



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

Corporate Participants

Rebecca Gardy, Chief Investor Relations Officer
Mick Beekhuizen, Chief Executive Officer
Todd Cunfer, Chief Financial Officer

[Slide 1]

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

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

In addition to today's pre-recorded remarks, we will host an analyst Question & Answer session via webcast at 9 a.m. ET today, March 11, 2026.

The presentation, a transcript and audio recording of management's prepared remarks, and today's earnings press release 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.

[Slide 2]

You will find today's agenda on slide 2. Mick will provide insights into our second-quarter performance as well as our in-market performance by division. Todd will then discuss the financial results of the quarter in more detail and review our updated guidance for fiscal year 2026.

[Slide 3]

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 risk 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 reference non-GAAP 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 measures are not intended to be considered in isolation or as a substitute for the financial information presented in accordance with GAAP.

And now, it is my pleasure to introduce our Chief Executive Officer, Mick Beekhuizen. Mick...

[Slide 4]

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

[Slide 5]

Let me start with a clear and candid update on Q2 as the performance was below our expectations.

Underlying consumer demand remained relatively steady, but our reported results were pressured by two key factors: weaker-than-expected performance in Snacks and storm-related shipment delays in Meals & Beverages that shifted some volume from Q2 into Q3.

In Meals & Beverages, in-market demand grew, driven by our leadership brands including *Rao's*, and that strength continues to anchor our portfolio.

In Snacks, the recovery is taking longer than anticipated. We made sequential progress on *Goldfish*, but Fresh Bakery execution disruptions and elevated competitive intensity in Salty weighed on volume and margins. We are taking focused actions to restore Fresh Bakery service, to sharpen our value, launch incremental innovation and improve in-market execution in Salty, while continuing to build on *Goldfish* momentum.

At the same time, we're accelerating enterprise cost savings to support margins and reinvestment, including \$100 million of additional near-term overhead reduction initiatives that

will increase efficiency and effectiveness across the organization. Todd will provide more details in a few moments.

Largely driven by the near-term outlook for our Snacks business and select incremental trade investments, we've updated our fiscal 2026 guidance. We remain focused on executing our strategy and are increasing our intensity, especially on Snacks execution and cost savings.

[Slide 6]

Turning to key drivers of our Q2 results, in-market consumption improved sequentially from down 1% in Q1 to flat in Q2 driven by Meals & Beverages.

Organic net sales declined 3% in Q2, reflecting lower than anticipated in-market consumption within Snacks in combination with shipment delays late in the quarter which largely impacted Meals & Beverages. Adjusted EBIT declined 24% in Q2 driven by lower sales, operational disruptions – especially in Fresh Bakery – and tariff-related cost pressure. Cost savings and productivity actions helped to partially offset these headwinds. Adjusted EPS was \$0.51 for the quarter, consistent with the pressure on adjusted EBIT.

Taken together, these results underscore the ongoing pressures we are navigating, while reinforcing our focus on execution and disciplined actions to stabilize Snacks performance, maintain momentum in Meals & Beverages and position the overall business for sustainable growth.

[Slide 7]

Even in a challenging environment, we continue to see meaningful share resilience in Meals & Beverages across our portfolio. This was especially evident during the holiday period and in categories benefiting from at-home cooking trends.

Across our Leadership Brands, Q2 dollar consumption was relatively flat, and dollar share declined 0.2 points.

In Meals & Beverages, consumption increased 2%, and overall share was flat year over year. In this environment, holding or growing share is meaningful, and it underscores the strength of our brands and our relevance with consumers.

Campbell's, *Rao's*, and *Pacific* all either grew or held share versus last year. These brands benefit from sustained at-home cooking behavior, high consumer trust, and compelling value propositions that resonate given increased pressure on consumer's wallets. This performance reinforces the important role that Meals & Beverages continues to play in our portfolio.

In Snacks, consumption declined 3%, and overall share declined 0.3 points. That said, we are seeing important pockets of strength with *Goldfish*, *Pepperidge Farm*, and *Snack Factory* holding or growing share. These wins show that our Snacks brands resonate with consumers and can still outperform, even with a tough category backdrop.

Our brand portfolio is well-positioned to deliver sustainable growth as our brands have a strong right-to-win across the four consumer need-state pillars of Cooking & Comfort, Premiumization, Flavor Exploration, and Health & Wellness. We will fully capitalize on this right-to-win by accelerating innovation, evolving our products to further strengthen the consumer value proposition, and increasing focus on executional excellence at retail – notably in omnichannel.

[Slide 8]

Turning to slide 8, Meals & Beverages consumption remained strong in Q2, with dollar consumption up 2% versus last year partly driven by strong holiday demand.

However, organic net sales declined 2% reflecting storm-related shipment delays in January, which created roughly a one-point headwind to reported net sales.

[Slide 9]

Let me spend a few moments on the Meals & Beverages portfolio, starting with soup.

Overall soup consumption was essentially flat in the quarter, but importantly cooking occasions continued to provide a meaningful tailwind to in-market demand. Within a competitive category

environment, we are competing effectively in at-home cooking occasions with strong brand positioning and disciplined price-value architecture.

In Broth, category consumption grew for the tenth consecutive quarter, driven by younger consumers. While competition has intensified, due to private label supply recovery and increased promo spending by branded competitors, *Pacific* delivered strong double-digit dollar consumption and volume growth, and *Swanson* continued to grow dollar consumption.

In Condensed, we grew share for the ninth consecutive quarter, led by our cooking portfolio. During the key holiday period, Campbell's delivered its highest dollar sales in the past three years.

While the Ready-to-Serve category remained slightly negative despite sequential improvement, we delivered share gains driven by *Pacific* and *Rao's*. Pricing actions performed in line with expectations, and we continue to actively monitor elasticities and competitive dynamics.

We remain confident in our Soup portfolio as we move through the balance of the year, with advantaged brands and clear line of sight to build on these share positions as conditions normalize.

[Slide 10]

Building upon *Campbell's* strong momentum and right-to-win in the consumer need-state pillar of Cooking & Comfort, we're excited about the launch of *Campbell's* Condensed Sauces.

Consumers want to make great meals their families will love, but after a busy day they need solutions that are simple, reliable, and affordable. Ninety percent of consumers recognize that *Campbell's* Condensed Soups are a convenient ingredient to enable semi-scratch home cooking. Building upon this existing consumer behavior, we're launching *Campbell's* Condensed Sauces. These products will be merchandised in the Soup aisle and will break through with "SAUCE" in big, bold font and on the front label. *Campbell's* Condensed Sauces will further build credentials for the Soup aisle as a cooking solutions destination.

The Condensed Sauces platform will ship this June, with robust trade and consumer support beginning during back-to-school, to build momentum ahead of peak holiday season.

[Slide 11]

Turning to Slide 11, when we added the *Rao's* brand to the Campbell's portfolio, we were very clear about our conviction of its continued growth trajectory. *Rao's* has a clear right to win as consumers are increasingly seeking quality, authenticity, and an elevated restaurant-quality experience at home. That conviction was validated. As of the second quarter, the total *Rao's* brand surpassed \$1 billion in net sales on a trailing twelve-month basis, growing 14.5% in consumption during the quarter. This is a significant milestone that reflects the strength of the brand, its premium positioning, and the disciplined execution of our teams. *Rao's* is now our fourth billion dollar brand, joining *Campbell's*, *Goldfish* and *Pepperidge Farm*.

Rao's continues to be one of the best growth stories in all of food. What makes this performance especially compelling is its breadth and quality. And although there is continued opportunity to expand the brand, "*Sauce remains boss.*" *Rao's* Italian pasta sauce is the number one brand in absolute dollar growth, the number one in market share growth and now holds the top share position across all eight U.S. "Circana-defined" regions. Additionally, *Prego* is maintaining its number two position in each of these regions.

Rao's pasta sauce continues to gain share through strong household penetration growth, industry-leading shelf productivity, and innovation that is resonating with consumers and customers. Creamy Marinara is a clear example of leading innovation in the category on both dollars and velocity, reinforcing *Rao's* ability to elevate the category while expanding usage occasions.

In Q2, *Rao's* sauce delivered 11.5% consumption growth, outpacing the Italian sauce category and helping to drive solid dollar share growth. *Rao's* sauce growth is driven by fundamentals – expanding its household base, delivering strong velocities, and building scale with one of the most productive assortments on shelf. This is not a pricing or promotion story; it's a sauce brand that consumers are actively and repeatedly choosing.

Surpassing \$1 billion is not the destination — it's an important milestone in what we believe is a long-term growth story. With strong fundamentals, ongoing innovation, and disciplined investment support, the *Rao's* brand exemplifies our commitment to establishing sustainable growth within Meals & Beverages.

[Slide 12]

Now let's turn to our Snacks business on slide 12. As I've described, the category continues to reflect evolving consumer preferences. Consumers are still snacking, but how and why they snack is changing, with greater intentionality around purchases and increased focus on health and wellness, premium and flavor-forward experiences, and clear value.

That said, Snacks performance in the quarter was weaker than we expected driven by lower than anticipated in-market consumption as sequential progress in *Goldfish* was offset by the execution challenges in Fresh Bakery and increased competitive intensity within our salty portfolio.

Looking at the financial results, organic net sales declined by 6% driven by volume declines with net price realization neutral for the quarter. As expected, partner and contract brands were about a one-point headwind to net sales. As mentioned during the previous quarter, shipment timing between Q1 and Q2 negatively impacted Net Sales for the second quarter.

Importantly, while the quarter was pressured, we're making progress in key areas and remain confident in the strength of our Snacks brand portfolio and our right to win. We participate in categories where consumers continue to seek connection, comfort, and elevated experiences. Our focus now is on maintaining the momentum within *Goldfish*, improving our execution within Fresh Bakery, and increasing our competitive position within our salty portfolio.

We are taking clear actions to address these issues and position Snacks for improved performance.

[Slide 13]

On Slide 13, I want to spend a moment on *Goldfish*, which is a core pillar in stabilizing our Snacks business.

Goldfish is the number one brand in Crackers with households with kids and has a broad appeal. Importantly, households with kids represent one of the most resilient snacking cohorts, and that's where *Goldfish* continues to have a clear right to win; a fun snack without artificial colors, flavors, or preservatives and baked with 100% real cheese.

Given the importance of the brand to our overall Snacks business, we took a hard look at what was getting in the way of *Goldfish* performing consistently — and that led us to simplify, sharpen, and refocus how we manage the business.

We've sharpened the value architecture, anchored in larger sizes including multipacks, reduced complexity versus prior years, and focused innovation on scalable platforms, including Seasoned Pretzels and targeted limited-time offerings. As a result, we saw sequential improvement in consumption in Q2, with stronger performance where value architecture and retail execution are aligned.

As we look ahead, we're staying tightly focused on *Goldfish's* most valuable consumer — families with kids. This is where the brand's equity is strongest, and where disciplined in-market execution and focused innovation can drive improved momentum over time.

[Slide 14]

Turning to Pepperidge Farm, Cookies continued to do well during the quarter driven by holiday performance and successful innovation, across our two largest platforms, *Milano* and *Chessmen*, which attract consumers into premium, "worth-it" moments. *Milano* remained a key contributor to category growth, supported by White Chocolate innovation and limited-time-offerings, while *Chessman* returned to growth for the first time in four quarters. As a result, Cookies delivered another quarter of share gains, reinforcing the durability of premium indulgences.

However, our Pepperidge Farm Fresh Bakery business was negatively impacted by execution challenges. Throughout the quarter, execution deteriorated driven by manufacturing and distribution disruptions which were exacerbated by the January winter storm.

We quickly deployed a cross-functional team fully focused on improving the execution, and we're already seeing measurable improvements. As part of our efforts, we're investing to make sure the improvements are sustainable as we turn the trajectory of the Fresh Bakery business. I expect us to continue to make progress throughout the third quarter and be fully recovered during our fiscal fourth quarter.

The overall brand is in a good position, which is giving us confidence that, as execution improves, Pepperidge Farm Bakery will return to sustainable growth.

[Slide 15]

Turning to Salty Snacks, the sequential progress within Pretzels was offset by competitive headwinds in Chips.

Specifically, in Pretzels, we saw sequential improvement during the quarter, led by *Snyder's of Hanover*. Holiday-specific limited time product offerings and improved execution drove momentum. We're reinforcing that progress by reigniting the core, including a refreshed visual identity to strengthen shelf presence and shop-ability and bringing better-for-You innovation such as our *Snyder's of Hanover* Sticks platform which offer a bundle of protein and fiber benefits.

In Chips, we're placing a greater focus on value to remain competitive, while continuing to invest behind platforms that resonate with today's consumers. *Kettle* Brand and *Late July* innovation, particularly Avocado Oil, is aligned with premium and better-for-you trends and is improving velocity in the category.

Overall, our Salty portfolio is well positioned and will continue to evolve with consumer preferences, particularly within premium and better-for-you offerings. New product launches across our salty portfolio continue to be a key focus to evolve our brands. At the same time, to improve our competitive positioning, we need to sharpen our value and focus on in-market execution.

[Slide 16]

As I wrap up, it's evident the consumer remains highly intentional with a clear focus on Cooking & Comfort, Premiumization, Flavor Exploration and Better-for-You. It's also evident that our brand portfolio is highly differentiated and well positioned to meet these consumer need-states.

I'm pleased with the performance of the Meals & Beverages portfolio this quarter, with *Rao's* leading the way, and demonstrating our ability to grow in-market consumption. In Snacks, progress has been slower than we anticipated, and while we are encouraged by the sequential improvement in *Goldfish*, maintaining momentum into the second half of the fiscal year is critical. We're actively addressing execution challenges within Bakery, strengthening competitive positioning within Salty, and delivering additional cost reductions across the company to support margins and continued brand investment.

We're making progress while navigating a dynamic operating environment, but we have more work to do and are taking decisive action to return to sustainable profitable growth.

With that, let me turn it over to Todd.

[Slide 17]

Thank you Mick, and good morning, everyone. I will walk through our Q2 fiscal 26 results and full year outlook. As you'll see, our results reflect a challenging operating environment, including competitive intensity, inflation and tariff impacts. We continue to take disciplined actions to manage costs, invest in our brands, and position the business for improved performance.

[Slide 18]

Starting with the headline results, Q2 came in below our expectations reflecting continued top- and bottom-line pressure in a dynamic operating environment. Net sales declined year-over-year, adjusted EBIT declined significantly, and adjusted EPS reflected lower operating performance.

[Slide 19]

Turning to slide 19, the organic net sales decline of 3% reflects volume and mix as the primary headwinds, indicating a more value-conscious consumer and elevated competitive intensity. Net price realization was roughly neutral. Divestitures, including noosa, reduced reported net sales by approximately a point as expected.

In Meals & Beverages, underlying U.S. retail consumption grew driven by Broth and Rao's. However, reported net sales tracked behind consumption driven primarily by a point from the January storm-impact on customer shipments, as well as headwinds across foodservice, Canada, and Latin America.

In Snacks, organic net sales declined more materially, driven by unfavorable volume and mix across leadership brands, the shift in volume between Q1 and Q2, and continued pressure in Contract and Partner channels. Net pricing was modestly favorable but insufficient to offset volume pressure.

[Slide 20]

On slide 20, second quarter adjusted gross profit margin decreased 270 basis points to 27.7%. Inflation and other supply chain costs were the primary drivers, including approximately 230 basis points of gross tariff impact. These pressures were partially mitigated by cost savings and supply chain productivity improvements and favorable net price realization, which together offset a meaningful portion of the inflationary headwinds. Net price realization was slightly favorable though less so than in the prior quarter due to additional promotional activity, particularly in our M&B business.

In the second quarter, Campbell's made progress towards its fiscal 2028 cost savings target of \$375 million by delivering approximately \$20 million in new savings, bringing total cost savings achieved to \$180 million. The company continues to expect these cost savings to be one of several levers to help offset tariff headwinds. We will be aggressive on cost savings initiatives and have identified additional near-term cost savings including \$100 million of overhead reductions over the next couple of years, two-thirds of which are outside our current PEAK enterprise cost savings program.

[Slide 21]

Turning to slide 21, adjusted marketing and selling expenses stayed flat at 10% as a percentage of net sales, reflecting the importance of continued investment behind our brands amid a softer topline.

Administrative expenses also remained flat as a percentage of sales, demonstrating ongoing discipline in overhead cost management.

[Slide 22]

As shown on slide 22, second-quarter adjusted EBIT decreased 24% primarily driven by the lower adjusted gross profit I just discussed, including a \$14 million impact of customer shipment delays related to the January storm. Marketing and selling investments, along with other operating items, were largely neutral on a margin basis. Overall, adjusted EBIT margin declined from 13.9% to 11.0%.

[Slide 23]

On slide 23, adjusted EPS declined to \$0.51, down 31% versus prior year. The decrease was almost entirely attributable to lower adjusted EBIT, including an approximate \$0.04 from the January storm-related impacts. Interest expense, taxes and share count were essentially neutral in the quarter.

[Slide 24]

Turning to segment performance on slide 24, Meals & Beverages results were impacted as I mentioned by an estimated \$20 million due to the customer shipment delays caused by January's winter storm, as well as competitive pressures and tariff impacts. Organic net sales decreased modestly, with volume and mix pressure partially offset by pricing. Operating margin declined to 15.3% reflecting the same inflationary and volume-related challenges we discussed earlier.

Organically, sales were down 2% driven by volume and mix declines of 2%, partially offset by favorable net price realization of almost 1%. Largest declines in quarter were seen in U.S. soup and *Prego* pasta sauces which were partially offset by the continued strong quarterly performance of *Rao's* which Mick spoke to earlier.

Second-quarter operating earnings decreased 15% primarily reflecting gross profit impacts from inflation including tariff impacts. Cost savings and supply chain productivity improvements were partial offsets to the inflationary pressures.

[Slide 25]

On slide 25, Snacks results underperformed relative to our expectations this quarter reflecting volume deleverage and higher costs. Net sales, both reported and organic, declined 6% primarily due to volume and mix pressure while net price realization was flat. Declines in Chips and Pretzels, supply constraints in Fresh Bakery and impacts from third-party Partner and Contract brands were significant drags to Snacks performance in the quarter.

Snacks operating margin declined 390bps, with 25% of the decline driven by poor bakery network performance and the rest as a result of volume deleverage in both our plants and our investment in marketing and SG&A. We forecast net sales performance for Snacks to improve modestly in the 2nd half versus Q2, with sequential improvement in operating margin as well. We expect stabilization as we make progress to improve bakery performance and capture productivity gains. Additionally, we are taking a comprehensive look at how to significantly improve the Snacks margin profile, including simplifying SKU mix, price pack architecture, and optimizing our manufacturing network.

[Slide 26]

As shown on slide 26, despite near-term earnings pressure, we continued our strong, stable cash generation year-over-year. We returned \$263 million to shareholders year-to-date through dividends and share repurchases. Capital expenditures of approximately \$227 million were focused on growth and productivity. For fiscal 2026, we expect total capex of approximately 3.7% of net sales.

Our net debt to adjusted EBITDA leverage ratio at the end of the second quarter was 3.8 times reflecting lower earnings. Reducing debt remains a key focus going forward, with specific emphasis on minimizing working capital and capex needs. In addition, we have suspended all share repurchases, including those for anti-dilution purposes.

At the end of the second quarter, the company had approximately \$561 million in cash and cash equivalents and approximately \$1.8 billion available under our revolving credit facility.

[Slide 27]

Based on the slower than anticipated recovery in Snacks and incremental trade investments, we are updating our full year guidance ranges from those provided on December 9, 2025, to reflect a more cautious view of the balance of the year. Additionally, the newly imposed 10% global tariff under Section 122 will result in a modest increase to our 2nd half tariff headwind.

Lastly, our updated guidance does not include any potential impact regarding the Iran conflict.

We now expect organic net sales to be in the range of down 2% to down 1%; adjusted EBIT to be in the range of down 20% to down 17% and adjusted EPS in the range of \$2.15 to \$2.25, representing a range of down 26% to down 23% versus prior year.

Regarding Q3, we expect the organic net sales, EBIT and EPS growth profile to be relatively consistent with Q2. As a reminder, we benefitted last year in Q3 from shipping ahead of the Sovos ERP conversion. This more than offsets the shift of volume from the storm this year out of Q2 into Q3.

As shown on slide 27, all other assumptions remain unchanged.

In closing, while our second quarter results that were below our expectations and we revised full-year outlook, we are acting with urgency and conviction, leveraging the strength of our brands and capabilities to improve performance and drive long-term value.

[Question & Answer Session]

That concludes our prepared remarks for today's call. We encourage everyone to listen to our live question-and-answer webcast which will begin at 9:00 a.m. Eastern today, March 11, and which is accessible on the company's investor relations website.

Thanks for your continued interest in The Campbell's Company.