



# THE J.M. SMUCKER Co

## Fiscal Year 2025 Fourth Quarter Earnings Prepared Management Remarks

**June 10, 2025**

## **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 2025 fourth quarter earnings. 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 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 management uses to evaluate performance internally. I encourage you to read the full disclosure concerning forward-looking statements and details on our non-GAAP measures in this morning's press release.

Today's press release, a supplementary slide deck, management's prepared remarks, and the Q&A webcast can all be accessed on our Investor Relations website at [jmsmucker.com](https://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 fourth quarter results and next year's outlook for fiscal year 2026.

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.

I will begin today's call with a summary of our full-year performance and then provide highlights on our fourth quarter results. I will also share the strategic priorities that will enable us to achieve our fiscal 2026 guidance in what continues to be a dynamic operating environment, while positioning the Company for future growth through investments to support our key platforms and strengthen our brands. Tucker will then provide additional details on our fourth quarter results and outlook for next fiscal year.

Fiscal year 2025 was a year of significant progress as we delivered positive results in a challenging environment. Our performance reflects top-line growth supported by strong consumer demand for our portfolio of leading brands, and bottom-line growth driven by disciplined cost management and execution. We demonstrated agility throughout the organization by successfully managing what we could control, and we navigated with excellence those factors beyond our control – as a result the business remained resilient amidst macroeconomic pressures.

Our results in fiscal year 2025 reflect the success of our focused strategy and portfolio optimization, which has fundamentally transformed the Company, of note;

- We reignited innovation that is resonating with our consumers, with over \$100 million in net sales coming from new products in their first year of launch, resulting in one of our most successful years of innovation in recent history. We launched *Jif*® Peanut Butter and Chocolate Flavored Spread, new varieties of *Uncrustables*® sandwiches, *Café Bustelo*® multi-serve coffee, and *Milk-Bone*® Peanut Butter Bites, just to name a few, all of which are exceeding expectations;
- Our investments in brand building continued to be effective and drove consumer demand, with brands growing or maintaining dollar share accounting for 74% of our measured retail dollar sales in the fourth quarter as we ended the fiscal year;
- Our Transformation Office delivered cost and productivity benefits, including synergies from the Hostess Brands acquisition of approximately \$75 million, which exceeded our original expectations;
- And, we continued to prioritize resources to our largest growth opportunities in our key platforms; the *Uncrustables*®, *Café Bustelo*®, *Meow Mix*®, *Milk-Bone*®, and *Hostess*® brands. I'll dive deeper into each of these.

Starting with the *Uncrustables*® brand, which continued its strong momentum throughout the year, including realizing its 11<sup>th</sup> consecutive fiscal year of double-digit growth in total Company net sales. In fiscal year 2025, we grew the brand by over \$125 million to approximately \$920 million in net sales. This tremendous growth was driven by our national advertising campaign, distribution gains, and new merchandising investments to drive trial and awareness. We also accelerated our innovation efforts with new sandwich varieties and have begun launching a regular cadence of limited-edition flavors starting this summer with a new Peanut Butter and Mixed Berry Spread variety, which is now in stores. These actions continue to increase household penetration and fuel our ambition to have *Uncrustables*® sandwiches everywhere.

The #1 SKU in the total frozen category is an *Uncrustables*® sandwich, with two SKUs in the top ten. The *Uncrustables*® brand is leading the entire frozen category in new buyers for households with kids, Millennials, and Gen Z. We are expanding into convenience stores and continue to secure commitments to drive growth in this important channel. And, to support the growth in demand, we opened our third and largest *Uncrustables*® sandwich manufacturing facility in McCalla, Alabama, which continues to increase production, thereby driving margin expansion through more efficient cost absorption. With this incredible momentum, we are well on our way for the *Uncrustables*® brand to generate over \$1 billion in net sales by the end of fiscal year 2026.

Our second key growth platform, the *Café Bustelo*® brand, continued its momentum as one of the fastest-growing brands in the at-home coffee category. The brand gained dollar and volume share in every segment it competes in, including the mainstream, one cup, and instant categories over the past year. The *Café Bustelo*® brand grew net sales by 19% in our U.S. Retail Coffee portfolio, ending fiscal year 2025 with net sales of approximately \$400 million. We remain focused on expanding the *Café Bustelo*® brand nationally and broadening its consumer audience through marketing and innovation and have launched new roast profiles in both pre-pack and one cup formats. These new products have received strong retailer acceptance that exceeded our initial expectations and will help drive another year of anticipated double-digit net sales growth for the brand.

For the *Milk-Bone*® and *Meow Mix*® brands, we continued to drive the humanization trend in the pet category and have created opportunities for our brands to deliver meaningful innovation through our leading volume share positions in dog snacks and dry cat food. In dog snacks, we launched the first dog treat featuring a human food brand, *Milk-Bone*® Peanut Butter Bites made with *Jif*® peanut butter, which outpaced all competitor innovations launched in 2024. The launch continues to exceed our expectations and contributed to the strong double-digit net sales growth for our *Milk-Bone*® soft and chewy dog snacks this past fiscal year. Turning to the *Meow Mix*® brand, we continued to fuel growth through modernized packaging, elevated mainstream options, and margin accretive innovation. All of which drove share growth and household penetration in the dry cat food category this past year. Our most recent innovation, *Meow Mix*® *Gravy Bursts*®, is off to a strong start and highlights our ability to bring unique innovation to the category. And for the overall segment, we were able to expand our U.S. Retail Pet Foods margins by over 500 basis points, demonstrating the results of our portfolio optimization strategy and the benefits of our Transformation Office.

Finally, we are taking decisive actions to improve the results of our Sweet Baked Snacks segment, which has not met our expectations. The business was impacted by two primary factors which ultimately led to underperformance in the segment. First, consumers continue to be selective in their spending, largely driven by inflationary pressures and diminished discretionary income, causing the sweet baked goods category to recover slower than we anticipated. These trends are causing a reduction in all channels, inclusive of convenience, where traffic and spend has been broadly challenged. Second, we did not perform with excellence from a distribution, merchandising, and competitive standpoint. We are addressing these challenges and are committed to returning the *Hostess*® brand to growth.

With that said, the environment and our assumptions have evolved since we acquired the Hostess business. Taking into consideration these changes, and with a new leader of our Sweet Baked Snacks segment in place providing a current perspective of the business, we are updating our expectations and now anticipate 3% long-term net sales growth for the segment. We are also refining our strategy and taking a more focused approach for this business. By narrowing our priorities to three key drivers, we will accelerate the stabilization and eventual growth of the *Hostess*® brand through strengthening the portfolio, elevating our execution, and reigniting sustainable growth for the Sweet Baked Snacks segment.

First, we are strengthening our portfolio to stabilize the *Hostess*® brand's performance and deliver margin expansion. This includes optimizing our assortment, executing portfolio simplification tied to fixed cost reductions, and improving competitiveness through key price points. Actions we are taking include:

- Improving core velocities through brand building, media investment, and breakthrough activations. We are currently launching a portfolio redesign across all consumer touchpoints and optimizing our assortment of product offerings through SKU and display rationalization.
- In addition to improving core velocities, we are taking steps to rebuild the margin profile of the Sweet Baked Snacks segment through a streamlined bakery footprint and performance enhancement. This includes the recent announcement of the planned closure of our Indianapolis manufacturing facility and through embracing a transformation mindset regarding cost and productivity savings. Further, we are evolving our promotion and trade optimization strategy to meet the needs of today's consumer.

Our second strategic driver for the Sweet Baked Snacks segment is to elevate our execution by improving our supply chain efficiency, streamlining commercial processes, and redeploying resources. To start we are creating a dedicated Sweet Baked Snacks sales organization to enable greater focus and are reorganizing marketing resources to improve accountability and prioritization within the segment.

Our third driver is to refocus our strategy to reignite sustainable growth. *Hostess*<sup>®</sup> remains an iconic brand, with strong awareness, category-leading household penetration, and beloved products with the #1 brand of packaged donuts in the category in *Donettes*<sup>®</sup>, the #1 cupcake in the category, and a leading snack cakes brand in *Twinkies*<sup>®</sup>. We are focusing on the unique areas of strength for the brand by evolving our demand creation strategy to meet the expectations of today's sweet snacking consumer and shifting our innovation strategy to ensure we are strengthening the iconic parts of the portfolio.

We will continue to apply our proven brand building model to the *Hostess*<sup>®</sup> brand and through these actions we are confident we can build back momentum and profitability for the Sweet Baked Snacks segment, while positioning it for sustainable long-term growth.

Altogether, our key platforms, including the *Hostess*<sup>®</sup> brand, represent our largest growth opportunities. We anticipate these brands will deliver over 80% of the Company's growth over the next five years.

Now turning to our fourth quarter results. Total Company comparable net sales decreased 1% and, when excluding contract manufacturing sales related to the divested pet food brands, comparable net sales was flat versus the prior year.

In Coffee, net sales increased 11%. Our portfolio is performing well as we navigate record-high green coffee costs and continue to demonstrate the ability to recover increased commodity costs through responsible pricing. Due to higher green coffee costs and the pass-through nature of the coffee category, we took a price increase last June across parts of our portfolio. In October, we successfully took a second price increase across our entire portfolio, as we saw continued inflation in green coffee. Since then, price elasticity of demand trends have been favorable to our initial expectations, including in the fourth quarter. As we start fiscal year 2026, there is a need to take further pricing actions to recover increasing costs from ongoing green coffee inflation. As such, we took a price increase in May, which is now on-shelf, and are planning another price increase for August. Through the combination of these two pricing actions, we will recover our anticipated costs for the fiscal year and have contemplated a historical price elasticity of demand impact to volume in our guidance.

Overall, at-home coffee remains a strong and resilient category that provides value to consumers in all economic environments, and at-home coffee continues to represent approximately 70% of all coffee drinking occasions. Our portfolio provides an affordable price per serving as an alternative to other beverage experiences such as the coffee shop, among others. We continue to anticipate the commodity will normalize over time as it has historically. As always, we will manage our coffee business through a strategy that demonstrates a balance between recovering inflationary input costs, while providing consumers with attractive options ranging from value to premium.

In Frozen Handheld and Spreads, net sales was flat versus the prior year, primarily driven by growth for *Uncrustables*<sup>®</sup> sandwiches, partially offset by decreases for *Smucker's*<sup>®</sup> fruit spreads and *Jif*<sup>®</sup> peanut butter. Measured retail dollar sales outpaced net sales in the quarter for *Uncrustables*<sup>®</sup> sandwiches, as we lapped strong distribution gains in the prior year. Last week, we took a list price increase on *Uncrustables*<sup>®</sup> sandwiches to recover increased costs. This is our first price increase for the brand in over three years.

In Pet Foods, net sales decreased 13% versus the prior year, reflecting unexpected retailer inventory headwinds and a reduction in contract manufacturing sales related to the divested pet food brands. Measured retail dollar sales for our dog snacks portfolio in the latest 13-week period declined 7% and *Meow Mix*<sup>®</sup> cat food dollar sales increased 3%.

Overall, the dog snacks category continues to be impacted by a slowdown in discretionary spending largely driven by inflationary pressures. Our portfolio remains well-positioned as we continue to focus on driving growth for the *Milk-Bone*<sup>®</sup> brand, with its strong leadership position in the category. In cat food, we continue to see tailwinds as the cat population is projected to grow, and we anticipate further share growth for the *Meow Mix*<sup>®</sup> brand. Dog snacks and cat food are attractive categories, and e-commerce trends will remain a tailwind for our portfolio.

In Sweet Baked Snacks, comparable net sales decreased 14%. The decrease in net sales was greater than anticipated, primarily driven by elevated trade recognition in the quarter. Dollar sales for the *Hostess*<sup>®</sup> brand in the latest 13-week period declined 7%, and we saw a stabilization in our overall share trends.

Finally, in International and Away From Home, comparable net sales grew 4%. Growth was driven by the Away From Home business, as it continues to deliver strong results by leveraging our leading national brands and key growth platforms in Away From Home channels.

As we exit the fiscal year, I would like to highlight a few key points:

- Our legacy business, which accounts for approximately 85% of our total Company net sales, delivered strong growth;
- While near-term performance has not met our expectations for the Sweet Baked Snacks segment, we are taking decisive actions to stabilize and refocus the segment;
- And, we remain confident in our ability to deliver long-term sustainable growth and our ambition to generate over \$1 billion in free cash flow annually.

With this in mind, we are amplifying what is working and evolving our strategy where needed. Our strategic priorities for fiscal year 2026 are as follows.

First, accelerate organic growth by investing in our key platforms while also enabling the delivery of brands that meaningfully support total Company profitability. This includes working to stabilize and refocus the Sweet Baked Snacks segment for sustainable growth and margin expansion. And, in each of our businesses, we are focusing on being where the consumer is shopping and growing share with our strategic customers.

Second, embed transformation in our everyday mindset through a continued focus on safety, quality, reliability, and cost; integrating savings to drive investment in our brands; and aspiring to generate over \$1 billion in free cash flow annually while executing on our capital deployment strategy.

And third, we will remain true to our Basic Beliefs by fostering a 'Be Bold' mindset, accelerating our pace of change to grow our competitive edge while enabling greater speed and agility across the organization. This includes continuing to evolve our brands and embed them into today's culture, while ensuring we meet the needs of the consumer.

As we execute these priorities and position the Company for long-term growth, we acknowledge that we continue to operate in a dynamic environment including evolving macroeconomic factors, record-high green coffee costs, implications from tariffs, regulatory and policy changes, and consumers that continue to seek value.

Given these factors, we are being cautious in our fiscal year 2026 guidance and are providing a wider range. Net sales are expected to increase 2% to 4%. Comparable net sales are expected to increase 4.5% at the mid-point of the guidance range. The increase in net sales will be supported by growth in each of our U.S. Retail segments, when excluding reduced contract manufacturing sales related to the divested pet food brands, and in International and Away From Home. This reflects higher net price realization for the total Company and ongoing brand momentum for our key growth platforms, including anticipated volume/mix growth for the *Uncrustables*®, *Café Bustelo*®, *Meow Mix*®, and *Milk-Bone*® brands. We anticipate total Company volume/mix to decline, largely driven by our price elasticity of demand assumptions for coffee and a decline in our Sweet Baked Snacks segment.

Adjusted earnings per share is expected to be in the range of \$8.50 to \$9.50. This reflects the impact from our coffee price elasticity of demand assumptions, increased marketing investments for our key growth platforms, headwinds in the Sweet Baked Snacks segment, and tariffs, partially offset by the positive tailwinds benefiting the business.

Embedded in our guidance range are our assumptions related to the impact from tariffs in the current environment. As a domestic food producer, we are relatively less exposed to tariffs compared to other industries. That said, the current U.S. tariff impact on green coffee is our largest exposure that we will manage on top of navigating record-high costs for the commodity. Green coffee is an unavailable natural resource that cannot be grown in the continental U.S. due to its reliance on a tropical climate. We currently purchase approximately 500 million pounds of green coffee annually, with the majority coming from Brazil and Vietnam, the two largest coffee producing countries. Outside of coffee, the vast majority of our U.S. production is sourced domestically, however, there is some sourcing of finished goods and ingredients that are subject to tariffs, as things stand today. This has been factored into our outlook and we are working to mitigate these cost increases through a combination of alternative sourcing strategies, supply chain optimization, and responsible pricing.

In closing, while we expect the external environment will continue to be dynamic, we remain confident in our strategy. We operate in attractive categories with leading brands and offerings ranging from value to premium. And as we look ahead, we remain focused on investing in our key growth platforms and executing on our strategic priorities, which will enable us to deliver long-term growth and increase shareholder value.

Before I close, I would like to extend my appreciation to all of our 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 will begin by providing detail on the noncash impairment charges reflected in our fourth quarter GAAP results. We recognized a \$867 million impairment charge related to the goodwill of the Sweet Baked Snacks reporting unit and a \$113 million impairment charge related to the *Hostess*® brand indefinite-lived trademark. These impairment charges are driven by the continued underperformance of the Sweet Baked Snacks segment and updated assumptions following the re-evaluation of the strategic priorities of this business to three drivers: strengthening the portfolio, elevating our execution, and reigniting sustainable growth.



Due to the continued underperformance of the sweet baked goods category relative to when Hostess Brands was acquired, we now anticipate 3% net sales growth over the long-term. Through our revised strategy, we will stabilize the *Hostess*® brand's performance and deliver net sales and segment profit growth for the business.

Now, I'll provide an overview of our fourth quarter results, then give additional details on our financial outlook for fiscal year 2026.

In the quarter, net sales declined 3%. Comparable net sales decreased 1%, excluding the impact of divestitures and foreign currency exchange. Net sales was flat versus the prior year, when also excluding contract manufacturing sales related to the divested pet food brands.

The decrease in comparable net sales reflects a 3 percentage point decrease in volume/mix, driven by decreases for dog snacks, sweet baked goods, lower contract manufacturing sales related to the divested pet food brands, and fruit spreads, partially offset by an increase for *Uncrustables*® sandwiches.

Higher net price realization increased net sales by 3%, driven by higher net pricing for coffee, partially offset by lower net pricing for sweet baked goods and dog snacks.

Net sales in the quarter were impacted by retailer inventory headwinds in U.S. Retail Pet Foods in addition to elevated trade recognition in the quarter for Sweet Baked Snacks. Outside of these two elements, total Company net sales overall came in-line with expectations for the quarter.

Adjusted gross profit decreased \$84 million, or 9%, compared to the prior year. The decrease reflects higher costs, unfavorable volume/mix, and the noncomparable impact of divestitures, partially offset by higher net price realization.

Adjusted operating income decreased \$39 million, or 8%, reflecting the decreased gross profit, partially offset by favorable SD&A expenses. The favorability in SD&A was driven by decreased administrative expenses, lower marketing spend, and reduced pre-production expenses primarily related to the new *Uncrustables*® sandwiches manufacturing facility.

Below operating income, net interest expense decreased \$3 million, driven by reduced debt outstanding. The adjusted effective income tax rate was 23.9%, compared to 23.2% in the prior year.

Factoring in all these considerations, along with weighted average shares outstanding of 106.7 million, fourth quarter adjusted earnings per share was \$2.31, a decrease of 13% versus the prior year.

Turning to our segment results, in the U.S. Retail Coffee segment, net sales increased 11% versus the prior year. Net price realization increased net sales by 10 percentage points, driven by higher net pricing for the *Folgers*® and *Café Bustelo*® brands. Volume/mix was neutral to net sales, reflecting an increase for the *Café Bustelo*® brand, mostly offset by a decrease for the *Folgers*® brand.

U.S. Retail Coffee segment profit was neutral versus the prior year, as higher net price realization and lower marketing expenses were largely offset by higher commodity costs.



In U.S. Retail Frozen Handheld and Spreads, net sales was neutral versus the prior year. Lower net price realization decreased net sales by 1 percentage point, primarily reflecting lower net price realization for *Jif*® peanut butter and *Uncrustables*® sandwiches, partially offset by a list price increase for *Smucker's*® toppings and syrups. Volume/mix increased net sales by 1 percentage point, driven by an increase for *Uncrustables*® sandwiches, which was partially offset by a decrease for *Smucker's*® fruit spreads.

U.S. Retail Frozen Handheld and Spreads segment profit decreased 5%, reflecting equipment write-off charges, higher costs, and lower net price realization, partially offset by lower pre-production expenses largely related to the new *Uncrustables*® sandwiches manufacturing facility and lower marketing expenses.

In U.S. Retail Pet Foods, net sales decreased 13% versus the prior year. Volume/mix decreased net sales by 11 percentage points, driven by a decrease for dog snacks and a \$16 million decrease in contract manufacturing sales related to the divested pet food brands. Lower net price realization decreased net sales by 2 percentage points, primarily driven by dog snacks and cat food. Net sales declined 10% versus the prior year, when excluding contract manufacturing sales related to the divested pet food brands.

U.S. Retail Pet Foods segment profit decreased 7%, driven by unfavorable volume/mix and lower net price realization, partially offset by lower costs and decreased marketing expenses.

In the Sweet Baked Snacks segment, net sales decreased 26% versus the prior year. Excluding noncomparable net sales in the prior year related to the divestitures of the *Voortman*® business and certain Sweet Baked Snacks value brands, net sales decreased 14%. Volume/mix decreased net sales by 9 percentage points, driven by decreases for snack cakes, donuts, and private label products. Lower net price realization decreased net sales by 4 percentage points, reflecting lower net pricing across the portfolio.

Sweet Baked Snacks segment profit decreased 72%, primarily driven by higher costs, lower net price realization, unfavorable volume/mix, and the impact of the noncomparable segment profit in the prior year related to the divested businesses.

Lastly, in International and Away From Home, net sales increased 3%. Excluding \$4 million of unfavorable foreign currency exchange, net sales increased 4%. Net price realization contributed a 6 percentage point increase to net sales, reflecting higher net pricing for coffee. Volume/mix decreased net sales by 1 percentage point, as decreases for coffee and portion control products were partially offset by an increase for *Uncrustables*® sandwiches.

Net sales for the Away From Home business increased 5% on a comparable basis, led by a double-digit percentage increase for *Uncrustables*® sandwiches. Net sales for the International business increased 4% on a comparable basis, largely driven by our coffee portfolio.

International and Away From Home segment profit increased 13%, reflecting higher net price realization and lower pre-production expenses primarily related to the new *Uncrustables*® sandwiches manufacturing facility, partially offset by higher costs.

Fourth quarter free cash flow was \$299 million, compared to \$298 million in the prior year, driven by a decrease in capital expenditures, partially offset by a decrease in cash provided by operating activities. On a full-year basis, free cash flow was \$817 million, an increase of \$174 million versus the prior year. Capital expenditures were \$394 million, representing 4.5% of net sales, a decrease versus the prior year. Our results demonstrate the continued progress we are making towards our long-term strategic target of capital expenditures at approximately 3.5% of net sales.

Leveraging our strong cash generation, we returned approximately \$455 million of cash to shareholders through dividends in the fiscal year. We also increased our quarterly dividend by 2%, marking 23 consecutive fiscal years of dividend growth.

We finished the year with a cash and cash equivalent balance of \$70 million and a total net debt balance of \$7.6 billion. Based on a trailing twelve-month adjusted EBITDA of approximately \$2.1 billion, our leverage ratio stands at 3.6x.

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

Let me now provide additional color 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 impact our fiscal year 2026 outlook. This guidance reflects the Company's expectations based on its current understanding of these factors.

We expect full-year net sales to increase 2% to 4% compared to the prior year reflecting a \$135 million headwind from lapping sales of the divested *Voortman*<sup>®</sup> business and certain Sweet Baked Snacks value brands, and a \$38 million unfavorable impact from reduced contract manufacturing sales related to the divested pet food brands, which we have now exited.

On a comparable basis, net sales are anticipated to increase approximately 4.5% at the midpoint. This reflects growth in each of our U.S. Retail segments, when excluding reduced contract manufacturing sales related to the divested pet food brands, and in International and Away From Home. In the Sweet Baked Snacks segment, we anticipate comparable net sales to decline low-single-digits as we look for our actions to stabilize the *Hostess*<sup>®</sup> brand in the back-half of the fiscal year.

Comparable net sales growth reflects higher net price realization, primarily due to list price increases to recover higher green coffee costs in our U.S. Retail Coffee segment and in International and Away From Home, and a price increase for *Uncrustables*<sup>®</sup> sandwiches in the U.S. Retail Frozen Handheld and Spreads segment to recover increased costs. Volume/mix is anticipated to be unfavorable, largely driven by our U.S. Retail Coffee segment from the price elasticity of demand assumptions contemplated in our guidance, and our Sweet Baked Snacks segment as we continue to experience category and channel headwinds. We continue to see momentum for our key platforms, including anticipated volume/mix growth for the *Uncrustables*<sup>®</sup>, *Café Bustelo*<sup>®</sup>, *Meow Mix*<sup>®</sup>, and *Milk-Bone*<sup>®</sup> brands.

We anticipate full-year adjusted gross profit margin of 35.5% to 36.0%. This reflects increased commodity and manufacturing costs and unfavorable volume/mix, partially offset by higher net price benefits, cost and productivity savings from our transformation efforts, and the realization of synergies. The net impact from our tariff assumptions factored into our adjusted gross profit margin is estimated to be an unfavorable impact of approximately 50 basis points, largely reflected in the U.S. Retail Coffee segment.

SD&A expenses are projected to increase by approximately 3%, primarily reflecting increased marketing investments in the *Café Bustelo*® and *Uncrustables*® brands. Total marketing expense is estimated to be 5.7% of net sales, an increase of 30 basis points or approximately \$40 million versus the prior year.

We anticipate net interest expense of approximately \$380 million, driven by continued debt paydown. Our adjusted effective income tax rate is anticipated to be 23.7%, along with a full-year weighted average share count of 106.7 million.

Taking all these factors into consideration, we anticipate full-year adjusted earnings per share to be in the range of \$8.50 to \$9.50. This wide guidance range includes the following unfavorable impacts: \$0.80 from the net impact of our elasticity of demand assumptions in the U.S. Retail Coffee segment, a \$0.30 impact from increased marketing investments, a \$0.25 net impact from tariffs, and \$0.20 from a decline in profitability within the Sweet Baked Snacks segment excluding divestiture impacts. These headwinds more than offset the favorable tailwinds benefiting the business including:

- Base business momentum;
- Cost and productivity benefits from our Transformation Office;
- \$100 million in total run-rate synergies from the Hostess acquisition by the end of the fiscal year;
- Benefits from mitigating the majority of stranded overhead;
- And, continued debt paydown of approximately \$500 million.

We project free cash flow of approximately \$875 million at the midpoint 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 first quarter of the fiscal year, net sales are anticipated to decline low-single-digits, which incorporates an impact of \$53 million related to the divested *Voortman*® business and certain Sweet Baked Snacks value brands. Comparable net sales are anticipated to be flat, reflecting a mid-single-digit increase in net price realization offset by unfavorable volume/mix. Net sales also reflects a decline of \$10 million of contract manufacturing sales related to the divested pet food brands.

Adjusted earnings per share are expected to decline approximately 25%, primarily driven by a decrease in adjusted gross profit in our U.S. Retail Coffee and Sweet Baked Snacks segments. We anticipate adjusted earnings per share will improve sequentially throughout the fiscal year.

Overall, in fiscal year 2026 we are committed to maintaining a disciplined and responsible financial approach, while strategically investing in our key platforms and executing on our strategic priorities to deliver long-term growth and increase shareholder value. This includes fiscal year 2027, which we anticipate will be an algorithm year for adjusted earnings per share growth, absent any significant changes in the green coffee market and consumer or regulatory environment, inclusive of trade policy.

In closing, I would like to thank our employees. They have demonstrated 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'<sup>®</sup>.

The *Dunkin'*<sup>®</sup> brand is 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'*<sup>®</sup> restaurants.