

International Flavors & Fragrances Inc.
GAAP to Non-GAAP Reconciliation
(Unaudited)

The following information and schedules provide reconciliation information between reported GAAP amounts and non-GAAP certain adjusted amounts. This information and schedules are not intended as, and should not be viewed as, a substitute for reported GAAP amounts or financial statements of the Company prepared and presented in accordance with GAAP.

Reconciliation of Gross Profit

<i>(DOLLARS IN THOUSANDS)</i>	Second Quarter	
	2020	2019
Reported (GAAP)	\$ 481,842	\$ 546,239
Operational Improvement Initiatives (a)	—	534
Frutarom Integration Related Costs (b)	96	165
Frutarom Acquisition Related Costs (d)	246	—
Adjusted (Non-GAAP)	<u>\$ 482,184</u>	<u>\$ 546,938</u>

Reconciliation of Selling and Administrative Expenses

<i>(DOLLARS IN THOUSANDS)</i>	Second Quarter	
	2020	2019
Reported (GAAP)	\$ 230,407	\$ 210,100
Frutarom Integration Related Costs (b)	(2,999)	(11,043)
Frutarom Acquisition Related Costs (d)	485	1,433
Compliance Review & Legal Defense Costs (e)	25	—
N&B Transaction Related Costs (f)	(10,926)	—
N&B Integration Related Costs (g)	(22,502)	—
Adjusted (Non-GAAP)	<u>\$ 194,490</u>	<u>\$ 200,490</u>

Reconciliation of Operating Profit

<i>(DOLLARS IN THOUSANDS)</i>	Second Quarter	
	2020	2019
Reported (GAAP)	\$ 119,370	\$ 199,937
Operational Improvement Initiatives (a)	—	534
Frutarom Integration Related Costs (b)	3,283	11,417
Restructuring and Other Charges, net (c)	1,884	2,525
Losses on Sale of Assets	399	952
Frutarom Acquisition Related Costs (d)	(239)	(1,433)
Compliance Review & Legal Defense Costs (e)	(25)	—
N&B Transaction Related Costs (f)	10,926	—
N&B Integration Related Costs (g)	22,502	—
Adjusted (Non-GAAP)	<u>\$ 158,100</u>	<u>\$ 213,932</u>

Reconciliation of Adjusted (Non-GAAP) Operating Profit Margin ex. Amortization

<i>(DOLLARS IN THOUSANDS)</i>	Second Quarter	
	2020	2019
Numerator		
Adjusted (Non-GAAP) Operating Profit	\$ 158,100	\$ 213,932
Amortization of Acquisition related Intangible Assets	48,834	47,909
Adjusted (Non-GAAP) Operating Profit ex. Amortization	<u>206,934</u>	<u>261,841</u>
Denominator		
Sales	1,198,773	1,291,568
Adjusted (Non-GAAP) Operating Profit Margin ex. Amortization	<u>17.3 %</u>	<u>20.3 %</u>

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Reconciliation of Net Income

<i>(DOLLARS IN THOUSANDS)</i>	Second Quarter							
	2020				2019			
	Income before taxes	Taxes on income (i)	Net Income Attributable to IFF (j)	Diluted EPS (k)	Income before taxes	Taxes on income (i)	Net Income Attributable to IFF (j)	Diluted EPS
Reported (GAAP)	\$103,065	\$ 15,699	\$ 86,204	\$ 0.74	\$ 169,481	\$30,612	\$ 136,377	\$ 1.20
Operational Improvement Initiatives (a)	—	—	—	—	534	176	358	—
Frutarom Integration Related Costs (b)	3,283	737	2,546	0.02	11,417	2,574	8,843	0.08
Restructuring and Other Charges, net (c)	1,884	539	1,345	0.01	2,525	552	1,973	0.02
Losses on Sale of Assets	399	76	323	—	952	235	717	0.01
Frutarom Acquisition Related Costs (d)	(147)	(49)	(98)	—	(1,433)	(143)	(1,290)	(0.01)
Compliance Review & Legal Defense Costs (e)	(25)	(5)	(20)	—	—	—	—	—
N&B Transaction Related Costs (f)	10,926	904	10,022	0.09	—	—	—	—
N&B Integration Related Costs (g)	22,502	5,368	17,134	0.15	—	—	—	—
Redemption value adjustment to EPS (h)	—	—	—	0.01	—	—	—	—
Adjusted (Non-GAAP)	<u>\$141,887</u>	<u>\$ 23,269</u>	<u>\$ 117,456</u>	<u>\$ 1.03</u>	<u>\$ 183,476</u>	<u>\$34,006</u>	<u>\$ 146,978</u>	<u>\$ 1.30</u>

Reconciliation of Adjusted (Non-GAAP) EPS ex. Amortization

<i>(DOLLARS AND SHARE AMOUNTS IN THOUSANDS)</i>	Second Quarter	
	2020	2019
Numerator		
Adjusted (Non-GAAP) Net Income	\$ 117,456	\$ 146,978
Amortization of Acquisition related Intangible Assets	48,834	47,909
Tax impact on Amortization of Acquisition related Intangible Assets (i)	11,105	12,635
Amortization of Acquisition related Intangible Assets, net of tax (l)	<u>37,729</u>	<u>35,274</u>
Adjusted (Non-GAAP) Net Income ex. Amortization	<u>155,185</u>	<u>182,252</u>
Denominator		
Weighted average shares assuming dilution (diluted)	<u>113,675</u>	<u>112,872</u>
Adjusted (Non-GAAP) EPS ex. Amortization	<u>\$ 1.36</u>	<u>\$ 1.61</u>

- (a) Represents accelerated depreciation related to a plant relocation in India and China.
- (b) Represents costs related to the integration of the Frutarom acquisition. For 2020, costs primarily related to advisory services, retention bonuses and performance stock awards. For 2019, costs principally related to advisory services.
- (c) For 2020, represents costs primarily related to the Frutarom Integration Initiative. For 2019, represents costs primarily related to the 2019 Severance Program.
- (d) Represents transaction-related costs and expenses related to the acquisition of Frutarom. For 2020, amount primarily includes earn-out payments, net of adjustments, amortization for inventory "step-up" costs and transaction costs principally related to the 2019 Acquisition Activity, including an adjustment to reverse an earnout liability in the second quarter of 2020. For 2019, amount primarily includes transaction costs included in Selling and administrative expense.
- (e) Costs related to reviewing the nature of inappropriate payments and review of compliance in certain other countries. In addition, includes legal costs for related shareholder lawsuits.
- (f) Represents transaction costs and expenses related to the pending transaction with N&B, principally related to legal and professional fees for capital raising activities.
- (g) Represents costs primarily related to advisory services for the integration of the pending transaction with N&B, principally consulting fees.
- (h) Represents the adjustment to EPS related to the excess of the redemption value of certain redeemable noncontrolling interests over their existing carrying value.
- (i) The income tax expense (benefit) on non-GAAP adjustments is computed in accordance with ASC 740 using the same methodology as the GAAP provision of income taxes. Income tax effects of non-GAAP adjustments are calculated based on the applicable statutory tax rate for each jurisdiction in which such charges were incurred, except for those items which are non-taxable or are subject to a valuation allowance for which the tax expense (benefit) was calculated at 0%. For fiscal years 2020 and 2019, these non-GAAP adjustments were not subject to foreign tax credits, but to the extent that such factors are applicable to any future non-GAAP adjustments we will take such factors into consideration in calculating the tax expense (benefit). For amortization, the tax benefit has been calculated based on the statutory rate on a country by country basis.
- (j) For 2020 and 2019, net income is reduced by income attributable to noncontrolling interest of \$1.2M and \$2.5M, respectively.
- (k) The sum of these items does not foot due to rounding.
- (l) Represents all amortization of intangible assets acquired in connection with acquisitions, net of tax.

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Reconciliation of Gross Profit

<i>(DOLLARS IN THOUSANDS)</i>	Second Quarter Year-to-Date	
	2020	2019
Reported (GAAP)	\$ 1,047,709	\$ 1,077,498
Operational Improvement Initiatives (a)	—	940
Frutarom Integration Related Costs (b)	245	321
Frutarom Acquisition Related Costs (d)	759	7,850
Adjusted (Non-GAAP)	<u>\$ 1,048,713</u>	<u>\$ 1,086,609</u>

Reconciliation of Selling and Administrative Expenses

<i>(DOLLARS IN THOUSANDS)</i>	Second Quarter Year-to-Date	
	2020	2019
Reported (GAAP)	\$ 460,121	\$ 423,282
Frutarom Integration Related Costs (b)	(6,278)	(25,600)
Frutarom Acquisition Related Costs (d)	185	(246)
Compliance Review & Legal Defense Costs (e)	(624)	—
N&B Transaction Related Costs (f)	(16,125)	—
N&B Integration Related Costs (g)	(32,646)	—
Adjusted (Non-GAAP)	<u>\$ 404,633</u>	<u>\$ 397,436</u>

Reconciliation of Operating Profit

<i>(DOLLARS IN THOUSANDS)</i>	Second Quarter Year-to-Date	
	2020	2019
Reported (GAAP)	\$ 315,592	\$ 363,807
Operational Improvement Initiatives (a)	—	940
Frutarom Integration Related Costs (b)	6,933	26,314
Restructuring and Other Charges, net (c)	6,802	18,699
Losses on Sale of Assets	1,153	764
Frutarom Acquisition Related Costs (d)	574	8,096
Compliance Review & Legal Defense Costs (e)	624	—
N&B Transaction Related Costs (f)	16,125	—
N&B Integration Related Costs (g)	32,646	—
Adjusted (Non-GAAP)	<u>\$ 380,449</u>	<u>\$ 418,620</u>

Reconciliation of Adjusted (Non-GAAP) Operating Profit Margin ex. Amortization

<i>(DOLLARS IN THOUSANDS)</i>	Second Quarter Year-to-Date	
	2020	2019
Numerator		
Adjusted (Non-GAAP) Operating Profit	\$ 380,449	\$ 418,620
Amortization of Acquisition related Intangible Assets	97,184	95,534
Adjusted (Non-GAAP) Operating Profit ex. Amortization	<u>477,633</u>	<u>514,154</u>
Denominator		
Sales	<u>2,546,090</u>	<u>2,588,970</u>
Adjusted (Non-GAAP) Operating Profit Margin ex. Amortization	18.8 %	19.9 %

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Reconciliation of Net Income

	Second Quarter Year-to-Date							
	2020				2019			
	Income before taxes	Taxes on income (i)	Net Income Attributable to IFF (j)	Diluted EPS	Income before taxes	Taxes on income (i)	Net Income Attributable to IFF (j)	Diluted EPS
<i>(DOLLARS IN THOUSANDS)</i>								
Reported (GAAP)	\$ 256,573	\$ 41,996	\$ 210,811	\$ 1.89	\$ 304,057	\$ 53,974	\$ 245,206	\$ 2.16
Operational Improvement Initiatives (a)	—	—	—	—	940	318	622	0.01
Frutarom Integration Related Costs (b)	6,933	1,552	5,381	0.05	26,314	5,923	20,391	0.18
Restructuring and Other Charges, net (c)	6,802	1,573	5,229	0.05	18,699	4,583	14,116	0.12
Losses on Sale of Assets	1,153	265	888	0.01	764	192	572	0.01
Frutarom Acquisition Related Costs (d)	66	(1,683)	1,749	0.02	8,096	1,387	6,709	0.06
Compliance Review & Legal Defense Costs (e)	624	130	494	—	—	—	—	—
N&B Transaction Related Costs (f)	16,125	904	15,221	0.13	—	—	—	—
N&B Integration Related Costs (g)	32,646	7,536	25,110	0.22	—	—	—	—
Redemption value adjustment to EPS (h)	—	—	—	(0.04)	—	—	—	—
Adjusted (Non-GAAP)	<u>\$ 320,922</u>	<u>\$ 52,273</u>	<u>\$ 264,883</u>	<u>\$ 2.33</u>	<u>\$ 358,870</u>	<u>\$ 66,377</u>	<u>\$ 287,616</u>	<u>\$ 2.54</u>

Reconciliation of Adjusted (Non-GAAP) EPS ex. Amortization

	Second Quarter Year-to-Date	
	2020	2019
<i>(DOLLARS AND SHARE AMOUNTS IN THOUSANDS)</i>		
Numerator		
Adjusted (Non-GAAP) Net Income	\$ 264,883	\$ 287,616
Amortization of Acquisition related Intangible Assets	97,184	95,534
Tax impact on Amortization of Acquisition related Intangible Assets (i)	22,071	22,831
Amortization of Acquisition related Intangible Assets, net of tax (k)	75,113	72,703
Adjusted (Non-GAAP) Net Income ex. Amortization	<u>339,996</u>	<u>360,319</u>
Denominator		
Weighted average shares assuming dilution (diluted)	113,635	113,131
Adjusted (Non-GAAP) EPS ex. Amortization	<u>\$ 2.99</u>	<u>\$ 3.18</u>

- (a) Represents accelerated depreciation related to a plant relocation in India and China.
- (b) Represents costs related to the integration of the Frutarom acquisition. For 2020, costs primarily related to advisory services, retention bonuses and performance stock awards. For 2019, costs principally related to advisory services.
- (c) For 2020, represents costs primarily related to the Frutarom Integration Initiative. For 2019, represents costs primarily related to the 2019 Severance Program.
- (d) Represents transaction-related costs and expenses related to the acquisition of Frutarom. For 2020, amount primarily includes earn-out payments, net of adjustments, amortization for inventory "step-up" costs and transaction costs principally related to the 2019 Acquisition Activity, including an adjustment to reverse an earnout liability in the second quarter of 2020. For 2019, amount primarily includes amortization for inventory "step-up" costs and transaction costs, offset by a reduction in contingent consideration included in Selling and administrative expense.
- (e) Costs related to reviewing the nature of inappropriate payments and review of compliance in certain other countries. In addition, includes legal costs for related shareholder lawsuits.
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- (j) For 2020 and 2019, net income is reduced by income attributable to noncontrolling interest of \$3.8M and \$4.9M, respectively.
- (k) Represents all amortization of intangible assets acquired in connection with acquisitions, net of tax.