THE J.M. SMUCKER Co

FISCAL 2025 SECOND QUARTER RESULTS

SUPPLEMENTARY INFORMATION

November 26, 2024

EXECUTIVE SUMMARY

Net sales increased 17%.
Comparable net sales [(A)] increased 2%.

Net loss per diluted share was $0.23.
Adjusted earnings per share was $2.76, an increase of 7%.

Free cash flow was $317.2 million, compared to $28.2 million in the prior year.

Updated full-year fiscal 2025 financial outlook.

[(A)] Excludes the noncomparable impact to net sales of the Hostess Brands acquisition, divestitures, and foreign currency exchange.

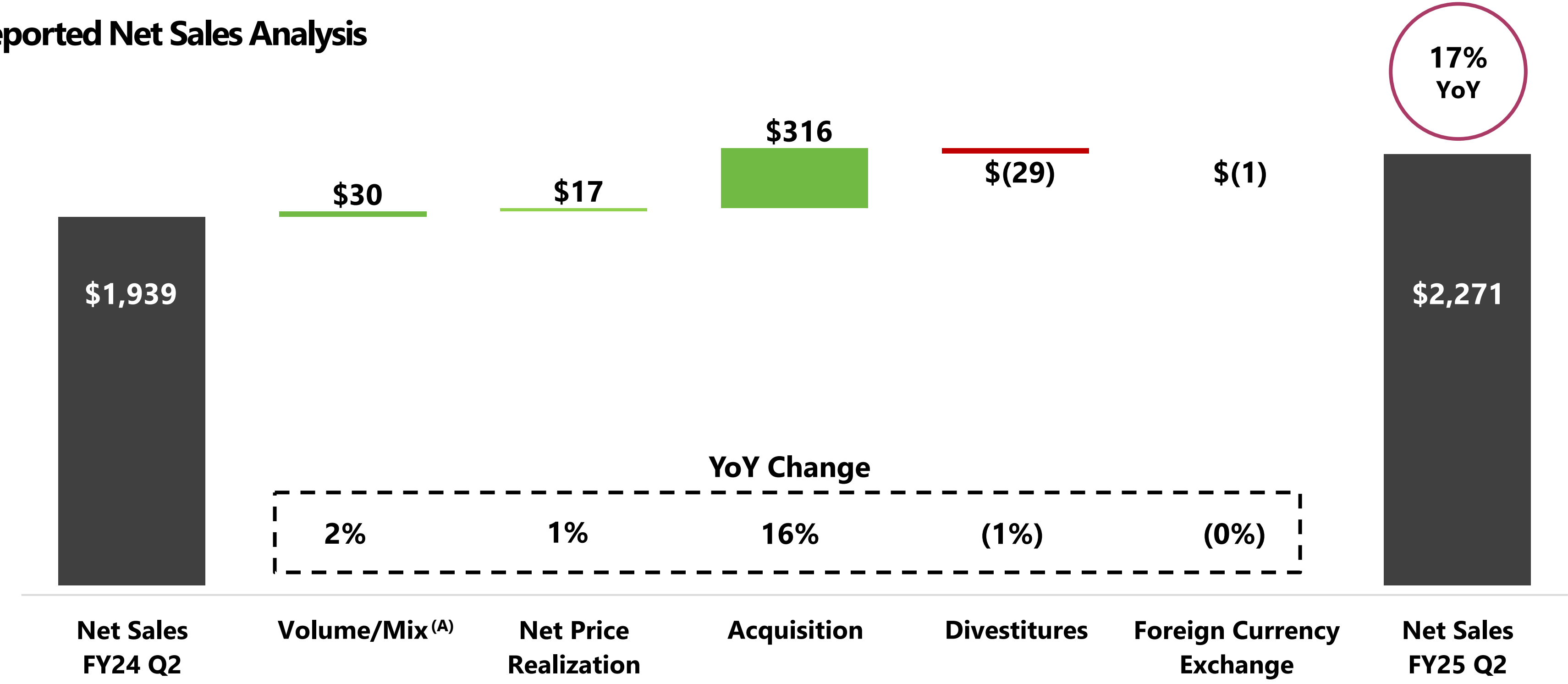
(Dollars in millions, except per share data)

CONSOLIDATED RESULTS

	FY25 Q2	FY24 Q2	YoY Change
Net Sales	$2,271.2	$1,938.6	17%
Adjusted Gross Profit	$879.7	$750.5	17%
Adjusted Gross Profit Margin	38.7%	38.7%	0bps
Adjusted Operating Income	$490.6	$385.4	27%
Adjusted Operating Income Margin	21.6%	19.9%	170bps
Adjusted Effective Income Tax Rate	24.1%	24.3%	-20bps
Adjusted EPS – Assuming Dilution	$2.76	$2.59	7%

CONSOLIDATED RESULTS

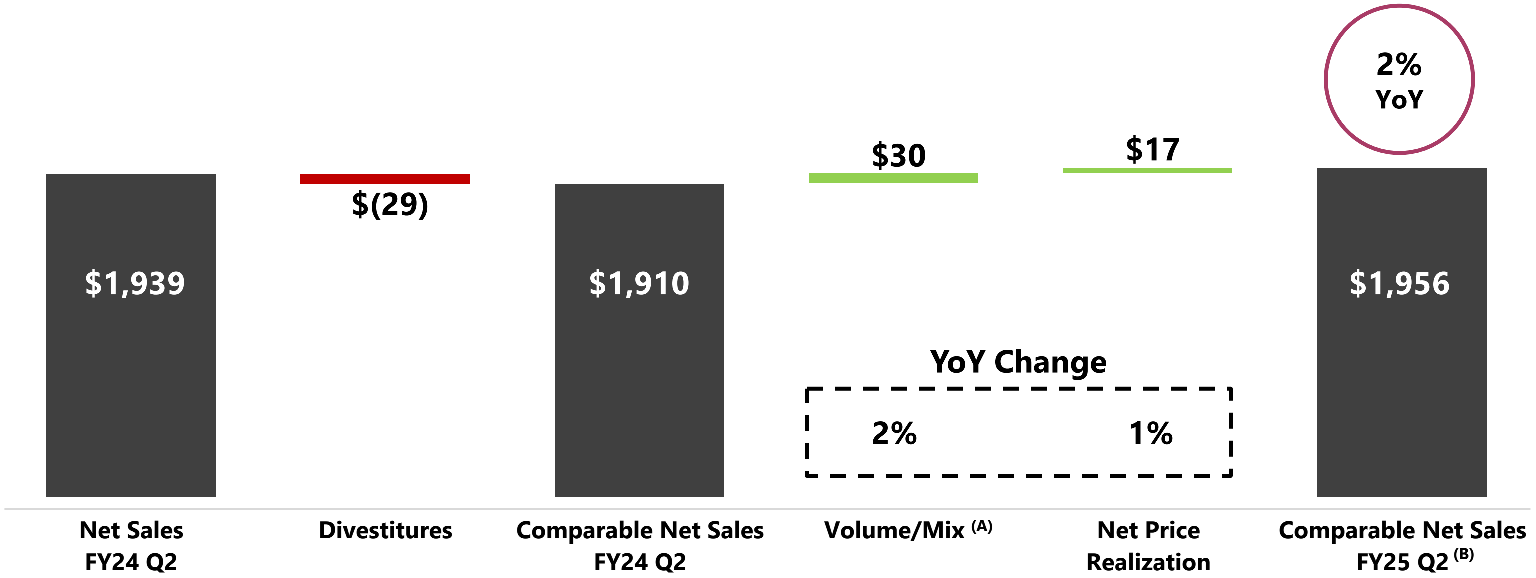
Reported Net Sales Analysis



Note: Amounts may not add due to rounding
(A) Includes a $23.1 decrease in contract manufacturing sales related to the divested pet food brands, as compared to the prior year.

CONSOLIDATED RESULTS

Comparable Net Sales Analysis



Note: Amounts may not add due to rounding
(A) Includes a $23.1 decrease in contract manufacturing sales related to the divested pet food brands, as compared to the prior year.
(B) Excludes the noncomparable impact to net sales of the Hostess Brands acquisition, divestitures, and foreign currency exchange.

(Dollars in millions)

BALANCE SHEET & CASH FLOW HIGHLIGHTS

	FY25 Q2	FY24 Q2
Cash Provided by (Used for) Operations	$404.2	$176.9
Capital Expenditures	(87.0)	(148.7)
Free Cash Flow	$317.2	$28.2
	October 31, 2024	**April 30, 2024**
Total Debt (Gross)	$8,264.5	$8,364.0
Cash and Cash Equivalents	(49.2)	(62.0)
Total Debt (Net)	$8,215.3	$8,302.0
EBITDA (as adjusted, TTM) [A]	$1,983.9	$1,704.4
Net Debt/EBITDA (TTM) [A]	4.1x	4.9x

[A] Reflects amounts as reported, including acquired and divested businesses while under Company ownership.

(Dollars in millions)

SEGMENT RESULTS

	U.S. Retail Coffee	U.S. Retail FH&S	U.S. Retail Pet Foods [(A)]	Sweet Baked Snacks	Int'l & AFH
Net Sales					
Net Sales	$704.0	$485.2	$445.4	$315.5	$321.1
YoY Change	3%	5%	(4%)	-	(1%)
YoY Net Sales Change Summary:					
Acquisition/Divestitures	-	(2%)	-	-	(6%)
Foreign Currency Exchange	-	-	-	-	-
Net Sales Excluding Acquisition, Divestitures & Foreign Currency Exchange	3%	6%	(4%)	-	6%
Volume/Mix	-	8%	(2%)	-	2%
Net Price Realization	3%	(2%)	(2%)	-	4%
Segment Profit					
Segment Profit	$202.7	$116.1	$121.4	$70.6	$68.0
YoY Change	19%	(10%)	25%	-	13%
Segment Profit Margin	28.8%	23.9%	27.3%	22.4%	21.2%
YoY Change	+390bps	-380bps	+640bps	-	+270bps

Note: Amounts may not add due to rounding

[(A)] Current quarter net sales includes $15.3 of contract manufacturing sales related to the divested pet food brands, as compared to $38.4 in the prior year.

(Dollars in millions, except per share data)

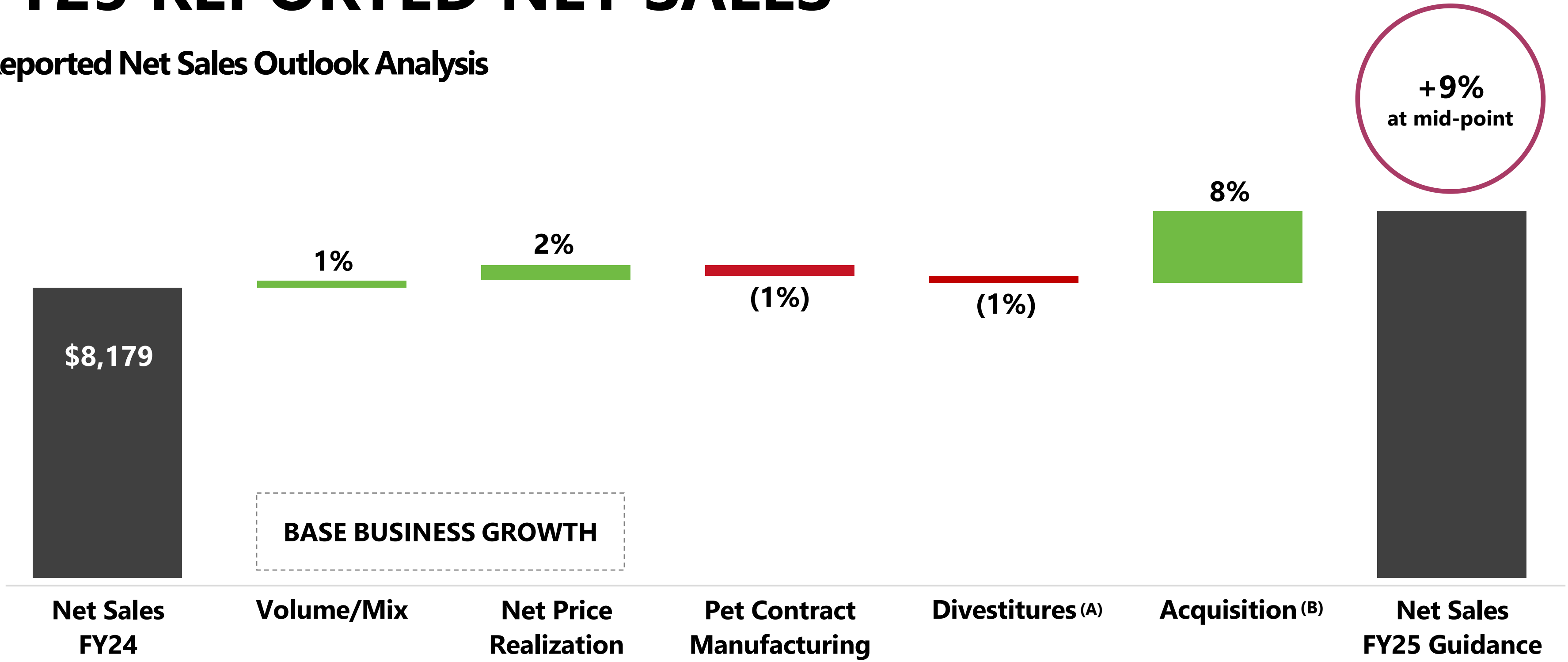
FULL-YEAR FISCAL 2025 OUTLOOK

	Current	Previous
Net Sales Increase vs. Prior Year	8.5% to 9.5%	8.5% to 9.5%
Adjusted EPS	$9.70 - $10.10	$9.60 - $10.00
Free Cash Flow	$875	$875
Capital Expenditures	$450	$450
Adjusted Effective Income Tax Rate	24.3%	24.3%

Note: The full-year fiscal 2025 guidance does not reflect any impact related to the Company's previously announced agreement to divest the *Voortman*® business. The transaction is expected to close during the third quarter of the current fiscal year and the fiscal 2025 net sales impact is expected to be approximately $65 and the adjusted earnings per share impact to be approximately $0.10, excluding any potential benefit from the use of proceeds from the sale. The Company anticipates using the proceeds from the transaction to pay down debt. The Company anticipates the earnings impact will be immaterial to its fiscal 2025 adjusted earnings per share guidance range when considering use of proceeds.

FY25 REPORTED NET SALES

Reported Net Sales Outlook Analysis



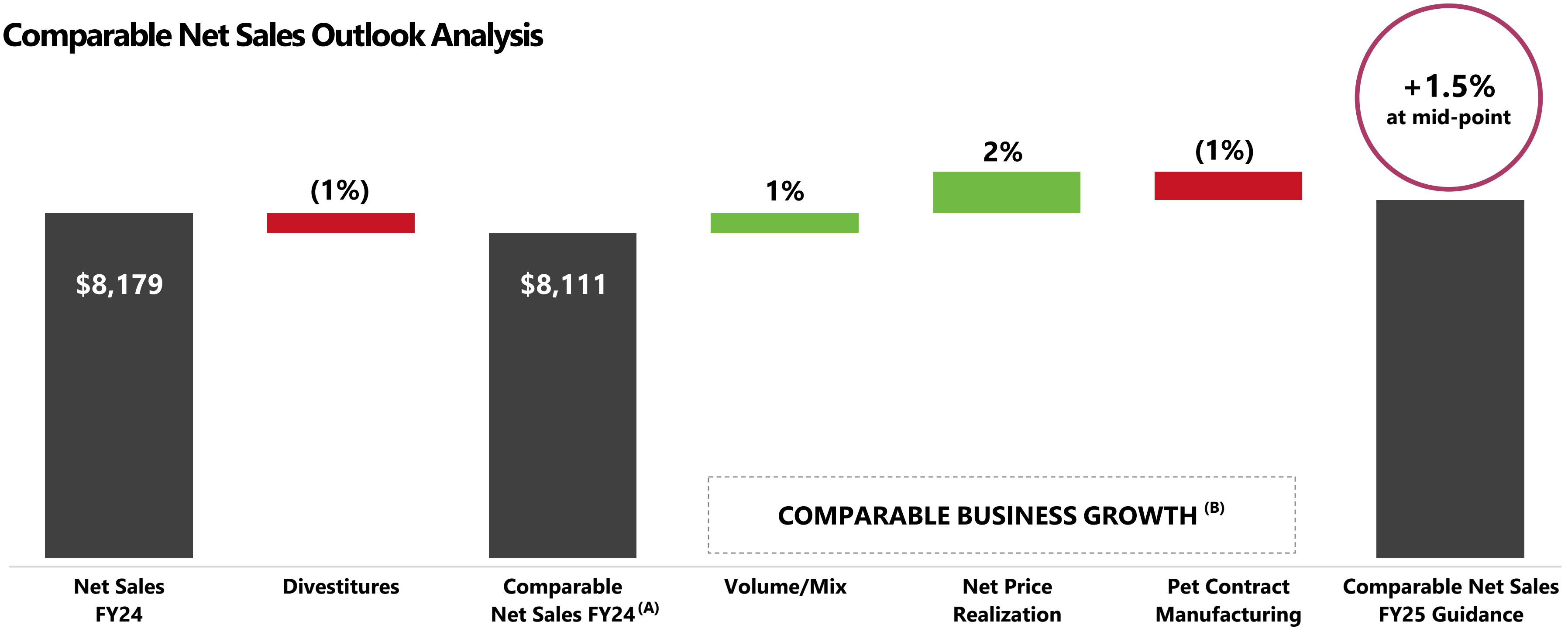
Note: Amounts may not add due to rounding

(A) Divestitures represent $67.9 of divested net sales related to the divested Canada condiment and *Sahale Snacks*® businesses.

(B) Acquisition represents the anticipated noncomparable net sales of Hostess Brands for fiscal year 2025.

FY25 COMPARABLE NET SALES

Comparable Net Sales Outlook Analysis



Note: Amounts may not add due to rounding

(A) Reflects $67.9 of divested net sales related to the divested Canada condiment and *Sahale Snacks*® businesses.

(B) Represents organic net sales growth, as well as a decline of approximately $100 in contract manufacturing sales related to the divested pet food brands.

FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements, such as projected net sales, operating results, earnings, and cash flows that are subject to risks and uncertainties that could cause actual results to differ materially from future results expressed or implied by those forward-looking statements. The risks, uncertainties, important factors, and assumptions listed and discussed in this presentation, which could cause actual results to differ materially from those expressed, include: uncertainties related to the timing of the consummation of the sale of the *Voortman*® business to Second Nature, including the possibility that any or all of the conditions to the sale may not be satisfied or waived (including failure to receive required regulatory approvals); the Company's ability to successfully integrate Hostess Brands' operations and employees and to implement plans and achieve financial forecasts with respect to the Hostess Brands' business; the Company's ability to realize the anticipated benefits, including synergies and cost savings, related to the Hostess Brands acquisition, including the possibility that the expected benefits will not be realized or will not be realized within the expected time period; disruption from the acquisition of Hostess Brands by diverting the attention of the Company's management and making it more difficult to maintain business and operational relationships; the negative effects of the acquisition of Hostess Brands on the market price of the Company's common shares; the amount of the costs, fees, expenses, and charges and the risk of litigation related to the acquisition of Hostess Brands; the effect of the acquisition of Hostess Brands on the Company's business relationships, operating results, ability to hire and retain key talent, and business generally; disruptions or inefficiencies in the Company's operations or supply chain, including any impact caused by product recalls, political instability, terrorism, geopolitical conflicts (including the ongoing conflicts between Russia and Ukraine and Israel and Hamas), extreme weather conditions, natural disasters, pandemics, work stoppages or labor shortages (including potential strikes along the U.S. East and Gulf coast ports and potential impacts related to the duration of a recent strike at the Company's Buffalo, New York manufacturing facility), or other calamities; risks related to the availability of, and cost inflation in, supply chain inputs, including labor, raw materials, commodities, packaging, and transportation; the impact of food security concerns involving either the Company's products or its competitors' products, including changes in consumer preference, consumer litigation, actions by the U.S. Food and Drug Administration or other agencies, and product recalls; risks associated with derivative and purchasing strategies the Company employs to manage commodity pricing and interest rate risks; the availability of reliable transportation on acceptable terms; the ability to achieve cost savings related to restructuring and cost management programs in the amounts and within the time frames currently anticipated; the ability to generate sufficient cash flow to continue operating under the Company's capital deployment model, including capital expenditures, debt repayment to meet the Company's deleveraging objectives, dividend payments, and share repurchases; a change in outlook or downgrade in the Company's public credit ratings by a rating agency below investment grade; the ability to implement and realize the full benefit of price changes, and the impact of the timing of the price changes to profits and cash flow in a particular period; the success and cost of marketing and sales programs and strategies intended to promote growth in the Company's businesses, including product innovation; general competitive activity in the market, including competitors' pricing practices and promotional spending levels; the Company's ability to attract and retain key talent; the concentration of certain of the Company's businesses with key customers and suppliers, including primary or single-source suppliers of certain key raw materials and finished goods, and the Company's ability to manage and maintain key relationships; impairments in the carrying value of goodwill, other intangible assets, or other long-lived assets or changes in the useful lives of other intangible assets or other long-lived assets; the impact of new or changes to existing governmental laws and regulations and their application; the outcome of tax examinations, changes in tax laws, and other tax matters; a disruption, failure, or security breach of the Company or its suppliers' information technology systems, including, but not limited to, ransomware attacks; foreign currency exchange rate and interest rate fluctuations; and risks related to other factors described under "Risk Factors" in other reports and statements filed with the Securities and Exchange Commission, including the Company's most recent Annual Report on Form 10-K. The Company undertakes no obligation to update or revise these forward-looking statements, which speak only as of the date made, to reflect new events or circumstances.

NON-GAAP FINANCIAL MEASURES

The Company uses non-GAAP financial measures, including: net sales excluding acquisition, divestitures, and foreign currency exchange; adjusted gross profit; adjusted operating income; adjusted income; adjusted earnings per share; earnings before interest, taxes, depreciation, amortization expense, impairment charges related to intangible assets, and gains and losses on divestitures ("EBITDA (as adjusted)"); and free cash flow, as key measures for purposes of evaluating performance internally. The Company believes that investors' understanding of its performance is enhanced by disclosing these performance measures. Furthermore, these non-GAAP financial measures are used by management in preparation of the annual budget and for the monthly analyses of its operating results. The Board of Directors also utilizes certain non-GAAP financial measures as components for measuring performance for incentive compensation purposes.

Non-GAAP financial measures exclude certain items affecting comparability that can significantly affect the year-over-year assessment of operating results, which include amortization expense and impairment charges related to intangible assets; certain divestiture, acquisition, integration, and restructuring costs ("special project costs"); gains and losses on divestitures; the net change in cumulative unallocated gains and losses on commodity and foreign currency exchange derivative activities ("change in net cumulative unallocated derivative gains and losses"); and other infrequently occurring items that do not directly reflect ongoing operating results. Income taxes, as adjusted is calculated using an adjusted effective income tax rate that is applied to adjusted income before income taxes and reflects the exclusion of the previously discussed items, as well as any adjustments for one-time tax-related activities, when they occur. While this adjusted effective income tax rate does not generally differ materially from the GAAP effective income tax rate, certain exclusions from non-GAAP results, such as the unfavorable tax impacts associated with the classification of the *Voortman®* business as held for sale, can significantly impact the adjusted effective income tax rate.

These non-GAAP financial measures are not intended to replace the presentation of financial results in accordance with U.S. GAAP. Rather, the presentation of these non-GAAP financial measures supplements other metrics used by management to internally evaluate its businesses and facilitate the comparison of past and present operations and liquidity. These non-GAAP financial measures may not be comparable to similar measures used by other companies and may exclude certain nondiscretionary expenses and cash payments. A reconciliation of certain non-GAAP financial measures to the comparable GAAP financial measure for the current and prior year periods is included in the "Unaudited Non-GAAP Financial Measures" tables. The Company has also provided a reconciliation of non-GAAP financial measures for its fiscal year 2025 outlook.

UNAUDITED NON-GAAP FINANCIAL MEASURES

(Dollars in millions)	Three Months Ended October 31,			
	2024	2023	Increase (Decrease)	%
Net sales reconciliation:				
Net sales	$2,271.2	$1,938.6	$332.6	17%
Hostess Brands acquisition	(315.5)	-	(315.5)	(16)
Canada condiment divestiture	-	(15.8)	15.8	1
Sahale Snacks® divestiture	-	(13.1)	13.1	1
Foreign currency exchange	0.5	-	0.5	-
Net sales excluding acquisition, divestitures, and foreign currency exchange	$1,956.2	$1,909.7	$46.5	2%

Note: Amounts may not add due to rounding

UNAUDITED NON-GAAP FINANCIAL MEASURES

(Dollars in millions)	Three Months Ended October 31,	
	2024	2023
Gross profit reconciliation:		
Gross profit	$886.1	$724.2
Change in net cumulative unallocated derivative gains and losses	(11.7)	26.3
Cost of products sold – special project costs	5.3	-
Adjusted gross profit	$879.7	$750.5
Operating income reconciliation:		
Operating income	$169.7	$298.9
Amortization	55.8	39.6
Loss (gain) on divestitures – net	260.8	13.8
Change in net cumulative unallocated derivative gains and losses	(11.7)	26.3
Cost of products sold – special project costs	5.3	-
Other special project costs	10.7	6.8
Adjusted operating income	$490.6	$385.4

UNAUDITED NON-GAAP FINANCIAL MEASURES

(Dollars and shares in millions, except per share data)	Three Months Ended October 31,	
	2024	2023
Net income (loss) reconciliation:		
Net income (loss)	($24.5)	$194.9
Income tax expense	91.3	54.5
Amortization	55.8	39.6
Loss (gain) on divestitures – net	260.8	13.8
Change in net cumulative unallocated derivative gains and losses	(11.7)	26.3
Cost of products sold – special project costs	5.3	-
Other special project costs	10.7	6.8
Other debt costs – special project costs	-	19.5
Other expense – special project costs	-	0.4
Other infrequently occurring items:		
Unrealized loss (gain) on investment in equity securities – net [(A)]	-	(5.9)
Adjusted income before income taxes	$387.7	$349.9
Income taxes, as adjusted	93.5	84.9
Adjusted income	$294.2	$265.0
Weighted-average shares outstanding – assuming dilution	106.7	102.4
Adjusted earnings per share – assuming dilution	$2.76	$2.59

[(A)] Unrealized loss (gain) on investment in equity securities – net includes gains and losses resulting from the change in fair value of the Company's investment in Post common stock and the related equity forward contract, which was settled on November 15, 2023.

UNAUDITED NON-GAAP FINANCIAL MEASURES

(Dollars in millions)	Three Months Ended				TTM Ended	Year Ended
	January 31, 2024	April 30, 2024	July 31, 2024	October 31, 2024	October 31, 2024	April 30, 2024
EBITDA (as adjusted) reconciliation:						
Net income (loss)	$120.4	$245.1	$185.0	($24.5)	$526.0	$744.0
Income tax expense	75.1	68.0	61.0	91.3	295.4	252.4
Interest expense – net	99.8	97.3	100.4	98.7	396.2	264.3
Depreciation	67.5	69.0	73.0	72.2	281.7	239.7
Amortization	55.7	56.0	56.0	55.8	223.5	191.1
Loss (gain) on divestitures – net	0.3	-	-	260.8	261.1	12.9
EBITDA (as adjusted) (A)	$418.8	$535.4	$475.4	$554.3	$1,983.9	$1,704.4

Note: Amounts may not add due to rounding

(A) Reflects amounts as reported, including acquired and divested businesses while under Company ownership.

NON-GAAP RECONCILIATION

Company Guidance

	Year Ending April 30, 2025	
	Low	High
Net income per common share – assuming dilution reconciliation:		
Net income per common share – assuming dilution	$4.60	$5.00
Change in net cumulative unallocated derivative gains and losses [A]	0.14	0.14
Amortization	1.37	1.37
Loss (gain) on divestitures – net	1.61	1.61
Special project costs	0.40	0.40
Pension plan termination settlement charge [B]	0.31	0.31
Adjusted effective income tax rate impact	1.27	1.27
Adjusted earnings per share	$9.70	$10.10

[A] We are unable to project derivative gains and losses on a forward-looking basis as these will vary each quarter based on market conditions and derivative positions taken. The change in unallocated derivative gains and losses in the table above reflects the net impact of the gains and losses that have been recognized in our GAAP results and excluded from non-GAAP results as of October 31, 2024, that are expected to be allocated to non-GAAP results in future periods.

[B] Represents a non-recurring pre-tax settlement charge related to the termination of one of the Company's U.S. defined benefit pension plans anticipated to be realized during fiscal year 2025 upon settlement of the pension obligations.

NON-GAAP RECONCILIATION

Company Guidance

(Dollars in millions)	Year Ending April 30, 2025
Free cash flow reconciliation:	
Net cash provided by operating activities	$1,325
Additions to property, plant, and equipment	(450)
Free cash flow	$875

ADDITIONAL INFORMATION

Crystal Beiting
Vice President, Investor Relations & FP&A
ir.team@jmsmucker.com
Phone: (330) 682-3000

Investor Relations Website:
https://investors.jmsmucker.com/