



## Third Quarter Fiscal 2026 Earnings Management's Pre-Recorded Prepared Remarks

### Corporate Participants

Joshua Levine, Chief Investor Relations Officer  
Mick Beekhuizen, President and Chief Executive Officer  
Todd Cunfer, Chief Financial Officer

### Joshua Levine, Chief Investor Relations Officer

Good morning, and welcome to The Campbell's Company's third quarter fiscal 2026 earnings conference call.

I'm Joshua Levine, Campbell's Chief Investor Relations Officer. Joining me today are Mick Beekhuizen, our President and Chief Executive Officer, and Todd Cunfer, our Chief Financial Officer.

In addition to today's pre-recorded remarks, we will host a live Question & Answer session via webcast today, June 8, 2026 at 9 a.m. Eastern.

Today's earnings press release, presentation, and an audio recording of our prepared remarks are available on our website in the Investors section. A replay of the webcast will be posted there following the Q&A, with a full transcript available within 24 hours.

You will find today's agenda on slide 2. Mick will provide an overview of our third-quarter performance. Todd will then discuss the financial results and our outlook for the balance of fiscal 2026.

During today's discussion, management may make forward-looking statements which reflect our current expectations about future plans and performance. These statements rely on assumptions and estimates, and are subject to risks and uncertainties. Please refer to slide 3 of our presentation or our SEC filings for a discussion of factors that could cause actual results to differ materially.

We also use non-GAAP financial measures that we believe provide useful information for investors. Reconciliations to the most directly comparable GAAP measures are included in the appendix of our earnings presentation. Non-GAAP financial measures are not intended to be considered in isolation from or as a substitute for the financial information presented in accordance with GAAP.

And now, it's my pleasure to turn the call over to Mick.

**Mick Beekhuizen, President and Chief Executive Officer**

Thanks, Josh. Good morning, everyone, and thank you for joining us.

Before we begin, I want to welcome Josh to his first call as our new head of Investor Relations. Many of you may already know Josh from his time at Simply Good Foods, Sovos Brands, or when he was on both the buy-side or sell-side. He is a highly respected investor relations leader with deep experience across investor relations, capital markets and the food industry, and has a strong track record of building trust and credibility with the investment community. We are very excited to have him join us.

I will now start with an overview of our third-quarter.

Although our results were largely in-line with our expectations, they remained under pressure from a year-over-year perspective, driven by top-line softness and continued inflation-driven headwinds on our margins. For the quarter, organic net sales declined 4%, adjusted EBIT decreased 24%, and we delivered adjusted EPS of \$0.50, down 32% versus prior year. Our reaffirmed full year guidance reflects our performance to-date, our confidence in our team, and our intention to continue investing in priority areas as we look ahead.

As we make the necessary decisions and investments to improve our performance and return to top and bottom-line growth, I want to highlight what gives me confidence in the future:

First, we continue to see convenient, at-home cooking as a durable tailwind with a long runway ahead. Consumers are not only seeking affordability, but also the comfort, flexibility, and personalization that comes with preparing meals at home. Digital ordering and the social media-enabled recipe hack culture add convenience and creativity in a way that was never possible. That makes this trend particularly powerful for The Campbell's Company, because helping people easily create meaningful, satisfying food moments at home is exactly where our Meals & Beverages brands are strongest. As we look ahead, we will be stepping up our focus on this sustainable consumer behavior by increasing our investment in core areas such as consumer insights to drive effective elevated brand support and a bolder pipeline of innovation.

Second, in Snacks, while we recognize that our overall performance needs to improve, we are starting to make progress in our priority areas, and I'm pleased with the early changes being implemented by our new leadership team. Most importantly, we are putting the consumer front and center in everything we do, and focusing on strengthening the core of our brands.

Within the core of *Goldfish*, which makes up over 90% of the brand's retail sales today, our in-market consumption was stable for the second quarter in a row, reinforcing our strategic decision to return our focus to the brand's legacy as a leader in snacking for families with kids. In *Pepperidge Farm* fresh bakery, we made meaningful progress in stabilizing our network, with fill rates and in-stock levels back at or near normalized levels, giving us confidence fresh bakery will be in a stronger place as we exit the year. And our Snacks segment margins, while still down on a year-over-year basis, improved sequentially from last quarter as we made progress in stabilizing the network.

Third, we are accelerating our work to protect our margins and support higher investment levels. This includes delivering higher productivity benefits and realizing \$55 million of savings fiscal year-to-date as a result of initiatives within our multi-year cost savings program. We are not stopping there. We are removing complexity and further accelerating our pipeline of projects to drive efficiency and effectiveness across the organization. This includes the overhead reduction savings initiative we unveiled last quarter and our ongoing efforts to optimize our network.

Even as we navigate several cross-currents impacting both consumer spending and our cost structure, we are building on these proof-points, controlling what we can control, and sharpening our execution to improve our overall performance.

Finally, we announced our plans to move away from FD&C colors last September, and I am pleased to share that we have now successfully transitioned to natural colors in all of our leadership brands. We are in the process of making this change to our smaller, regional Snacks brands as well, which will be completed by the end of July. We recognize the importance of evolving our portfolio to meet consumers' needs for simpler ingredients, and I am proud that the team achieved this goal ahead of schedule.

Turning to our Meals & Beverages division, organic net sales declined 4%, while consumption was flat, consistent with fiscal year-to-date trends. Our in-market consumption was driven by growth from the continued at-home cooking behavior, which has been resilient throughout the past couple of years.

Within U.S. soup, consumption was pressured in Q3. You may recall that Q3 of Fiscal 2025 was a particularly strong soup quarter for us, as the demand driven by ongoing cooking trends was further amplified by disproportionate demand for eating soups. As a result, soup consumption this year declined 4.4%. However, on a two-year basis, total soup consumption declined 1.3%, similar to both Q1 and Q2 of this year.

As previously mentioned, we continue to invest in our brands and products typically used as ingredients to enable scratch or semi-scratch cooking. This includes a large number of items across our *Campbell's*, *Swanson* and *Pacific* brands. In aggregate, this portfolio represents roughly half of our US retail soup portfolio and has been a steady growth engine for us for years, including approximately 3.4% fiscal year-to-date and 1.5% in Q3. Given the consumer's increasing interest in flavor exploration and creativity, persistent need for solutions to help stretch their dollar, and the investments we are making to support our brands, we expect this to remain a key growth engine well into the future.

Broth remained a bright spot. The category grew 5.3% in Q3, while *Swanson* and *Pacific* combined grew consumption 4.4%, a 150-basis point acceleration versus Q2 and a strong result considering we grew nearly 15% in Q3 last year. Within the fast-growing premium broth segment, *Pacific* sustained double-digit consumption growth for the 6<sup>th</sup> consecutive quarter, up 17%. Within mainstream broth, *Swanson* delivered resilient in-market performance, up 2%, and gained share.

In condensed, where our portfolio is evenly split between ingredient-like products such as Cream of Mushroom and “heat and eat” varieties like Chicken Noodle, performance was mixed. Condensed cooking declined modestly on a one-year basis while declines in condensed eating accelerated, largely as a result of the challenging lap I highlighted a moment ago. Looking ahead, we’re excited for the summer launch of *Campbell's Condensed Sauces*, capitalizing on strong at-home cooking behaviors and, in particular, the consumer’s increasing interest in flavor exploration.

The ready-to-serve soup category had a soft quarter. Declines for our RTS portfolio were relatively consistent with category performance driven by our mainstream brands including *Chunky*. On the premium side, *Pacific* and *Rao's* delivered 7% and 8% year-over-year consumption growth, respectively. We continue to see an opportunity for these premium brands to rejuvenate interest in the broader category by leveraging the consumer’s increasing demand and willingness to pay a premium price for a higher quality experience. At the same time, we have some work to do to increase consumer relevance for our mainstream RTS portfolio.

As we look ahead, we remain encouraged about the underlying trends for our soup portfolio. We have durable tailwinds that we intend to leverage with increasing focus and investment, and have an exciting slate of innovation bringing news, health benefits and incremental occasions to the soup category.

Our Italian sauces portfolio continues to win in both premium and mainstream. The total *Rao's* brand grew consumption 15% with sauce up 13% during Q3, benefitting from strong fundamentals – household penetration expansion, velocity growth, and best-in-category innovation with our Creamy

line. *Rao's* drove 75% of total sauce category dollar growth in the quarter and, relative to Q2, expanded its dollar share leadership nationally by 50 basis points to over 1,000 basis points.

Yet, even as the total brand recently surpassed \$1 billion in trailing twelve-month net sales, household penetration and unaided awareness are still well below legacy category peers. We are leaning into this opportunity with insight-driven innovation and distribution expansion while staying grounded in what makes the brand special: exceptional taste, fresh ingredients, and a restaurant-quality experience at home born from the investment in time and care it takes to make these delicious sauces.

Beyond sauce, one of the most compelling parts of the unique *Rao's* story is its ability to successfully expand outside its core aisle. It is very rare to find a brand, at this size, that can sustain top-tier growth while also expanding into adjacencies in ways that are incremental and equity-building. We will continue to invest in pasta, soup and frozen, leveraging *Rao's* growing awareness. I would highlight that the *Rao's* brand outside of pasta sauce grew consumption 22% in Q3 and is up 19% over the last 52 weeks.

Our investments in *Rao's* reflect this confidence. Throughout the year, we have increased our marketing spend to drive awareness through a targeted omni-channel media strategy. Additionally, our acquisition of a 49% stake in La Regina further reinforces our long-term commitment to the brand.

Beyond *Rao's*, and when we exclude the ultra-distinctive segment, *Prego* continued to win share in Italian pasta sauce, enabled by strong execution and distribution wins. With *Rao's* the #1 brand in dollars and *Prego* the #1 brand in units, we are strategically positioned to continue winning in this important \$4 billion cooking-focused category.

Now, let's turn to Snacks. Organic growth was under pressure, down 4%, driven largely by consumption softness as a result of purposeful, short-term decisions intended to stabilize our fresh bakery operations and weakness in our salty snacks business.

I recognize that our performance remains well below expectations. We know that we need to deliver stronger absolute top and bottom-line results to create shareholder value.

Before we dive deeper, I want to highlight how pleased I am with the early progress being made under new leadership for this division. We are working with speed and simplifying our approach. Our goals are to reduce complexity, improve service levels and in-store execution, and strengthen our margins while freeing up funds to reinvest in our business. Most importantly, we are putting the consumer front and center in everything we do, ensuring we provide great-tasting products that consumers want while launching innovation with ample fuel to create successful outcomes. This will involve some tough decisions, and may include rationalizing our product portfolio, reallocating and prioritizing investment for certain brands, and consolidating nodes within our network. But these are necessary actions to strengthen our core while improving the long-term growth trajectory and margin profile of this business.

Let's talk about *Goldfish*. We are seeing encouraging signals from our decision to return the brand's strategy to its legacy as a leader in snacking for families with kids. For the quarter, total *Goldfish* consumption declined 0.9%, consistent with Q2. Dollar share was stable, a notable improvement as compared to recent trends. In our core product offerings which are focused towards households with kids, consumption was flat for the second quarter in a row. As you can see on slide 11, this represents sustained improvement from earlier this fiscal year.

As we look toward the summer and the back-to-school period, we have strong plans, with stepped up merchandising including feature and display support, and stronger omnichannel execution that improves how *Goldfish* shows up for families both in-store and online. A great example of innovation that is tailored to households with kids is our recent collaboration with *Pokemon*<sup>TM</sup> to celebrate its 30<sup>th</sup> anniversary. Additionally, we will be launching a new advertising campaign highlighting the brand's playful legacy as "the snack that smiles back".

Turning to *Pepperidge Farm*, our focus in fresh bakery remains on improved execution and service. We made measurable progress this quarter, improving on-shelf availability and customer fill rates

from the low levels we experienced earlier this year. While consumption was pressured during the quarter, down 7.5% relative to a category that was down modestly, we view our performance as largely the result of decisions we made to stabilize our network. Now, with operational metrics in a stronger place, we are beginning to reintroduce promotions in a disciplined way. With increased focus on our top selling products and a pipeline of further operational improvements set to be rolled out in the coming quarters, we expect to make progress towards delivering more consistent performance in-line with the category.

In cookies, we declined 2.6% but essentially held share during Q3 as we began to lap the initial launch and heightened levels of display activity for White Chocolate *Milano* last year. *Chessmen* grew once again, benefitting from solid innovation and merchandising support. These successes demonstrate the durability of premium indulgence and the consumer's appetite for delicious snacks. As we look to the summer and in support of America's 250<sup>th</sup> birthday, we will have exciting activity across our portfolio while further reinforcing our conviction in great-tasting innovation – our limited-edition Maggie's Apple Pie cookies named after *Pepperidge Farm's* founder Margaret "Maggie" Rudkin launched last month and are on shelves across the country. I encourage you to try them. They are delicious.

Finally, in Salty Snacks which makes up roughly one-third of the Snacks business, retail sales were down 6.2%. Chips consumption declined 4.5%, reflecting a sequential improvement of nearly 400 basis points versus Q2, while pretzels performance softened.

As we begin our simplification efforts, we see the most opportunity in our salty portfolio. To reignite growth, our salty brands need to strengthen their core with bigger and bolder ideas that are sustainably supported by higher levels of marketing. We need the right pack-sizes at the right price points to win, with consumer-led innovation differentiated from competition. To achieve this, we will tighten our assortment, sharpen price-pack architecture and improve trade efficiencies, all while prioritizing where we can win. These initiatives are in our control, and we have already started actioning against them. This process will take some time, but we are committed to turning around this business.

To wrap up, we are focused on improving the trajectory of our company and putting plans in place for fiscal 2027 and beyond. We have tailwinds in Meals & Beverages that we're supporting with investment, and we are building momentum in key areas of Snacks. Even as we work to overcome continued challenges, we are stepping up investments and building capabilities to drive growth, control what we can, and accelerate cost savings and productivity actions to support our margins.

Let me now turn it over to Todd.

**Todd Cunfer, Chief Financial Officer**

Thank you, Mick, and good morning, everyone. I'll walk through our third-quarter fiscal 2026 results and our outlook for the balance of the year.

As Mick outlined, we're operating in a challenging environment with several cross currents impacting both the top and bottom line. As we close out the year, we are taking disciplined actions to improve our top-line performance, manage costs, generate fuel for brand investment, and strengthen cash flow and the balance sheet.

Starting with our headline results, third-quarter net sales were down 4% on a reported and organic basis, Adjusted EBIT declined by 24%, and adjusted EPS was \$0.50, down 32% year-over-year.

The decline in organic net sales reflected a 5% volume headwind primarily as a result of lapping strong prior-year performance in our soup business and continued challenges across much of our Snacks division. Net price realization was a 1% benefit.

Adjusted gross margin was 27.7%, a year-over-year decline of 240 basis points, slightly improved from Q2. Gross tariffs, cost inflation and other supply chain costs were the primary headwinds, including a modest impact from higher logistics costs as a result of the Middle East conflict. Cost savings and supply chain productivity improvements in the quarter reflected strong execution by our supply chain teams. Net price realization was a benefit, as well.

Adjusted marketing and selling expenses of \$211 million increased 2% year-over-year to 8.9% of net sales, up 50 basis points, reflecting our intention to continue to invest in the long-term opportunity for our brands.

Adjusted administrative expenses were \$149 million, a slight decrease versus prior year, demonstrating continued execution of our multi-year cost savings program and lower incentive compensation, offset by higher general administrative costs.

Third quarter adjusted EBIT decreased 24% to \$274 million, driven by lower gross profit. Adjusted EBIT margins declined 300 basis points year-over-year to 11.6%.

Adjusted EPS declined to \$0.50, down 32% versus prior year driven by lower Adjusted EBIT. Interest expense, the adjusted effective tax rate, and shares outstanding were consistent with the prior year.

Turning to segment performance, Meals & Beverages organic net sales declined 4%. U.S. retail consumption was flat, with positive performance in our Cooking soups, as well as strength from *Rao's* and *Pacific*, offset by weak consumption in Eating soups and beverages. The net impact of shipment timing movements from the SAP enterprise-resource planning implementation in Q3 of last year and the winter storm-related delays in January of this year was a 1-point headwind in the quarter. The underlying 3-point gap between shipments and consumption was largely attributable to a combination of timing and normal quarter-to-quarter variation across the year.

Operating earnings declined 16% due to lower gross profits, primarily reflecting the gross impact of tariffs, elevated input cost inflation and other supply chain costs, and unfavorable volume performance. These headwinds were partially offset by supply chain productivity improvements, net price realization, and benefits from cost savings initiatives.

Snacks performance was challenged but came in as expected, with reported and organic net sales down 4%. Weakness was driven by unfavorable volume trends in U.S. retail consumption, while contract and partner channels were also lower in the quarter.

Operating earnings declined 32% primarily due to lower gross profits, reflecting elevated cost inflation, other supply chain costs, and volume deleverage. These headwinds were partially offset by supply chain productivity, favorable net price realization and benefits from cost savings initiatives.

Before I move on, I want to take a moment to highlight our progress against our multi-year savings program. We have now realized savings of approximately \$200 million against a multi-year target of \$375 million. We are moving quickly to implement other opportunities, including process improvement and consolidation within and across our network. We have made significant progress on the \$100 million overhead reduction actions we announced last quarter. These actions are designed to improve efficiency and effectiveness across the organization. Our team recognizes the urgency needed in today's environment and is hyper focused on executing these projects.

Turning to cash flow and the balance sheet, we continue to prioritize cash generation. Year-to-date, operating cash flow was \$839 million, a modest decline as lower cash earnings were partially offset by improved working capital. Capital expenditures were \$297 million, flat on a year-over-year basis, as we maintained a disciplined approach to investment. Year-to-date, we have returned \$380 million to shareholders primarily through dividends.

At the end of the third quarter, the Company had approximately \$402 million in cash and cash equivalents, and approximately \$7.0 billion in debt. As a result, our net debt to trailing twelve-month Adjusted EBITDA leverage ratio was 4.0x. The company also has approximately \$1.5 billion available under its revolving credit facility.

As we said last quarter, our investment grade rating is very important to us. We are making progress identifying and executing actions to improve working capital, while tightening our capex budgets. We continue to assess opportunities to lower our future capital needs and remove fixed costs from our

P&L. Finally, to reiterate what I said last quarter, we have eliminated all anti-dilutive share repurchases and there are no plans to increase our dividend.

Turning to guidance, we are reaffirming our outlook for fiscal 2026. Specifically, we expect organic net sales declines of 1% to 2%, Adjusted EBIT declines of 17% to 20%, and Adjusted EPS of \$2.15 to \$2.25. This outlook reflects performance fiscal year-to-date, and embeds our intention to maintain the investments necessary to improve performance and execution. Furthermore, this outlook now includes the initial impacts from the Middle East conflict, specifically higher logistics costs, which we expect will be offset by recognizing a tariff refund benefit in Q4.

Specifically for the fourth quarter, there are a few important items to keep in mind:

First, we will be lapping the extra week in last year's Q4, which we expect to be a headwind of approximately 7% to net sales, 9% to Adjusted EBIT, and \$0.06 to Adjusted EPS;

Second, as a reminder, during fiscal 2025, we shifted approximately \$30 million of net sales from Q4 into Q3 to ensure a successful ERP implementation for the Sovos Brands business. We expect this dynamic to benefit year-over-year growth in Q4 this year, specifically in the Meals & Beverages segment; and

Third, following the recent closing of our acquisition of a 49% interest in La Regina and the plan to fully consolidate their financial results, I wanted to call out a few items you will notice on our financial statements beginning in Q4:

- The 51% interest in La Regina's profits that we do not own will be reflected as earnings from noncontrolling interest;
- We expect to recognize a small benefit to net sales, as well as operating costs reflecting the addition of La Regina's two plants in Scafati, Italy and Alma, Georgia; and
- Given that our purchase agreement provides us the option to use equity to fund the \$140 million second tranche payment due on May 4, 2027, US GAAP requires us to add

approximately 7 million shares at today's stock price to our diluted share count, bringing Campbell's expected diluted share count going forward to approximately 306 million. Please note that we have not yet determined if we will use equity or cash for the second payment, and likely will not make that decision until we need to in about a year.

As noted in our Form 10-Q, we are still in the process of finalizing the accounting and related disclosures for this transaction. All in, we continue to expect the acquisition of La Regina to be neutral to our adjusted EPS in fiscal 2026.

Finally, as we look ahead, we continue to manage our input cost exposures through a systematic hedging program. In the near term, we believe this will provide protection and visibility for our P&L. However, as we look to fiscal 2027, should oil prices remain around \$100 per barrel, our early estimates would suggest 2% to 3% incremental inflation above our typical base inflation rate. At this early stage, we are focused on a series of mitigants including cost savings from our productivity and multi-year savings programs, overhead reductions and, if necessary, drive net price realization. As always, we will balance our investment needs against protecting our margins while remaining focused on doing what's best for shareholders.

That concludes our prepared remarks. We encourage everyone to listen to our live question-and-answer webcast which will begin at **9 a.m.** Eastern today, **June 8, 2026**, and which is accessible on the company's investor relations website. Thank you for your continued interest in The Campbell's Company.