurement in our consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09: Income Taxes (Topic 740): Improvements to Income Tax Disclosures that requires entities to disclose additional information about federal, state, and foreign income taxes primarily related to the income tax rate reconciliation and income taxes paid. The new standard also eliminates certain existing disclosure requirements related to uncertain tax positions and unrecognized deferred tax liabilities. The guidance is effective for our fiscal year ending November 30, 2026. The guidance does not affect recognition or measurement in our consolidated financial statements.

2. SPECIAL CHARGES

In our consolidated income statement, we include a separate line item captioned "Special charges" in arriving at our consolidated operating income. Special charges consist of expenses, including related impairment charges, associated with certain actions undertaken to reduce fixed costs, simplify or improve processes, and improve our competitiveness and are of such significance in terms of both up-front costs and organizational/structural impact to require advance approval by our Management Committee, comprised of our senior management, including our President and Chief Executive Officer. Expenses associated with any approved action are classified as special charges upon recognition and monitored on an on-going basis through completion. Certain ancillary expenses related to these actions approved by our Management Committee do not qualify for accrual upon approval but are included as special charges as incurred during the course of the actions.

We continue to evaluate changes to our organizational structure to reduce fixed costs, simplify or improve processes, and improve our competitiveness.

The following is a summary of special charges recognized in the three and six months ended February 29, 2024 May 31, 2024 and February 28, 2023 2023 (in millions):

	Three months ended May 31,		Six months ended May 31,	
	2024	2023	2024	2023
	Three months ended			
	Three months ended			
	Three months ended			
	February 29, 2024			
	February 29, 2024			
	February 29, 2024			
Employee severance and related benefits				
Employee severance and related benefits				
Employee severance and related benefits				
Other costs				
Other costs				
Other costs				
Cash				
Cash				
Cash				
Non-Cash				

Non-Cash							
Non-Cash							
Total special charges							
Total special charges							
Total special charges	Total special charges	\$ 1.8	\$	\$ 13.2	6.0	6.0	41.0

During the three months ended **February 29, 2024** **May 31, 2024**, we recorded **\$4.2** **\$1.8** million of special charges, consisting principally of **\$2.8** **\$1.8** million associated with our Global Operating Effectiveness (GOE) program, as more fully described below.

During the six months ended **May 31, 2024**, we recorded \$6.0 million of special charges, consisting principally of \$4.6 million associated with our GOE program, as more fully described below, and \$1.4 million associated with the transition of a manufacturing facility in Europe, Middle East, and Africa (EMEA), as more fully described below.

During the three months ended **February 28, 2023** **May 31, 2023**, we recorded **\$27.8** **\$13.2** million of special charges, consisting principally of **\$24.8** **\$8.6** million associated with our GOE program, as more fully described below, **\$0.9** **\$1.3** million associated with the transition of a manufacturing facility in EMEA, as more fully described below, and streamlining actions of **\$1.3** **\$3.2** million in the Americas region.

During the six months ended **May 31, 2023**, we recorded \$41.0 million of special charges, consisting principally of \$33.4 million associated with our GOE program, as more fully described below, \$2.2 million associated with the transition of a manufacturing facility in EMEA, as more fully described below, and streamlining actions of \$4.5 million in the Americas region and **\$0.8** **\$0.9** million in the EMEA region.

In 2022, our Management Committee approved the GOE program, which is expected to eliminate costs associated with our supply chain operations, as well as across the remainder of the organization. The GOE program included a voluntary retirement plan, which included enhanced separation benefits to certain U.S. employees aged 55 years or older with at least ten years of service to the company. This voluntary retirement plan commenced in November 2022, and participants were required to submit their notifications by December 30, 2022. The GOE program also includes other employee separation actions as other related costs within the program. The total costs incurred under the GOE program were approximately \$48 million as of November 30, 2023. Special charges recognized during the three months ended **February 29, 2024** **May 31, 2024**, under our GOE program included **\$2.1** **\$1.8** million in severance and related benefits costs. Special charges recognized during the six months ended **May 31, 2024**, under our GOE program included \$3.9 million in severance and related benefits costs and \$0.7 million of third-party expenses and other costs. Special charges recognized during the three months ended **February 28, 2023** **May 31, 2023**, under our GOE program included **\$19.7** million associated with the voluntary retirement program, **\$4.5** **\$7.0** million in severance and related benefits costs and **\$0.6** **\$1.6** million of third-party expenses and other costs. Special charges recognized during the six months ended **May 31, 2023**, under our GOE program included \$11.5 million in severance and related benefits costs and \$2.2 million of third-party expenses and other costs.

In 2022, our Management Committee approved an initiative to consolidate our manufacturing operations in the United Kingdom into a net-zero carbon condiments manufacturing and distribution center facility with state-of-the-art technology. We expect to execute these changes to our supply chain operations and improve profitability, from a combination of lower headcount and non-headcount costs, by consolidating our operations into a scalable platform while expanding our capacity. We expect the cost of the initiative to approximate \$40 million—to be recognized as special charges in our consolidated income statement through 2024. Of that \$40 million, we expect the costs to include employee severance and related benefits, non-cash accelerated depreciation, equipment relocation costs, decommissioning and other property related lease exit costs, all directly related to the initiative. The total costs incurred under this program were approximately \$36 million as of November 30, 2023. During the three months ended **February 29, 2024** **May 31, 2024**, we recognized **\$1.4** a reversal of \$0.8 million associated with severance and related benefits costs and \$0.8 million in third-party expenses and other costs. During the six months ended **May 31, 2024**, we recognized a reversal of \$0.8 million associated with severance and related benefits costs and **\$2.2** million in third-party expenses and other costs. During the three months ended **February 28, 2023** **May 31, 2023**, we recognized \$0.4 million in accelerated depreciation and **\$0.5** **\$0.9** million in third-party expenses and other costs. During the six months ended **May 31, 2023**, we recognized \$0.8 million in accelerated depreciation and **\$1.4** million in third-party expenses and other costs.

As of **February 29, 2024** **May 31, 2024**, accruals associated with special charges of **\$15.9** **\$13.8** million are included in other accrued liabilities in our consolidated balance sheet.

The following is a breakdown by business segment of special charges for the three and six months ended **February 29, 2024** **May 31, 2024** and **February 28, 2023** **2023** (in millions):

		Three months ended May 31,		Six months ended May 31,	
		2024	2023	2024	2023
	Three months ended				
	Three months ended				
	Three months ended				
	February 29, 2024				
	February 29, 2024				
Consumer segment	February 29, 2024				
Consumer segment					

Consumer segment
Flavor solutions segment
Flavor solutions segment
Flavor solutions segment
Total special charges
Total special charges
Total special charges

3. FINANCING ARRANGEMENTS AND FINANCIAL INSTRUMENTS

As of May 31, 2024, we maintained a 364-day \$500 million revolving credit facility, which was entered into in June 2023 and expired in June 2024. We continue to maintain a committed five-year \$1.5 billion revolving credit facility which will expire in June 2026.

We use derivative financial instruments to enhance our ability to manage risk, including foreign currency, net investment and interest rate exposures, which exist as part of our ongoing business operations. We do not enter into contracts for trading purposes, nor are we a party to any leveraged derivative instrument, and all derivatives are designated as hedges. We are not a party to master netting arrangements, and we do not offset the fair value of derivative contracts with the same counterparty in our financial statement disclosures. The use of derivative financial instruments is monitored through regular communication with senior management and the use of written guidelines.

Foreign currency exchange risk. We are potentially exposed to foreign currency fluctuations affecting net investments in subsidiaries, transactions (both third-party and intercompany) and earnings denominated in foreign currencies. We assess foreign currency risk based on transactional cash flows and translational volatility and may enter into forward contract and currency swaps with highly-rated financial institutions to reduce fluctuations in the long or short currency positions. Currency swap agreements are established in conjunction with the terms of the underlying debt issues.

The following is a summary of the notional amounts of outstanding foreign currency exchange contracts as of February 29, 2024May 31, 2024 and November 30, 2023 (in millions):

	February 29, 2024	November 30, 2023
	May 31, 2024	November 30, 2023
Fair value hedges		
Cash flow hedge		
Total		

All of these contracts were designated as hedges of foreign currency denominated assets or liabilities or hedges of anticipated purchases denominated in a foreign currency or hedges of foreign currency denominated assets or liabilities. currency. Hedge ineffectiveness was not material. All foreign currency exchange contracts outstanding at February 29, 2024May 31, 2024 have durations of less than 18 months, including \$208.5\$233.1 million of notional contracts that have an initial duration of less than one month and are used to hedge short-term cash flow funding.

Contracts which are designated as hedges of foreign currency denominated assets are considered fair value hedges. These foreign currency exchange contracts manage both exposure to currency fluctuations in certain intercompany loans between subsidiaries as well as currency exposure to third-party non-functional currency assets or liabilities. Gains and losses from contracts that are designated as hedges of assets, liabilities or firm commitments are recognized through income, offsetting the change in fair value of the hedged item. Contracts which are designated as hedges of anticipated purchases denominated in a foreign currency (generally purchases of inventory in U.S. dollars by operating units outside the U.S.) are considered cash flow hedges. The gains and losses on these contracts are deferred in accumulated other comprehensive income until the hedged item is recognized in cost of goods sold, at which time the net amount deferred in accumulated other comprehensive income is also recognized in cost of goods sold.

We also utilize cross currency interest rate swap contracts that are designated as net investment hedges. Any gains Gains or losses on net investment hedges, exclusive of interest accruals, are included in foreign currency translation adjustments in accumulated other comprehensive loss.

We exclude the interest accruals on cross-currency interest rate swap contracts from the assessment and measurement of hedge effectiveness. We recognize the interest accruals on cross-currency interest rate swap contracts within interest expense.

Interest rate risk. We finance a portion of our operations with both fixed and variable rate debt instruments, principally commercial paper, notes and bank loans. We utilize interest rate derivative contracts, including interest rate swap agreements, to minimize worldwide financing costs and to achieve a desired mix of variable and fixed rate debt.

The following table discloses the notional amount and fair values of derivative instruments on our balance sheet (in millions):

Asset Derivatives	Asset Derivatives	Liability Derivatives	Asset Derivatives	Liability Derivatives
-------------------	-------------------	-----------------------	-------------------	-----------------------

	Balance sheet location	Notional amount	Fair value	Balance sheet location	Notional amount	Fair value	Balance sheet location	Notional amount	Fair value	Balance sheet location	Notional amount	Fair value
As of February 29, 2024												
As of May 31, 2024												
Interest rate contracts												
Interest rate contracts												
Interest rate contracts												
Foreign exchange contracts												
Cross currency contracts												
Total												
As of November 30, 2023												
Interest rate contracts												
Interest rate contracts												
Interest rate contracts												
Foreign exchange contracts												
Cross currency contracts												
Total												

The following tables disclose the impact of derivative instruments on our other comprehensive income (OCI), accumulated other comprehensive loss (AOCI) and our consolidated income statement for the three and six months ended February 29, 2024 May 31, 2024 and February 28, 2023 2023 (in millions):

Fair Value Hedges												
Fair Value Hedges												
Fair Value Hedges												
Derivative												
Derivative												
Derivative	Income statement location	(Expense) income		Income statement location	(Expense) income							
		Three months ended February 29, 2024		Three months ended February 28, 2023		Three months ended May 31, 2024	Three months ended May 31, 2023	Six months ended May 31, 2024	Six months ended May 31, 2023			
Interest rate contracts												
Interest rate contracts												
Interest rate contracts												
Income statement location	Income statement location	Gain (loss) recognized in income		Income statement location	Gain (loss) recognized in income		Income statement location	Gain (loss) recognized in income	Income statement location	Gain (loss) recognized in income		
Derivative	Derivative	Three months ended February 29, 2024	Three months ended February 28, 2023	Hedged item	Three months ended February 29, 2024	Three months ended February 28, 2023	Derivative	2024	2023	Hedged item	2024	2023
Three months ended May 31, 2024												
Foreign exchange contracts												

Foreign exchange contracts
Foreign exchange contracts
Six months ended May 31,
Foreign exchange contracts
Foreign exchange contracts
Foreign exchange contracts

The gains (losses) recognized on fair value hedges relating to currency exposure on third-party non-functional currency assets or liabilities were not material during the three and six months ended February 29, 2024 May 31, 2024 and February 28, 2023, 2023.

Cash Flow Hedges

Derivative
Derivative

Derivative	Gain (loss) recognized in OCI		Income statement location	Gain (loss) reclassified from AOCI		Gain (loss) recognized in OCI	Income statement location	Gain (loss) reclassified from AOCI
	Three months ended February 29, 2024	Three months ended February 28, 2023		Three months ended February 29, 2024	Three months ended February 28, 2023			
	2024	2023		2024	2023			
Three months ended May 31,								
Interest rate contracts								
Interest rate contracts								
Interest rate contracts								
Foreign exchange contracts								
Total								
Six months ended May 31,								
Interest rate contracts								
Interest rate contracts								
Interest rate contracts								
Foreign exchange contracts								
Total								

As of February 29, 2024 May 31, 2024, the net amount of accumulated other comprehensive loss associated with all cash flow and settled interest rate cash flow hedge derivatives expected to be reclassified in the next 12 months is \$0.1 million \$0.5 million as an increase a decrease to earnings.

Net Investment Hedges

Derivative	Gain (loss) recognized in OCI		Income statement location	Gain (loss) excluded from the assessment of hedge effectiveness	
	Three months ended February 29, 2024	Three months ended February 28, 2023		Three months ended February 29, 2024	Three months ended February 28, 2023

Cross currency contracts	\$	(5.9)	\$	(5.8)	Interest expense	\$	2.2	\$	3.3
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Net Investment Hedges									
Derivative	Gain (loss) recognized in OCI				Income statement location	Gain (loss) excluded from the assessment of hedge effectiveness			
	2024		2023			2024	2023		
Three months ended May 31,									
Cross currency contracts	\$	(0.9)	\$	(3.8)	Interest expense	\$	2.4	\$	2.9
Six months ended May 31,									
Cross currency contracts	\$	5.0	\$	(9.6)	Interest expense	\$	4.6	\$	6.2

For all net investment hedges, no amounts have been reclassified out of accumulated other comprehensive loss. The amounts noted in the tables above for OCI do not include any adjustments for the impact of deferred income taxes.

Since the third quarter of 2023, we have maintained a nonrecourse accounts receivable sale program whereby certain eligible U.S. receivables are sold to a third-party financial institution in exchange for cash. The program provides us with an additional means for managing liquidity. Under the terms of the arrangement, we act as the collecting agent on behalf of the financial institution. We account for the transfer of receivables as a sale at the point control is transferred through derecognition of the receivable on our condensed consolidated balance sheet. The outstanding amount of receivables sold under this program were \$19.2 \$22.5 million as of February 29, 2024 May 31, 2024. As collecting agent on the sold receivables, we had \$4.2 \$5.5 million of cash collected that was not yet remitted to the third-party financial institution as of February 29, 2024 May 31, 2024. The incremental costs of selling receivables under this arrangement were insignificant for the three months and six months ended February 29, 2024 May 31, 2024.

4. FAIR VALUE MEASUREMENTS

Fair value can be measured using valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). Accounting standards utilize a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

- Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs that reflect the reporting entity's own assumptions.

At February 29, 2024 May 31, 2024 and November 30, 2023, we had no financial assets or liabilities that were subject to a level 3 fair value measurement. Our population of financial assets and liabilities subject to fair value measurements on a recurring basis are as follows (in millions):

	February 29, 2024
	February 29, 2024
	February 29, 2024
	May 31, 2024
	May 31, 2024
	May 31, 2024

Assets

Assets

Assets

Cash and cash equivalents

Cash and cash equivalents

Cash and cash equivalents

Insurance contracts
Insurance contracts
Insurance contracts
Bonds and other long-term investments
Bonds and other long-term investments
Bonds and other long-term investments
Foreign currency derivatives
Foreign currency derivatives
Foreign currency derivatives
Cross currency contracts
Cross currency contracts
Cross currency contracts
Total
Total
Total

Liabilities

Liabilities

Liabilities

Foreign currency derivatives
Foreign currency derivatives
Foreign currency derivatives
Interest rate derivatives
Interest rate derivatives
Interest rate derivatives
Cross currency contracts
Cross currency contracts
Cross currency contracts
Total
Total
Total

		November 30, 2023	
	Fair Value	Level 1	Level 2
<u>Assets</u>			
Cash and cash equivalents	\$ 166.6	\$ 166.6	\$ —
Insurance contracts	114.7	—	114.7
Bonds and other long-term investments	0.3	0.3	—
Foreign currency derivatives	2.5	—	2.5
Cross currency contracts	24.6	—	24.6
Total	<u>\$ 308.7</u>	<u>\$ 166.9</u>	<u>\$ 141.8</u>
<u>Liabilities</u>			
Foreign currency derivatives	\$ 16.0	\$ —	\$ 16.0
Interest rate derivatives	52.8	—	52.8
Cross currency contracts	7.5	—	7.5
Total	<u>\$ 76.3</u>	<u>\$ —</u>	<u>\$ 76.3</u>

At February 29, 2024 May 31, 2024 and November 30, 2023, the carrying amounts of interest rate derivatives, foreign currency derivatives, cross currency contracts, insurance contracts, and bond and other long-term investments were equal to their respective fair values. Because of their short-term nature, the amounts reported in the balance sheet for cash and cash equivalents, receivables, short-term borrowings and trade accounts payable approximate fair value. Investments in affiliates are not readily marketable, and it is not practicable to estimate their fair value.

Insurance contracts, bonds, and other long-term investments are comprised of fixed income and equity securities held for certain non-qualified U.S. employee benefit plans and are stated at fair value on the balance sheet. The fair values of insurance contracts are based upon the underlying values of the securities in which they are invested and are from quoted market prices from various stock and bond exchanges for similar type assets. The fair values of bonds and other long-term investments are based on quoted market prices from various stock and bond exchanges. The fair values for interest rate derivatives, foreign currency derivatives, and cross currency contracts are based on values for similar instruments using models with market-based inputs.

The following table sets forth the carrying amounts and fair values of our long-term debt including the current portion thereof (in millions):

	February 29, 2024	November 30, 2023
	May 31, 2024	November 30, 2023
Carrying amount		
Level 1 valuation techniques		
Level 1 valuation techniques		
Level 1 valuation techniques		
Level 2 valuation techniques		
Total fair value		

The fair value for Level 2 long-term debt is determined by using quoted prices for similar debt instruments.

5. EMPLOYEE BENEFIT AND RETIREMENT PLANS

We sponsor defined benefit pension plans in the U.S. and certain foreign locations. In addition, we sponsor defined contribution plans in the U.S. We also contribute to defined contribution plans in locations outside the U.S., including government-sponsored retirement plans. We also currently provide postretirement medical and life insurance benefits to certain U.S. employees and retirees. We previously froze the accrual of future benefits under certain defined benefit pension plans in the U.S. and certain foreign locations. Although our defined benefit plans in the U.S., United Kingdom and Canada have generally been frozen, employees who are participants in the plans retained benefits accumulated up to the date of the freeze, based on credited service and eligible earnings, in accordance with the terms of the plans.

The following table presents the components of our pension (income) and other postretirement benefits expense for the three months ended February 29, 2024 May 31, 2024 and February 28, 2023 2023 (in millions):

	United States pension		International pension		Other postretirement benefits	United States pension		International pension		Other postretirement benefits		
	2024	2023	2024	2023	2024	2023	2024	2023	2023	2024	2023	2024
Service cost												
Service cost												
Service cost												
Interest costs												
Expected return on plan assets												
Amortization of prior service costs												
Amortization of net actuarial losses (gains)												
Total (income) expense												
Total (income) expense												
Total (income) expense												

The following table presents the components of our pension (income) and other postretirement benefits expense for the six months ended May 31, 2024 and 2023 (in millions):

	United States pension		International pension		Other postretirement benefits	
	2024	2023	2024	2023	2024	2023
Service cost	\$ 0.8	\$ 1.0	\$ 0.3	\$ 0.3	\$ 0.4	\$ 0.6
Interest costs	18.6	18.1	5.3	4.8	1.2	1.2
Expected return on plan assets	(19.8)	(21.2)	(8.0)	(7.4)	—	—
Amortization of prior service costs	0.2	0.2	—	0.1	(0.2)	(0.2)
Amortization of net actuarial losses (gains)	(0.2)	0.1	(0.1)	(0.1)	(1.3)	(1.0)
Total (income) expense	\$ (0.4)	\$ (1.8)	\$ (2.5)	\$ (2.3)	\$ 0.1	\$ 0.6

During the **three six** months ended **February 29, 2024** **May 31, 2024** and **February 28, 2023, 2023**, we contributed **\$1.8 million** **\$3.5 million** and **\$1.9 million** **\$3.6 million**, respectively, to our pension plans. Total contributions to our pension plans in fiscal year 2023 were \$9.2 million.

All of the amounts in the tables above for pension (income) and other postretirement benefits expense, other than service cost, were included in other income, net within our consolidated income statements. The net aggregate amount of pension and other postretirement benefits **(income), income**, excluding service cost components, was **\$(2.0)** **\$(2.3)** million and **\$(2.6)** **\$(2.8)** million for the three months ended **February 29, 2024** **May 31, 2024** and **February 28, 2023, 2023**, respectively. For the six months ended **May 31, 2024** and **2023**, the net aggregate amount of pension and other postretirement benefits income, excluding service cost components was **\$(4.3)** million and **\$(5.4)** million, respectively.

6. STOCK-BASED COMPENSATION

We have four types of stock-based compensation awards: restricted stock units **("RSUs")** **(RSUs)**, stock options, company stock awarded as part of our long-term performance plan **("LTTP")** **(LTTP)** and price-vested stock options. The following table sets forth the stock-based compensation expense recorded in selling, general and administrative **("SG&A")** **(SG&A)** expense (in millions):

	Three months ended	
	February 29, 2024	February 28, 2023
Stock-based compensation expense	\$ 11.7	\$ 11.8

	Three months ended May 31,		Six months ended May 31,	
	2024	2023	2024	2023
Stock-based compensation expense	\$ 19.4	\$ 26.7	\$ 31.1	\$ 38.5

Our 2024 annual grant of stock options and RSUs **will occur** **occurred** in the second quarter, similar to the 2023 annual grant. **During** **Additionally, during the three months ended February 29, 2024, first quarter**, approximately 380,000 stock option shares were granted.

The weighted-average grant-date fair value of each stock option granted in 2024 was \$17.63 and in 2023 was \$19.35, each as calculated under a lattice pricing model. Substantially all of the stock options and RSUs granted in 2024 and 2023 vest ratably over a three-year period or, if earlier, upon the retirement eligibility date of the holder. The fair values of stock option grants in the stated periods were computed using the following assumptions for our various stock compensation plans:

	2024	2023
Risk-free interest rates	4.1% - 5.5%	3.5% - 4.9%
Dividend yield	2.3%	1.9%
Expected volatility	22.8%	21.8%
Expected lives (in years)	7.1	7.3

The following is a summary of our stock option activity for the **three six** months ended **February 29, 2024** **May 31, 2024** and **February 28, 2023, 2023**:

	2024		2023	2024		2023	2023	
	Number of Shares	Weighted-Average Exercise Price		Number of Shares	Weighted-Average Exercise Price		Number of Shares	Weighted-Average Exercise Price
(shares in millions)	(shares in millions)		(shares in millions)	(shares in millions)		(shares in millions)	(shares in millions)	
Outstanding at beginning of period								
Granted								
Exercised								
Forfeited								
Outstanding at end of the period								
Exercisable at end of the period								

As of **February 29, 2024** **May 31, 2024**, the intrinsic value (the difference between the exercise price and the market price) for all options outstanding was **\$38.4 million** **\$43.0 million** and for options currently exercisable was **\$37.3 million** **\$41.4 million**. The total intrinsic value of all options exercised during the **three six** months ended **February 29, 2024** **May 31, 2024** and **February 28, 2023, 2023** was **\$2.6** **\$7.4** million and **\$2.1 million** **\$7.4 million**, respectively.

The following is a summary of our RSU activity for the **three** **six** months ended **February 29, 2024** **May 31, 2024** and **February 28, 2023**: **2023**:

	2024		2023		2024		2023	
	Number of Shares	Weighted-Average Grant-Date Fair Value	Number of Shares	Weighted-Average Grant-Date Fair Value	Number of Shares	Weighted-Average Grant-Date Fair Value	Number of Shares	Weighted-Average Grant-Date Fair Value
(shares in thousands)	(shares in thousands)		(shares in thousands)		(shares in thousands)		(shares in thousands)	
Outstanding at beginning of period								
Vested								
Vested								
Granted								
Vested								
Forfeited								
Outstanding at end of period								

The following is a summary of our price-vested stock options activity for the **three** **six** months ended **February 29, 2024** **May 31, 2024** and **February 28, 2023**: **2023**:

	2024		2023		2024		2023	
	Number of Shares	Weighted-Average Grant-Date Fair Value	Number of Shares	Weighted-Average Grant-Date Fair Value	Number of Shares	Weighted-Average Grant-Date Fair Value	Number of Shares	Weighted-Average Grant-Date Fair Value
(shares in thousands)	(shares in thousands)		(shares in thousands)		(shares in thousands)		(shares in thousands)	
Outstanding at beginning of period								
Forfeited								
Forfeited								
Forfeited								
Outstanding at end of period								

The following is a summary of our LTPP activity for the **three** **six** months ended **February 29, 2024** **May 31, 2024** and **February 28, 2023**: **2023**:

	2024		2023	
	Number of Shares	Weighted-Average Grant-Date Fair Value	Number of Shares	Weighted-Average Grant-Date Fair Value
(shares in thousands)				
Outstanding at beginning of period	474	\$ 94.34	451	\$ 106.32
Granted	192	66.49	167	89.00
Vested	(181)	98.30	(176)	86.14
Forfeited	(10)	91.65	(11)	94.58
Outstanding at end of period	475	\$ 81.53	431	\$ 93.64

	2024		2023	
	Number of Shares	Weighted-Average Grant-Date Fair Value	Number of Shares	Weighted-Average Grant-Date Fair Value
(shares in thousands)				
Outstanding at beginning of period	474	\$ 94.34	451	\$ 106.32
Granted	192	66.49	167	89.00
Vested	(181)	98.30	(176)	86.14
Forfeited	(12)	83.08	(16)	93.53
Outstanding at end of period	473	\$ 81.55	426	\$ 93.67

7. INCOME TAXES

Income tax expense for the three months ended February 29, 2024 May 31, 2024 included \$1.6\$20.2 million of net discrete tax expense benefits consisting principally of the following: (i) \$1.1\$19.4 million of tax benefits associated with the recognition of a deferred tax asset related to an international legal entity reorganization, (ii) \$1.3 million of tax benefit from the reversal of certain reserves for unrecognized tax benefits and related interest associated with the expiration of statutes of limitations in a non-U.S. jurisdiction, (iii) \$0.3 million of excess tax benefits associated with stock-based compensation, and (iv) \$0.8 million of tax expense resulting from a state tax matter, matter.

Income tax expense for the six months ended May 31, 2024 included \$18.6 million of net discrete tax benefits consisting principally of the following: (i) \$19.4 million of tax benefits associated with the recognition of a deferred tax asset related to an international legal entity reorganization, (ii) \$1.3 million of tax benefit from the reversal of certain reserves for unrecognized tax benefits and (ii) \$0.5 related interest associated with the expiration of statutes of limitations in a non-U.S. jurisdiction, (iii) \$1.9 million of tax expense resulting from state tax matters, and (iv) \$0.2 million of tax expense associated with stock-based compensation.

Income tax expense for the three months ended February 28, 2023 May 31, 2023 included \$3.8\$3.0 million of net discrete tax benefits consisting principally of the following: (i) \$1.2 million of tax benefits from the reversal of certain reserves for unrecognized tax benefits and related interest associated with the expiration of statutes of limitations in a non-U.S. jurisdiction, (ii) \$1.2 million of tax benefit related to a tax settlement, and (iii) \$0.6 million of excess tax benefits associated with stock-based compensation.

Income tax expense for the six months ended May 31, 2023 included \$6.8 million of net discrete tax benefits consisting principally of the following: (i) \$3.2 million of tax benefits associated with the adjustment of a valuation allowance due to changes in judgment about the realizability of the deferred tax asset, (ii) \$1.2 million of tax benefits from the reversal of certain reserves for unrecognized tax benefits and related interest associated with the expiration of statutes of limitations in a non-U.S. jurisdiction, (iii) \$1.2 million of tax benefit related to a tax settlement (iv) \$0.8 million of tax benefits related to the revaluation of deferred taxes resulting from changes in tax rates, and (iii) \$0.2 (v) \$0.4 million of excess tax expense benefits associated with stock-based compensation.

Other than additions for current year tax positions, there were no significant changes to unrecognized tax benefits during the three six months ended February 29, 2024 May 31, 2024.

As of February 29, 2024 May 31, 2024, we believe the reasonably possible total amount of unrecognized tax benefits that could increase or decrease in the next 12 months as a result of various statute expirations, audit closures, and/or tax settlements would not be material to our consolidated financial statements.

8. CAPITAL STOCK AND EARNINGS PER SHARE

The following table sets forth the reconciliation of average shares outstanding (in millions):

2024	Three months ended May 31,		Six months ended May 31,	
	2023		2024	2023
	Three months ended			
	Three months ended			
	Three months ended			
February 29, 2024				
February 29, 2024				
February 29, 2024				
Average shares outstanding – basic				
Average shares outstanding – basic				
Average shares outstanding – basic				
Effect of dilutive securities:				
Effect of dilutive securities:				
Effect of dilutive securities:				
Stock options/RSUs/LTPP				
Stock options/RSUs/LTPP				
Stock options/RSUs/LTPP				
Average shares outstanding – diluted				
Average shares outstanding – diluted				
Average shares outstanding – diluted				

The following table sets forth the stock options and RSUs that were not considered in our earnings per share calculation since they were anti-dilutive (in millions):

Three months ended

	February 29, 2024		February 28, 2023	
Anti-dilutive securities	3.5		1.6	

	Three months ended May 31,		Six months ended May 31,	
	2024	2023	2024	2023
Anti-dilutive securities	3.6	1.9	3.2	2.0

The following table sets forth common stock activity (in millions):

	Three months ended May 31,		Six months ended May 31,	
	2024	2023	2024	2023
Shares issued under stock options, RSUs, LTPP and employee stock purchase plans				
Shares issued under stock options, RSUs, LTPP and employee stock purchase plans				
Shares issued under stock options, RSUs, LTPP and employee stock purchase plans				
Shares repurchased under the stock repurchase program and shares withheld for taxes under stock options, RSUs, and LTPP				
Shares repurchased under the stock repurchase program and shares withheld for taxes under stock options, RSUs, and LTPP				
Shares repurchased under the stock repurchase program and shares withheld for taxes under stock options, RSUs, and LTPP				

As of February 29, 2024 May 31, 2024, \$501.2 \$497.0 million remained of the \$600 million share repurchase program authorization approved by our Board of Directors in November 2019.

9. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table sets forth the components of accumulated other comprehensive loss, net of tax, where applicable (in millions):

	February 29, 2024	
	February 29, 2024	
	February 29, 2024	November 30, 2023
	May 31, 2024	
	May 31, 2024	
	May 31, 2024	November 30, 2023
Foreign currency translation adjustment (1)		
Unrealized gain (loss) on foreign currency exchange contracts		
Unamortized value of settled interest rate swaps		
Unamortized value of settled interest rate swaps		
Unamortized value of settled interest rate swaps		

Pension and other postretirement costs

Accumulated other comprehensive loss

(1) During the **three** **six** months ended **February 29, 2024** **May 31, 2024**, the foreign currency translation adjustment of accumulated other comprehensive loss **increased** **decreased** on a net basis by **\$2.3 million** **\$5.0 million**, inclusive of **\$5.9** **\$5.0** million of unrealized **losses** **gains** associated with net investment hedges. These net investment hedges are more fully described in note 3.

The following table sets forth the amounts reclassified from accumulated other comprehensive income (loss) and into consolidated net income (in millions):

	Three months ended	Three months ended	Six months ended	Affected Line Items in the Condensed Consolidated Income Statement
	Three months ended	Three months ended		
	Three months ended	Affected Line Items in the Condensed Consolidated Income Statement		
	February 29, 2024			
	May 31, 2024			
(Gains)/losses on cash flow hedges:				
(Gains)/losses on cash flow hedges:				
(Gains)/losses on cash flow hedges:				
Interest rate derivatives				
Interest rate derivatives				
Interest rate derivatives	\$ 0.2	\$ (0.1)	Interest expense	Interest expense
Foreign exchange contracts				
Foreign exchange contracts				
Foreign exchange contracts	(1.3)	(1.2)	Cost of goods sold	Cost of goods sold
Total before tax				
Tax effect				
Tax effect	0.3	0.3	Income tax expense	Income tax expense
Net, after tax				

"Gourmet Garden". Our flavor solutions segment sells to food manufacturers and the foodservice industry both directly and indirectly through distributors, with the exception of our business in China, where foodservice sales are managed by and reported in our consumer segment.

We measure segment performance based on operating income excluding special charges, as this activity is managed separately from the business segments.

Although the segments are managed separately due to their distinct distribution channels and marketing strategies, manufacturing and warehousing are often integrated to maximize cost efficiencies. We do not segregate jointly utilized assets by individual segment for purposes of internal reporting, performance evaluation, or capital allocation. Because of manufacturing integration for certain products within the segments, products are not sold from one segment to another but rather inventory is transferred at cost. Intersegment sales are not material.

	Consumer	Consumer	Flavor Solutions	Total	Consumer	Flavor Solutions	Total
Three months ended February 29, 2024							
Three months ended February 29, 2024							
Three months ended February 29, 2024							
Net sales							
Net sales							
Net sales							
Operating income excluding special charges							
Income (loss) from unconsolidated operations							
Three months ended February 28, 2023							
Three months ended February 28, 2023							
Three months ended February 28, 2023							
Three months ended May 31, 2024							
Three months ended May 31, 2024							
Three months ended May 31, 2024							
Net sales							
Net sales							
Net sales							
Operating income excluding special charges							
Income from unconsolidated operations							
Three months ended May 31, 2023							
Three months ended May 31, 2023							
Three months ended May 31, 2023							
Net sales							
Net sales							
Net sales							
Operating income excluding special charges							
Income from unconsolidated operations							
Six months ended May 31, 2024							
Six months ended May 31, 2024							
Six months ended May 31, 2024							
Net sales							
Net sales							
Net sales							
Operating income excluding special charges							
Income from unconsolidated operations							
Six months ended May 31, 2023							

<u>Six months ended May 31, 2023</u>
<u>Six months ended May 31, 2023</u>
Net sales
Net sales
Net sales
Operating income excluding special charges
Income from unconsolidated operations

A reconciliation of operating income excluding special charges to operating income is as follows (in millions):

	Consumer	Consumer	Flavor Solutions	Total	Consumer	Flavor Solutions	Total
<u>Three months ended February 29, 2024</u>							
<u>Three months ended May 31, 2024</u>							
Operating income excluding special charges							
Operating income excluding special charges							
Operating income excluding special charges							
Less: Special charges							
Operating income							
Operating income							
Operating income							
<u>Three months ended February 28, 2023</u>							
<u>Three months ended February 28, 2023</u>							
<u>Three months ended February 28, 2023</u>							
<u>Three months ended May 31, 2023</u>							
<u>Three months ended May 31, 2023</u>							
<u>Three months ended May 31, 2023</u>							
Operating income excluding special charges							
Operating income excluding special charges							
Operating income excluding special charges							
Less: Special charges							
Operating income							
Operating income							
Operating income							
<u>Six months ended May 31, 2024</u>							
<u>Six months ended May 31, 2024</u>							
<u>Six months ended May 31, 2024</u>							
Operating income excluding special charges							
Operating income excluding special charges							
Operating income excluding special charges							
Less: Special charges							
Operating income							
Operating income							
Operating income							
<u>Six months ended May 31, 2023</u>							
<u>Six months ended May 31, 2023</u>							
<u>Six months ended May 31, 2023</u>							
Operating income excluding special charges							
Less: Special charges							

Operating income
Operating income
Operating income

Total segment operating income as disclosed in the preceding table represents our consolidated operating income. The reconciliation of that operating income to income from consolidated operations before income taxes, which includes interest expense and other income, net is presented on the consolidated income statement.

The following table sets forth our net sales, by geographic area, for the **three six** months ended **February 29, 2024** **May 31, 2024** and **February 28, 2023** **May 31, 2023** (in millions):

	Americas	EMEA	APAC	Total
Three months ended February 29, 2024	\$ 1,117.1	\$ 306.7	\$ 178.9	\$ 1,602.7
Three months ended February 28, 2023	1,094.7	283.9	186.9	1,565.5

	Americas	EMEA	APAC	Total
Three months ended May 31, 2024	\$ 1,166.4	\$ 307.3	\$ 169.5	\$ 1,643.2
Three months ended May 31, 2023	1,177.9	310.6	170.7	1,659.2
Six months ended May 31, 2024	2,283.5	614.0	348.4	3,245.9
Six months ended May 31, 2023	2,272.5	594.6	357.6	3,224.7

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

OVERVIEW

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("**MD&A**") (**MD&A**) is intended to help the reader understand McCormick & Company, Incorporated, our operations, and our present business environment from the perspective of management. MD&A is provided as a supplement to, and should be read in conjunction with, our condensed consolidated financial statements and the accompanying notes thereto, included in Item 1 of this report. We use certain non-GAAP information – more fully described below under the caption Non-GAAP Financial Measures – that we believe is important for purposes of comparison to prior periods and development of future projections and earnings growth prospects. This information is also used by management to measure the profitability of our ongoing operations and analyze our business performance and trends. Unless otherwise noted, the dollar and share information in the charts and tables in MD&A are in millions, except per share data.

Business profile

McCormick is a global leader in flavor. We manufacture, market and distribute spices, seasoning mixes, condiments and other flavorful products to the entire food industry – retailers, food manufacturers and the foodservice business. In fiscal year 2023, approximately 39% of our sales were outside of the U.S. We also are partners in a number of joint ventures that are involved in the manufacture and sale of flavorful products, the most significant of which is McCormick de Mexico. We manage our business in two business segments, consumer and flavor solutions.

Executive Summary

In the **first second** quarter of 2024, **we achieved net our sales growth of 2.4% over** **declined by 1.0% from** the **first second** quarter 2023 level, including impact from the following factors:

- **Pricing actions, principally implemented in the prior year, contributed 2.7% to the increase in net sales.**
- Volume and product mix unfavorably impacted our net sales growth by **1.0% 0.7%**, exclusive of divestitures. **Our decisions to exit certain low margin businesses contributed approximately 0.6% to the unfavorable impact of volume and product mix.** The **consumer flavor solutions** segment experienced unfavorable volume and product mix of **2.2% 1.8%** and the **flavor solutions consumer** segment experienced favorable **volume and product and** mix of **0.7% 0.3%**.
- Divestitures negatively impacted our net sales **increase by 0.2% 0.3%**.
- Net sales **growth was in** our **flavor solutions segment were** positively impacted by fluctuations in currency rates **that increased sales growth which were offset by 0.9%.** **Excluding this the negative impact we grew sales by 1.5% over the prior year quarter on a constant of fluctuations in currency basis. rates for our consumer segment.**

Operating income was \$233.5 million \$234.1 million in the first second quarter of 2024 and \$199.0 million \$221.8 million in the comparable 2023 period. period, an increase of 5.5%. We recorded \$4.2 million \$1.8 million and \$27.8 million \$13.2 million of special charges in the first second quarter of 2024 and 2023, respectively, related to organization and streamlining actions. In the first second quarter of 2024, the effects of a 140 60 basis points improvement in our gross profit margin, primarily associated with the effects of favorable product mix, pricing actions that were implemented in the prior year and cost savings from our GOE and CCI programs, that were partially offset by commodity inflation, increased conversion costs. Also, in the first second quarter of 2024, selling, general and administrative expenses as a percentage of sales increased 110 40 basis points, including a 90 basis points impact associated with which was driven by the higher level of advertising and promotion expenses. Excluding special charges, adjusted operating income was \$237.7 million \$235.9 million in the first second quarter of 2024, an increase of 4.8% 0.3%, compared to \$226.8 million \$235.0 million in the year-ago period. In constant currency, adjusted operating income increased 4.3% 0.4%.

Diluted earnings per share was \$0.62 \$0.68 and \$0.52 \$0.56 in the first second quarter of 2024 and 2023, respectively. The increase in diluted earnings per share for the first second quarter of 2024 was driven primarily by the impact of higher operating income, including the effects of lower special charges, the unfavorable favorable effects of an increase a decrease in the effective tax rate, including the effects of a favorable discrete income tax benefit, and the favorable effects of an increase in income from unconsolidated operations. Special charges lowered earnings per share by \$0.01 and \$0.07 \$0.04 in the first second quarter of 2024 and 2023, respectively. Excluding the effects of special charges, adjusted diluted earnings per share was \$0.63 \$0.69 in the first second quarter of 2024 and \$0.59 \$0.60 in the first second quarter of 2023, or an increase of 6.8% 15.0%.

A detailed review of our first second quarter 2024 performance compared to the first second quarter of fiscal 2023 and our performance for the six months ended May 31, 2024 compared to the prior year period appears in the section titled "Results of Operations – Company" and "Results of Operations – Segments". For a reconciliation of non-GAAP to reported amounts, see the subsequent discussion under the heading "Non-GAAP Financial Measures".

Recent Events

Our industry continues to be impacted by commodity cost inflation, labor cost inflation, and other global macro-economic conditions. While we are seeing moderation in input cost inflation from that experienced in 2023, we expect inflationary pressures to persist into fiscal 2024. However, we anticipate GOE program and CCI program-led cost savings as well as previously implemented pricing actions to mitigate those inflationary pressures. We will also be lapping 2023 price increases and anticipate favorable net price realization in 2024. Additionally, in some instances, price elasticity, or the negative consumer response to the pricing actions we take, have been impacted by consumer behavior, or price elasticity, which unfavorably impacts our sales volume and mix.

We are fueling our investment in growth with cost savings from our CCI program, an ongoing initiative to improve productivity and reduce costs throughout the organization, as well as savings from the organization and streamlining actions described in note 2 of notes to our consolidated financial statements that includes our GOE program. Our CCI and GOE programs both delivered cost savings in 2023. Our CCI program funds brand marketing support, product innovation and other growth initiatives. We expect our CCI program, GOE program, and other organization and streamlining actions to deliver additional savings in 2024.

2024 Outlook

In 2024, we expect net sales to range from a decline of 2% to 0% from our net sales in 2023 including a 1% unfavorable impact of foreign currency rates, or to range from a decline of 1% to an increase of 1% on a constant currency basis. We anticipate that the 2024 sales change will include a favorable impact from previously implemented prior year pricing actions, actions, which will be partially reduced by current year pricing actions taken in response to price gap management as well as promotional activities. We anticipate that our volume and product mix will be impacted by the divestiture of our Giotti canning business in the third quarter of last year, and the pruning of low margin businesses.

We expect our 2024 gross profit margin to range from 50 basis points to 100 basis points higher than our gross profit margin of 37.6% in 2023. The projected 2024 increase in gross profit margin is principally due to the net effect of (i) the favorable impact of pricing actions, (ii) the favorable impacts of product mix, (iii) the favorable impact of anticipated Global Operating Effectiveness Program GOE program and CCI cost savings, and (iv) a low single-digit percentage impact of inflation in 2024 compared to 2023.

In 2024, we expect an increase in operating income of 8% to 10%, which includes a 1% unfavorable impact from foreign currency rates, over the 2023 level. The projected 2024 change in operating income includes the effects of the anticipated increase in our gross profit margin as well as SG&A cost savings from our CCI and GOE programs, which will be partially offset by our investments to drive volume growth, including brand marketing. We expect our brand marketing investments in 2024 to increase in the high-single digits over the 2023 level. We also expect approximately \$15 million of special charges in 2024 that relate to previously announced organization and streamlining actions; in 2023, special charges were \$61.2 million. Excluding special charges, we expect 2024's adjusted operating income to increase by 3% to 5%, which includes a 1% unfavorable impact from foreign currency rates, or to increase by 4% to 6% on a constant currency basis.

We estimate that our 2024 effective tax rate, including the net favorable impact of anticipated discrete tax items, will be 22% as compared to 21.8% in 2023. Excluding projected taxes associated with special charges, we estimate that our adjusted effective tax rate will be approximately 22% in 2024, or comparable to an adjusted effective tax rate of 22.0% in 2023.

We also expect that our income from unconsolidated operations, including the performance of our largest joint venture, McCormick de Mexico, will increase by a mid-teens percentage rate over the 2023 level.

Diluted earnings per share was \$2.52 in 2023. Diluted earnings per share for 2024 is projected to range from \$2.76 to \$2.81. Excluding the per share impact of special charges of \$61.2 million adjusted diluted earnings per share was \$2.70 in 2023. Adjusted diluted earnings per share, excluding an estimated per share impact from special charges of \$0.04, is projected to range from \$2.80 to \$2.85 in 2024, or an increase of 4% to 6% over adjusted diluted earnings per share of \$2.70 in 2023.

RESULTS OF OPERATIONS – COMPANY

		Three months ended		Six months ended	
		February 29, 2024		February 29, 2024	
		February 29, 2024		February 29, 2024	
		May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023
Net sales					
Net sales					
Net sales					
Percent increase					
Percent increase					
Percent increase					
Components of percent change in net sales – increase (decrease):					
Components of percent change in net sales – increase (decrease):					
Percent (decrease) increase		(1.0) %	8.0 %	0.7 %	5.4 %
Components of percent change in net sales – increase (decrease):					
Pricing actions					
Pricing actions					
Pricing actions		— %	10.8 %	1.3 %	10.7 %
Volume and product mix	Volume and product mix	(0.7) %	(0.9) %	(0.7) %	(2.8) %
Volume and product mix					
Volume and product mix					
Divestitures					
Divestitures					
Divestitures		(0.3) %	(0.4) %	(0.3) %	(0.5) %
Foreign exchange	Foreign exchange	— %	(1.5) %	0.4 %	(2.0) %
Foreign exchange					
Foreign exchange					
Gross profit					
Gross profit					
Gross profit					
Gross profit margin	Gross profit margin	37.7 %	37.1 %	37.6 %	36.5 %
Gross profit margin					
Gross profit margin					

Sales for the first second quarter of 2024 increased decreased by 2.4% 1.0% from the prior year level and increased decreased by 1.5% 1.0% on a constant currency basis (that is, excluding the impact of foreign currency exchange as more fully described under the caption, Non-GAAP Financial Measures). Unfavorable volume and product mix decreased sales by 0.7%. Unfavorable volume and product mix in our flavor solutions segment, including the effects of the lower quick service restaurant and packaged food customer demand, exceeded the favorable volume and product mix in our consumer segment. Also, the divestiture of our Giotti canning business unfavorably impacted sales by 0.3% as compared to the prior year period. Foreign currency rates had a neutral impact on sales for the quarter.

Sales for the six months ended May 31, 2024 increased by 0.7% from the prior year level and increased by 0.3% on a constant currency basis. Pricing actions increased sales by 2.7% 1.3% as compared to the prior year period principally due to pricing actions implemented in the prior year. Unfavorable volume and product mix from both our consumer and flavor solutions segments collectively decreased sales by 1.0%, including the impact of price elasticity. Unfavorable volume and product mix in our consumer segment exceeded the favorable volume and product mix in our flavor solutions segment 0.7%. Our decisions to discontinue certain low margin businesses contributed approximately 0.6% 0.3% to the unfavorable impact of volume and product mix. Also, the divestiture of our Giotti canning business unfavorably impacted sales by 0.2% 0.3% as compared to the prior year period. Sales were also impacted by favorable foreign currency rates that increased net sales by 0.9% 0.4% in the first quarter of 2024 six months ended May 31, 2024 compared to the year-ago quarter period and is excluded from our measure of sales growth of 1.5% 0.3% on a constant currency basis.

Gross profit for the first second quarter of 2024 increased by \$36.4 million \$4.1 million, or 6.5% 0.7%, from the comparable period in 2023. Our gross profit margin for the three months ended February 29, 2024 May 31, 2024 was 37.4% 37.7%, an increase of 140 60 basis points from the comparable period in 2023. The increase in gross profit margin in the quarter ended February 29, 2024 May 31, 2024 was driven by our cost savings led by our CCI and GOE programs, which were partially offset by increased conversion costs as compared to the 2023 period.

Gross profit for the six months ended May 31, 2024 increased by \$40.5 million, or 3.4%, from the comparable period in 2023. Our gross profit margin for the six months ended May 31, 2024 was 37.6%, an increase of 110 basis points from the comparable period in 2023. The increase in gross profit margin in the six months ended May 31, 2024 was driven by the favorable impact of our pricing actions, as previously described, favorable product and customer mix, and cost savings led by our CCI and GOE programs. These favorable impacts were partially offset by increased commodity and conversion costs as compared to the 2023 period.

		Three months ended		Six months ended	
		February 29, 2024			
		February 29, 2024			
		February 29, 2024			
Selling, general & administrative expense (SG&A)					
Selling, general & administrative expense (SG&A)					
		May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023
Selling, general & administrative expense (SG&A)					
Percent of net sales	Percent of net sales	23.3 %	22.9 %	23.0 %	22.2 %
Percent of net sales					
Percent of net sales					

SG&A increased by \$25.5 million \$3.2 million in the first second quarter of 2024 as compared to the 2023 level, driven primarily by advertising and promotional spend and increased selling and market marketing costs. These costs were partially offset by CCI-led cost savings as well as a lower stock-based compensation expense, all as compared to the 2023 period. SG&A as a percentage of net sales increased by 40 basis points from the prior year levels due to the factors described above.

SG&A increased by \$28.7 million in the six months ended May 31, 2024 as compared to the 2023 period, driven primarily by advertising and promotional spend, increased selling and marketing costs and a higher investment in research and development. These costs were partially offset by CCI-led and GOE cost savings as well as lower stock-based compensation expense, all as compared to the 2023 period. SG&A as a percentage of net sales increased by 110 80 basis points from the prior year levels due primarily to a 90 60 basis point increase in advertising and promotional expenses as compared to the prior year period.

		Three months ended		Six months ended	
		February 29, 2024			
		February 29, 2024			
		February 29, 2024			
		May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023
Total special charges					
Total special charges					
Total special charges					

During the three months ended February 29, 2024 May 31, 2024, we recorded \$4.2 \$1.8 million of special charges. Those special charges principally consisted of \$2.8 million \$1.8 million associated with our GOE program.

During the six months ended May 31, 2024, we recorded \$6.0 million of special charges. Those special charges principally consisted of \$4.6 million associated with the GOE program and \$1.4 million associated with the transition of a manufacturing facility in Europe, Middle East, and Africa (EMEA). EMEA.

During the three months ended February 28, 2023 May 31, 2023, we recorded \$27.8 million \$13.2 million of special charges. Those special charges principally consisted of \$24.8 million \$8.6 million associated with the our GOE program, including \$19.7 million under our voluntary retirement program, \$0.9 million \$1.3 million associated with the transition of a manufacturing facility in EMEA, and streamlining actions of \$1.3 million \$3.2 million in the Americas region.

During the six months ended May 31, 2023, we recorded \$41.0 million of special charges. Those special charges principally consisted of \$33.4 million associated with our GOE program, \$2.2 million associated with the transition of a manufacturing facility in EMEA, and streamlining actions of \$4.5 million in the Americas region, and \$0.8 million \$0.9 million in the EMEA region.

Details with respect to the composition of special charges are included in note 2 of the notes to the accompanying condensed consolidated financial statements.

		Three months ended		Six months ended	
		February 29, 2024			
		February 29, 2024			
		February 29, 2024			

Interest expense				
Interest expense				
	May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023
Interest expense				
Other income, net				
Other income, net				
Other income, net				

Interest expense **decreased** **increased** slightly in the three **and six** months ended **February 29, 2024** **May 31, 2024**, as compared to the prior year **period**, **periods**, driven by the effects of a reduction in average borrowing levels which were **partially more than** offset by higher short-term interest rates. Other income, net for the three **and six** months ended **February 29, 2024** **May 31, 2024** remained consistent, as compared to the prior year **period**, **periods**.

	Three months ended		Six months ended	
	February 29, 2024			
	February 29, 2024			
	February 29, 2024			
Income from consolidated operations before income taxes				
Income from consolidated operations before income taxes				
	May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023
Income from consolidated operations before income taxes				
Income tax expense				
Income tax expense				
Income tax expense				
Effective tax rate	Effective tax rate	13.5 %	22.1 %	19.5 %
Effective tax rate				21.9 %
Effective tax rate				

The provision for income taxes is based on the estimate of the annual effective tax rate adjusted to reflect the tax impact of items discrete to the fiscal period. We record tax expense or tax benefits that do not relate to ordinary income in the current fiscal year discretely in the period in which such items occur pursuant to the requirements of **U.S.** GAAP. Examples of such types of discrete items not related to ordinary income include, but are not limited to, excess tax benefits or expense associated with stock-based compensation, changes in estimates of the outcome of tax matters related to prior years, including reversals of reserves upon the lapsing of statutes of limitations, provision-to-return adjustments, the settlement of tax audits, changes in enacted tax rates, **and** changes in the assessment of deferred tax valuation **allowances**, **allowances**, **and the tax effects of intra-entity asset transfers (other than inventory)**.

Income tax expense for the three months ended **February 29, 2024** **May 31, 2024** included **\$1.6** **\$20.2** million of net discrete tax **expense** **benefits** consisting principally of **\$1.1** the following: (i) \$19.4 million of tax benefits associated with the recognition of a deferred tax asset related to an international legal entity reorganization, (ii) \$1.3 million of tax benefit from the reversal of certain reserves for unrecognized tax benefits and related interest associated with the expiration of statutes of limitations in a non-U.S. jurisdiction, (iii) \$0.3 million of excess tax benefits associated with stock-based compensation, and (iv) \$0.8 million of tax expense resulting from a state tax **matter**, **matter**.

Income tax expense for the six months ended May 31, 2024 included \$18.6 million of net discrete tax benefits consisting principally of the following: (i) \$19.4 million of tax benefits associated with the recognition of a deferred tax asset related to an international legal entity reorganization, (ii) \$1.3 million of tax benefit from the reversal of certain reserves for unrecognized tax benefits and **\$0.5** related interest associated with the expiration of statutes of limitations in a non-U.S. jurisdiction, (iii) \$1.9 million of tax expense resulting from state tax matters, and (iv) **\$0.2** million of tax expense associated with stock-based compensation.

Income tax expense for the three months ended **February 28, 2023** **May 31, 2023** included **\$3.8 million** **\$3.0 million** of net discrete tax benefits consisting principally of **\$3.2 million** the following: (i) \$1.2 million of tax benefits from the reversal of certain reserves for unrecognized tax benefits and related interest associated with the expiration of statutes of limitations in a non-U.S. jurisdiction, (ii) \$1.2 million of tax benefit related to a tax settlement, and (iii) \$0.6 million of excess tax benefits associated with stock-based compensation.

Income tax expense for the six months ended May 31, 2023 included \$6.8 million of net discrete tax benefits consisting principally of the following: (i) \$3.2 million of tax benefits associated with the adjustment of a valuation allowance due to changes in judgment about the realizability of the deferred tax asset, **\$0.8 million** (ii) \$1.2 million of tax benefits from the reversal of certain reserves for unrecognized tax benefits and related interest associated with the expiration of statutes of limitations in a non-U.S. jurisdiction, (iii) \$1.2 million of tax benefit related to a tax settlement (iv) \$0.8 million of tax benefits related to the revaluation of deferred taxes resulting from changes in tax rates, and **\$0.2 million** (v) \$0.4 million of excess tax **expense** **benefits** associated with stock-based compensation.

	Three months ended		Six months ended	

	February 29, 2024				
	February 29, 2024				
	February 29, 2024				
Income from unconsolidated operations					
Income from unconsolidated operations					
	May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023	
Income from unconsolidated operations					

Income from unconsolidated operations, which is presented net of the elimination of earnings attributable to non-controlling interests, increased by **\$7.3 million** **\$6.5 million** and **\$13.8 million** for the three and six months ended **February 29, 2024** **May 31, 2024**, respectively, each as compared to the year ago period. The increase was driven by higher earnings of our largest joint venture, McCormick de Mexico.

The following table outlines the major components of the change in diluted earnings per share from 2023 to 2024:

	Three months ended February 28, 2023 and February 29, 2024
2023 Earnings per share – diluted	\$ 0.52
Impact of change in operating income	0.04
Decrease in special charges, net of taxes	0.06
Increase in income from unconsolidated operations	0.03
Impact of change in effective income tax rate, excluding taxes on special charges	(0.03)
2024 Earnings per share – diluted	\$ 0.62

	Three months ended May 31,	Six months ended May 31,
2023 Earnings per share – diluted	\$ 0.56	\$ 1.08
Impact of change in operating income	—	0.04
Decrease in special charges, net of taxes	0.03	0.10
Increase in income from unconsolidated operations	0.03	0.05
Impact of change in effective income tax rate, excluding taxes on special charges	0.06	0.03
2024 Earnings per share – diluted	\$ 0.68	\$ 1.30

RESULTS OF OPERATIONS — SEGMENTS

We measure the performance of our business segments based on operating income, excluding special charges for the periods presented. See note 10 of the notes to our accompanying condensed consolidated financial statements for additional information on our segment measures as well as for a reconciliation by segment of operating income, excluding special charges, to consolidated operating income. In the following discussion, we refer to our previously described measure of segment profit as segment operating income.

CONSUMER SEGMENT

	Three months ended May 31, 2024	May 31, 2023	Six months ended May 31, 2024	May 31, 2023
Net sales				
Net sales				
Net sales				
Percent increase (decrease)				
Percent increase (decrease)				

Percent increase (decrease)	Percent increase (decrease)	(0.8) %	5.3 %	0.2 %	1.6 %
Segment operating income					
Segment operating income					
Segment operating income					
Segment operating income margin	Segment operating income margin	16.5 %	16.8 %	17.8 %	18.0 %
Segment operating income margin					
Segment operating income margin					

In the **first second** quarter of 2024, sales of our consumer segment **increased decreased** by **1.3% 0.8%** as compared to the **first second** quarter of 2023 and **increased decreased** by **0.7% 0.5%** on a constant currency basis. The **1.3% increase 0.8% decrease** was driven primarily by **EMEA the Americas and APAC regions**, partially offset by **lower higher** sales in the **APAC EMEA** region, all as compared to the prior year quarter. Pricing, including actions favorably taken in response to price gap management as well as promotional activities, unfavorably impacted sales by **2.9% 0.8%** as compared to the prior year period principally due to pricing actions implemented in the prior year. Unfavorable period. Favorable volume and product mix decreased increased consumer segment sales by **2.2% 0.3%** in the **first second** quarter of 2024 as compared to the same period last year, including the impact of price elasticity. Our decision to discontinue certain low margin businesses also contributed 0.8% to the unfavorable impact of volume and product mix. year. Sales in the **first second** quarter of 2024 reflected a favorable an unfavorable impact from foreign currency rates that increased decreased consumer segment sales by **0.6% 0.3%** compared to the year-ago quarter and is excluded from our measure of sales growth decline of **0.7% 0.5%** on a constant currency basis.

In the Americas region, consumer sales **increased 0.1% decreased 1.6%** in the **first second** quarter of 2024 as compared to the same quarter of 2023 and **increased decreased** by **0.1% 1.6%** on a constant currency basis. Pricing, including actions principally implemented taken in the prior year, increased response to price gap management as well as promotional activities decreased sales by **2.7% 1.3%** as compared to the prior year period. For the **first second** quarter of 2024, unfavorable volume and product mix decreased sales by **2.6% 0.3%** as compared to the corresponding period in 2023. This reduction included a **1.1% impact of our decision to discontinue a low margin business**. Foreign currency rates did not have a significant impact on sales in the quarter. Our sales growth decline on a constant currency basis was **0.1% 1.6%** for the quarter.

In the EMEA region, consumer sales increased **13.3% 5.0%** in the **first second** quarter of 2024 as compared to the same quarter of 2023 and increased by **8.2% 3.9%** on a constant currency basis. Favorable volume and product mix during the second quarter of 2024 increased sales by 3.7% from the prior year level, which was driven by growth in our major markets across their product categories. Pricing actions, principally implemented in the prior year, increased sales by **5.3% 0.2%** as compared to the 2023 period. Sales were favorably impacted by volume and product mix during the first quarter of 2024 and increased sales by 2.9% from the prior year level. During the **first second** quarter of 2024, a favorable impact from foreign currency rates increased sales by **5.1% 1.1%** compared to the year-ago period and is excluded from our measure of sales growth of **8.2% 3.9%** on a constant currency basis.

In the APAC region, consumer sales decreased **7.4% 4.8%** in the **first second** quarter of 2024 as compared to the **first second** quarter of 2023 and decreased by **5.4% 0.9%** on a constant currency basis. For the quarter ended May 31, 2024, unfavorable volume and product mix decreased sales by 1.5%, which was primarily driven by slower demand in China. Pricing actions, principally implemented in the prior year, increased sales by **0.9% 0.6%** as compared to the prior year period. For the quarter ended February 29, 2024, unfavorable volume and product mix decreased sales by 6.3%, which included the effects of customer inventory reductions. During the **first second** quarter of 2024, an unfavorable impact from foreign currency rates decreased sales by **2.0% 3.9%** compared to the year-ago period and is excluded from our measure of sales decline of **5.4% 0.9%** on a constant currency basis.

For the six months ended May 31, 2024, sales of our consumer segment increased 0.2% as compared to the six months ended May 31, 2023 and were flat on a constant currency basis. The favorable impacts of pricing in all regions, including both actions implemented in the prior year as well as those taken in the current year in response to price gap management and promotional activities, increased sales by 1.0% during the six months ended May 31, 2024 as compared to the prior year period. Lower volume and unfavorable product mix decreased sales by 1.0% as compared to the prior year period. Volume and product mix includes a 0.4% unfavorable impact from the prior year associated with our decision to discontinue certain low margin businesses. A favorable impact from foreign currency rates increased sales by 0.2% compared to the prior year and is excluded from our measure of sales growth of 0.0% on a constant currency basis.

Segment operating income for our consumer segment **increased decreased** by **\$2.9 million \$4.3 million**, or **1.7% 2.8%**, in the **first second** quarter of 2024 from the **first second** quarter of 2023. The **increase decrease** in segment operating income was driven by the effects of an **increase a decrease** in gross profit primarily due to **favorable unfavorable** pricing actions and higher conversion costs, which more than offset the favorable impacts of product mix and CCI-led and GOE cost savings, all as compared to the prior year period. Segment operating margin for our consumer segment decreased in the second quarter of 2024 by 30 basis points from 2023 to 16.5% and was driven primarily by the decrease in gross margin as compared to the prior year period. On a constant currency basis, segment operating income for our consumer segment decreased by 2.4% in the second quarter of 2024 in comparison to the same period in 2023.

Segment operating income for our consumer segment decreased by \$1.4 million, or 0.4%, for the six months ended May 31, 2024 as compared to the same period in 2023. The decrease in segment operating income was driven by the effects of an increase in gross profit that was more than offsetting increased commodity costs and offset by an increase in SG&A expenses, that was primarily driven by higher advertising and promotion expenses, all as compared to the prior year period. The increase in gross profit was primarily due to favorable pricing actions and CCI-led and GOE costs savings, which were partially offset by increased commodity costs, all as compared to the prior year. Segment operating margin for our consumer segment in for the **first quarter six months ended May 31, 2024** was 17.8%, a reduction of 2024 was 19.1% and was comparable to 20 basis points from the first quarter of 2023 level as an increase in gross margin was offset by an increase in SG&A as a percentage of sales, driven by an increase in advertising and promotion spend, all as compared to the prior year period. On a constant currency basis, segment operating income for our consumer segment **increased decreased** by **1.4% 0.4%** in the **first quarter of 2024 six months ended May 31, 2024** in comparison to the same period in 2023.

FLAVOR SOLUTIONS SEGMENT

		Three months ended		Six months ended	
		May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023
Net sales					
Percent increase	Percent increase	(1.1) %	11.4 %	1.2 %	10.7 %
Percent increase					
Percent increase					
Segment operating income					
Segment operating income					
Segment operating income					
Segment operating income margin	Segment operating income margin	11.7 %	10.9 %	10.4 %	9.6 %
Segment operating income margin					
Segment operating income margin					

In the first second quarter of 2024, sales of our flavor solutions segment increased decreased by 3.8% 1.1% as compared to the first second quarter of 2023 and increased decreased by 2.5% 1.4% on a constant currency basis. Pricing actions across all Favorable pricing in the Americas and APAC regions more than offset unfavorable pricing in the EMEA region and increased sales by 2.4% 1.0% in the first second quarter of 2024 as compared to the prior year period principally due to pricing actions implemented in the prior year. Favorable Unfavorable volume and product mix increased decreased segment sales by 0.7% 1.8% as compared to the prior period as growth in the Americas and APAC regions were partially region was more than offset by lower volume and product mix in the Americas and EMEA region. regions. Volume and product mix includes a 0.4% 0.2% unfavorable impact from the prior year associated with our decision to discontinue certain low margin businesses. The divestiture of our Giotti canning business unfavorably impacted sales by 0.6% as compared to the prior year period. The favorable impact of foreign currency rates increased flavor solutions segment sales by 1.3% 0.3% compared to the year-ago quarter and is excluded from our measure of sales growth decline of 2.5% 1.4% on a constant currency basis.

In the Americas region, flavor solutions sales increased decreased by 4.7% 0.2% in the first second quarter of 2024 as compared to the first second quarter of 2023 and increased decreased by 3.4% 0.9% on a constant currency basis. Pricing actions, principally due to those implemented in the prior year, favorably impacted sales by 1.9% 1.5% during the quarter ended February 29, 2024 May 31, 2024, as compared to the prior year period. Favorable Unfavorable volume and product mix increased decreased flavor solutions sales in the Americas by 1.5% 2.4% during the first second quarter of 2024, including the effects of growth in sales to packaged food and nutrition and healthcare companies, as compared to the prior year period, period primarily as a result of softness in quick service restaurants and packaged food companies, including the timing of customer promotional and other activities. A favorable impact from foreign currency rates increased sales by 1.3% 0.7% compared to the first second quarter of 2023 and is excluded from our measure of sales growth decline of 3.4% 0.9% on a constant currency basis.

In the EMEA region, flavor solutions sales increased decreased by 1.8% 7.3% in the first second quarter of 2024 as compared to the first second quarter of 2023 and declined by 1.4% 8.2% on a constant currency basis. Pricing actions principally due to those implemented in the prior year, favorably unfavorably impacted sales by 4.0% 1.0% in the first second quarter of 2024 as compared to the prior period level. Unfavorable volume and product mix decreased segment sales in the EMEA region by 2.5% 4.1% as compared to the corresponding period in 2023 including the effects of lower consumer spending at quick service restaurants and packaged food and beverage companies, including the timing of promotional activities, and a 1.8% 0.9% impact of our decision to discontinue a low margin business. The divestiture of our Giotti canning business unfavorably impacted sales by 2.9% 3.1% as compared to the prior year period. A favorable impact from foreign currency rates increased sales by 3.2% 0.9% compared to the first second quarter of 2023 and is excluded from our measure of sales decline of 1.4% 8.2% on a constant currency basis.

In the APAC region, flavor solutions sales increased 1.5% 5.9% in the first second quarter of 2024 as compared to the first second quarter of 2023 and increased by 4.5% 10.3% on a constant currency basis. Pricing actions, principally due to those implemented in the prior year, favorably impacted sales by 3.5% 1.1% as compared to the prior year period. Favorable volume and product mix increased segment sales by 1.0% 9.2% in the first second quarter of 2024. 2024 which was principally driven by new products as well as the timing of customer promotions. An unfavorable impact from foreign currency rates decreased sales by 3.0% 4.4% compared to the first second quarter of 2023 and is excluded from our measure of sales growth of 4.5% 10.3% on a constant currency basis.

For the six months ended May 31, 2024, our flavor solutions sales increased 1.2% as compared to the six months ended May 31, 2023 and increased by 0.5% on a constant currency basis. Pricing actions, principally due to those implemented in the prior year, across all regions increased sales by 1.7% during the six months ended May 31, 2024 and were partially offset by 0.6% of unfavorable volume and product mix, both as compared to the prior year period. Volume and product mix includes a 0.3% unfavorable impact from the prior year associated with our decision to discontinue certain low margin businesses. The divestiture of our Giotti canning business unfavorably impacted sales by 0.6% as compared to the prior year period. The favorable impact of foreign currency rates increased flavor solutions segment sales by 0.7% compared to the year-ago period and is excluded from our measure of sales growth of 0.5% on a constant currency basis.

Segment operating income for our flavor solutions segment increased by \$8.0 million \$5.2 million, or 15.0% 6.3%, in the first second quarter of 2024 as compared to the first second quarter of 2023. The increase in segment operating income was driven by the effects of an increase in gross profit primarily due to the higher level favorable impact of sales driven by favorable pricing product and customer mix, and as well as CCI-led and GOE cost savings which more than offset increased commodity and conversion costs the lower level of sales and the higher level of SG&A expenses. Segment operating margin for our flavor solutions segment increased by 90 80 basis points from the prior year level to 9.0% 11.7% in the first second quarter of 2024. That increase was principally the result of an increase in gross margin, as previously described, which was partially offset by a higher level of SG&A as a percentage of sales, all as compared to 2023. On a constant currency basis, segment operating income for our flavor solutions segment increased by 13.7% 5.9% in the first second quarter of 2024 as compared to the same period in 2023.

Segment operating income for our flavor solutions segment increased by \$13.2 million, or 9.8%, in the six months ended May 31, 2024 as compared to the same period in 2023. The increase in segment operating income was driven by the effects of an increase in gross profit primarily due to the higher level of sales, the favorable impacts of pricing actions, product mix, and CCI-led and GOE cost savings which more than offset increased commodity and conversion costs and the higher level of SG&A expenses. Segment operating margin for our flavor solutions segment increased by 80 basis points from the prior year level to 10.4% in the six months ended May 31, 2024. That increase was the result of an increase in gross margin, as previously described, which was partially offset by a higher level of SG&A as a percentage of sales, all as compared to 2023. On a constant currency basis, segment operating income for our flavor solutions segment increased by 9.0% in the six months ended May 31, 2024 as compared to the same period in 2023.

MARKET RISK SENSITIVITY

We utilize derivative financial instruments to enhance our ability to manage risk, including foreign exchange and interest rate exposures, which exist as part of our ongoing business operations. We do not enter into contracts for trading purposes, nor are we a party to any leveraged derivative instrument. The use of derivative financial instruments is monitored through regular communication with senior management and the utilization of written guidelines.

Foreign Exchange Risk

We are exposed to foreign currency risk affecting net investments in subsidiaries, transactions (both third-party and intercompany) and earnings denominated in foreign currencies. Management assesses foreign currency risk based on transactional cash flows and translational volatility and may enter into forward contract and currency swaps with highly-rated financial institutions to reduce fluctuations in the long or short currency positions. We do not enter into contracts for trading purposes, nor are we a party to any leveraged derivative instruments. All derivatives are designated as hedges.

The following table sets forth the notional values and unrealized net gain (loss) of the portfolio of our forward foreign currency and cross currency swap contracts:

	February 29, 2024	November 30, 2023
	May 31, 2024	November 30, 2023
Forward foreign currency:		
Notional value		
Notional value		
Notional value		
Unrealized net gain (loss)		
Cross currency swaps:		
Notional value		
Notional value		
Notional value		
Unrealized net gain		

The outstanding notional value is a result of our decisions on foreign currency exposure coverage, based on our foreign currency and foreign currency translation exposures.

Interest Rate Risk

We manage our interest rate exposure by entering into both fixed and variable rate debt arrangements. We use interest rate swaps to minimize worldwide financing costs and to achieve a desired mix of fixed and variable rate debt. We do not enter into contracts for trading purposes, nor are we a party to any leveraged derivative instruments, and all derivatives are designated as hedges.

The following table sets forth the notional values and unrealized net gain (loss) of our interest rate swap contracts:

	February 29, 2024	November 30, 2023
	May 31, 2024	November 30, 2023
Notional value		
Unrealized net (loss)		

The change in fair values of our interest rate swap contracts is due to changes in interest rates on the notional amounts outstanding as of each date as well as the remaining duration of our interest rate derivative contracts.

Commodity Risk

We purchase certain raw materials which are subject to price volatility caused by weather, market conditions, growing and harvesting conditions, governmental actions and other factors beyond our control. Our most significant raw materials are dairy products, pepper, onion, garlic, capsicums (red peppers and paprika), tomato products, salts, and wheat products. While future movements of raw material costs are uncertain, we respond to this volatility in a number of ways, including strategic raw material purchases, purchases of raw material for future delivery and customer price adjustments. We generally have not used derivatives to manage the volatility related to this risk.

Credit Risk

Impact of
special
charges

Adjusted
operating
income

Adjusted
operating
income

Adjusted
operating
income

Operating
income
margin ⁽¹⁾

Operating
income
margin ⁽¹⁾

Operating
income
margin ⁽¹⁾

Impact of
special
charges

Impact of
special
charges

Impact of
special
charges

Adjusted
operating
income
margin ⁽¹⁾

Adjusted
operating
income
margin ⁽¹⁾

Adjusted
operating
income
margin ⁽¹⁾

Income tax
expense

Income tax
expense

Income tax
expense

Impact of
special
charges

Impact of
special
charges

Impact of special charges

Adjusted income tax expense

Adjusted income tax expense

Adjusted income tax expense

Income tax rate ⁽²⁾

Income tax rate ⁽²⁾

Income tax rate ⁽²⁾

Impact of special charges

Impact of special charges

Impact of special charges

Adjusted income tax rate ⁽²⁾

Adjusted income tax rate ⁽²⁾

Adjusted income tax rate ⁽²⁾

Net income

Net income

Net income

Impact of special charges

Impact of special charges

Impact of special charges

Adjusted net income

Adjusted net income

Adjusted net income

Rates of constant currency growth (decline) follow:

Three months ended February 29, 2024					Three months ended May 31, 2024		
Percentage Change as Reported	Percentage Change	Impact of Foreign Currency Exchange	Percentage Change on Constant Currency Basis		Percentage Change	Impact of Foreign Currency Exchange	Percentage Change on Constant Currency Basis
	as Reported				as Reported		

Net sales:

Consumer segment:									
Consumer segment:									
Consumer segment:									
Americas									
Americas									
Americas		0.1 %	— %	0.1 %	(1.6) %	— %	(1.6) %		
EMEA	EMEA	13.3 %	5.1 %	8.2 %	EMEA	5.0 %	1.1 %	3.9 %	
APAC	APAC	(7.4) %	(2.0) %	(5.4) %	APAC	(4.8) %	(3.9) %	(0.9) %	
Total Consumer segment	Total Consumer segment	1.3 %	0.6 %	0.7 %	Total Consumer segment	(0.8) %	(0.3) %	(0.5) %	
Flavor Solutions segment:									
Americas									
Americas									
Americas		4.7 %	1.3 %	3.4 %	(0.2) %	0.7 %	(0.9) %		
EMEA	EMEA	1.8 %	3.2 %	(1.4) %	EMEA	(7.3) %	0.9 %	(8.2) %	
APAC	APAC	1.5 %	(3.0) %	4.5 %	APAC	5.9 %	(4.4) %	10.3 %	
Total Flavor Solutions segment	Total Flavor Solutions segment	3.8 %	1.3 %	2.5 %	Total Flavor Solutions segment	(1.1) %	0.3 %	(1.4) %	
Total net sales	Total net sales	2.4 %	0.9 %	1.5 %	Total net sales	(1.0) %	— %	(1.0) %	

Adjusted operating income:

Adjusted operating income:

Adjusted operating income:

Consumer segment									
Consumer segment									
Consumer segment		1.7 %	0.3 %	1.4 %	(2.8) %	(0.4) %	(2.4) %		
Flavor Solutions segment	Flavor Solutions segment	15.0 %	1.3 %	13.7 %	Flavor Solutions segment	6.3 %	0.4 %	5.9 %	
Total adjusted operating income	Total adjusted operating income	4.8 %	0.5 %	4.3 %	Total adjusted operating income	0.3 %	(0.1) %	0.4 %	

Six months ended May 31, 2024			
	Percentage Change as Reported	Impact of Foreign Currency Exchange	Percentage Change on Constant Currency Basis
Net sales:			
Consumer segment:			
Americas	(0.8) %	— %	(0.8) %
EMEA	9.1 %	3.1 %	6.0 %
APAC	(6.2) %	(2.9) %	(3.3) %
Total Consumer segment	0.2 %	0.2 %	— %
Flavor Solutions segment:			
Americas	2.1 %	1.0 %	1.1 %
EMEA	(3.2) %	1.9 %	(5.1) %

APAC	3.8 %	(3.7)%	7.5 %
Total Flavor Solutions segment	1.2 %	0.7 %	0.5 %
Total net sales	0.7 %	0.4 %	0.3 %
Adjusted operating income:			
Consumer segment	(0.4)%	— %	(0.4)%
Flavor Solutions segment	9.8 %	0.8 %	9.0 %
Total adjusted operating income	2.6 %	0.2 %	2.4 %

To present constant currency information for the fiscal year 2024 projection, projected sales and adjusted operating income for entities reporting in currencies other than the U.S. dollar are translated into U.S. dollars at the company's budgeted exchange rates for 2024 and are compared to the 2023 results, translated into U.S. dollars using the same 2024 budgeted exchange rates, rather than at the average actual exchange rates in effect during fiscal year 2023.

Projections for the Year Ending November 30, 2024	
Percentage change in net sales	(2)% to 0%
Impact of unfavorable foreign currency exchange	1 %
Percentage change in net sales in constant currency	(1)% to 1%
Percentage change in adjusted operating income	3% to 5%
Impact of unfavorable foreign currency exchange	1 %
Percentage change in adjusted operating income in constant currency	4% to 6%

LIQUIDITY AND FINANCIAL CONDITION

	Three months ended	Six months ended	
	February 29, 2024	February 28, 2023	May 31, 2024
Net cash provided by operating activities			
Net cash provided by operating activities			
Net cash provided by operating activities			
Net cash provided by operating activities			
Net cash provided by operating activities			
Net cash provided by operating activities			
Net cash provided by operating activities			
Net cash provided by operating activities			
Net cash used in investing activities			
Net cash used in financing activities			

The primary objective of our financing strategy is to maintain a prudent capital structure that provides us flexibility to pursue our growth objectives. We use a combination of equity and short- and long-term debt. We use short-term debt, comprised primarily of commercial paper, principally to finance ongoing operations, including our requirements for working capital (accounts receivable, prepaid expenses and other current assets, and inventories, less accounts payable, accrued payroll, and other accrued liabilities). We are committed to maintaining investment grade credit ratings.

Our cash flows from operations enable us to fund operating projects and investments that are designed to meet our growth objectives, service our debt, fund or increase our quarterly dividends, fund capital projects and other investments, and make share repurchases when appropriate. Due to the cyclical nature of a portion of our business, our cash flow from operations has historically been the strongest during the fourth quarter of our fiscal year. Due to the timing of the interest payments on our long-term debt, interest payments are higher in the first and third quarter of our fiscal year.

We believe that our sources of liquidity, which include existing cash balances, cash flows from operations, existing credit facilities, our commercial paper program, and access to capital markets, will provide sufficient liquidity to meet our debt obligations, including any repayment of debt or refinancing of debt, working capital needs, planned capital expenditures, and payment of anticipated quarterly dividends for at least the next twelve months.

In the condensed consolidated cash flow statement, the changes in operating assets and liabilities are presented excluding the translation effects of changes in foreign currency exchange rates as these do not reflect actual cash flows. Accordingly, the amounts in the cash flow statement do not agree with changes in the operating assets and liabilities that are presented in the balance sheet.

Operating Cash Flow — Net cash provided by operating activities of **\$138.4 million** **\$301.5 million** for the **three** **six** months ended **February 29, 2024** **May 31, 2024**, **increased \$35.0 million** **decreased \$92.7 million** from the same period of 2023. **This increase was primarily driven by an** **The effects of the** increase in **net income**, as well as the **improvement in cash provided by accounts payable**. **This earnings was partially more than** offset by the higher **amount of cash used for** certain employee **benefits** **incentive compensation arrangements** accrued as of the prior year-end and paid in the subsequent fiscal **year**. **year** as well as the timing of income tax payments.

Investing Cash Flow — Cash used in investing activities of **\$61.8 million** **\$130.1 million** for the **three** **six** months ended **February 29, 2024** **May 31, 2024** increased by **\$0.3 million** **\$14.0 million** as compared to **\$61.5 million** **\$116.1 million** for the corresponding period in 2023. Capital expenditures increased from the 2023 level of **\$61.5 million** **\$118.6 million** to **\$62.0 million** **\$130.3 million**. We expect 2024 capital expenditures to approximate \$290 million.

Financing Cash Flow — Financing activities used cash of **\$67.7 million** **\$172.2 million** for the first **three** **six** months of 2024 and **increased \$23.0 million** **decreased \$345.9 million** as compared to **\$44.7 million** **\$518.1 million** for the corresponding period in 2023. The increase is a result of changes in our net borrowings, share issuance activity associated with the exercise of stock options, share repurchase activity, and dividends, all as described below.

The following table outlines our net borrowing activities:

	Three months ended	
	February 29, 2024	February 28, 2023
Net increase in short-term borrowings	\$ 57.3	\$ 67.9
Repayments of long-term debt	(14.1)	(3.6)
Net cash provided by borrowing activities	\$ 43.2	\$ 64.3

	Six months ended	
	May 31, 2024	May 31, 2023
Net increase (decrease) in short-term borrowings	\$ 80.3	\$ (776.8)
Proceeds of issuance of long-term debt, net of debt issuance costs	—	495.3
Repayments of long-term debt	(28.0)	(9.1)
Net cash provided by (used in) borrowing activities	\$ 52.3	\$ (290.6)

The following table outlines the activity in our share repurchase program for the **three** **six** months ended **February 29, 2024** **May 31, 2024** and **February 28, 2023**: **2023**:

	2024	2024	2023	2024	2023
Number of shares of common stock repurchased (in thousands)					
Dollar amount (in millions)					

As of **February 29, 2024** **May 31, 2024**, **\$501** **\$497** million remained of the \$600 million share repurchase program that was authorized by the Board of Directors in November 2019. The timing and amount of any shares repurchased is determined by our management based on its evaluation of market conditions and other factors.

During the **three** **six** months ended **February 29, 2024** **May 31, 2024**, we received proceeds of **\$4.4 million** **\$10.4 million** from exercised stock options as compared to **\$5.2 million** **\$11.1 million** received in the corresponding 2023 period. We repurchased **\$4.9 million** **\$8.9 million** and **\$6.1 million** **\$10.8 million** of common stock during the **three** **six** months ended **February 29, 2024** **May 31, 2024** and **February 28, 2023**, **2023**, respectively, in conjunction with employee tax withholding requirements associated with our stock compensation plans.

We increased dividends paid to **\$112.7 million** **\$225.5 million**, or a per share quarterly dividend of \$0.42, in the first **three** **six** months of 2024 from **\$104.6 million** **\$209.2 million**, or a per share quarterly dividend of \$0.39, of dividends paid in the same period last year. The timing and amount of any future dividends is determined by our Board of Directors.

Most of our cash is in our subsidiaries outside of the U.S. We manage our worldwide cash requirements by considering available funds among the many subsidiaries through which we conduct our business and the cost effectiveness with which those funds can be accessed. Those balances are generally available without legal restrictions to fund ordinary business operations, capital projects and any possible future acquisitions.

At February 29, 2024 May 31, 2024 and February 28, 2023, 2023, we temporarily used \$539.3 million \$585.8 million and \$150.1 million \$372.7 million, respectively, of cash from our non-U.S. subsidiaries to pay down short-term debt in the U.S. During a quarter, our short-term borrowings vary, but are typically lower at the end of a quarter. The average short-term borrowings outstanding for the three months ended February 29, 2024 May 31, 2024 and February 28, 2023 2023 were \$828.9 million \$886.6 million and \$1,460.0 million \$1,315.9 million, respectively. Total average debt outstanding for the three months ended February 29, 2024 May 31, 2024 and February 28, 2023 2023 was \$4,883.9 million \$4,941.6 million and \$5,265.0 million \$5,287.5 million, respectively.

The reported values of our assets and liabilities are significantly affected by fluctuations in foreign exchange rates between periods. At February 29, 2024 May 31, 2024, the exchange rate rates for the British pound sterling, Mexican peso, was Polish zloty, and Australian dollar were higher than the U.S. dollar at November 30, 2023. At February 29, 2024 May 31, 2024, the exchange rate rates for the Euro, British pound sterling, Canadian dollar, and Chinese renminbi Polish zloty, South African rand, and Australian dollar were lower than the U.S. dollar at November 30, 2023.

Credit and Capital Markets

Cash flows from operating activities are our primary source of liquidity for funding growth, dividends, capital expenditures and share repurchases. We also rely on our revolving credit facilities, or borrowings backed by these facilities, to fund working capital needs and other general corporate requirements.

Our committed revolving credit facilities include a five-year \$1.5 billion revolving credit facility, which will expire in June 2026 and We previously maintained a 364-day \$500 million revolving credit facility, which was entered into in June 2023 and expired in June 2024. We continue to maintain a committed five-year \$1.5 billion revolving credit facility, which will expire in June 2024, 2026. The current pricing for the five-year credit facility, on a fully drawn basis, is Term SOFR plus 1.25%. The pricing of that credit facility is based on a credit rating grid that contains a fully drawn maximum pricing of the credit facility equal to Term SOFR plus 1.75%. The current pricing for the 364-day credit facility, on a fully drawn basis, is Term SOFR plus 1.23%. The pricing of that credit facility is based on a credit rating grid that contains a fully drawn maximum pricing of the credit facility equal to Term SOFR plus 1.60%.

The provisions of each our revolving credit facility restrict subsidiary indebtedness and require us to maintain a minimum interest coverage ratio. We do not expect that this covenant would limit our access to either revolving credit facilities for the foreseeable future.

We generally use our revolving credit facilities to support our issuance of commercial paper. If the commercial paper market is not available or viable, we could borrow directly under our revolving credit facilities. These facilities are facility. This facility is made available by a syndicate of banks, with various commitments per bank. If any of the banks in this syndicate are unable to perform on their commitments, our liquidity could be impacted, which could reduce our ability to grow through funding of our working capital. We periodically review our banking and financing relationships, considering the stability of the institutions and other aspects of the relationships. In addition, we engage in regular communication with all banks participating in our credit facility. During these communications, none of the banks have indicated that they may be unable to perform on their commitments. Based on these communications and our monitoring activities, we believe our banks will perform on their commitments.

Material Cash Requirements

We will continue to have cash requirements to support seasonal working capital needs and capital expenditures, to pay interest, to service debt, and to fund acquisitions. As part of our ongoing operations, we enter into contractual arrangements that obligate us to make future cash payments. Our primary obligations include principal and interest payments on our outstanding short-term borrowings and long-term debt. In the next year, our most significant debt service obligation is the maturity of our \$700.0 million, 3.15% notes due in August 2024. Also in June 2024, our \$500 million, 364-day revolving credit facility matures. Our other cash requirements include raw material purchases, lease payments, income taxes, anticipated quarterly dividends, and pension and postretirement benefits, as well as other contractual obligations.

These obligations impact our liquidity and capital resource needs. To meet those cash requirements, we intend to use our existing cash, cash equivalents and internally generated funds, to borrow under our existing credit facilities or under other short-

term short-term borrowing facilities and depending on market conditions and upon the significance of the cost of a particular debt maturity to our then-available sources of funds, to obtain additional short- and long-term financing. We believe that cash provided from these sources will be adequate to meet our future cash requirements.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

New accounting pronouncements are issued periodically that affect our current and future operations. See note 1 of notes to the accompanying condensed consolidated financial statements for further details of these impacts.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing the financial statements, we are required to make estimates and assumptions that have an impact on the assets, liabilities, revenue and expenses reported. These estimates can also affect supplemental information disclosed by us, including information about contingencies, risk and financial condition. We believe, given current

facts and circumstances, our estimates and assumptions are reasonable, adhere to **U.S.** GAAP and are consistently applied. Inherent in the nature of an estimate or assumption is the fact that actual results may differ from estimates, and estimates may vary as new facts and circumstances arise. In preparing the financial statements, we make routine estimates and judgments in determining the net realizable value of accounts receivable, inventory, fixed assets and prepaid allowances. Our most critical accounting estimates and assumptions are included in our Annual Report on Form 10-K for the fiscal year ended November 30, 2023.

There have been no changes in our critical accounting estimates and assumptions included in our Annual Report on Form 10-K for the fiscal year ended November 30, 2023.

FORWARD-LOOKING INFORMATION

Certain statements contained in this report, including statements concerning expected performance such as those relating to net sales, gross margin, earnings, cost savings, special charges, acquisitions, brand marketing support, volume and product mix, income tax expense, and the impact of foreign currency rates are "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. These statements may be identified by the use of words such as "may," "will," "expect," "should," "anticipate," "intend," "believe" and "plan" and similar expressions. These statements may relate to: general economic and industry conditions, including consumer spending rates, interest rates, and availability of capital; expectations regarding sales growth potential in various geographies and markets, including the impact from brand marketing support, product innovation, and customer, channel, category, heat platform and e-commerce expansion; expected trends in net sales and earnings performance and other financial measures; the expected impact of pricing actions on the Company's results of operations, **and gross margins; the impact of price elasticity on including** our sales volume and **mix; mix as well as gross margins;** the expected impact of the inflationary cost environment on our business; the expected impact of factors affecting our supply chain, including the availability and prices of commodities and other supply chain resources including raw materials, packaging, labor, energy, and transportation; the expected impact of productivity improvements, and cost savings, including those associated with our CCI and GOE programs and Global Business Services operating model initiative; the ability to identify, attract, hire, retain and develop qualified personnel and develop the next generation of leaders; the impact of the ongoing conflicts between Russia and Ukraine, Israel and Hamas, and in the Red Sea, including the potential for broader economic disruption; expected working capital improvements; the expected timing and costs of implementing our business transformation initiative, which includes the implementation of a global enterprise resource planning (ERP) system; the expected impact of accounting pronouncements; the expectations of pension and postretirement plan contributions and anticipated charges associated with those plans; the holding period and market risks associated with financial instruments; the impact of foreign exchange fluctuations; the adequacy of internally generated funds and existing sources of liquidity, such as the availability of bank financing; the anticipated sufficiency of future cash flows to enable the payments of interest and repayment of short- and long-term debt, working capital needs, planned capital expenditures, quarterly dividends and our ability to obtain additional short- and long-term financing or issue additional debt securities; and expectations regarding purchasing shares of McCormick's common stock under the existing repurchase authorization.

These and other forward-looking statements are based on management's current views and assumptions and involve risks and uncertainties that could significantly affect expected results. Results may be materially affected by factors such as: the company's ability to drive revenue growth; the company's ability to increase pricing to offset, or partially offset, inflationary pressures on the cost of our products; damage to the company's reputation or brand name; loss of brand relevance; increased private label use; the company's ability to drive productivity improvements, including those related to our CCI program and streamlining actions, including our GOE program; product quality, labeling, or safety concerns; negative publicity about our products; actions by, and the financial condition of, competitors and customers; the longevity of mutually beneficial relationships with our large customers; the ability to identify, interpret and react to changes in consumer preference and demand; business interruptions due to natural disasters, unexpected events or public health crises; issues affecting the company's supply chain and procurement of raw materials, including fluctuations in the cost and availability of raw and packaging materials; labor shortage, turnover and labor cost increases; the impact of the ongoing conflicts between Russia and

Ukraine, Israel and Hamas, and in the Red Sea, including the potential for broader economic disruption; government regulation, and changes in legal and regulatory requirements and enforcement practices; the lack of successful acquisition and integration of new businesses; global economic and financial conditions generally, availability of financing, interest and inflation rates, and the imposition of tariffs, quotas, trade barriers and other similar restrictions; foreign currency fluctuations; the effects of our amount of outstanding indebtedness and related level of debt service as well as the effects that such debt service may have on the company's ability to borrow or the cost of any such additional borrowing, our credit rating, and our ability to react to certain economic and industry conditions; impairments of indefinite-lived intangible assets; assumptions we have made regarding the investment return on retirement plan assets, and the costs associated with pension obligations; the stability of credit and capital markets; risks associated with the company's information technology systems, including the threat of data breaches and cyber-attacks; the company's inability to successfully implement our business transformation initiative; fundamental changes in tax laws; including interpretations and assumptions we have made, and guidance that may be issued, and volatility in our effective tax rate; climate change; Environmental, Social and Governance (ESG) matters; infringement of intellectual property rights, and those of customers; litigation, legal and administrative proceedings; the company's inability to achieve expected and/or needed cost savings or margin improvements; negative employee relations; and other risks described in the company's filings with the Securities and Exchange Commission.

Actual results could differ materially from those projected in the forward-looking statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For information regarding our exposure to certain market risks, see "Market Risk Sensitivity" in the Management's Discussion and Analysis of Financial Condition and Results of Operations above and Item 7A, Quantitative and Qualitative Disclosures About Market Risk, in our Annual Report on Form 10-K for the year ended November 30, 2023. Except as described in Management's Discussion and Analysis of Financial Condition and Results of Operations above, there have been no significant changes in our financial instrument portfolio or market risk exposures since our November 30, 2023 fiscal year end.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures: The company's management, with the participation of the company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934,

as amended, as of the end of the period covered by this report. Based on that evaluation, the company's Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, the company's disclosure controls and procedures were effective.

Changes in Internal Controls: No change occurred in our "internal control over financial reporting" as defined in Rule 13a-15(f) during our last fiscal quarter which was identified in connection with the evaluation required by Rule 13a-15a as materially affecting or reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There are no material pending legal proceedings in which we or our subsidiaries is a party or in which any of our or their property is the subject.

ITEM 1.A RISK FACTORS

There have been no material changes in our risk factors from those disclosed in Part I, Item 1A to our Annual Report on Form 10-K for the fiscal year ended November 30, 2023.

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

The following table summarizes our purchases of our Common Stock (CS) and Common Stock Non-Voting (CSNV) during the **first second** quarter of 2024.

ISSUER PURCHASES OF EQUITY SECURITIES										
Period	Period	Total Number of Shares Purchased	Average Price Paid per share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs	Period	Total Number of Shares Purchased	Average Price Paid per share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
December 1, 2023 to December 31, 2023		CS – 0	\$ —	—	\$501 million					
March 1, 2024 to March 31, 2024		CS – 34,564 ⁽¹⁾	\$ 68.15	34,564	\$					
		CSNV – 0								
January 1, 2024 to January 31, 2024										
January 1, 2024 to January 31, 2024										
January 1, 2024 to January 31, 2024		CS – 1,834	\$ 68.69	1,834	\$501 million					
April 1, 2024 to April 30, 2024										
April 1, 2024 to April 30, 2024										
April 1, 2024 to April 30, 2024		CS – 3,400	\$ 74.80	3,400	\$499 million					
		CSNV – 0								
February 1, 2024 to February 29, 2024										

The following exhibits are attached or incorporated herein by reference:

	Exhibit Number	Description
(3)	(i)	Articles of Incorporation and By-Laws
		Restatement of Charter of McCormick & Company, Incorporated dated April 16, 1990
		Articles of Amendment to Charter of McCormick & Company, Incorporated dated April 1, 1992
		Articles of Amendment to Charter of McCormick & Company, Incorporated dated March 27, 2003
		Articles of Amendment to Charter of McCormick & Company, Incorporated dated April 2, 2021
(3)	(ii)	By-Laws
		By-Laws of McCormick & Company, Incorporated Amended and Restated on November 26, 2019
(4)		Instruments defining the rights of security holders, including indentures
	(i)	See Exhibit 3 (Restatement of Charter and By-Laws)
	(ii)	Summary of Certain Exchange Rights, incorporated by reference from Exhibit 4.1 of McCormick's Form 10-Q for the quarter ended August 31, 2001, File No. 1-14920, as filed with the Securities and Exchange Commission on October 12, 2001.
	(iii)	Indenture dated July 8, 2011 between McCormick and U.S. Bank National Association, incorporated by reference from Exhibit 4.1 of McCormick's Form 8-K dated July 5, 2011, File No. 1-14920, as filed with the Securities and Exchange Commission on July 8, 2011.
	(iv)	Form of 3.15% Notes due 2024, incorporated by reference from Exhibit 4.3 of McCormick's Form 8-K dated August 7, 2017, File No. 1-14920, as filed with the Securities and Exchange Commission on August 11, 2017.
	(v)	Form of 3.25% Notes due 2025, incorporated by reference from Exhibit 4.2 of McCormick's Form 8-K dated November 3, 2015, File No. 1-14920, as filed with the Securities and Exchange Commission on November 6, 2015.
	(vi)	Form of 3.40% Notes due 2027, incorporated by reference from Exhibit 4.4 of McCormick's Form 8-K dated August 7, 2017, File No. 1-14920, as filed with the Securities and Exchange Commission on August 11, 2017.
	(vii)	Form of 4.20% Notes due 2047, incorporated by reference from Exhibit 4.5 of McCormick's Form 8-K dated August 7, 2017, File No. 1-14920, as filed with the Securities and Exchange Commission on August 11, 2017.
	(viii)	Form of 2.50% Notes due 2030, incorporated by reference from Exhibit 4.2 of McCormick's Form 8-K dated April 13, 2020, File No. 1-14920, as filed with the Securities and Exchange Commission on April 16, 2020.
	(ix)	Form of 0.90% Notes due 2026, incorporated by reference from Exhibit 4.2 of McCormick's Form 8-K dated February 11, 2021, File No. 1-14920, as filed with the Securities and Exchange Commission on February 11, 2021.
	(x)	Form of 1.85% Notes due 2031, incorporated by reference from Exhibit 4.3 of McCormick's Form 8-K dated February 11, 2021, File No. 1-14920, as filed with the Securities and Exchange Commission on February 11, 2021.
	(xi)	Form of 4.95% Notes due 2033, incorporated by reference from Exhibit 4.2 of McCormick's Form 8-K dated April 6, 2023, File No. 1-14920, as filed with the Securities and Exchange Commission on April 6, 2023.
	(xii)	Description of Securities of McCormick & Company, Incorporated, incorporated by reference from Exhibit 4(xiii) of McCormick's Form 10-K for the fiscal year ended November 30, 2021, File No. 1-14920, as filed with the Securities and Exchange Commission on January 27, 2022.
(10)		Material Contracts

- (i) [Deferred Compensation Plan, as restated on January 1, 2000, and amended on August 29, 2000, September 5, 2000 and May 16, 2003, in which directors, officers and certain other management employees participate, a copy of which Plan document and amendments was attached as Exhibit 10\(viii\) of McCormick's Form 10-Q for the quarter ended August 31, 2003, File No. 1-14920, as filed with the Securities and Exchange Commission on October 14, 2003, and incorporated by reference herein.*](#)
- (ii) [2004 Long-Term Incentive Plan, in which officers and certain other management employees participate, is set forth in Exhibit A of McCormick's definitive Proxy Statement dated February 17, 2004, File No. 1-14920, as filed with the Securities and Exchange Commission on February 17, 2004, and incorporated by reference herein.*](#)
- (iii) [Non-Qualified Retirement Savings Plan, with an effective date of February 1, 2017, in which directors, officers and certain other management employees participate, a copy of which Plan document was attached as Exhibit 10\(v\) of McCormick's Form 10-Q for the quarter ended February 28, 2017, File No. 1-14920, as filed with the Securities and Exchange Commission on March 28, 2017, and incorporated by reference herein.*](#)
- (iv) [The 2007 Omnibus Incentive Plan, in which directors, officers and certain other management employees participate, is set forth in Exhibit A of McCormick's definitive Proxy Statement dated February 20, 2008, File No. 1-14920, as filed with the Securities and Exchange Commission on February 20, 2008, and incorporated by reference herein, as amended by Amendment No. 1 thereto, which Amendment is incorporated by reference from Exhibit 10\(xi\) of McCormick's 10-K for the fiscal year ended November 30, 2008, File No. 1-14920, as filed with the Securities and Exchange Commission on January 28, 2009.*](#)
- (v) [The Amended and Restated 2013 Omnibus Incentive Plan, in which directors, officers and certain other management employees participate, is incorporated by reference from Exhibit A of McCormick's definitive Proxy Statement dated February 14, 2019, File No. 1-14920, as filed with the Securities and Exchange Commission on February 14, 2019.*](#)
- (vi) [The 2022 Omnibus Incentive Plan, in which directors, officers and certain other management employees participate, is incorporated by reference from Exhibit A of McCormick's definitive Proxy Statement dated February 17, 2022, File No. 1-14920, as filed with the Securities and Exchange Commission on February 17, 2022.*](#)
- (vii) [Amendment No. 1 to the 2022 Omnibus Incentive Plan is incorporated by reference from Exhibit 10\(vii\) of McCormick's Form 10-Q for the quarter ended May 31, 2022, File No. 1-14920, as filed with the Securities and Exchange Commission on June 29, 2022.*](#)
- (viii) [Form of Long-Term Performance Plan Agreement, incorporated by reference from Exhibit 10\(i\) of McCormick's Form 8-K/A, as amended, dated March 30, 2022, File No. 1-14920, as filed with the Securities and Exchange Commission on April 5, 2022.*](#)
- (ix) [Form of Restricted Stock Units Agreement, incorporated by reference from Exhibit 10\(ii\) of McCormick's Form 8-K/A, as amended, dated March 30, 2022, File No. 1-14920, as filed with the Securities and Exchange Commission on April 5, 2022.*](#)
- (x) [Form of Restricted Stock Units Agreement for Directors, incorporated by reference from Exhibit 10\(iii\) of McCormick's Form 8-K/A, as amended, dated March 30, 2022, File No. 1-14920, as filed with the Securities and Exchange Commission on April 5, 2022.*](#)
- (xi) [Form of Non-Qualified Stock Option Agreement, incorporated by reference from Exhibit 10\(iv\) of McCormick's Form 8-K/A, as amended, dated March 30, 2022, File No. 1-14920, as filed with the Securities and Exchange Commission on April 5, 2022.*](#)
- (xii) [Form of Non-Qualified Stock Option Agreement](#) Filed herewith
- (xiii) [Form of Non-Qualified Stock Option Agreement for Directors, incorporated by reference from Exhibit 10\(v\) of McCormick's Form 8-K/A, as amended, March 30, 2022, File No. 1-14920, as filed with the Securities and Exchange Commission on April 5, 2022.*](#)
- (xiii) (xiv) [Form of Non-Qualified Stock Option Agreement for Directors](#) Filed herewith
- (xv) [Form of Stock Option Agreement for the Value Creation Acceleration Program, incorporated by reference from Exhibit 99.1 of McCormick's Form 8-K, File No. 1-14920, as filed with the Securities and Exchange Commission on December 3, 2020.*](#)
- (xiv) (xvi) [Form of Indemnification Agreement, incorporated by reference from Exhibit 10\(xv\) of McCormick's Form 10-Q for the quarter ended February 28, 2014, File No. 1-14920, as filed with the Securities and Exchange Commission on March 26, 2014.*](#)
- (xv) (xvii) [Employment Agreement between McCormick \(UK\) Limited and Malcolm Swift, incorporated by reference from Exhibit 10.1 of McCormick's Form 8-K, File No. 1-14920, as filed with the Securities and Exchange Commission on January 29, 2015.*](#)
- (xvi) (xviii) [Severance Plan for Executives, incorporated by reference from Exhibit 10\(xix\) of McCormick's Form 10-Q for the quarter ended February 28, 2015, File No. 1-14920, as filed with the Securities and Exchange Commission on March 31, 2015.*](#)

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| (31) Rule 13a-14(a)/15d-14(a) Certifications | Filed herewith |
| (i) | <u>Certification of Brendan M. Foley, President and Chief Executive Officer, pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u> |
| (ii) | <u>Certification of Michael R. Smith, Executive Vice President and Chief Financial Officer, pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u> |
| (32) Section 1350 Certifications | Filed herewith |
| (i) | <u>Certification of Brendan M. Foley, President and Chief Executive Officer, pursuant to Rule 13a-14(b) or Rule 15d-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u> |
| (ii) | <u>Certification of Michael R. Smith, Executive Vice President and Chief Financial Officer, pursuant to Rule 13a-14(b) or Rule 15d-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u> |

(97) [McCormick Clawback Policy, incorporated by reference from Exhibit 97 of McCormick's Form 10-K for the fiscal year ended November 30, 2023, File No. 1-14920, as filed with the Securities and Exchange Commission on January 25, 2024.](#)

(101) The following financial information from the Quarterly Report on Form 10-Q of McCormick for the quarter ended February 29, 2024 May 31, 2024, filed electronically herewith, and formatted in Inline XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheet; (ii) Condensed Consolidated Income Statement; (iii) Condensed Consolidated Statement of Comprehensive Income; (iv) Condensed Consolidated Cash Flow Statement; (v) Condensed Consolidated Statement of Stockholders' Equity; and (vi) Notes to the Condensed Consolidated Financial Statements.

(104) Inline XBRL for the cover page from the Quarterly Report on Form 10-Q of McCormick for the quarter ended February 29, 2024 May 31, 2024, files electronically herewith, included in the Exhibit 101 inline XBRL Document Set.

* Management contract or compensatory plan or arrangement.

McCormick hereby undertakes to furnish to the Securities and Exchange Commission, upon its request, copies of additional instruments of McCormick with respect to long-term debt that involve an amount of securities that do not exceed 10 percent of the total assets of McCormick and its subsidiaries on a consolidated basis, pursuant to Regulation S-K, Item 601(b)(4)(iii)(A).

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.

McCORMICK & COMPANY, INCORPORATED

March 26, June 27, 2024

By: /s/ Michael R. Smith

Michael R. Smith

Executive Vice President & Chief Financial Officer

March 26, June 27, 2024

By: /s/ Gregory P. Repas

Gregory P. Repas

Vice President & Controller

Principal Accounting Officer

**McCORMICK & COMPANY, INC.
2022 OMNIBUS INCENTIVE PLAN
TERMS OF NON-QUALIFIED STOCK OPTION AWARD AGREEMENT**

The following terms and conditions in this agreement (together with the Stock Option Covenants Addendum attached hereto, this “**Award Agreement**”) apply to non-qualified stock options granted under the 2022 Omnibus Incentive Plan by McCORMICK & COMPANY, INC., a Maryland corporation, with its principal offices in Baltimore County, Maryland (hereinafter called the “**Company**”).

RECITALS

WHEREAS, the Board of Directors of the Company (the “**Board**”) believes that the interests of the Company and its stockholders will be advanced and the Company’s overall managerial strength will be enhanced by encouraging its officers and other key employees to become owners of common stock of the Company (“**Shares**”); and

WHEREAS, the Board approved and adopted the Company’s 2022 Omnibus Incentive Plan (the “**Plan**”) on January 25, 2022, effective March 30, 2022, subject to the approval of the Company’s stockholders; and

WHEREAS, the Company’s stockholders approved the Plan on March 30, 2022; and

WHEREAS, one of the purposes of the Plan is to provide an inducement to certain officers and other key employees of the Company and its affiliates to acquire Shares; and

WHEREAS, the Board has authorized and approved the grant of an option to the employee or officer, as applicable (the “**Optionholder**”), pursuant to the Plan, this Award Agreement and the terms described on the Screen (defined below); and

WHEREAS, this Award (defined below) and any options previously granted to the Optionholder (whether exercised or unexercised, and whether vested or unvested) are conditioned on and subject to the terms of the Plan and this Award Agreement.

NOW THEREFORE, in consideration of the foregoing and of the covenants and agreements set forth below, the terms of this Award and this Award Agreement consist of the following:

1. Grant of Options

Details of the Optionholder’s non-qualified stock option, including the grant date, number of Shares, award price, and vesting schedule, are described on the screen captioned “Grants & Awards” on the Computershare website (the “**Screen**”). On the grant date specified on the Screen, the Company granted a non-qualified stock option to the Optionholder to purchase the number of Shares identified as “**Options Granted**” at the price per Share specified under

“**Award Price**” (this “**Award**” or this “**option**”). In order to exercise this option, the Optionholder may (i) make a cash payment, (ii) surrender Shares owned by the Optionholder having a market value equal to the Award Price and related taxes for the number of Shares to be purchased pursuant to the exercise of all or part of this option, or (iii) authorize the Company to withhold a sufficient number of Shares underlying this option, based on the market value of such Shares on the date of exercise, to pay the Award Price and related taxes and to issue the remaining number of such Shares to the Optionholder (*i.e.*, a “net withholding exercise”). The option granted hereunder shall be exercisable, except as otherwise provided herein, in accordance with the vesting schedule provided on the Screen until this option expires on the date provided on the Screen (the “**Expiration Date**”).

2. Restrictions on Transfer of Options

(a) Except as hereinafter provided, this option is not transferable by the Optionholder and is exercisable during the Optionholder's lifetime only by the Optionholder. This option may be transferred by the Optionholder pursuant to a will or as otherwise permitted by the laws of descent and distribution. In addition, the Optionholder may transfer all or any part of this option, "not for value" (as such phrase is defined in the Plan), to any Family Member.

(b) Except as otherwise provided in Section 2(a), the option herein granted and the rights and privileges conferred hereby shall not be transferred, assigned, pledged, or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment, or similar process. Upon any attempt to transfer, assign, pledge, hypothecate, or otherwise dispose of said option or of any right or privilege conferred hereby contrary to the provisions hereof or upon the levy of any attachment or similar process upon the rights and privileges conferred hereby, this option and the rights and privileges conferred hereby shall immediately become null and void.

3. Vesting and Exercisability of Options

(a) Post-Termination Exercise Period

Subject to the provisions of Section 3(b) (Disability or Death), Section 3(c) (Retirement), Section 3(d) (Qualifying Termination), and Section 3(e) (Change in Control Termination), all rights to exercise this option shall terminate thirty (30) days after the Optionholder ceases to be an employee of the Company or of a subsidiary or an affiliate of the Company.

(b) Disability or Death

If the Optionholder ceases to be an employee of the Company or of a subsidiary or an affiliate of the Company on account of Disability or death, any unvested portion of this option shall immediately become vested and the Optionholder (or in the event of the Optionholder's death, the Optionholder's personal representative) may exercise this option, in

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full or in part, until the Expiration Date, regardless of the restrictions that might otherwise apply with respect to the Options Granted.

(c) Retirement

If the Optionholder ceases to be an employee of the Company or of a subsidiary or an affiliate of the Company on account of Retirement, any unvested portion of this option shall immediately become vested and the Optionholder may exercise this option, in full or in part, until the Expiration Date, regardless of the restrictions that might otherwise apply with respect to the Options Granted. For purposes of this Award Agreement, "**Retirement**" means termination of employment at or after (a) the fifth (5th) anniversary of the Optionholder's adjusted service date and (b) the Optionholder's attainment of age 55. For purposes of this Award Agreement, if the Optionholder has had only one hire date with the Company, the Optionholder's adjusted service date is the Optionholder's hire date. If the Optionholder has had more than one hire date, the adjusted service date is determined by subtracting the total number of days of prior service with the Company from the Optionholder's most recent hire date. For example, if the Optionholder was employed by the Company February 1, 2012 through April 18, 2014 (807 calendar days) and rehired on March 27, 2017, the Optionholder's adjusted service date would be January 10, 2015, which is 807 calendar days before March 27, 2017.

(d) Qualifying Termination

If the Optionholder has a Qualifying Termination (as such term is defined in the McCormick & Company, Incorporated Severance Plan for Executives (the "**Severance Plan**")), any outstanding Options Granted and outstanding options previously granted (collectively, the "**Outstanding Options**") that would have vested, in accordance with the applicable vesting schedule, during the 12-month (or 18-month, if the Optionholder is the CEO) period following such Qualifying Termination, shall immediately vest and the Optionholder may exercise such options, in full or in part, until the earlier of the Expiration Date or the fifth anniversary of the date the Optionholder ceases to be an employee, regardless

of the restrictions that might otherwise apply with respect to the Options Granted. If the Optionholder's Qualifying Termination subsequently becomes a Change in Control Termination, the provisions of Section 3(e) (Change in Control Termination), shall be immediately applied to any Outstanding Options that were unvested after application of this Section 3(d) (Qualifying Termination).

(e) Change in Control Termination

If the Optionholder experiences a Change in Control Termination:

(i) any "in-the-money" Outstanding Options held by the Optionholder immediately before such Change in Control Termination (other than options granted after the Change in Control) shall, to the extent outstanding at the time of the Change in Control Termination, immediately become 100% vested; and

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(ii) any Outstanding Options held by the Optionholder immediately before such Change in Control Termination that are not in-the-money will be canceled immediately.

For purposes of this Award Agreement, "in-the-money" means that the fair market value of a Share immediately before the Change in Control Termination exceeds the exercise price per Share of the applicable option.

In no event may this option or the Outstanding Options be exercised after the Expiration Date. An exercise of this option with respect to a portion of the Shares to which it relates shall not preclude a subsequent exercise as to any remaining part on or before the Expiration Date.

4. Issuance of Shares

The Company shall not be required to issue or deliver any certificate or certificates for Shares purchased upon the exercise of the option herein granted unless and until the offering and sale of the Shares represented thereby may legally be made under the Securities Act of 1933, as amended, and the applicable rules and regulations of the U.S. Securities and Exchange Commission.

5. Dividend, Voting, and Other Rights

The Optionholder shall not have any of the rights or privileges of a stockholder of the Company in respect of any of the Shares issuable upon the exercise of the option herein granted unless and until such Shares have been issued and delivered.

6. Investment Purpose

The Company may require the Optionholder to agree that any Shares purchased upon the exercise of this option shall be acquired for investment and not for distribution and that each notice of the exercise of any portion of this option shall be accompanied by a written representation that the Shares are being acquired in good faith for investment and not for distribution.

7. Forfeiture of Outstanding Options and Gain on Any Option

The Optionholder shall be required to forfeit to the Company (a) any unexercised Outstanding Options (whether or not vested) and (b) any gain realized on account of this option and all exercised options previously granted to the Optionholder (including any Shares received from the exercise of any such option) if the Optionholder takes any action (i) in violation or breach of, or in conflict with, this Award Agreement (including the Stock Option Covenants Addendum attached hereto), any employment agreement, non-competition agreement, any agreement prohibiting solicitation of employees or clients of the Company or any of its affiliates, or any confidentiality obligation with respect to the Company or any of its affiliates; or (ii) otherwise in competition with the Company or any of its affiliates. The Company shall annul

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this Award if the Optionholder is an employee of the Company or any of its affiliates and is terminated for Cause or otherwise as required under the Plan.

8. Successor

This Award shall be binding upon and inure to the benefit of any successor or successors of the Company.

9. Compliance with Law

The Company shall make reasonable efforts to comply with all applicable federal and state securities laws. Notwithstanding any other provision of this Award Agreement, the Company shall not be obligated to issue any Shares pursuant to this Award Agreement if the issuance thereof would result in a violation of any law.

10. Withholding

The Company (and/or the Optionholder's local employer) shall, in its discretion, have the right to deduct or withhold from payments of any kind otherwise due to the Optionholder, or require the Optionholder to remit to the Company (and to the Optionholder's local employer), an amount sufficient to satisfy taxes imposed under the laws of any country, state, province, city, or other jurisdiction, including income taxes, capital gain taxes, transfer taxes, and social security contributions that are required by law to be withheld with respect to the Plan, the grant or exercise of stock options, the payment of Shares or cash under this Award Agreement, the sale of Shares acquired hereunder, and/or the payment of dividends on Shares acquired hereunder, as applicable. A sufficient number of Shares resulting from the exercise of this option may be retained by the Company to satisfy any tax withholding obligation.

11. No Right to Continued Employment

Neither the Plan, this Award Agreement, the grant of stock options, the payment of Shares or cash under this Award Agreement, the sale of Shares acquired hereunder, and/or the payment of dividends on Shares acquired hereunder, as applicable, gives the Optionholder any right to continue to be employed by the Company (or the Optionholder's local employer), or limits, in any way, the right of the Company (or the Optionholder's local employer) to change the Optionholder's compensation or other benefits or to terminate the Optionholder's employment at any time for any reason not specifically prohibited by law.

12. Electronic Delivery

The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means or request the Optionholder's consent to participate in the Plan by electronic means. The Optionholder hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an

online or electronic system established and maintained by the Company or a third party designated by the Company.

13. Governing Law and Venue

All disputes arising in respect of the Award or the provisions of this Award Agreement, including the Stock Option Covenants Addendum attached hereto, shall be governed by and construed in accordance with the laws of the State of Maryland, United States of America, as provided in the Plan, without regard to such state's conflict of laws rules. For purposes of litigating, if any dispute arises directly or indirectly from the relationship of the parties evidenced by this Award or otherwise in respect of this Award Agreement, including the Stock Option Covenants Addendum attached hereto, the parties hereby submit to and consent to the exclusive jurisdiction of the State of Maryland and agree that such litigation shall be conducted only in the courts of Baltimore County, Maryland, and no other courts where the grant or payment of this Award is made and/or to be performed.

14. Severability

Each of the provisions (or portion thereof) of this Award Agreement, including the Stock Option Covenants Addendum attached hereto, is intended to be separate and severable. If any provision (or portion thereof) (including a waiver) of this Award Agreement, including the Stock Option Covenants Addendum attached hereto, is found to be illegal, invalid, or unenforceable, then, to the fullest extent permitted by law, such provision (or portion thereof) shall not be voided, but shall be recast so as to be enforced to the maximum extent permissible under applicable law while taking into account the original intent and effect of the provision (or portion thereof), and the remainder of this Award Agreement, including the Stock Option Covenants Addendum attached hereto, shall remain in full force and effect. Any prohibition or unenforceability of any provision of this Award Agreement, including the Stock Option Covenants Addendum attached hereto, in any jurisdiction shall not invalidate or render unenforceable such provision(s) in any other jurisdiction. It is expressly understood and agreed that, although the parties consider the restrictions contained in this Award Agreement, including the Stock Option Covenants Addendum attached hereto, to be reasonable, if a final determination is made by a government agency, a court of competent jurisdiction, or any arbitrator or other tribunal that the time or territory or any other restriction contained in the Award Agreement, including the Stock Option Covenants Addendum attached hereto, is unenforceable against a party hereto, the provisions of this Award Agreement, including the Stock Option Covenants Addendum attached hereto, shall, to the fullest extent permitted by law, be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court or arbitrator or tribunal may determine or indicate to be enforceable.

15. Imposition of Other Requirements

The Company reserves the right to impose other requirements on the Optionholder's participation in the Plan, on this option and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable to comply with local law or facilitate the

administration of the Plan, and to require the Optionholder to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

16. Relation to Plan

This Award Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency or conflict between this Award Agreement and the Plan, the Plan shall govern. The Plan and this Award Agreement shall be administered by the Committee in accordance with the provisions of section 4 of the Plan. Except as expressly provided in this Award Agreement, capitalized terms used herein shall have the meanings ascribed to them in the Plan or on the Screen.

17. Acceptance of Award

In consideration for this option and by accepting this Award Agreement, the Optionholder agrees and acknowledges that:

(a) All unexercised options previously granted to the Optionholder and all Options Granted under this Award Agreement are subject to the Stock Option Covenants Addendum attached hereto, the terms of which are fully incorporated herein, and the clawback and recoupment provisions described in section 16(g) of the Plan.

(b) The grant of this option, and any future options under the Plan, are entirely voluntary, and at the complete discretion of the Company. Neither the grant of this option, nor any future grant of an option by the Company, shall be deemed to create any obligation to grant any other options, whether or not such a reservation is explicitly stated at the time of any such grant.

(c) The Board has the right, at any time, to amend, suspend, discontinue, or terminate the Plan, this Award, and/or this Award Agreement; *provided*, that the Optionholder's consent to such action shall be required unless the Administrator determines that the action, taking into account any related action, would not materially and adversely affect the Optionholder's rights under the Plan.

(d) Neither the Company, the Optionholder's local employer, nor any member of the Board or of the Committee shall have any liability of any kind to the Optionholder for any action taken or not taken in good faith under the Plan; for any change, amendment, or cancellation of the Plan or this option; or for the failure of this option to realize intended tax consequences or to comply with any other law, compliance with which is not required on the part of the Company.

(e) The Optionholder has reviewed the Plan, this Award Agreement, and the Screen in their entirety; has had an opportunity to obtain the advice of counsel prior to accepting this Award Agreement; and fully understands all provisions of the Plan, this Award Agreement, and the Screen.

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(f) The Optionholder fully understands that, notwithstanding any other provision in this Award Agreement (including the Stock Option Covenants Addendum), nothing in this Award Agreement prohibits the Optionholder from making any communication the Optionholder is permitted to make by law to the extent the law would override any contrary restrictions on such communication in this Award Agreement. For example, nothing in this Award Agreement prohibits the Optionholder from reporting possible violations of law to a responsible government authority or requires the Optionholder to seek authorization from the Company or to notify the Company if the Optionholder makes such reports.

****ADDENDUM APPEARS ON THE FOLLOWING PAGE****

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STOCK OPTION COVENANTS ADDENDUM

In consideration for the benefits made available under the Plan, the Optionholder agrees to the covenants set forth in this Stock Option Covenants Addendum (this "**Addendum**") (whether or not the Optionholder's options vest or the Optionholder exercises such vested options). The covenants in this Addendum do not supersede, restrict, or otherwise limit the Optionholder's obligations under any other covenants applicable in connection with the Optionholder's employment with or service to the Company.

1. Invention Assignment

Any and all inventions and discoveries that the Optionholder makes while he or she is in the employ of the Company relating directly or indirectly to or useful in any activity or enterprise of the Company shall belong to the Company, whether discovered during or after regular working hours. The Optionholder will, upon request of the Company, make application for a patent on any such invention or discovery that he or she may make, and will, upon request of the Company, make and execute any and all assignments in writing which may be deemed by the Company as proper to assign and transfer to the Company all the right, title, and interest of the Optionholder in and to any and all such patents or patent rights issued by the United States or any other country in which the Optionholder may have any interest during the term of his or her said employment. The Company will assume the expenses of preparing, applying for, and registering any such patents or assignments.

2. Confidentiality

During the period of the Optionholder's employment with the Company, the Optionholder may have been exposed to confidential, proprietary information and trade secrets of the Company or its customers. The Optionholder understands that maintenance of the proprietary character of such information to the fullest extent possible is important to the Company. Accordingly, for so long as any such confidential information and trade secrets may remain confidential, secret, or otherwise wholly or partially protected either during or after such employment, the Optionholder will not use or divulge such information except as specifically permitted by the Company or applicable law.

3. Non-Competition and Non-Solicitation

During the period of the Optionholder's employment with the Company, and the period continuing after the Optionholder's termination of employment (for any reason) for the Restrictive Period (as defined below) or, in the case of a Change in Control Termination, the Restrictive CIC Period (not to exceed two (2) years), the Optionholder will not (a) seek or accept employment, directly or indirectly, with any entity that directly competes with the Company, including its subsidiaries and affiliates, in its and their core product categories, in any capacity involving the performance of services like or related to the services that the Optionholder performed for the Company at any time during the past seven (7) years or (b) solicit, for the benefit of any competitor of the Company, any entity or person who was or is a customer or employee of the Company as of the Optionholder's termination date.

For purposes of this Stock Option Covenants Addendum, "Restrictive Period" and "Restrictive CIC Period" are specified in the following table:

	Chief Executive Officer	All Others
Restrictive Period	1-½ years	1 year
Restrictive CIC Period	2 years	2 years

Notwithstanding the foregoing and solely to the extent prohibited under applicable law, the noncompetition covenant and the customer nonsolicitation covenant shall not apply to the Optionholder for so long as the Optionholder resides in or otherwise is subject to the laws of California, Minnesota, North Dakota, Oklahoma, or any other state in which such covenants are prohibited under applicable law.

4. Nondisparagement

The Optionholder will not communicate, make, or cause to be made, any derogatory, defamatory, or disparaging remarks, statements, or communications about the Company or any related or affiliated entities and persons, including the personal and/or business reputations, practices, products, services, or conduct of the Company, or any related or affiliated entities and persons; this includes in-person communications, electronic communications, and communication via social media websites. This Section 4 does not, in any way, (a) restrict or impede the Optionholder from testifying under oath, as required by law; or (b) restrict, restrain, interfere with, or coerce the Optionholder in the exercise of rights under the National Labor Relations Act, including, without limitation, rights to (i) engage in communications or actions with any coworker or other person or entity, in any medium, regarding any labor issue, dispute, or term or condition of employment; (ii) file a charge with the National Labor Relations Board (the "NLRB") or assist others in doing so; or (iii) participate or cooperate in any investigation or proceeding by the NLRB. In addition, no officer or director of the Company will communicate any derogatory, defamatory, or disparaging remarks, statements, or communications about the Optionholder.

5. Cooperation

The Optionholder will answer any questions that may arise and make himself or herself reasonably available to assist the Company in its transition following the Optionholder's termination of employment and to cooperate with any other reasonable requests by the Company which

may require his or her services after his or her termination of employment. For purposes of this Addendum, the transition period shall be the one (1)-year period following the Optionholder's termination of employment for any reason. The Optionholder will not seek or be entitled to any additional compensation for such assistance or cooperation.

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6. Company Property

The Optionholder will promptly return to the Company all property belonging to the Company (but in no event later than the Optionholder's termination date), including all keys, phones, computers, mobile phones, credit cards, computer and other passwords, equipment, and supplies, as well as all documents prepared by or for the Company, and not otherwise made available to the general public.

7. Protected Whistleblower Activities

Notwithstanding the foregoing, nothing in this Addendum, the Award Agreement, the Plan or any other agreement with the Company prohibits the Optionholder from reporting or disclosing any actual, possible, or potential violation of any federal, state, or local law or regulation to any governmental agency or entity, or making other reports or disclosures that are protected under the whistleblower provisions of any federal, state, or local law or regulation, in each such case without any prior authorization of, or prior, contemporaneous or subsequent notice to, the Company. Under the Defend Trade Secrets Act, 18 U.S.C. § 1833(b), the Optionholder may be entitled to immunity for certain disclosures to the Optionholder's attorney or government officials.

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Exhibit xiv

McCORMICK & COMPANY, INC. 2022 OMNIBUS INCENTIVE PLAN TERMS OF NON-QUALIFIED STOCK OPTION AWARD AGREEMENT

The following terms and conditions apply to non-qualified stock options granted under the 2022 Omnibus Incentive Plan by McCORMICK & COMPANY, INC., a Maryland corporation, with its principal offices in Baltimore County, Maryland (hereinafter called the **"Company"**).

RECITALS

WHEREAS, the Board of Directors of the Company (the **"Board"**) believes that the interests of the Company and its stockholders will be advanced by encouraging its directors to become owners of common stock of the Company (**"Shares"**); and

WHEREAS, the Board approved and adopted the Company's 2022 Omnibus Incentive Plan (the **"Plan"**) on January 25, 2022, effective March 30, 2022, subject to the approval of the Company's stockholders; and

WHEREAS, the Company's stockholders approved the Plan on March 30, 2022; and

WHEREAS, one of the purposes of the Plan is to provide an inducement to the members of the Board (each a **"Director"**) to acquire Shares; and

WHEREAS, the Board has authorized and approved the grant of an option to each non-employee member of the Board pursuant to the Plan, this Award Agreement and the terms described on the Screen (defined below);

NOW THEREFORE, in consideration of the foregoing and of the covenants and agreements set forth below, the terms of this Award and this Award Agreement consist of the following:

1. Grant of Options

Details of the Director's non-qualified stock option, including the grant date, number of Shares, award price, and vesting schedule, are described on the screen captioned "Grants & Awards" on the Computershare website (the "**Screen**"). On the grant date specified on the Screen, the Company granted a non-qualified stock option to the Director to purchase the number of Shares identified as "**Options Granted**" at the price per Share specified under "**Award Price**" (this "**Award**" or this "**option**"). In order to exercise this option, the Director may (i) make a cash payment, (ii) surrender Shares owned by the Director having a market value equal to the Award Price and related taxes for the number of Shares to be purchased pursuant to the exercise of all or part of this option, or (iii) authorize the Company to withhold a sufficient number of Shares underlying this option, based on the market value of such Shares on the date of exercise, to pay the Award Price and related taxes and to issue the remaining number of such

Shares to the Director (*i.e.*, a "net withholding exercise"). The option granted hereunder shall be exercisable, except as otherwise provided herein, in accordance with the vesting schedule provided on the Screen until this option expires on the date provided on the Screen (the "**Expiration Date**").

2. Restrictions on Transfer of Options

(a) Except as hereinafter provided, this option is not transferable by the Director and is exercisable during the Director's lifetime only by the Director. This option may be transferred by the Director pursuant to a will or as otherwise permitted by the laws of descent and distribution. In addition, the Director may transfer all or any part of this option, "not for value" (as such phrase is defined in the Plan), to any Family Member.

(b) Except as otherwise provided in Section 2(a), the option herein granted and the rights and privileges conferred hereby shall not be transferred, assigned, pledged, or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment, or similar process. Upon any attempt to transfer, assign, pledge, hypothecate, or otherwise dispose of said option or of any right or privilege conferred hereby contrary to the provisions hereof or upon the levy of any attachment or similar process upon the rights and privileges conferred hereby, this option and the rights and privileges conferred hereby shall immediately become null and void.

3. Vesting and Exercisability of Options

(a) Post-Service Exercise Period

Subject to the provisions of Section 3(b) (Disability or Death), Section 3(c) (Voluntary Cessation of Service), and Section 3(d) (Change in Control Removal), all rights to exercise this option shall terminate thirty (30) days after the Director ceases to serve as a member of the Board.

(b) Disability or Death

If the Director ceases to serve as a member of the Board on account of Disability or death, any unvested portion of this option shall immediately become vested and the Director (or in the event of the Director's death, the Director's personal representative) may exercise this option, in full or in part, until the Expiration Date, regardless of the restrictions that might otherwise apply with respect to the Options Granted.

(c) Voluntary Cessation of Service

If at any time the Director voluntarily ceases to serve as a member of the Board (e.g., on account of retirement or otherwise deciding to step down or not stand for re-election), the Director may exercise this option following that voluntary cessation of service (to the extent the option is vested in accordance with the vesting schedule described in Section 1 (Grant of

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Options) as of the last date of Board service) until the Expiration Date, regardless of the restrictions that might otherwise apply with respect to the Options Granted.

(d) Change in Control Removal

If the Director ceases to be a member of the Board in connection with a Change in Control:

(i) any "in-the-money" Outstanding Options held by the Director immediately before such cessation of services in connection with a Change in Control (other than options granted after the Change in Control) shall, to the extent outstanding at the time of the cessation of services, immediately become 100% vested; and

(ii) any Outstanding Options held by the Director immediately before such cessation of services in connection with a Change in Control that are not in-the-money will be canceled immediately.

The Committee also may accord any Director a right to refuse any acceleration of exercisability, vesting, or benefits, in such circumstances as the Committee may approve.

For purposes of this Award Agreement, "in-the-money" means that the fair market value of a Share immediately before the Change in Control exceeds the Award Price per Share of the applicable option.

In no event may this option, or any outstanding options previously granted (collectively, the "Outstanding Options"), be exercised after the Expiration Date. An exercise of this option with respect to a portion of the Shares to which it relates shall not preclude a subsequent exercise as to any remaining part on or before the Expiration Date.

4. Issuance of Shares

The Company shall not be required to issue or deliver any certificate or certificates for Shares purchased upon the exercise of the option herein granted unless and until the offering and sale of the Shares represented thereby may legally be made under the Securities Act of 1933, as amended, and the applicable rules and regulations of the U.S. Securities and Exchange Commission.

5. Dividend, Voting, and Other Rights

The Director shall not have any of the rights or privileges of a stockholder of the Company in respect of any of the Shares issuable upon the exercise of the option herein granted unless and until such Shares have been issued and delivered.

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6. Investment Purpose

The Company may require the Director to agree that any Shares purchased upon the exercise of this option shall be acquired for investment and not for distribution and that each notice of the exercise of any portion of this option shall be accompanied by a written representation that the Shares are being acquired in good faith for investment and not for distribution.

7. Successor

This Award shall be binding upon and inure to the benefit of any successor or successors of the Company.

8. Compliance with Law

The Company shall make reasonable efforts to comply with all applicable federal and state securities laws. Notwithstanding any other provision of this Award Agreement, the Company shall not be obligated to issue any Shares pursuant to this Award Agreement if the issuance thereof would result in a violation of any law.

9. Withholding

The Company shall, in its discretion, have the right to deduct or withhold from payments of any kind otherwise due to the Director, or require the Director to remit to the Company, an amount sufficient to satisfy taxes imposed under the laws of any country, state, province, city, or other jurisdiction, including income taxes, capital gain taxes, transfer taxes, and social security contributions that are required by law to be withheld with respect to the Plan, the grant or exercise of stock options, the payment of Shares or cash under this Award Agreement, the sale of Shares acquired hereunder, and/or the payment of dividends on Shares acquired hereunder, as applicable. A sufficient number of Shares resulting from the exercise of this option may be retained by the Company to satisfy any tax withholding obligation.

10. No Right to Continue as Director

Neither the Plan, this Award Agreement, the grant of stock options, the payment of Shares or cash under this Award Agreement, the sale of Shares acquired hereunder, and/or the payment of dividends on Shares acquired hereunder, as applicable, gives the Director any right to continue to be a director of the Company or limits, in any way, the right of the Company to change the Director's compensation at any time for any reason not specifically prohibited by law.

11. Electronic Delivery

The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means or request the Director's consent to participate in the Plan by electronic means. The Director hereby consents to receive such

documents by electronic delivery and agrees to participate in the Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company.

12. Governing Law and Venue

All disputes arising in respect of the Award or the provisions of this Award Agreement shall be governed by and construed in accordance with the laws of the State of Maryland, United States of America, as provided in the Plan, without regard to such state's conflict of laws rules. For purposes of litigating, if any dispute arises directly or indirectly from the relationship of the parties evidenced by this Award or otherwise in

respect of this Award Agreement the parties hereby submit to and consent to the exclusive jurisdiction of the State of Maryland and agree that such litigation shall be conducted only in the courts of Baltimore County, Maryland, and no other courts where the grant or payment of this Award is made and/or to be performed.

13. Severability

Each of the provisions (or portion thereof) of this Award Agreement is intended to be separate and severable. If any provision (or portion thereof) (including a waiver) of this Award Agreement is found to be illegal, invalid, or unenforceable, then, to the fullest extent permitted by law, such provision (or portion thereof) shall not be voided, but shall be recast so as to be enforced to the maximum extent permissible under applicable law while taking into account the original intent and effect of the provision (or portion thereof), and the remainder of this Award Agreement shall remain in full force and effect. Any prohibition or unenforceability of any provision of this Award Agreement in any jurisdiction shall not invalidate or render unenforceable such provision(s) in any other jurisdiction. It is expressly understood and agreed that, although the parties consider the restrictions contained in this Award Agreement to be reasonable, if a final determination is made by a government agency, a court of competent jurisdiction, or any arbitrator or other tribunal that the time or territory or any other restriction contained in the Award Agreement is unenforceable against a party hereto, the provisions of this Award Agreement shall, to the fullest extent permitted by law, be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court or arbitrator or tribunal may determine or indicate to be enforceable.

14. Imposition of Other Requirements

The Company reserves the right to impose other requirements on the Director's participation in the Plan, on this option and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable to comply with local law or facilitate the administration of the Plan, and to require the Director to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

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15. Relation to Plan

This Award Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency or conflict between this Award Agreement and the Plan, the Plan shall govern. The Plan and this Award Agreement shall be administered by the Committee in accordance with the provisions of section 4 of the Plan. Except as expressly provided in this Award Agreement, capitalized terms used herein shall have the meanings ascribed to them in the Plan or on the Screen.

16. Acceptance of Award

The Director shall be deemed to have accepted this Award unless the Director provides written notice to the Company, within thirty (30) business days following the Grant Date, stating that the Director does not wish to accept the Award. Notices should be directed to Investor Services at global_total_rewards@mccormick.com, or to McCormick & Company, Inc. Attn: Global Total Rewards, 24 Schilling Road, Suite 1, Hunt Valley, MD 21031. By accepting this Award Agreement, the Director agrees to be bound by the terms and conditions set forth herein and agrees and acknowledges that:

(a) All unexercised options previously granted to the Director and all Options Granted under this Award Agreement are subject to the clawback and recoupment provisions described in section 16(g) of the Plan.

(b) The grant of this option, and any future options under the Plan, are entirely voluntary, and at the complete discretion of the Company. Neither the grant of this option, nor any future grant of an option by the Company, shall be deemed to create any obligation to grant any other options, whether or not such a reservation is explicitly stated at the time of any such grant.

(c) The Board has the right, at any time, to amend, suspend, discontinue, or terminate the Plan, this Award, and/or this Award Agreement; *provided*, that the Director's consent to such action shall be required unless the Administrator determines that the action, taking into account any related action, would not materially and adversely affect the Director's rights under the Plan.

(d) Neither the Company nor any member of the Board or of the Committee shall have any liability of any kind to the Director for any action taken or not taken in good faith under the Plan; for any change, amendment, or cancellation of the Plan or this option; or for the failure of this option to realize intended tax consequences or to comply with any other law, compliance with which is not required on the part of the Company.

(e) The Director has reviewed the Plan, this Award Agreement, and the Screen in their entirety; has had an opportunity to obtain the advice of counsel prior to accepting this Award Agreement; and fully understands all provisions of the Plan, this Award Agreement, and the Screen.

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(f) The Director fully understands that, notwithstanding any other provision in this Award Agreement, nothing in this Award Agreement prohibits the Director from making any communication the Director is permitted to make by law to the extent the law would override any contrary restrictions on such communication in this Award Agreement. For example, nothing in this Award Agreement prohibits the Director from reporting possible violations of law to a responsible government authority or requires the Director to seek authorization from the Company or to notify the Company if the Director makes such reports.

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EXHIBIT 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a)

I, Brendan M. Foley, certify that:

1. I have reviewed this report on Form 10-Q of McCormick & Company, Incorporated (the "registrant");
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 the 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: **March 26, 2024** June 27, 2024

/s/ Brendan M. Foley

Brendan M. Foley

President & Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a)

I, Michael R. Smith certify that:

1. I have reviewed this report on Form 10-Q of McCormick & Company, Incorporated (the "registrant");
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 the 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: March 26, 2024 June 27, 2024

/s/ Michael R. Smith

Michael R. Smith

Executive Vice President & Chief Financial Officer

EXHIBIT 32.1
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of McCormick & Company, Incorporated (the "Company") on Form 10-Q for the period ending February 29, 2024 May 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brendan M. Foley, President & Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 26, 2024 June 27, 2024

/s/ Brendan M. Foley

Brendan M. Foley

President & Chief Executive Officer

EXHIBIT 32.2
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of McCormick & Company, Incorporated (the "Company") on Form 10-Q for the period ending February 29, 2024 May 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael R. Smith, Executive Vice President & Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 26, 2024 June 27, 2024

/s/ Michael R. Smith

Michael R. Smith

Executive Vice President & Chief Financial Officer

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