



THE J.M. SMUCKER Co

Fiscal Year 2026 Third Quarter Earnings Prepared Management Remarks

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CORPORATE PARTICIPANTS

Crystal Beiting, Vice President, Investor Relations & FP&A

Mark Smucker, Chief Executive Officer, President and Chair of the Board

Tucker Marshall, Chief Financial Officer | Executive Vice President, Frozen Handheld and Spreads and Sweet Baked Snacks

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 third quarter earnings call. After this brief introduction, Mark Smucker, Chief Executive Officer, President and Chair of the Board, will provide a business and strategy update. Tucker Marshall, Chief Financial Officer | Executive Vice President, Frozen Handheld and Spreads and Sweet Baked Snacks, 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 third 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, PRESIDENT AND CHAIR OF THE BOARD

Thank you, Crystal, and good morning, everyone.

In the third quarter, the Company's positive momentum continued, and our results exceeded our expectations. We delivered another quarter of strong top-line growth, driven by the ongoing demand for our leading and iconic brands and higher-growth brands, as we continue to realize the benefits of our transformed portfolio. Our bottom-line performance reflects disciplined cost management, and we delivered sequential improvement in adjusted earnings per share.

As we look ahead, we are focused on three distinct objectives:

- First, we will continue to advance our long-term growth strategy and further the momentum of our portfolio of leading brands;
- Second, we are highly focused on improving profitability and driving earnings growth across the Company;
- And, third, we remain committed to a disciplined capital deployment model that prioritizes organic growth opportunities, debt paydown, and shareholder return in the form of dividends and share repurchases, while maintaining our current investment-grade debt ratings.

Each of these objectives builds on how we have transformed our portfolio through a focused strategy centered around engaging and delighting consumers by participating in attractive categories, building brands consumers love, and being everywhere consumers shop. This approach has created a complementary and cohesive portfolio across the Company, supported by our enterprise-wide marketing capabilities, disciplined commercial execution, and a connected manufacturing and supply chain network.

Our third quarter results continue to demonstrate that our strategy is working. Total company comparable net sales increased 8%, and when excluding contract manufacturing sales related to the divested pet food brands, net sales increased 9% versus the prior year. Nearly two-thirds of our portfolio is growing or maintaining dollar share, while more than three-fourths is growing or maintaining volume share in measured retail channels. We are focused on continuing this momentum by prioritizing resources towards our largest growth opportunities: the *Uncrustables*[®], *Café Bustelo*[®], *Milk-Bone*[®], and *Meow Mix*[®] brands. I'll dive deeper into each of these.

Starting with the *Uncrustables*[®] brand, which grew net sales 10% at the total Company level. This fiscal year, we expect to achieve our \$1 billion annual net sales aspiration for the *Uncrustables*[®] brand. The brand has added approximately 3.5 million new households over the past year and continues to over-index to households with kids and Millennials. With household penetration at just 26%, we continue to see a long runway for growth.

We are fueling this momentum through consumer-led innovation and being everywhere the consumer shops. In innovation, we recently announced fridge-friendly *Uncrustables*[®] sandwiches, which will be available across all flavors starting this summer. Now, in addition to being kept in the freezer, all *Uncrustables*[®] sandwiches will also be able to be kept fresh in the fridge for up to five days, making it easier to enjoy at a moment's notice — increasing convenience and expanding usage occasions.

We are also expanding into morning occasions, through our *Uncrustables*[®] sandwiches that offer 12 grams of protein, *Up & Apple*[™] and *Bright-Eyed Berry*[™]. These new varieties access an entirely new daypart for the *Uncrustables*[®] brand focused on breakfast and morning snacking, while also meeting the needs of consumers who are increasingly prioritizing protein throughout the day. These new varieties are off to a strong start, recently achieving \$1 million in weekly measured retail dollar sales. We will build on this foundation and plan to expand the platform this spring with a new blueberry flavor.

As we look to expand availability, the convenience channel offers a unique opportunity for an immediate consumption occasion. While still early, we have tripled monthly measured retail dollar sales for the *Uncrustables*[®] brand in this channel versus the prior year. *Uncrustables*[®] sandwiches are in the top 10% of fastest-growing brands in dollars and units across all categories in the convenience channel over the past year, and we expect to significantly expand distribution over time.

We are building a truly iconic brand with widespread, multi-generational appeal, which we expect to become a top three brand in the total freezer aisle.

Our next key growth platform, the *Café Bustelo*[®] brand, continues to deliver strong results and remains one of the fastest-growing brands in the at-home coffee category. The brand gained both dollar and volume share in every segment in which it competes, including the mainstream, pre-pack, one cup, and instant categories in the latest 13-week period.

Net sales for *Café Bustelo*[®] increased 46% within our U.S. Retail Coffee portfolio, including a 20% increase in volume/mix. Growth has been driven by expanded distribution and increased marketing investments.

The brand is resonating particularly well with Gen Z and Millennials, and is further supported by our innovation strategy. Last summer, we introduced new roast profiles to 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. This fiscal year, we expect the brand to surpass \$500 million in net sales, an increase of more than \$100 million versus the prior year, driven by both volume and pricing. We continue to make progress on our ambition to make *Café Bustelo*[®] a top four brand in the at-home coffee category.

For the *Milk-Bone*[®] brand, net sales increased 3% in the quarter within our U.S. Retail Pet portfolio. In the latest 13-week period, the brand grew in both volume and household penetration. Growth was supported by our strategy to maximize and win everyday treating, amplify brand love with new pet parents, and expand consumption through impulse opportunities across innovation and seasonals.

As the leading brand in dog snacks, we are fueling the humanization trend through innovation, premiumization, and evolved messaging. We are strengthening our core business value proposition with updated packaging to highlight protein and other functional benefits, while expanding premium offerings through the *Milk-Bone*[®] Peanut Buttery Bites platform.

This collaboration between the #1 dog snacks brand and the #1 peanut butter brand has been highly successful. *Milk-Bone*[®] Peanut Buttery Bites was the #1 dog snacks launch over the past four years, and we are excited to expand the platform with Peanut Buttery Cups launching next month.

In cat food, the *Meow Mix*[®] brand continued to see strong growth with both net sales and volume/mix increases in the quarter. In dry cat food, the *Meow Mix*[®] brand continued to outpace the category in sales and drove incremental household growth in the latest 13-week period. Growth continues to be supported by distribution gains, innovation, and marketing investments behind our multi-year *Meow Mix*[®] Re-Mix campaign.

Consumer-led innovation remains a key driver of our growth. *Meow Mix*[®] *Gravy Bursts*[™] combines the convenience of dry cat food with the excitement and taste of wet cat food. The offering continues to exceed expectations and was the #1 dry innovation launch in the category in 2025. Building on this success, we are expanding the platform with Gravy Bursts Salmon Flavor Cat Food and Gravy Bursts Chicken Flavored Treats, now available in stores.

The momentum we are seeing across the *Uncrustables*[®], *Café Bustelo*[®], *Milk-Bone*[®], and *Meow Mix*[®] brands underscores the strength of our strategy and the quality of our portfolio. These brands represent durable growth platforms supported by consumer-led innovation, strong brand equity, and enterprise-wide marketing capabilities. Importantly, they are driving growth today while strengthening our long-term value creation potential. As we continue to invest behind these platforms, we are confident in our ability to sustain this momentum and build leading and iconic brands that play key roles in the life of the consumer.

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

In Coffee, net sales increased 23%, 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. 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 fiscal 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.

From a profit perspective, we will not fully recover green coffee tariff costs incurred in fiscal year 2026. However, given the recent changes to U.S. trade policy to exclude tariffs on green coffee, we will lap these costs next fiscal year. Additionally, we are now starting to see moderation in green coffee futures supported by positive signs for next year's crop. Given the pass-through nature of the coffee category, during a period of sustained deflation, we have historically lowered prices and total profit has benefited from the favorable impact.

In Frozen Handheld and Spreads, net sales increased 2%, reflecting an increase for *Uncrustables*[®] sandwiches and *Jif*[®] peanut butter, and a decrease in *Smucker's*[®] fruit spreads. Net sales for the *Uncrustables*[®] brand grew 6% in the quarter. We continue to make strategic investments behind this key growth driver for the Company and are confident in the brand's long-term growth potential. In spreads, we are evolving our portfolio to meet the needs of the consumer, and one example is *Jif*[®] *Simply*[™]. This innovation is specifically designed to meet the evolving health preferences of today's consumers, delivering a simple, limited ingredient recipe without compromising on the taste consumers love. We see a clear opportunity to modernize our spreads portfolio and to elevate everyday meal and snack occasions.

In Pet Foods, net sales decreased 1%, reflecting a decline for the *Pup-Peroni*[®] brand and lapping contract manufacturing sales related to the divested pet food brands in the prior year. The *Meow Mix*[®] and *Milk-Bone*[®] brands both grew net sales and volume/mix in the quarter. The dog snacks category has rebounded in recent periods and cat food continues to demonstrate strong growth, creating a positive outlook for our portfolio.

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

- Pet population trends, where we expect to see both dog and cat population growth over the long term;
- The continued humanization of pets, leading pet parents to treat their pets like members of their family, driving further premiumization opportunities;
- And, e-commerce trends, a channel that continues to see strong growth, and aligns with evolving consumer preferences, which benefits our portfolio.

With the #1 brands in dog snacks and dry cat food, *Milk-Bone*[®] and *Meow Mix*[®], respectively, we are well positioned to build on these favorable category dynamics and accelerate growth through our proven brand-building model and innovation capabilities.

In Sweet Baked Snacks, the path to stabilization is taking longer than we expected; however, our focus remains on positioning the *Hostess*[®] brand for eventual growth. Third quarter results were below our expectations, driven by executional and operational challenges, higher costs, and the impact of near-term actions we are taking to strengthen the business for the long term, which include:

- Reducing our SKU count by 25% to simplify our offerings, as we prioritize high-velocity and margin-accretive SKUs. The majority of this work is now complete, and we anticipate the benefits from operational efficiency and improved customer service to largely benefit next fiscal year;
- The closure of our Indianapolis manufacturing facility, which will deliver approximately \$10 million in cost savings this fiscal year and \$30 million annually;
- And the strategic decision to reduce promotional activity from January to the end of the fiscal year for the Sweet Baked Snacks segment, as we work to improve our operations and evaluate where the greatest return on investment will be for the brand going forward.

While these actions are expected to strengthen the segment and support long-term growth and margin expansion, they are creating near-term volatility in volume and profitability this fiscal year.

Progress on our Sweet Baked Snacks stabilization strategy will continue to take time. With this in mind, we will take a prudent approach to investments in the business, while ensuring we remain focused on our most compelling growth opportunities for the total Company.

We remain focused on stabilizing performance and improving profitability in the Sweet Baked Snacks segment over time.

Finally, in International and Away From Home, comparable net sales grew 12%. 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, and anticipate strong double-digit growth as the Away From Home business grows to approximately 10% of total Company net sales this fiscal year.

Our third quarter results demonstrate our strategy is working, and we continue to take deliberate actions to advance our objectives of driving continued growth, enhancing profitability, and disciplined capital allocation for the Company. This includes the recent executive leadership changes, most notably the alignment of our business segments under Tucker and Rob Ferguson, two proven leaders with extensive strategic, financial, and operational experience, who will advance these objectives.

This morning, we also announced the Board appointments of Bruce Chung and David Singer as new Independent Directors, both of whom bring strong track records of value creation. These actions further our commitment to board refreshment and follow constructive engagement with Elliott Investment Management. Alongside the rest of the Board, Bruce and Dave will support the work underway to advance our objectives, and I am confident we have the right strategy and leaders in place to create value for our shareholders.

In closing, I would like to thank our dedicated employees for their unwavering commitment and outstanding talents and 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 | EXECUTIVE VICE PRESIDENT, FROZEN HANDHELD AND SPREADS AND SWEET BAKED SNACKS

Thank you, Mark. Good morning, everyone.

I will begin by providing detail on the noncash impairment charges reflected in our third quarter GAAP results. We recognized a \$508 million impairment charge related to the goodwill of the Sweet Baked Snacks reporting unit and a \$454 million impairment charge related to the *Hostess*[®] brand indefinite-lived trademark. These impairment charges are reflective of both near-term underperformance and revised long-term expectations for both net sales and segment profit. Our updated assumptions, in conjunction with the underperformance of the sweet baked goods category, led to a reduction of the projected long-term growth rate to 2% for the reporting unit, as well as the decision to begin amortizing the Hostess brand trademark in the fourth quarter. We remain focused on stabilizing performance and improving profitability in the Sweet Baked Snacks segment over time.

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

In the quarter, net sales exceeded our expectations, primarily driven by the strength of our U.S. Retail Coffee portfolio, partially offset by lower than anticipated net sales in Sweet Baked Snacks.

Net sales increased 7%. Comparable net sales increased 8%, which excludes prior year sales related to the divested businesses and foreign currency exchange. Comparable net sales includes a \$6 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 a 10 percentage point increase from net price realization, primarily driven by higher net pricing for coffee. Comparable net sales also reflects a 2 percentage point decrease from volume/mix, primarily driven by decreases for sweet baked goods and fruit spreads, and lapping contract manufacturing sales related to the divested pet food brands in the prior year, partially offset by an increase for *Uncrustables*[®] sandwiches.

Adjusted gross profit decreased \$28 million, or 3%, compared to the prior year. The decrease reflects higher costs, inclusive of commodity costs and tariffs, unfavorable volume/mix, partially offset by higher net price realization. Regarding tariffs, we realized approximately \$79 million in expense in our third quarter, which primarily impacted our coffee portfolio in U.S. Retail Coffee and International and Away From Home.

Adjusted operating income decreased \$32 million, or 7%, reflecting the reduction in adjusted gross profit and lapping favorable property taxes, partially offset by lower SD&A expenses. The decrease in SD&A expenses was driven by lower marketing and distribution expenses, partially offset by higher selling expense.

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 24.3%, compared to 23.7% in the prior year.

Factoring in all these considerations, along with weighted-average shares outstanding of 106.9 million, third quarter adjusted earnings per share was \$2.38, a decrease of 9% versus the prior year.

Turning to our segment results, in the U.S. Retail Coffee segment, net sales increased 23% versus the prior year. Net price realization increased net sales by 23 percentage points, reflecting higher net pricing across the portfolio to recover increased costs. Volume/mix decreased net sales by 1 percentage point, reflecting decreases for the *Dunkin*[®] and *Folgers*[®] brands, partially offset by an increase for the *Café Bustelo*[®] brand.

U.S. Retail Coffee segment profit decreased 5%, primarily reflecting higher commodity costs and tariffs, unfavorable volume/mix, and lapping favorable property taxes in the prior year, partially offset by higher net price realization.

In U.S. Retail Frozen Handheld and Spreads, net sales increased 2%. Net price realization increased net sales by 2 percentage points, driven by higher net pricing for *Uncrustables*[®] sandwiches, partially offset by higher trade spend for peanut butter. Volume/mix was neutral to net sales, reflecting an increase in peanut butter, mostly offset by a decrease in fruit spreads.

U.S. Retail Frozen Handheld and Spreads segment profit increased 4%, reflecting higher net price realization and lower pre-production expenses primarily related to the new *Uncrustables*[®] sandwiches manufacturing facility, partially offset by higher costs and unfavorable volume/mix.

In U.S. Retail Pet Foods, net sales decreased 1% versus the prior year. Volume/mix decreased net sales by 2 percentage points, driven by lapping contract manufacturing sales related to the divested pet food brands in the prior year and a decrease for dog snacks, partially offset by an increase for cat food. Net price realization was neutral to net sales, reflecting higher net pricing for cat food, mostly offset by lower net pricing for dog snacks.

U.S. Retail Pet Foods segment profit increased 4%, primarily driven by lower marketing spend.

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 11%. Volume/mix decreased net sales by 10 percentage points, reflecting decreases for snack cakes, donuts, and breakfast. Net price realization was neutral to net sales.

Segment profit decreased 78%, primarily reflecting higher costs, unfavorable volume/mix, and higher marketing spend.

Lastly, in International and Away From Home, net sales increased 12%. Excluding \$2.0 million of favorable foreign currency exchange, net sales increased 12%. Net price realization contributed 11 percentage points to net sales, primarily driven by higher net pricing for coffee. Volume/mix was neutral to net sales as increases for *Uncrustables*[®] sandwiches and coffee were mostly offset by decreases for fruit spreads, portion control products, cat food, and peanut butter.

Net sales for the Away From Home business increased 15%, primarily driven by coffee and *Uncrustables*[®] sandwiches. Net sales for the International business increased 6% on a comparable basis, primarily reflecting an increase in coffee.

International and Away From Home segment profit increased 17%, reflecting higher net price realization, partially offset by higher costs, tariffs, and unfavorable volume/mix.

Third quarter free cash flow was \$487 million, compared to \$151 million in the prior year, reflecting the increase in cash provided by operating activities and a decrease in capital expenditures as compared to the prior year.

We finished the quarter with a cash and cash equivalents balance of \$53 million and a total net debt balance of \$7.3 billion. Our trailing twelve-month adjusted EBITDA is approximately \$1.8 billion, based on this, our leverage ratio currently stands at 4.1x.

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

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

This guidance reflects the Company's current expectations as it continues to operate in a dynamic and evolving external environment. Subsequent to our third quarter, a fire occurred at our Emporia, Kansas manufacturing facility resulting in a temporary disruption of production for our Sweet Baked Snacks business. We estimate the incident will reduce net sales by approximately \$25 million in our fourth quarter of this fiscal year, which resulted in the change to our net sales outlook at the mid-point, relative to the previous guidance range. We are maintaining the adjusted earnings per share and free cash flow guidance for our fiscal year.

We now anticipate full-year net sales to increase 3.5% to 4.0% 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 expect comparable net sales to increase approximately 5.25% at the mid-point of our guidance range, 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 *Café Bustelo*[®], *Uncrustables*[®], and *Meow Mix*[®] brands and the Away From Home business versus the prior year.

Our fiscal year 2026 net sales guidance primarily reflects the following changes from our previous expectations:

- Higher net sales in U.S. Retail Coffee for the fiscal year, reflecting better than anticipated net sales in the third quarter. We continue to expect our fourth quarter will demonstrate an approximately 20% increase from net price realization, partially offset by a high-single-digit volume/mix decline, reflecting a strong prior year comparison and timing of promotional activities;
- In addition, we now expect lower net sales in Sweet Baked Snacks reflecting updated business assumptions and the estimated impact from the recent fire at the Emporia, Kansas manufacturing facility in February. We now anticipate net sales in the segment will decline a low-teen percent in our fourth quarter given these factors.

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

We now expect SD&A expenses to be flat-to-slightly-down versus the prior year, primarily reflecting benefits from cost-saving initiatives and reduced spend across the Company. 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 anticipate net interest expense of approximately \$380 million and an adjusted effective income tax rate of 24.0%, along with a full-year weighted-average share count of 106.9 million.

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

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 \$210 million, share-based compensation expense of \$35 million, and other non-cash charges of \$100 million.

In closing, we are pleased with our third 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. Our earnings momentum this fiscal year is setting us up for an algorithm year, or potentially better, in fiscal year 2027, absent any significant changes.

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.