THE J.M. SMUCKER Co

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CORPORATE PARTICIPANTS

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We're very excited to welcome J.M. Smucker back to the CAGNY stage. But first, please join me in thanking the Company for keeping all of us appropriately fueled by its generous sponsorship of the coffee bar all week long. Smucker has been delivering consistently solid results based on its strategy to focus its resources behind its core pet treats, cat food, coffee and snacking assets, with the recently announced plan to divest additional pet food brands supporting this approach. So too has the Company began to share more details around the creation of its transformation office, intended to deliver more sustainable and continuous productivity using a bottoms-up fully cross-functional approach, driven by those closest to the value-creation opportunities.

With us from the Company today are President and CEO, Mark Smucker; CFO, Tucker Marshall. Thanks for being here. Mark, over to you.

MARK SMUCKER, CHAIR OF THE BOARD, PRESIDENT AND CHIEF EXECUTIVE OFFICER

Thank you, Andrew. Well said. I think I could maybe sit down now; you summed it up.

Good afternoon. We of course appreciate the opportunity to provide an update on The J.M. Smucker Company at this year’s CAGNY conference.

And as always, before we begin, please note that certain information provided today is forward-looking based on current views and assumptions. Also, we use non-GAAP results for the purpose of evaluating performance internally. Details for both items can be found in the slides for today’s presentation, available on our investor relations website.

As Andrew said, joining me today is our Chief Financial Officer, Tucker Marshall, who will follow my remarks with an overview of our financial strategy and priorities.

We are excited to share our confidence in our ability to continue delivering results and drive growth through our key platforms including:

- *Uncrustables®* sandwiches;
- Dog snacks and cat food;
- Our coffee portfolio and its expansion into new formats;
- And, our Transformation Office initiatives to increase margins and fund investments for future growth.

Our results through the first half of the fiscal year have been strong, and exceeded our expectations. Our performance reflects the strength of our iconic brands, our focus on execution, and the advancement of our strategic priorities. This business momentum continued into our fiscal year 2023 third quarter financial results that were in-line with our expectations, which Tucker will discuss in more detail.

These results continue to underscore our increased focus and the significant progress we've made against our strategic priorities, which include:

- Driving prioritization and best-in-class execution;
- Improving profitability and cost discipline;
- Transforming our portfolio;
- Nurturing and investing in our culture;
- And, improving diversity and fostering inclusion and equity.

We've enhanced our commercial model through prioritization and operational excellence and improved market share across our portfolio. This is supported by the key elements of our Brand Growth Flywheel, including:

- Creating culturally relevant marketing;
- Optimizing media mix, including increased digital and retail media spend;
- Improving innovation and design;
- Revenue and trade optimization;
- Strategic customer partnerships, including our category adviserships;
- And, fundamental sales execution, including an improved sales model.

We continue to improve profitability and advance cost discipline through our Transformation Office, which is progressing well. To be clear this is not just a cost savings program; it is a core competency we are developing for the future. This includes an approach centered around a mindset of continuous improvement, a focus on value creation, and a dedication to operational efficiency. Together, these efforts are expected to support our long-term profit growth targets and improve profit margins. Additionally, our new Transformation Office will serve to address stranded overhead costs related to divestitures, and the realization of synergies related to acquisitions.

Progress on optimizing our portfolio continues, as we recently entered into a definitive agreement to divest several pet food brands. This divestiture will support our strategy to focus investments and resources for continued growth in dog snacks and cat food, where we hold leading market share positions led by our *Milk-Bone®* and *Meow Mix®* brands. This transaction, along with other recent divestitures from slower growth categories and brands, reflects our commitment to divesting brands and businesses that are no longer consistent with our long-term strategic focus. In-turn, we are streamlining our business, improving profit margin and product mix, while allocating resources toward growth opportunities in the pet, coffee, and snacking categories.

Nurturing and investing in our culture, improving diversity and fostering inclusion and equity continue to be focal points for us. We firmly believe our culture and people are a competitive advantage. Cultivating a diverse and inclusive workforce ensures we are maximizing performance, and in-turn delivers long-term shareholder value. We are dedicated to supporting these efforts and continue to make progress on our journey to advance inclusion, diversity, and equity at every level of the organization.

These strategic priorities will continue to guide our business and positions the Company to deliver strong results and growth over the long-term. With our portfolio of leading brands, key top-line growth enablers, improved profit margin and product mix, and streamlined organization, we are confident in our long-term outlook. Let me now share some of the key focus areas for each of our businesses.

For the U.S. Retail Pet Foods segment, our strategy is two-fold, first prioritizing and accelerating growth in dog snacks and cat food, and second, improving our overall pet segment profit margin. With the anticipated pet divestiture, we are advancing this strategy. The business will shift from approximately two-thirds pet food and one-third pet snacks, to approximately 60% pet snacks and 40% cat food, which significantly improves the profit margin and product mix. We are well-positioned to allocate resources and increase investments into the fast-growing and high-margin dog snacks category, where we have brands and offerings ranging from value to premium. The brands we will divest account for approximately 20% of total company net sales, but only a mid-single digit percentage of total company profit.

In dog snacks, we are the market leader with a 23% dollar share. Dog snacks has historically been the fastest growing segment in the pet category and delivers significantly higher margins than pet food. Our snacks portfolio has delivered year-over-year net sales growth in 16 of the last 18 quarters, and we anticipate our total dog snacks portfolio to grow to $1 billion in annual net sales over the next several years.

To achieve this growth, we will, first expand our leadership and leverage our strength in the biscuits and soft and chewy segments through our core offerings and close-in innovation and second continue to build a meaningful presence in long-lasting chews and rawhide alternative segments. We plan to achieve this by:

- Driving relevance, awareness and ultimately demand, with breakthrough marketing and engagement with younger consumers to build brand loyalty;
- Expanding seasonal and special occasion offerings by inspiring shoppers to celebrate with their pets to drive impulse purchases and household penetration;
- Elevating core offerings by optimizing assortment;
- And, igniting innovation through white space opportunities and increasing dollars per buyer and per treat occasion with premium offerings.

The *Milk-Bone*® brand will lead our growth in dog snacks across each of these initiatives. *Milk-Bone*® is the #1 brand in dollar share and has two of the top four selling SKUs in the category. Momentum is strong for the brand, as it grew nearly 2x the category rate, with consumer takeaway up 18% in the last year.

Milk-Bone® is well-positioned to benefit from category tailwinds of the humanization of pets. Seasonal innovation plays a key role in this trend, and we have treats for all types of seasons and occasions ranging from birthday celebrations, trick-or-treating, stocking stuffers, and more. *Milk-Bone*® has become the dog treat brand through innovation and culturally relevant, engaging marketing. Let’s take a look at some clips from our most recent campaign.

(*Milk-Bone*® commercials)

In cat food, we have significant momentum demonstrated by year-over-year net sales growth for 19 of the last 20 quarters, led by the *Meow Mix*® brand. *Meow Mix*® is the leader in household penetration and volume share in the dry cat food category. The brand has experienced strong growth over the past year, having outpaced the category growth average in both dollars and volume. We have a significant opportunity to further leverage this momentum in dry food to also drive growth in wet food.

Dry cat food is still our key focus, and we are leveraging the current momentum *Meow Mix*® has by retaining a strong distribution foothold, satisfying existing consumers and attracting new ones.

We will continue to:

- Drive demand, relevance, and awareness with breakthrough marketing and engagement with our *Meow Mix®* Remix campaign;
- Elevate core offerings by optimizing assortment to meet our customer and consumer needs;
- And, deliver smart innovation that increases dollars and margin per occasion.

Relative to the category, we have a significant opportunity within wet food as only 20% of our *Meow Mix®* business is wet, whereas the category comprises about a fifty-fifty dollar split between wet and dry. With the brand equity of *Meow Mix®* and momentum in dry cat food, we will unlock further growth for the brand in wet food. Recently, we launched "wet 2.0," a revitalization strategy with an enhanced formula of our core *Meow Mix®* wet offerings with "Now Tastier" messaging and packaging. In support of this initiative, we have a far-reaching campaign across T.V., digital, social, influencer, and e-commerce. We are already seeing great early results and will be launching on-air T.V. next month. For our cat parents here today, please be sure to pick up some samples of our new wet food offerings at our coffee bar after our presentation.

Turning to our $2.5 billion Coffee segment – a business in an incredibly strong category, with significant tailwinds. The at-home retail coffee market is positioned for continued growth, as macroeconomic conditions and changes in consumer habits all largely benefit at-home coffee. At-home coffee consumption remains strong, representing 71% of all coffee drinking occasions as consumer habits formed over the past three years continue to endure and are expected to drive category momentum for years to come.

Our portfolio is well-positioned within this category and benefits significantly from these changes in consumer behavior as we are the #1 branded manufacturer in the at-home coffee category with a 26% dollar share of the market. We have an excellent coffee portfolio, featuring 3 of the top 8 brands in the category, including the fast-growing *Dunkin'®* and *Café Bustelo®* brands and the iconic *Folgers®* brand.

Over the past several years, we have successfully shifted our portfolio toward the faster growing one-cup and premium segments. The *Dunkin'®* and *Café Bustelo®* brands, as well as K-Cups®, remain key drivers of growth for our coffee portfolio, and we will continue our expansion into newer fast-growth coffee formats.

Dunkin'® benefits from crossover café consumers, and we continue to see significant runway to grow these dual users. Additionally, we see growth potential in cold coffee, and we continue to innovate to meet consumers' desire for cold coffee at home. In addition to our existing *Dunkin'®* Cold offerings in both K-Cup® and prepack roast and ground, we are expanding into new formats. This includes the launch of a single-serve, no brew *Dunkin'®* Cold coffee powder, which is crafted to dissolve in cold water, and our expansion into *Dunkin'®* Cold concentrates, with more innovation to come. We anticipate *Dunkin'®* becoming a $1 billion brand within the next four years, expanding on our expected sales of approximately $850 million this fiscal year.

Café Bustelo® is one of the fastest-growing brands within the Company. To continue driving momentum we are focused on expanding its geographic reach, as the brand has a relatively low household penetration. Additionally, the brand over-indexes with Hispanic consumers, one of the fastest growing populations in America. Combined with influential millennials and urban dwellers, who are also heavy buyers of the brand, we are well-positioned for growth. We anticipate growing *Café Bustelo®* annual net sales to $300 million in the next two years. Let's take look at some digital media for *Café Bustelo®* demonstrating why we are so excited for the future of this brand.

(*Café Bustelo®* commercials)

Café Bustelo® was the fastest growing brand in the at-home coffee category over the past year, with consumer take away up 24%. Additionally*, Café Bustelo®* is now the 8th largest brand in the coffee category, the #1 espresso coffee, and the #1 Latin coffee.

As we continue to invest in growth for *Dunkin'®* and *Café Bustelo®*, we have an iconic asset in *Folgers®*. Last year, we took initiatives to reinvigorate the brand, with new packaging and a bold new marketing campaign. The reaction has been positive, demonstrated by the strong momentum for the *Folgers®* brand, as it grew the most dollar-share in the at-home coffee category last year.

Additionally, our media strategy over indexes with younger consumers, and we are driving growth through premium varieties like *Folgers®* Black Silk, a darker, smoother experience. Black Silk is the #1 selling dark roast canister and is the #1 fastest growing dark roast canister among millennials and Generation X.

Our K-Cup® portfolio continues to have momentum as well, and *Dunkin'®* Original Blend was the #1 pod brewed in a Keurig® machine in 2022. We anticipate our total K-Cup® portfolio to grow to $1 billion within the next five years. This growth will be supported by new households continuing to enter the category.

Looking ahead, we are expanding into no-brew liquid coffee concentrates, multi-serve offerings, and ready-to-drink offerings. We will achieve this through investment in our manufacturing capabilities and strategic partnerships. We are establishing a dedicated team to enable agility, speed, and autonomy to accelerate commercialization. We will also explore potential acquisitions to expand our leadership in the at-home coffee category.

We are uniquely positioned in the U.S. retail coffee market with our portfolio of brands that provide consumers options ranging from value to premium offerings. And we will continue to benefit from emerging trends with our deep expertise in coffee sourcing, roasting, and category advisory capabilities.

Next is our Consumer Foods business, which generated $1.7 billion of net sales last fiscal year. We have executed significant portfolio reshaping activities over the last few years to prioritize our focus on the fast-growing *Smucker's® Uncrustables®* brand and our category leading *Jif®* peanut butter and *Smucker's®* fruit spreads businesses.

The *Uncrustables®* brand has delivered consistent growth and is expected to grow approximately 30% to over $650 million in total company net sales this fiscal year. We are confident the brand can deliver continued double-digit net sales growth over the next several years. We expect over $100 million of net sales growth for the brand in each of the next three fiscal years, which will generate over 1% of total Company top-line growth.

Uncrustables® sandwiches have a nearly 10% share of the frozen snacks & sandwiches retail category, and the brand was the largest driver of category growth over the last year. Two of the top nine SKUs in the frozen category are *Uncrustables®* products. And, the brand is #1 in households with young kids, has the

#1 repeat rate, and #1 velocity growth rate. The brand has significant runway to increase household penetration, which is only 11%. We expect to double this, as we broaden distribution into new channels and geographies and increase awareness by turning on national advertising for the first time.

Construction of our third *Uncrustables®* production location in McCalla, Alabama remains on track and operations are expected to begin in calendar year 2025. The new facility will fuel our path to $1 billion net sales by FY26 with greater capacity to support demand for both retail and away from home distribution opportunities. Future plans also include expanding the famous circular, no crust, crimped sandwich beyond its current varieties.

We expect approximately 50% of net sales for the Consumer Foods business will be generated from *Uncrustables®* sandwiches within the next five years, which will also support margin expansion for the segment and Company.

Now turning to our category leading peanut butter and fruit spreads businesses.

In peanut butter, all *Jif®* SKUs are now back on shelf, and the brand has regained its #1 position in the category with 41 points of dollar share, leading all competitors in household penetration and unit velocities. Additionally, we have resumed national advertising, or you could say, "it's the return". Take a look.

(*Jif®* Ludacris commercial)

Jif® will continue to grow over the long-term, as we bring new meaningful benefits and innovation to our consumers that will ultimately drive dollars per ounce through net revenue optimization.

In fruit spreads, we reduced complexity and optimized our SKU count while maintaining our strong leadership position with 41 points of dollar share. Demand continues to grow for clean label and sugar-free fruit spreads, and we will continue the evolution of our portfolio to support the shift to natural as we invest in brand equity.

With consumer preferences growing for "no mess" and convenient options, we now offer *Jif®* peanut butter and *Smucker's®* fruit spreads in on-the-go squeezable formats that are great for snacking occasions. By extending this new form to *Jif®* peanut butter, we will continue to expand usage occasions and expand our brands to new consumers for lasting relevance and connection.

Our streamlined portfolio and intense focus on consumer-led strategies will be the catalyst for future growth in our Consumer Foods business.

Finally, I'll share a quick update on our International and Away From Home businesses, which generated approximately $1 billion of net sales last fiscal year. Our Away From Home business sales and volume have returned to pre-pandemic levels, and we continue to focus on *Uncrustables®*, coffee, and portion control spreads.

The *Uncrustables®* brand continues to grow share in prepared sandwiches, and we expect this growth to accelerate with the added capacity from the second phase of expansion at our Longmont, Colorado plant now completed. Schools are a significant opportunity for us as we continue to expand the reach of the *Uncrustables®* brand to young consumers.

In our International business, we will leverage opportunities consistent with our U.S. Retail businesses, most notably for *Uncrustables®* sandwiches launching in Canada early next fiscal year.

Across all of our businesses, we continue to deliver on our vision to engage, delight and inspire consumers by building brands they love and leading in growing categories. And our Purpose: Feeding connections that help us thrive – life tastes better together. All of which is embedded in our Thriving Together agenda that focuses on issues impacting the quality of life for people and pets, specifically in the areas of quality food, education, equitable and ethical treatment for all, connections to community resources, and a healthier planet.

We believe it is our responsibility to support our employees, our consumers, our customers, our communities, and our planet. And, if we do that, we will deliver the long-term value our shareholders expect.

In summary, we continue to demonstrate strong financial results, and our actions to deliver on our Vision and Executional Priorities position us well for the future. We're confident in the strategic choices we have made, and our results reaffirm they were the right ones. We have become a stronger Company, a more agile organization, and an even better leader in the communities where we live and work. And together, we will continue to deliver on our commitment to achieve long-term growth while making a meaningful, positive impact in the world and on the lives of those who count on us. All of which is powered by our unique culture and dedicated employees, who I would like to thank for their outstanding contributions.

With that, I'll turn it over to Tucker.

TUCKER MARSHALL, CHIEF FINANCIAL OFFICER

Thank you, Mark, and good afternoon everyone. It's great to join you for this year's conference.

I'll begin with brief comments about our current fiscal year, then transition to a longer-term view of our top-line and bottom-line growth ambitions. Finally, I'll provide some preliminary considerations as we develop our financial plan for next fiscal year and how the anticipated pet divestiture is expected to impact our fiscal 2024 results.

Before turning to our long-term financial plans, let me address our current fiscal year and the anticipated pet divestiture. We are pleased with our financial performance for the first half of this fiscal year. Our results have exceeded our expectations, driven by positive momentum in the business, and we expect this momentum to continue.

Our full-year guidance, provided in November, is for reported net sales to be up 5.5 to 6.5% compared to the prior year. Comparable net sales are anticipated to increase approximately 8% at the mid-point of our guidance range. This includes an estimated 2% unfavorable impact from the *Jif®* peanut butter recall related to manufacturing downtime and customer returns and fees.

Our projected full-year adjusted earnings per share guidance range, provided in November, is $8.35 to $8.75, including an estimated $0.80 unfavorable impact related to the *Jif®* peanut butter product recall. Free cash flow is anticipated to be $550 million, inclusive of the impact related to the recall.

Next Tuesday, we'll report our fiscal year 2023 third quarter results and provide guidance for the full fiscal year. Our results and outlook are in-line with previously communicated expectations, and we remain confident in delivering on both our top-line and bottom-line expectations, within our guidance range, for the fiscal year. Additionally, we do not expect the anticipated pet divestiture to have a material impact on our fiscal year 2023 full-year net sales and adjusted earnings per share results, as the transaction is anticipated to close late in the fourth quarter of the current fiscal year.

Our strategic priorities demonstrate we are taking the right actions to deliver financial results and ensure long-term growth. A key part of our strategy is reshaping our portfolio through both acquisitions and divestitures. The anticipated pet divestiture demonstrates our commitment to strengthen the Company's financial position, reinvest in the business, and deliver long-term shareholder value.

Maintaining our business momentum will be achieved by a continued focus on our financial priorities. These priorities allow us to remain dedicated to our long-term strategy, while operating with financial discipline in support of our shared goal of value-creation. We will achieve this through:

- Active and Transparent Communication;
- Execution to Credible Financial Targets;
- Prioritization of the Highest-and-Best Return Opportunities;
- Maintaining Productivity Focus and Cost Control; and a
- Balanced Capital Deployment Model.

Our financial priorities are the building blocks to delivering increased shareholder value. These priorities, along with our portfolio reshaping activities and strong execution, have allowed us to outperform our peers and the broader index over the last three years. Additionally, we have seen multiple expansion due to underlying business growth and how we have deployed capital. As we move forward, we expect to remain a consistent top quartile performer, in total shareholder return, in the food and beverage industry.

Our strategic framework and financial priorities give us confidence to achieve our long-term financial objectives. Those objectives include:

- Low-single-digit net sales growth;
- Mid-single-digit operating income growth;
- High-single-digit adjusted earnings per share growth; and
- Total shareholder return of approximately 10% or greater when considering our dividend policy.

We see these objectives as a steady, compelling, and compounding algorithm, achieved through top-line and bottom-line growth, accompanied with margin expansion, and a strong commitment to disciplined capital deployment.

Long-term, we anticipate low-single-digit top-line growth as a result of our strengthened portfolio and projected growth rates in our respective categories. We continue to see positive momentum in our brands through improved market share trends, and focused growth initiatives within each of our business segments.

As we have transformed and streamlined our business with recent divestitures, we have reallocated resources to more strategic, faster growing opportunities. Let me now highlight our key enablers of future top-line growth:

- The *Uncrustables®* brand, which is expected to account for greater than 1 percentage point of the total Company's growth rate, as it continues on its path to reaching $1 billion in annual net sales and beyond.
- Dog Snacks, where we expect accelerated growth, driven by *Milk-Bone®*, along with continued momentum of the Cat Food business led by *Meow Mix®*.
- Our Coffee portfolio, driven by the *Dunkin'®* and *Café Bustelo®* brands, and expansion into new formats. And lastly,
- Continued growth in our Away From Home business supported by expanding *Uncrustables®* distribution and unlocking growth in coffee through new formats and channels.

We anticipate operating income growth will outpace sales growth and increase at a mid-single-digit percentage over our strategic horizon.

Operating income growth and margin improvement over time will be supported by the following:

- Improved volume-mix, as we reshaped our portfolio by strategically divesting and are prioritizing resources to our fastest growth opportunities that are margin accretive, including *Uncrustables®*, Dog Snacks, and K-Cups® and Premium Coffee;
- Moderation of cost inflation, and stabilization of our supply chain and manufacturing environments;
- Benefits from our Transformation Office, as we embark on our multi-year productivity program. And the
- Mitigation of stranded overhead costs from the anticipated pet divestiture.

Benefits from our Transformation Office include SD&A productivity opportunities. These benefits will be partially offset by reinvestment back into our brands, including marketing expenses, and investments associated with *Uncrustables®* sandwiches through the expansion to a third production site in McCalla, Alabama.

Looking ahead, we are shifting away from episodic cost programs to a continuous productivity model across commercial, supply chain, and corporate activities through the Transformation Office. We are developing improved capabilities centered around continuous improvement, including our eight focus areas of Operations, Supply Chain, Procurement, Design to Value, SG&A, Net Revenue Optimization, Sales, and Marketing. This approach will enable us to ensure profitability and margin growth, while balancing shareholder returns and reinvestment back into the business. We've made great progress on our Transformation efforts thus far. Our Transformation Office will support the delivery of our long-term growth targets, address stranded overhead costs related to divestitures, and help realize synergies related to acquisitions.

Below operating income, we expect our capital deployment model to drive a high-single-digit percentage growth for adjusted earnings per share.

We have consistently demonstrated the ability to generate strong cash flow that provides a balanced approach to capital deployment, while maintaining an investment grade debt rating. Over the past two fiscal years, we have strategically invested over $700 million in capital expenditures, while returning $2.9 billion in debt repayments, dividends, and share repurchases.

We anticipate allocating approximately 50% of cash from operations for future growth through capital expenditures and strategic investments, including the ability to pursue acquisitions and returning approximately 50% of cash to shareholders through dividends, reduction of debt, and share repurchases.

Our long-term goal remains to generate $1 billion in free cash flow annually, which can be used to support the growth of our business and create shareholder value. And our long-term strategic target for capital expenditures is approximately 3.5% of net sales. However, capital expenditures will remain elevated over the next few years, primarily due to investments related to *Uncrustables®* sandwiches capacity expansion. Without this elevated level of capital expenditures, our spend as a percentage of net sales would be in-line with our strategic target.

Further, our strong cash flow has enabled debt paydown. Over the prior two fiscal years we have paid approximately $1.1 billion in debt, resulting in a debt leverage ratio of approximately 3.0x. We are well positioned in today's rising rate environment with favorable fixed/variable debt structure, and no debt maturities until 2025. Across our capital structure we have an average cost of debt of approximately 3.4% and have current liquidity to cover all maturities until 2030.

Our leverage position and debt structure provide the financial flexibility for a balanced approach to capital deployment. This includes maintaining an investment-grade debt rating and having access to capital at preferred rates, while also maintaining the flexibility to repurchase shares, increase dividends, or pursue strategic investments.

Historically, we have used opportunistic share repurchases to deliver cash to our shareholders and to replace divested earnings per share. We will continue to use share repurchases as a lever to replace divested earnings per share and increase shareholder value.

Another key component of our capital deployment strategy is our dividend. This month, we were added to the S&P 500 Dividend Aristocrats, an index that includes only 67 companies that have increased their dividend each year over several decades. Last July, we increased our quarterly dividend by 3%, marking 21 consecutive fiscal years, and 25 consecutive calendar years of dividend growth. On average, our dividend increase has been approximately 7% over the past 10 years. 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.

And finally, acquisitions will continue to play a role in our strategy of expanding our leadership in the categories where we participate. When evaluating potential transactions, our primary focus is to assess the resulting impact to our return on invested capital for the Company. The reasonableness of multiples paid, and the strength of financial returns, remains critical in every deal we evaluate.

Turning to next fiscal year, I'll provide some perspectives about the elements that we are considering, as we begin our planning process.

For next fiscal year, top-line "tailwinds" include lapping an anticipated 2% impact from the *Jif®* recall, *Uncrustables®* growth from the additional capacity at the Longmont, Colorado plant, continued brand momentum, and supply chain improvements.

Top-line "headwinds" include lapping of net sales from the anticipated divested pet brands and any inflationary pressures impacting consumers' purchasing behavior.

On the bottom line, key considerations for next fiscal year beginning with the base business before the anticipated pet divestiture include:

- Recovery of the impact from the *Jif®* recall;
- Volume and mix benefits from ongoing growth and business momentum;
- Costs for commodities and ingredients, packaging and transportation, along with labor and wage considerations;
- Investments to support our top-line growth, including the capacity expansion for *Uncrustables®*;
- Benefits from our Transformation Office;
- And reduced interest expense reflecting debt repayments.

Further bottom-line considerations related to the anticipated pet divestiture include:

- Lapping of the divested earnings;
- Benefits related to the timing and use of transaction proceeds to replace the divested earnings per share;
- And the net impact from stranded overhead costs after considering income from transition services and co-manufacturing agreements and benefits from the Transformation Office.

We expect the pet divestiture to be dilutive to adjusted earnings per share by approximately $0.45 on a full-year basis, reflecting the foregone profit related to the divested brands and before factoring in any benefits from the use of transaction proceeds and the impact of stranded overhead costs.

We anticipate replacing the divested earnings per share by repurchasing our stock, and paying down debt to maintain a leverage profile of 2.5 to 3.0x. This anticipated use of transaction proceeds allows the Company to replace earnings per share, maintain a strong balance sheet with an investment grade debt rating, and position the Company for future strategic growth opportunities.

We are committed to mitigating the impact of anticipated stranded overhead costs. The transaction includes multi-year transition services agreements and co-manufacturing agreements that will generate income to partially offset some of the stranded overhead costs in the near-term. Additionally, benefits from our Transformation Office are anticipated to support a partial mitigation of the stranded overhead costs beginning next fiscal year. We will use initiatives within the Transformation Office to permanently address and eliminate the stranded overhead costs.

We will provide further details when we issue fiscal 2024 guidance on our fourth quarter earnings call after the transaction is completed.

In closing, I would like to emphasize the following:

- We continue to deliver strong results;
- We've transformed into a stronger Company;
- We are well positioned to continue delivering growth through our key platforms including *Uncrustables®*, dog snacks, cat food, and expanding our coffee portfolio;
- With the anticipated pet divestiture, we will significantly improve the product mix portfolio of our pet business;
- We are committed to financial discipline and a balanced approach to capital deployment, which supports our long-term growth strategy; And finally
- We are confident that we are firmly on the path to deliver consistent, long-term sustainable growth and shareholder value.

Finally, I would like to express my appreciation for our talented employees. They have demonstrated their commitment to executing with excellence, and their passion for our Company positions us for continued success.

Thank you for your time today.

ADDITIONAL INFORMATION

The J.M. Smucker Co. is the owner of all trademarks referenced herein, except for the following, which are used under license: *Dunkin'®* is a trademark of DD IP Holder LLC.

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