



THE J.M. SMUCKER Co

**Fiscal Year 2026 Second Quarter Earnings
Prepared Management Remarks**

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CORPORATE PARTICIPANTS

Crystal Beiting, Vice President, Investor Relations & FP&A
Mark Smucker, Chief Executive Officer and Chair of the Board
Tucker Marshall, Chief Financial Officer

CRYSTAL BEITING, VICE PRESIDENT, INVESTOR RELATIONS & FP&A

Good morning. This is Crystal Beiting, Vice President, Investor Relations and Financial Planning and Analysis for The J. M. Smucker Company. Thank you for listening to our prepared remarks on our fiscal 2026 second quarter earnings call. After this brief introduction, Mark Smucker, Chief Executive Officer and Chair of the Board, will provide a business and strategy update. Tucker Marshall, Chief Financial Officer, will then provide a detailed analysis of the financial results and our updated fiscal 2026 outlook. Later this morning, we will hold a separate, live question-and-answer webcast.

During today's discussion, we will make forward-looking statements that reflect our current expectations about future plans and performance. These statements rely on assumptions and estimates, and actual results may differ materially due to risks and uncertainties. Additionally, please note we will refer to non-GAAP financial measures which management uses to evaluate performance internally. I encourage you to read the full disclosure concerning forward-looking statements and details on our non-GAAP financial measures in this morning's press release.

Today's press release, a supplementary slide deck summarizing the quarterly results, management's prepared remarks, and the Q&A webcast can all be accessed on our Investor Relations website at jmsmucker.com.

We invite all interested parties to join us at 9:00 am Eastern Time today for a live question-and-answer session with management, to further discuss our second quarter results and outlook for the full 2026 fiscal year.

Please contact me if you have any additional questions after today's question-and-answer session. I will now turn the discussion over to Mark Smucker.

MARK SMUCKER, CHIEF EXECUTIVE OFFICER AND CHAIR OF THE BOARD

Thank you, Crystal, and good morning, everyone.

We are pleased with our second quarter results and the positive momentum across our business. Strong top-line growth was driven by ongoing demand for our leading brands and the continued resilience of our transformed portfolio. Additionally, we delivered sequential acceleration in comparable net sales growth, which we anticipate will continue into next quarter. Our bottom-line results reflect increased investments in our brands, disciplined cost management, and strong execution.

While the overall environment remains dynamic, we continue to navigate successfully what we can control and advance our three strategic priorities – accelerating organic growth, embedding transformation in our everyday, and fostering a 'Be Bold' mindset. Consumers continue to seek value and prioritize their spending, which our portfolio is well positioned for, as it features offerings across the value spectrum, in the attractive categories of coffee, snacking, and pet. Within these categories, we are evolving our brands to meet the needs and preferences of today's consumers and prioritizing resources towards our largest opportunities through our key growth platforms: the *Uncrustables*®, *Café Bustelo*®, *Milk-Bone*®, *Meow Mix*®, and *Hostess*® brands. I'll dive deeper into each of these.

Starting with the *Uncrustables*® brand, which grew net sales 7% at the total Company level. We continue to see strong results from our national advertising campaign, distribution gains, and innovation. The brand is infusing itself throughout pop culture and social media, as demonstrated by the 4 million new households the brand added over the past year alone. These new buyers also over index to Millennials and Gen Z households, and with only 25% household penetration, the *Uncrustables*® brand still has significant runway to grow.

In the second quarter, we strengthened the *Uncrustables*® brand through consumer-led innovation, as we leveraged our brand-building model to anticipate consumers' needs through a relentless focus on data and insights. As part of this approach, we launched two new varieties of *Uncrustables*® sandwiches with higher protein, *Up & Apple*™ and *Bright-Eyed Berry*™. These new varieties access an entirely new daypart for the *Uncrustables*® brand focused around breakfast, while also meeting the needs of consumers who are increasingly prioritizing protein throughout the day. We also expanded on our limited-edition flavors by launching PB Choco Craze for the fall, following the successful launch of our Berry Burst variety in the summer. This regular cadence of limited-edition flavors continues to generate excitement for the brand experience.

From a distribution perspective, we continue to gain traditional freezer space, and we are making strong progress on our expansion into the convenience channel. We have nearly tripled sales for the *Uncrustables*® brand at convenience stores over the past year and are making progress on further distribution opportunities. This new channel not only provides more availability to the consumer for the *Uncrustables*® brand but also unlocks the benefit of immediate consumption.

We are building a truly iconic brand with widespread, multi-generational appeal, which will soon be a top three brand in the total freezer aisle. We remain on track for the *Uncrustables*® brand to generate over \$1 billion in net sales by the end of this fiscal year.

Our next key growth platform, the *Café Bustelo*® brand, is maintaining strong momentum as one of the fastest-growing brands in the at-home coffee category thanks to our continued investments and proven brand-building strategy. The brand gained dollar and volume share in every segment it competes in, including the mainstream, one cup, and instant categories in the latest 13-week period.

The *Café Bustelo*® brand grew net sales by 41% in our U.S. Retail Coffee portfolio, inclusive of a 9% increase in volume/mix. The tremendous growth of the *Café Bustelo*® brand is fueled by distribution expansion and marketing investments through a national marketing campaign.

Earlier this year, we launched new roast profiles in both pre-pack and one cup formats for the *Café Bustelo*® brand. These new products are off to a strong start and expand the brand from its traditional espresso brew to blends that can be brewed more easily in traditional drip brewers, appealing to younger, more diverse buyers while remaining inspired by its Latin roots.

Through our brand-building efforts, we continue to see strong growth in brand awareness and household penetration, both of which have significant runway for continued growth. We anticipate another year of double-digit net sales growth for the *Café Bustelo*® brand as we advance our long-term strategy and make progress on our ambition for *Café Bustelo*® to become a top four brand in the at-home coffee category.

Shifting to our key growth drivers in Pet, the *Milk-Bone*® and *Meow Mix*® brands. For the *Milk-Bone*® brand, we delivered sequential improvement in net sales growth versus the prior quarter and anticipate the *Milk-Bone*® brand will return to growth in the back half of the fiscal year. Growth will be fueled by our proven strategy to maximize and win every day treating, amplify brand love with new pet parents, and expand consumption through impulse opportunities across innovation and seasonals.

With the leading brand in the dog snacks category, we are fueling the humanization trend through innovation, premiumization, and evolved messaging. We are strengthening our core business value proposition by updating packaging to highlight protein and other functional benefits consumers care about, while increasing our premium offerings with our *Milk-Bone*® Peanut Buttery Bites platform. Building on this success, we will be extending the *Jif*® and *Milk-Bone*® brands collaboration with innovation launching early next calendar year.

Seasonal innovation also plays a key role in these trends and allows us the opportunity to drive net sales growth through increased dollars per occasion and attract new buyers. Our dog snacks seasonal business is up double-digits versus the prior year, and we just launched a new collection of flavors and formats to drive growth during our highest seasonal period of the year, including: *Milk-Bone*® Dipped Vanilla Sugar Cookie Flavored Biscuits and *Milk-Bone*® Mini's Holiday Biscuit-Filled Candy Cane. Our leading seasonal business continues to deliver strong growth, and we expect it to double over the long term.

In cat food, the *Meow Mix*® brand continued its momentum with an increase in net sales and volume/mix growth in the quarter. In dry cat food, the *Meow Mix*® brand outpaced the category, growing sales nearly 3x the category rate. Our results were driven by distribution gains, innovation, and marketing investments behind our multi-year *Meow Mix*® Brand Re-Mix campaign.

Outside of dry cat food, we also remain excited for our longer-term opportunity to grow our portfolio across the wet cat food and treats categories. We are significantly under-developed in this approximately \$11 billion growing space and believe the unique equity of the *Meow Mix*® brand and our understanding of consumer behavior gives us significant runway for growth in the future. As a first step we are extending our *Gravy Burst*® dry platform to cat treats with *Gravy Burst*® cat treats shipping now.

For the *Hostess*® brand, we continue to advance our strategy to stabilize and position the brand for long-term growth by executing on our three priorities of strengthening the portfolio, elevating our execution, and reigniting sustainable growth.

In the second quarter we took decisive actions:

- First, we made progress on reducing our SKU count by 25% to simplify our offerings, as we prioritize high-velocity and margin-accretive SKUs. Early results are positive, with notable flowback into strategically important parts of the business, particularly *Hostess*® *Donettes*®. While total distribution points have declined slightly, the increase in total distribution points for higher-turning SKUs is driving positive velocity gains overall. The majority of this work will be completed by the end of our third quarter;
- Next, we are on-track for the Indianapolis manufacturing facility closure in early calendar year 2026, which will deliver approximately \$10 million in cost savings this fiscal year and \$30 million annually;
- Finally, we are applying our proven brand-building model through culturally-relevant marketing and refreshed packaging. Our marketing campaign increased unaided awareness and purchase intent double-digits for our target market. The campaign has also successfully increased consumer sentiment around both taste and loyalty.

Early signs reinforce that our strategy is working, with base velocities improving and volume growing over the last 4-week period. *Hostess*® remains an iconic brand, with strong awareness, category-leading household penetration, and beloved products. We are confident that our strategy and the decisive actions we are taking will stabilize performance and position the brand for sustainable, long-term growth.

Turning to the dynamics in our U.S. Retail segments.

In Coffee, net sales increased 21%, driven by increases across all formats and brands. Our portfolio is performing well, and we continue to demonstrate our ability to recover increased commodity costs through responsible pricing. In the quarter, we continued to lap a price increase from October of the prior fiscal year and due to higher costs and the pass-through nature of the coffee category, we took a price increase in both May and August of this year. Since then, price elasticity of demand trends have been favorable to our expectations, demonstrating the strength of our portfolio and the resilience of the at-home coffee category.

We continue to navigate a highly-inflationary environment with the green coffee commodity, and our approach to commodity coverage is to ensure we have a flexible structure that allows us to manage cost fluctuations. Our belief is that the commodity will normalize over time as it has historically.

Finally, given the recent changes to U.S. trade policy to exclude tariffs on green coffee, we are no longer contemplating another pricing action in early winter. Without this pricing action, we will not fully recover green coffee tariff costs incurred in this fiscal year, which negatively impacts our adjusted earnings per share. I am confident that as we move forward our portfolio is well positioned for long-term sustainable growth, with offerings across the value spectrum and three of the top eight brands in the attractive at-home coffee category.

In Frozen Handheld and Spreads, net sales declined 5%, primarily driven by decreases for *Jif*® peanut butter and *Smucker's*® fruit spreads, partially offset by an increase for *Uncrustables*® sandwiches. In the quarter, *Jif*® peanut butter declined 12%, which reflects lapping consumer activity associated with multiple hurricanes in the prior year. Overall, our spreads portfolio continues to navigate consumer and evolving category trends, which we now anticipate will continue for the remainder of the fiscal year. We are evolving our spreads portfolio to meet the needs of the consumer, one example is *Jif*® Peanut Butter and Chocolate Flavored Spread. This innovation has been highly incremental to the brand and the category. We will continue to bring innovation to our leading spreads business and see opportunities to further expand beyond sandwiches and into new usage occasions.

Net sales for the *Uncrustables*® brand grew 4% in the quarter, we anticipate growth for the *Uncrustables*® brand to accelerate to double-digits for the remainder of the fiscal year.

In Pet Foods, net sales decreased 7%, reflecting a decline for dog snacks and lapping contract manufacturing sales related to the divested pet food brands in the prior year, partially offset by an increase for cat food. The dog snacks category has rebounded in recent periods and cat food continues to demonstrate strong momentum, creating a positive outlook for our portfolio.

Both segments remain highly attractive, supported by favorable category tailwinds including:

- Positive pet population trends, with growth expected to continue long term;
- The humanization of pets is accelerating, leading to premiumization opportunities;
- And, e-commerce is gaining strong traction, a channel that aligns with evolving consumer preferences and continues to generate strong growth within our portfolio.

In Sweet Baked Snacks, comparable net sales decreased 3%. We saw a sequential improvement in quarterly net sales year-over-year performance. Notably, *Hostess*® *Donettes*® and Cupcakes demonstrated volume/mix growth of 6% and 7%, respectively, and now represent approximately half the segment. Segment profit was lower than anticipated largely driven by higher transition costs related to our bakery consolidation strategy. We anticipate sequential improvement in both net sales growth and absolute segment profit for the remainder of the fiscal year as we continue to advance our strategy and the closure of the Indianapolis manufacturing facility begins to benefit the business.

Overall, we continue to see the sweet baked goods category trend in a positive direction, though still pressured from the discretionary nature of the category as consumers remain selective in their spending. In addition, the health of the convenience store channel continues to improve through increasing traffic trends, which benefits the *Hostess*® brand, as a top five snacking brand in the channel.

Finally, in International and Away From Home, comparable net sales grew 10%. Growth was driven by the Away From Home business, which grew net sales double-digits in the quarter. Our Away From Home business has seen tremendous growth, as we continue to leverage our leading national brands and key growth platforms in away from home channels. We remain excited for the future growth opportunities in these channels across our brands in our Away From Home business and anticipate strong double-digit growth as the business grows to approximately 10% of total Company net sales this fiscal year.

In closing, we continue to focus on managing the elements we can control and on taking actions that position the Company for long-term growth. This includes making strategic investments in the business, launching consumer-led innovation, and continuing to shift our portfolio to growth. We remain confident in our ability to successfully navigate the current environment and deliver our financial outlook for this fiscal year while advancing our longer-term objectives to increase shareholder value.

As always, I would like to thank our dedicated employees for their unwavering focus, dedication, and outstanding contributions. With that, I'll turn it over to Tucker for additional insight on our financials and fiscal 2026 outlook.

TUCKER MARSHALL, CHIEF FINANCIAL OFFICER

Thank you, Mark. Good morning, everyone.

I'll begin by giving an overview of our second quarter results, then I'll provide additional details on our financial outlook for fiscal year 2026.

In the quarter, net sales increased 3%. Comparable net sales increased 5%, which excludes prior year sales related to the divested businesses and foreign currency exchange. Comparable net sales includes a \$15 million headwind from lapping contract manufacturing sales related to the divested pet food brands in the prior year.

The increase in comparable net sales reflects an 11 percentage point increase from net price realization, primarily driven by higher net pricing for coffee.

Comparable net sales also reflects a 6 percentage point decrease from volume/mix, driven by decreases for coffee, peanut butter, dog snacks, and lapping contract manufacturing sales related to the divested pet food brands in the prior year.

Adjusted gross profit decreased \$90 million, or 10%, compared to the prior year. The decrease reflects higher commodity costs, unfavorable volume/mix, tariffs, and the noncomparable impact of divestitures, partially offset by higher net price realization. Regarding tariffs, we realized approximately \$40 million in expense in our second quarter, which primarily impacted our coffee portfolio in U.S. Retail Coffee and International and Away From Home.

Adjusted operating income decreased \$96 million, or 20%, reflecting the reduction in adjusted gross profit and an increase in SD&A expenses. The increase in SD&A expenses was driven by increased investments in marketing, partially offset by reduced pre-production expenses related to the new *Uncrustables*® sandwiches manufacturing facility.

Below operating income, net interest expense was comparable to the prior year as the impact of reduced debt outstanding was offset by higher overall interest rates. The adjusted effective income tax rate was 24.0%, compared to 24.1% in the prior year.

Factoring in all these considerations, along with weighted-average shares outstanding of 106.9 million, second quarter adjusted earnings per share was \$2.10, a decrease of 24% versus the prior year.

Turning to our segment results, in the U.S. Retail Coffee segment, net sales increased 21% versus the prior year. Net price realization increased net sales by 27 percentage points, reflecting higher net pricing across the portfolio to recover increased commodity costs. Volume/mix decreased net sales by 6 percentage points, reflecting decreases for the *Folgers*® and *Dunkin*® brands, partially offset by an increase for the *Café Bustelo*® brand.

U.S. Retail Coffee segment profit decreased 24%, primarily reflecting higher commodity costs, tariffs, unfavorable volume/mix, and increased marketing investments, partially offset by higher net price realization.

In U.S. Retail Frozen Handheld and Spreads, net sales decreased 5%. Volume/mix decreased net sales by 8 percentage points, reflecting decreases for peanut butter, fruit spreads, and *Uncrustables*® sandwiches. Net price realization increased net sales by 3 percentage points, driven by higher net pricing for *Uncrustables*® sandwiches.

U.S. Retail Frozen Handheld and Spreads segment profit decreased 12%, driven by unfavorable volume/mix, higher marketing spend, and higher costs, partially offset by higher net price realization and lower pre-production expenses primarily related to the new *Uncrustables*® sandwiches manufacturing facility.

In U.S. Retail Pet Foods, net sales decreased 7% versus the prior year. Volume/mix decreased net sales by 8 percentage points, driven by a decrease for dog snacks and lapping contract manufacturing sales related to the divested pet food brands in the prior year. Net price realization increased net sales by 1 percentage point, primarily reflecting higher net pricing across the portfolio.

U.S. Retail Pet Foods segment profit increased 2%, reflecting lower costs and higher net price realization, partially offset by unfavorable volume/mix.

In the Sweet Baked Snacks segment, net sales decreased 19%. Excluding noncomparable net sales in the prior year related to the divested *Voortman*® business and certain Sweet Baked Snacks value brands, net sales decreased 3%. Volume/mix decreased net sales by 2 percentage points, driven by decreases for snack cakes, private label products, and breakfast, partially offset by an increase for donuts. Net price realization decreased net sales by 1 percentage point, reflecting lower net pricing across the majority of the portfolio.

Segment profit decreased 69%, primarily reflecting higher costs, the impact of the noncomparable segment profit in the prior year related to the divested businesses, unfavorable volume/mix, and higher marketing spend.

Lastly, in International and Away From Home, net sales increased 9%. Excluding \$1.6 million of unfavorable foreign currency exchange, net sales increased 10%. Net price realization contributed 9 percentage points to net sales, primarily driven by higher net pricing for coffee. Volume/mix increased net sales by 1 percentage point, primarily driven by an increase for *Uncrustables*® sandwiches, partially offset by decreases for coffee, peanut butter, and dog snacks.

Net sales for the Away From Home business increased 17%, driven by coffee and *Uncrustables*® sandwiches. Net sales for the International business decreased 2% on a comparable basis, primarily reflecting decreases for peanut butter and dog snacks, partially offset by an increase for coffee.

International and Away From Home segment profit increased 12%, reflecting higher net price realization, lower SD&A expenses, and favorable volume/mix, partially offset by higher costs and tariffs.

Second quarter free cash flow was \$280 million, compared to \$317 million in the prior year, reflecting the decrease in cash provided by operating activities, partially offset by a decrease in capital expenditures as compared to the prior year.

We finished the quarter with a cash and cash equivalent balance of \$63 million and a total net debt balance of \$7.7 billion. Our trailing twelve-month adjusted EBITDA is approximately \$1.8 billion, based on this, our leverage ratio currently stands at 4.2x.

We plan to prioritize debt reduction by paying down \$500 million of debt annually this fiscal year and next. With this anticipated deleveraging and overall business growth, we anticipate a leverage ratio of approximately 3.0x net debt to EBITDA by the end of fiscal year 2027. This level of debt provides the financial flexibility for a balanced approach to capital deployment.

Let me now provide an update on our outlook for fiscal year 2026.

We continue to operate in a dynamic and evolving external environment, including tariffs and related trade impacts, regulatory and policy changes, ongoing input inflation, and changes in consumer behaviors that could impact our fiscal year 2026 outlook. This guidance reflects the Company's expectations based on its current understanding of these factors.

We are narrowing our guidance range, while maintaining the mid-point of the range. We now anticipate full-year net sales guidance to increase 3.5% to 4.5% compared to the prior year. This guidance reflects a \$135 million headwind from lapping sales of the divested *Voortman*[®] business and certain Sweet Baked Snacks value brands, and a \$38 million impact from reduced contract manufacturing sales related to the divested pet food brands, as the arrangement was exited last fiscal year.

We continue to expect comparable net sales to increase approximately 5.5% at the mid-point, which includes the unfavorable impact of the reduced contract manufacturing sales related to the divested pet food brands. This growth reflects higher net price realization versus the prior year, primarily due to pricing actions across our coffee portfolio in response to higher green coffee costs. The increase in comparable net sales reflects volume/mix growth for the *Uncrustables*[®], *Meow Mix*[®], and *Café Bustelo*[®] brands and the Away From Home business versus the prior year.

Our net sales guidance reflects the following changes from our previous expectations:

- Higher net sales in U.S. Retail Coffee for the fiscal year, reflecting improved price elasticity of demand assumptions in relation to the May and August pricing actions taken this year;
- Higher net sales in our Away From Home business, reflecting ongoing momentum of the *Uncrustables*[®] brand and our coffee portfolio;
- Reduced net sales in U.S. Retail Frozen Handheld and Spreads;
- And, given the recent change to remove tariffs on green coffee, we are no longer contemplating another pricing action in U.S. Retail Coffee in early winter.

We now anticipate an adjusted gross profit margin of approximately 35.0% for the fiscal year.

We now expect SD&A expenses to be in-line versus the prior year, primarily reflecting benefits from cost saving initiatives and reduced spend across the Company, versus previous expectations. Total marketing expense is estimated to be approximately 5.5% of net sales, reflecting an increase in absolute marketing dollars versus the prior year, which reflects increased investments for the *Uncrustables*[®] and *Café Bustelo*[®] brands.

We continue to anticipate net interest expense of approximately \$380 million and an adjusted effective income tax rate of 23.8%, along with a full-year weighted-average share count of 106.9 million.

Taking all these factors into consideration, we are narrowing our full-year adjusted earnings per share guidance range to \$8.75 to \$9.25, which maintains the previous \$9.00 mid-point of the guidance range.

Our expected earnings range contemplates the recent removal of tariffs on green coffee. Our plan is to no longer consider a winter pricing action to address tariffs on green coffee in U.S. Retail Coffee. As such, we will maintain a \$0.50 unfavorable impact from green coffee tariff costs already incurred in this fiscal year that we will not fully recover. We expect to lap these tariff costs next fiscal year, providing no further changes to U.S. trade policy for green coffee.

Further, we are updating our price elasticity of demand assumption in the U.S. Retail Coffee Segment to reflect a \$0.40 unfavorable net impact to this fiscal year, an improvement versus previous expectations.

We continue to project free cash flow of approximately \$975 million at the mid-point of our adjusted earnings per share guidance range, with capital expenditures of \$325 million for the year. Other key assumptions affecting cash flow include: depreciation expense of approximately \$350 million, amortization expense of approximately \$200 million, share-based compensation expense of \$35 million, and other non-cash charges of \$110 million.

In the third quarter of the fiscal year, net sales is anticipated to increase mid-single-digits, which incorporates an impact of \$26 million related to the divested *Voortman*[®] business and certain Sweet Baked Snacks value brands. Comparable net sales is anticipated to increase high-single-digits, reflecting an increase in net price realization partially offset by unfavorable volume/mix. Net sales also reflects a decline of \$6 million of contract manufacturing sales related to the divested pet food brands.

Adjusted earnings per share is expected to decline a mid-teen percent, primarily driven by a decrease in adjusted gross profit in U.S. Retail Coffee and higher SD&A expense.

We anticipate adjusted earnings per share will improve sequentially throughout the fiscal year, building earnings momentum and setting us up for an algorithm year, or potentially better, in Fiscal Year 2027, absent any significant changes in the green coffee commodity market and consumer or regulatory environment, inclusive of U.S. trade policy.

In closing, we are pleased with our second quarter results and remain focused on maintaining a disciplined and responsible financial approach as we navigate this fiscal year. We are continuing to invest strategically in our key growth platforms and are confident in our ability to deliver long-term growth and increase shareholder value.

I would like to express my sincere appreciation for our employees. Their commitment to executing with excellence, and their passion for our Company positions us for continued success.

Thank you.

ADDITIONAL INFORMATION

The J.M. Smucker Co. is the owner of all trademarks referenced herein, except for Dunkin'[®].

The *Dunkin'*[®] brand is a trademark of DD IP Holder LLC and licensed to The J.M. Smucker Co. for packaged coffee products sold in retail channels such as grocery stores, mass merchandisers, club stores, e-commerce and drug stores, as well as in certain away from home channels. This information does not pertain to products for sale in *Dunkin'*[®] restaurants.