



THE J.M. SMUCKER Co

Fiscal Year 2026 Fourth 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

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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 fourth quarter earnings. 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 and Executive Vice President, Frozen Handheld and Spreads and Sweet Baked Snacks, will then provide a detailed analysis of the financial results and our fiscal year 2027 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.

During the fourth quarter, the Company completed its annual evaluation of operating segments and, as a result, the Away from Home business met the criteria to be presented as a reportable segment. The Company has updated its presentation of segment results accordingly, and prior year amounts have been modified to reflect this change.

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.

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 2027.

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.

We are pleased with our fiscal year 2026 results, as we exceeded the mid-point of our original guidance for the year while effectively navigating a dynamic external environment. These results highlight the strength of our focused strategy and portfolio optimization efforts, which have fundamentally transformed the Company and underscore the differentiated portfolio we have built. Notably in fiscal year 2026:

- We delivered 5% comparable net sales growth. This is our seventh consecutive year of comparable top-line growth when excluding contract manufacturing sales related to divested pet food brands;

- Approximately two-thirds of our portfolio is growing or maintaining dollar share in measured retail channels;
- We have renewed our focus on innovation and delivered approximately \$300 million in net sales this fiscal year from new products launched this year and last, an increase of approximately 40% versus the same time frame in the prior year; and
- We exceeded our free cash flow expectations, generating \$1.2 billion, which enabled us to pay down more debt than originally anticipated. We will continue to prioritize disciplined capital deployment and, as we reduce debt, we will evaluate opportunities for share repurchases.

Our strategy is working, and the strong foundation we have established gives us a high level of confidence in our ability to create shareholder value. We are carrying meaningful momentum into fiscal year 2027, with strategic priorities that position the Company to deliver strong near-term results while driving long-term growth.

Before outlining our fiscal year 2027 priorities, let me discuss our strong fourth quarter performance. Total company net sales increased 6%, driven by growth in the Coffee, Away From Home, Pet Foods, and Frozen Handheld and Spreads segments. We also delivered segment profit growth across all of our reportable segments, reflecting disciplined execution and cost management. As a result of our net sales and profit growth, adjusted earnings per share increased 20% versus the prior year.

In Coffee, net sales increased 12%, reflecting the continued strength of our portfolio. We have demonstrated our ability to recover increased commodity costs through responsible pricing. Due to higher costs and the pass-through nature of the coffee category, we implemented price increases in May and August of calendar year 2025. Since then, price elasticity trends have been favorable relative to our initial expectations, reflecting both the strength of our portfolio and the resilience of the at-home coffee category.

We are now beginning to see moderation in the green coffee commodity, supported by positive early indications for this year's crop. As we have done historically, we will adjust pricing as our cost structure improves to continue to deliver value to our consumers. We have started to lower prices through trade investments, and in a sustained deflationary environment we have planned a list price decrease.

In Frozen Handheld and Spreads, net sales increased 1%. Net sales for the *Uncrustables*[®] brand accelerated sequentially, increasing 8% in the quarter—its strongest quarterly growth rate this fiscal year.

Net sales for our spreads portfolio declined in the quarter, reflecting our decision not to repeat certain promotional activity, as well as broader category dynamics. In spreads, we are sharpening our focus on the highest-return opportunities and being more selective in our promotional investments.

As we look ahead, we remain focused on continuing to scale the *Uncrustables*[®] brand as a key growth platform, while driving profitability in our category-leading spreads business and advancing its modernization through innovation and brand building.

In Pet Foods, net sales increased 2%, driven by continued momentum in cat food, partially offset by a decline in dog snacks. The *Meow Mix*[®] brand accelerated in the quarter, delivering 8% net sales growth. In dry cat, which represents approximately 85% of our cat food portfolio, we continued to gain dollar share in the growing category, further reinforcing our leadership position.

In dog snacks, net sales declined 1%. We are beginning to see stabilization in the *Pup-Peroni*[®] brand as we sharpen its positioning, focused on highlighting its differentiated, high-quality offering, and expanding household penetration through marketing and increased trial. The *Milk-Bone*[®] brand declined in the quarter, primarily driven by softness in biscuits. *Milk-Bone*[®] remains a key focus area, and we are taking actions to return the brand to growth, which I will outline in a moment.

Overall, we are seeing favorable category dynamics in pet, with strong momentum in cat food and early signs of improvement in the dog snacks category.

In Sweet Baked Snacks, fourth quarter net sales exceeded our expectations, driven by a faster-than-anticipated return to production following the February fire at our Emporia, Kansas manufacturing facility. Additionally, we saw strong performance from *Hostess® Donettes®*, which grew net sales 13% in the quarter, driven by both net price realization and volume/mix growth. The brand represents approximately 40% of the Sweet Baked Snacks portfolio, underscoring its importance as a key driver of the segment.

We continue to execute on our Sweet Baked Snacks stabilization plan and are encouraged by the improvement in profitability this quarter, driven by the actions we are taking across the business. We remain focused on enhancing margins and positioning the *Hostess®* brand for sustainable growth.

Finally, in our Away From Home business, we saw double-digit net sales growth, largely driven by our coffee portfolio and *Uncrustables®* sandwiches. Given the continued strength and scale of the business, Away From Home is now a reportable segment. Over time, we have built a strategically positioned portfolio in the channel, supported by our leading national brands that represent trust and quality with both operators and consumers. As a result, we have consistently delivered above-average industry growth across our categories.

Our business primarily operates across schools, workplaces, lodging, healthcare, convenience stores, and restaurants. Within these channels, we hold leading positions in key categories including frozen sandwiches, on-demand dispensed coffee, and portion control fruit spreads, nut butters, and syrups. We also maintain a favorable position in roast and ground coffee, where we continue to see meaningful growth opportunities.

Our Away From Home business has proven to be durable across economic cycles, with a mix that enhances resilience, limits exposure to restaurant-specific pressures, and positions us to consistently deliver results.

Our fourth quarter results reflect the strength of the differentiated portfolio we have created and our ability to execute effectively in a dynamic external environment. Importantly, we are carrying this momentum into fiscal year 2027.

Looking ahead, we will continue to amplify what is working to position the Company for sustained growth and long-term shareholder value creation. For fiscal year 2027, we are focused on three priorities: driving focused organic volume growth across our key platforms, improving profitability and accelerating earnings growth for the Company, and maintaining a disciplined approach to capital deployment. I will walk through each of these priorities.

First, driving focused organic volume growth across our key platforms while also enabling the delivery of brands that meaningfully support total Company profitability. Our key growth platforms are the *Uncrustables®*, *Café Bustelo®*, *Meow Mix®*, and *Milk-Bone®* brands. These brands represent our largest growth opportunities, and we will continue to build on their momentum through our world-class marketing, commercial, and manufacturing capabilities.

Starting with *Uncrustables®*, which has reached a defining milestone: becoming a \$1 billion brand—an achievement that reflects years of ambition, investment, and disciplined execution to build one of the most powerful platforms in our portfolio. Over the past year alone, the brand added approximately 3 million new households and continues to over-index to households with kids, Millennials, and Gen Z.

We have consistently delivered growth across both our U.S. Retail and Away From Home segments, which account for approximately 75% and 25% of total brand net sales, respectively. The brand is winning in both segments, and we see significant opportunity ahead as we continue to fuel growth through increasing marketing, consumer-led innovation, and expanding distribution so *Uncrustables*[®] can be wherever the consumer is.

In innovation, we recently announced fridge-friendly *Uncrustables*[®] sandwiches, which will be available across all flavors starting this summer. In addition to being stored in the freezer, all *Uncrustables*[®] sandwiches can now stay fresh in the fridge for up to five days, creating even more convenience, flexibility, and everyday usage occasions for consumers. We also expanded into morning occasions with *Uncrustables*[®] sandwiches that offer 12 grams of protein. These new varieties access an entirely new daypart for the brand in breakfast and morning snacking, while also meeting the growing consumer focus on protein throughout the day.

As we continue to expand distribution and availability, we see opportunities to win additional share in the traditional retail freezer aisle while also growing our presence across away from home channels.

With household penetration at just 27%, we see a long runway for growth. We are building a truly iconic brand with broad, multi-generational appeal, and we are incredibly excited about the path forward as *Uncrustables*[®] continues on its journey to become a top three brand in the total freezer aisle.

Our next key growth platform, the *Café Bustelo*[®] brand, remains one of the fastest-growing brands in the at-home coffee category. After tremendous net sales growth of 39% in fiscal year 2026 within our U.S. Retail Coffee portfolio, the brand is now approximately \$550 million in net sales, and we will continue to fuel this strong momentum.

We will drive growth by expanding distribution in the Central and West Coast regions of the U.S., attracting new consumers through differentiated roast profiles and consumer-led innovation, and leveraging our marketing model to engage a broader audience, while staying true to the brand's Latin roots.

Amplified by our brand-building efforts, the *Café Bustelo*[®] brand is resonating with Gen Z and Millennials and is demonstrating strong growth in brand awareness and household penetration, both of which have significant runway. We are making progress on our ambition to make *Café Bustelo*[®] a top four brand in the at-home coffee category.

Next, the *Meow Mix*[®] brand, which has continued to deliver strong growth, and has meaningful opportunities ahead. As the leader in dry cat food, the brand is benefiting from durable category tailwinds, including a growing cat population being fueled by younger generations of pet parents. Our actions to meet the evolving needs of these new pet parents are driving results, and we continue to gain dollar share in the dry cat food category.

Consumer-led innovation remains a key driver of this momentum. *Meow Mix*[®] *Gravy Bursts*[™] was the leading innovation in dry cat food last year, and we see continued opportunity to innovate against emerging consumer trends, including seasonal and limited-time offerings.

Together, these tailwinds, combined with our disciplined brand-building investments and continued innovation, position the *Meow Mix*[®] brand to deliver sustained growth and further strengthen its leadership in the category.

Finally, the *Milk-Bone*[®] brand, where performance has been impacted by the discretionary nature of the dog snacks category. That said, consumers continue to prioritize treating their pets, and we are encouraged by improving category trends, which position us well to innovate and drive growth, supported by our category leadership.

The long-term fundamentals of the category remain highly attractive, driven by favorable tailwinds, including pet population growth, continued humanization of pets, and the rapid expansion of e-commerce.

We will build off these tailwinds as we accelerate the brand's momentum through targeted sales initiatives, marketing, and innovation. Specifically, we are:

- Reigniting growth in biscuits by modernizing packaging to better highlight key functional product benefits, while ensuring we deliver a compelling value proposition to consumers;
- Expanding our presence in premium offerings, led by *Milk-Bone*[®] Peanut Buttery Bites, which was the #1 dog snacks launch over the past four years;
- And, strengthening our e-commerce presence, a channel that represents approximately one-third of the total dog snacks category, and where *Milk-Bone*[®] continues to see strong growth.

These actions position us to reaccelerate growth and further strengthen the *Milk-Bone*[®] brand's leadership position as the #1 brand in dog snacks.

The momentum we are driving across our key growth brands underscores the strength of our strategy and the quality of our portfolio, and we anticipate volume growth in each of these brands in fiscal year 2027. 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. And when combined with our other leading brands, this highlights the strength of our complementary and cohesive portfolio—anchored by iconic leadership brands and complemented by higher-growth brands that enhance momentum—enabling consistent and durable growth across the Company.

Our second priority is to drive improved profitability and accelerate earnings growth for the Company. We anticipate margin expansion and earnings growth in fiscal year 2027, with the largest near-term opportunities within our U.S. Retail Coffee and Sweet Baked Snacks segments. In Coffee, we anticipate lapping green coffee tariff costs incurred in fiscal year 2026. Additionally, we are now starting to see moderation in green coffee futures supported by positive signs for this year's crop. We anticipate segment profit margins in U.S. Retail Coffee will return to the high 20s in fiscal year 2027.

In Sweet Baked Snacks we anticipate making progress towards improving profitability following the actions we took in fiscal year 2026, including plant consolidation and SKU rationalization. We anticipate segment profit margins will be in the low-to-mid-teens in fiscal year 2027 and see a path to further margin expansion over time.

In addition, our Transformation Office will continue to enhance our cost structure and deliver efficiency and savings across the Company to achieve our operating income growth expectations and fuel investments in our brands and capabilities. We are building a comprehensive roadmap and will provide updates as these initiatives progress.

Finally, our third priority: maintaining a disciplined approach to capital deployment, which is grounded in an enterprise mindset. This includes prioritizing investment in organic growth opportunities, while also reducing debt and returning capital to shareholders through dividends and share repurchases, all while maintaining our current investment-grade debt ratings.

Our dividend remains a key component of our capital deployment model, with 24 consecutive fiscal years of growth, and we remain committed to continuing to grow it over time.

We will also balance debt paydown and share repurchases. Supported by our robust free cash flow, we paid down more debt than we had originally anticipated in fiscal year 2026 and continue to progress toward our leverage ratio target of around 3.0x net debt to EBITDA by the end of fiscal year 2027, while maintaining flexibility to evaluate share repurchases.

As we execute these strategic priorities and position the Company for long-term growth, we continue to operate in a dynamic external environment, and our fiscal year 2027 guidance reflects our current understanding of this environment.

Net sales are expected to decrease 3% to 4%, driven by a decline in net price realization that reflects our expectations around green coffee deflation as we pass through lower costs to the consumer through lower prices, and lower volume/mix. While green coffee deflation is expected to be a headwind to net sales, it is a tailwind to profitability.

Adjusted earnings per share is expected to be in the range of \$9.75 to \$10.25, which reflects a 9% increase at the mid-point of our guidance range. Free cash flow is expected to be \$1.0 billion. Additionally, this guidance does not assume any impacts from new or changes to existing tariffs, or tariff refunds.

With volume growth expected across each of our key growth platforms and with our expectations for strong profitability and free cash flow in fiscal year 2027, we continue to demonstrate the strength of our transformed portfolio. As we look ahead, we are confident in our ability to drive long-term growth and increase shareholder value.

Before I close, I would like to thank our employees for their unwavering focus, dedication, and outstanding contributions. Their efforts continue to drive our momentum and position us for future success.

With that, I'll turn it over to Tucker for additional insight on our financial results and fiscal 2027 outlook.

TUCKER MARSHALL, CHIEF FINANCIAL OFFICER | EXECUTIVE VICE PRESIDENT, FROZEN HANDHELD AND SPREADS AND SWEET BAKED SNACKS

Thank you, Mark. Good morning, everyone.

I'll begin by giving an overview of our fourth quarter results, then I'll provide additional details on our financial outlook for fiscal year 2027.

In the quarter, net sales increased 6%. Comparable net sales also increased 6%, which excludes prior year sales related to the divestiture of certain Sweet Baked Snacks value brands and foreign currency exchange. Comparable net sales includes a \$7 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 and sweet baked goods. Comparable net sales also reflects a 4 percentage point decrease from volume/mix, driven by decreases for coffee and sweet baked goods, partially offset by an increase for *Uncrustables*[®] sandwiches.

Adjusted gross profit increased \$31 million, or 4%, compared to the prior year. The increase reflects higher net price realization, partially offset by higher costs, inclusive of commodity costs and tariffs, and unfavorable volume/mix. Regarding tariffs, we realized approximately \$23 million in expense in our fourth quarter, which primarily impacted our U.S. Retail Coffee segment.

Adjusted operating income increased \$60 million, or 14%, reflecting increased gross profit and favorable SD&A expenses. The favorability in SD&A was driven by lower marketing spend and distribution costs, partially offset by higher general and administrative expenses.

Below operating income, net interest expense decreased \$6 million, driven by reduced debt outstanding. The adjusted effective income tax rate was 24.5%, compared to 23.9% in the prior year.

Factoring in all these considerations, along with weighted-average shares outstanding of 106.9 million, fourth quarter adjusted earnings per share was \$2.77, an increase of 20% versus the prior year.

Turning to our segment results, in the U.S. Retail Coffee segment, net sales increased 12% versus the prior year. Net price realization increased net sales by 21 percentage points, driven by higher net pricing across the portfolio. Volume/mix decreased net sales by 8 percentage points, reflecting decreases for the *Dunkin*[®] and *Folgers*[®] brands, partially offset by an increase for the *Café Bustelo*[®] brand.

U.S. Retail Coffee segment profit increased 1%, reflecting higher net price realization and lower marketing spend, which was mostly offset by higher costs, inclusive of commodity costs and tariffs, and unfavorable volume/mix.

In U.S. Retail Frozen Handheld and Spreads, net sales increased 1% versus the prior year. Net price realization increased net sales by 2 percentage points, driven by higher net pricing for *Uncrustables*[®] sandwiches and lower trade spend for *Jif*[®] peanut butter. Volume/mix decreased net sales by 2 percentage points, reflecting decreases for *Jif*[®] peanut butter and *Smucker's*[®] fruit spreads, partially offset by an increase for *Uncrustables*[®] sandwiches.

U.S. Retail Frozen Handheld and Spreads segment profit increased 37%, reflecting lower marketing spend, higher net price realization, lapping equipment write-off charges in the prior year, lower costs, and lower pre-production expenses primarily related to the new *Uncrustables*[®] sandwiches manufacturing facility, partially offset by unfavorable volume/mix.

In U.S. Retail Pet Foods, net sales increased 2% versus the prior year. Net price realization increased net sales by 3 percentage points, reflecting higher net pricing for cat food and dog snacks. Volume/mix decreased net sales by 2 percentage points, driven by a decrease for dog snacks and lapping contract manufacturing sales related to the divested pet foods brands in the prior year, partially offset by an increase for cat food.

U.S. Retail Pet Foods segment profit increased 18%, reflecting higher net price realization and lower marketing spend.

In the Sweet Baked Snacks segment, net sales decreased 5% versus the prior year. Excluding noncomparable net sales in the prior year related to the divestiture of certain Sweet Baked Snacks value brands, net sales decreased 4%. Volume/mix decreased net sales by 12 percentage points, primarily driven by decreases for snack cakes and breakfast, partially offset by an increase for donuts. Higher net price realization increased net sales by 8 percentage points, reflecting higher net pricing across the majority of the portfolio.

Sweet Baked Snacks segment profit increased 45%, reflecting higher net price realization and lower marketing spend, partially offset by unfavorable volume/mix and higher costs.

Lastly, in Away From Home, net sales increased 15%. Excluding foreign currency exchange, net sales increased 14%. Net price realization contributed an 8 percentage point increase to net sales, reflecting higher net pricing for coffee. Volume/mix increased net sales by 6 percentage points, driven by increases for *Uncrustables*[®] sandwiches, fruit spreads, and coffee.

Away From Home segment profit increased 21%, reflecting higher net price realization and favorable volume/mix, partially offset by higher costs.

Fourth quarter free cash flow was \$484 million, compared to \$299 million in the prior year, reflecting the increase in cash provided by operating activities. On a full-year basis, free cash flow was \$1.2 billion, an increase of \$340 million versus the prior year.

Leveraging our strong cash generation, we returned approximately \$465 million of cash to shareholders through dividends in the fiscal year. We expect our Board to maintain the Company's current dividend policy, which is to return approximately 40% to 45% of our annual adjusted earnings per share to shareholders, reflecting dividend growth consistent with future earnings.

We paid down \$720 million in debt in fiscal year 2026 and finished the year with a cash and cash equivalent balance of \$59 million and a total net debt balance of \$6.9 billion. Based on a trailing twelve-month adjusted EBITDA of approximately \$1.8 billion, our leverage ratio stands at 3.8x. We plan on continuing to prioritize debt reduction by paying down approximately \$500 million of debt in fiscal year 2027. With this anticipated deleveraging and overall business growth, we expect a leverage ratio around 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 2027.

We continue to operate in a dynamic and evolving external environment, including geopolitical, macroeconomic, and policy changes, as well as changes in consumer behaviors, that could impact our fiscal year 2027 outlook. This guidance reflects the Company's expectations based on its current understanding of these factors and does not assume any impacts from new or changes to existing tariffs, or tariff refunds.

We expect full-year net sales to decrease 3% to 4% compared to the prior year, driven by the impact of lower net price expectations as well as lower volume/mix. The net sales decline is primarily due to a high-single-digit decrease in sales within the U.S. Retail Coffee segment, reflecting the impact of anticipated green coffee deflation. For the remainder of the portfolio, we expect low-single-digit declines in net sales for the Sweet Baked Snacks and U.S. Retail Frozen Handheld and Spreads businesses, which will be mostly offset by low-single-digit growth in U.S. Retail Pet Foods and Away From Home.

Total Company net price realization is expected to decrease by 2 percentage points, reflecting our expectations for green coffee deflation as we pass through lower costs to the consumer through pricing. As such, we are planning for a mid-single-digit percentage decline in net price realization for our U.S. Retail Coffee segment. We are also continuing to make strategic investments in the *Uncrustables*[®] brand. Partially offsetting these impacts, in our Sweet Baked Snacks segment, we anticipate a low-single-digit net price benefit, driven by a recently announced list price increase on certain parts of our *Hostess*[®] *Donettes*[®] business beginning in our first quarter, driven by higher costs.

Volume/mix is anticipated to be unfavorable 1%, reflecting expected declines in our U.S. Retail Coffee and Sweet Baked Snacks segments, partially offset by increases in our U.S. Retail Pet Foods and Away From Home segments.

As we outlined in our strategic priorities we expect volume/mix growth across each of our key platforms: the *Uncrustables*[®], *Café Bustelo*[®], *Meow Mix*[®], and *Milk-Bone*[®] brands. These brands are supported by strong fundamentals and ongoing momentum and represent our most compelling growth opportunities. We are continuing to focus investments behind these platforms, where we have a clear right to win and the greatest potential to create long-term value.

We anticipate full-year adjusted gross profit margin to expand roughly 300 basis points to approximately 38%. This reflects lower commodity and tariff costs primarily driven by green coffee and productivity savings from our transformation efforts. Within our full-year outlook, we expect mid-single-digit percentage deflation, largely driven by green coffee. Excluding green coffee and tariffs, we anticipate cost inflation of low-single-digits.

The macroeconomic backdrop continues to be uncertain amid ongoing geopolitical tensions. We have factored in increased costs from the elevated geopolitical uncertainty related to the Middle East, and, consistent with prior years, we will continue to monitor and address any changes to input costs through our fiscal year.

SD&A expenses are projected to increase by approximately 5%, reflecting increased marketing investments in our key growth platforms and higher administrative expenses. Total marketing expense is estimated to be 5.7% of net sales, an increase of 60 basis points or approximately \$30 million versus the prior year.

We anticipate net interest expense of approximately \$345 million, driven by continued debt paydown. Our adjusted effective income tax rate is anticipated to be 24.3%, along with a full-year weighted-average share count of 107.0 million.

Taking all these factors into consideration, we anticipate full-year adjusted earnings per share to be in the range of \$9.75 to \$10.25, an increase of 7% to 12% versus the prior year.

We project free cash flow of \$1 billion, with capital expenditures of \$325 million for the year. Other key assumptions affecting cash flow include: depreciation expense of approximately \$290 million, amortization expense of approximately \$230 million, share-based compensation expense of \$30 million, and other non-cash charges of \$50 million.

In the first quarter of the fiscal year, net sales are expected to be flat, reflecting a low-single-digit increase in net price realization offset by unfavorable volume/mix. As the fiscal year progresses and we plan to pass through additional green coffee deflation as our cost structure improves, net pricing will become a headwind to net sales for the total Company.

Adjusted earnings per share is expected to increase a mid-teen percentage, primarily driven by an increase in adjusted gross profit in U.S. Retail Coffee and lower interest expense, partially offset by increased marketing investments.

Overall, in fiscal year 2027 we remain committed to maintaining a disciplined and responsible financial approach, while strategically investing in our key platforms and executing on our strategic priorities. Our strategy is working and we are confident in our ability to deliver long-term growth and increase shareholder value.

In closing, 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.