EX-99.2 3 exhibit992-2026investorday.htm EX-99.2 - INVESTOR PRESENTATION



# WELCOME




**Anoori Naughton**

Vice President, Investor Relations

# Forward-looking statements

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including but not limited to our 2026 Full-year Financial Outlook and other statements regarding our business outlook and financial performance. Many of these forward-looking statements can be identified by the use of words such as "anticipate," "assume," "believe," "continue," "estimate," "expect," "forecast," "future," "intend," "plan," "potential," "predict," "project," "strategy," "target" and similar terms, and future or conditional tense verbs like "could," "may," "might," "should," "will" and "would," among others. These statements are made based upon current expectations that are subject to risk and uncertainty. Because actual results may differ materially from those contained in the forward-looking statements, you should not place undue reliance on the forward-looking statements when deciding whether to buy, sell or hold the Company's securities. Factors that could cause results to differ materially include, but are not limited to: disruptions or inefficiencies in our supply chain due to the loss or disruption of essential manufacturing or supply elements or other factors; issues, concerns or regulatory changes related to the quality and safety of our products, ingredients or packaging, human and workplace rights, and other environmental, social or governance matters; changes in raw material and other costs, along with the availability of adequate supplies of raw materials and the Company's ability to successfully hedge against volatility in raw material pricing; the Company's ability to successfully execute business continuity plans to address changes in consumer preferences and the broader economic and operating environment; selling price increases, including volume declines associated with pricing elasticity; market demand for our new and existing products; increased marketplace competition; failure to successfully execute and integrate acquisitions, divestitures and joint ventures; changes in governmental laws, regulations and policies, including taxes and tariffs; political, economic, and/or financial market conditions, including with respect to inflation, rising interest rates, slower growth or recession, evolving priorities of the U.S. administration, and other events beyond our control such as the impacts on the business arising from international conflicts and geopolitical tensions; risks and uncertainties related to our international operations; disruptions, failures or security breaches of our information technology infrastructure and that of our customers and partners (including our suppliers); our ability to hire, engage and retain a talented global workforce, our ability to realize expected cost savings and operating efficiencies associated with strategic initiatives or restructuring programs; complications with the design, implementation or usage of our new enterprise resource planning system, including the ability to support post-implementation efforts and maintain enhancements, new features or modifications; and such other matters as discussed in our Annual Report on Form 10-K for the year ended December 31, 2025 and from time to time in our other filings with the U.S. Securities and Exchange Commission from time to time. The Company undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in the Company's expectations.

# AGENDA



| | |
|---|---|
| **Leading Next Gen Snacking** | **Kirk Tanner**<br>Chief Executive Officer |
| **Next Gen Portfolio** | **Stacy Taffet**<br>Chief Growth & Marketing Officer |
| **Retail of the Future** | **Andrew Archambault**<br>President, U.S. |
| Break | |
| **Modern Supply Chain** | **Jason Reiman**<br>Chief Supply Chain Officer |
| **Next Gen Performance** | **Steve Voskuil**<br>Chief Financial Officer |
| Q&A | |

# LEADING NEXT GEN SNACKING




**Kirk Tanner**

President, CEO


WHAT YOU'LL HEAR TODAY
Strong foundation, with significant headroom for growth
Building next gen portfolio of consumer loved brands
Unleashing "One Hershey" commercial model
Architecting a resilient, agile, and efficient supply chain
Powering performance flywheel through scaled productivity and reinvestment
HERSHEY
7

# WE ARE EMERGING STRONGER



OVER THE PAST THREE YEARS

# Smart investments in our future despite unprecedented cocoa volatility




**Reinvigorated**
our core U.S. Confection innovation pipeline




**Scaled**
our presence in U.S. Salty Snacking



**Upgraded**
our digital infrastructure and IT talent



**Transformed**
our cost structure to fuel investments

# Differentiated portfolio, uniquely positioned to win in high growth spaces

| Category Growth Rates | U.S. Confection | U.S. Permissible Salty Snacks | U.S. Nutritional Bars | Int'l Chocolate Anchor Markets* |
|---|---|---|---|---|
| 2022-25 CAGR | +3% | +5% | +10% | +8% |

*Mexico, Brazil, WEUR







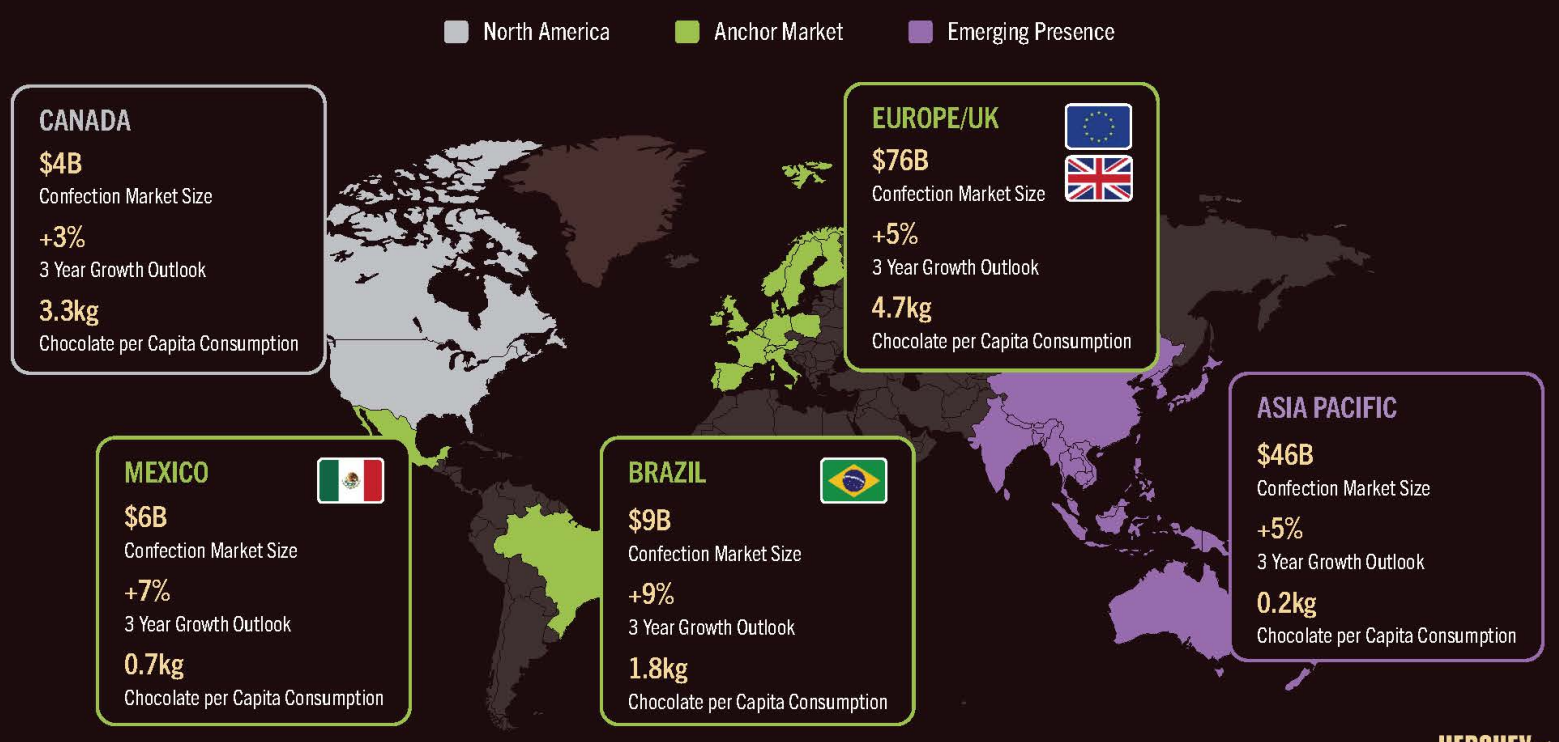






Source: Circana and Euromonitor (2022 - 2025)

# Significant growth runway in anchor markets with high chocolate consumption and proven right to win




Source: Euromonitor (2025), estimated 2025-2028 CAGR.


We will lead
NEXT GENERATION SNACKING
Caramello
HERSHEY
12

# Dynamic macro environment offers unique opportunities to win with consumers




## MACRO TRENDS

- Consumer financial pressure
- Food policy evolution
- Digital and AI proliferation
- Bifurcation to premium and value
- GLP-1 adoption
- Success of Emerging brands

## GROWTH OPPORTUNITIES

- Gen Z Activation
- Premium Expansion
- Functional and Better for you
- Win on Value
- Omnichannel Ecosystem
- Social and Influencer Marketing

# We will build on our foundation to lead next gen snacking

| Strong Today | Stronger Tomorrow |
| --- | --- |
| Mainstream chocolate powerhouse | Total confection leadership by leaning into premium, better-for-you, sweets |
| Fastest growing Salty portfolio in select categories | Expansion into permissible salty snack options across categories |
| Selective participation in protein | New growth vector in functional snacking |
| Category specific go to market teams and model | One Hershey operating model leveraging strengths across portfolio and capabilities |
| Strong capabilities and digital foundation | Leveraging AI to solve our biggest problems |










ONE HERSHEY



HERSHEY

OUR THREE PILLAR STRATEGY

# FOCUSED ON TOMORROW'S CONSUMER

**1 NEXT GEN PORTFOLIO**

Inspiring Every Snacking Moment

**2 RETAIL OF THE FUTURE**

Winning Where Shoppers Shop

**3 MODERN SUPPLY CHAIN**

Building a Smart, Agile Network

With people and technology ***Fueling The Growth*** to drive

## DIFFERENTIATED PERFORMANCE

# We will drive growth by maximizing our core while expanding into new spaces




## Maximize our core

Modernize brand building

Increase portfolio effectiveness

Build more $1B+ brands

## Expand into new spaces

Increase innovation in high growth spaces

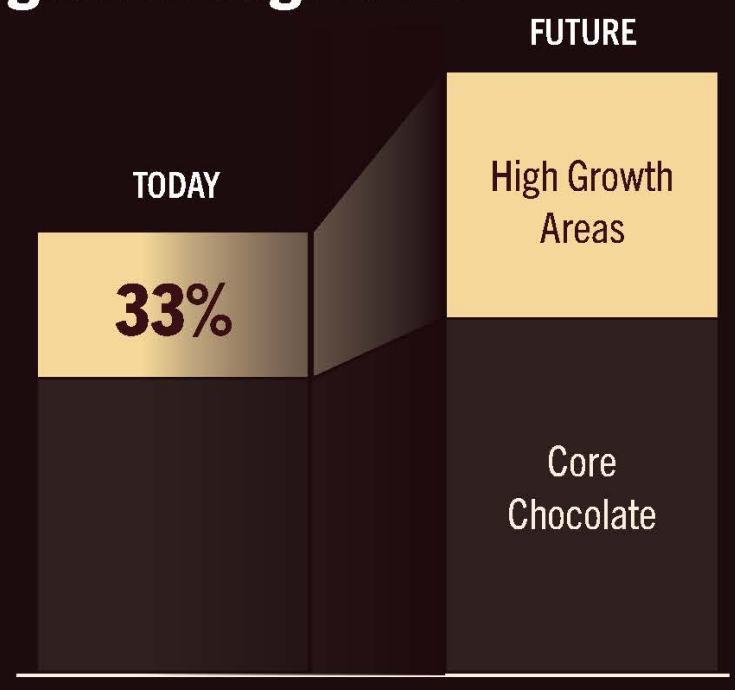
Invest in technical capabilities

Build new brands and execute thoughtful acquisitions



NEXT GEN PORTFOLIO

# Positioned to drive durable growth through high growth segments




Targeting over **40%** of Hershey sales in spaces with consumer tailwinds

- Permissible Salty
- Sweets
- Better-For-You
- Premium
- Functional
- International

Source: Company financials and information (2025)

# Unlocking growth through new commercial approach

## ONE HERSHEY



2 RETAIL OF THE FUTURE

# Combining our strength and capabilities across the portfolio



Merchandising Strategy



Retail Execution



Shelf Strategy



Price / Pack Architecture



Holistic Commercial Investment

**ONE HERSHEY**

## Brings One Voice to Retailers

expanding our scale, resources, and retail coverage,
and elevating our role as advisors with retailers

# Resilient, agile, and efficient supply chain

## to enable growth and reinvestment



- Demand fulfilment and ingredient resiliency
- World class network agility
- Industry leading quality, taste, and cost
- Tech-enabled productivity fuel for growth

FUELING THE GROWTH

# Integrating tech and AI capabilities across the organization

Implementation on highest-value use cases



## Portfolio

Higher marketing spend effectiveness and faster speed to market

## Commercial

Greater ROI on commercial investments and tech enabled in-store execution

## Supply Chain

Accurate forecasting and dynamic decision-making across supply chain

**Enabled by investments in digital foundation & talent**

FUELING THE GROWTH

# Top tier team leading new operating model



**Kirk Tanner**
President, CEO



**Steve Voskuil**
Chief Financial Officer

| Demand Creation | Commercial Excellence | Demand Fulfillment |
|---|---|---|



**Stacy Taffet**
Chief Growth & Marketing Officer



**Vero Villasenor**
Chief Brand Officer



**Andrew Archambault**
President, U.S.



**Rohit Grover**
President, International



**Jason Reiman**
Chief Supply Chain Officer



**Dave Hulays**
Senior Vice President, Finance



**Deepak Bhatia**
Chief Technology Officer



**Kris Meulen**
Chief Development Officer



**Nitin Jain**
Chief Strategy and Transformation Officer



**Natalie Rothman**
Chief Human Resources Officer



**James Turoff**
General Counsel & Secretary

pepsico · amazon · Coca-Cola · Kimberly-Clark · ABInBev · Keurig DrPepper · P&G

**Decades of collective experience building and scaling world-class consumer brands**

# Unlocking the next chapter of differentiated results

## Over the next three years, we expect to deliver:




Undisputed Leadership in **North America Confection**




Fastest growing portfolio in U.S. **Salty Snacking, on track to #2 share**



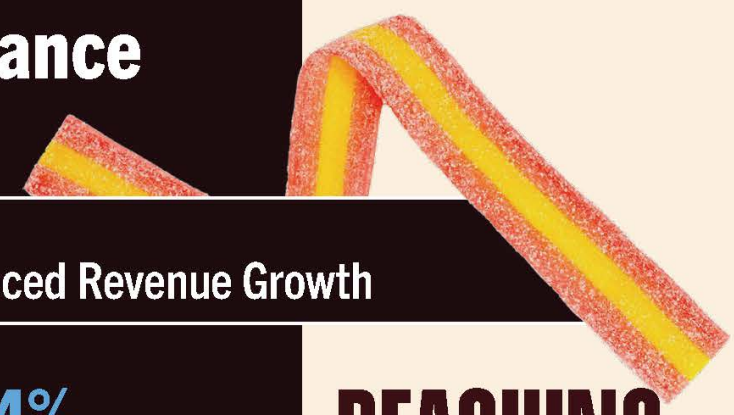

High growth, high return in **International Anchor Markets**




Upside from differentiated **Functional Snacking Portfolio**

DIFFERENTIATED PERFORMANCE

# Positioned to deliver sustained, top-tier performance



| | 2026-2027 Restore Profitability | 2028+ Balanced Revenue Growth |
|---|---|---|
| Organic Net Sales Growth | +2-4% | +2-4% |
| Adj. EPS Growth | Up Double-Digits | +6-8% |

## REACHING NEW HEIGHTS

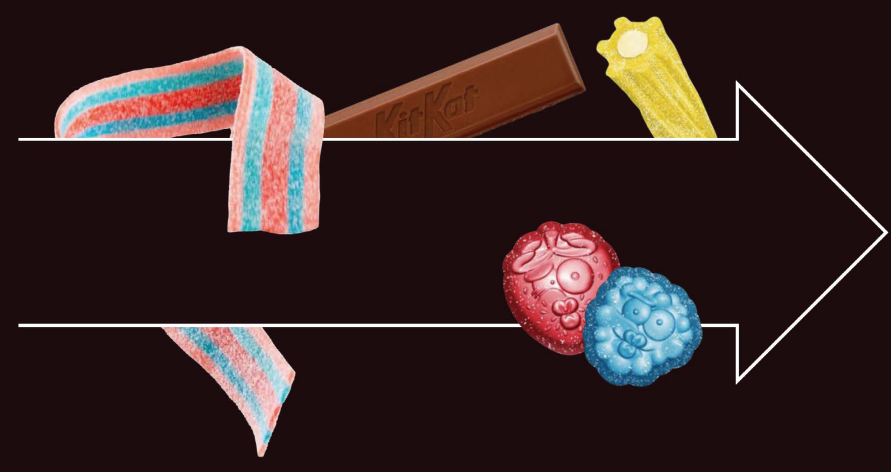
**TOP-TIER TOTAL SHAREHOLDER RETURNS**

# KEY TAKEAWAYS




1. Snacking leader with **core strength** and **significant whitespace**
2. **Expanding confection leadership, reaching #2 in Salty,** with International and functional upside
3. **One Hershey** commercial model and **next-gen R&D, innovation, and brand building** to unlock growth
4. **Tech-enabled supply chain fueling growth** and greater consumer choice
5. Delivering earnings recovery and **positioning for new heights in performance**

# NEXT GEN PORTFOLIO




**Stacy Taffet**

Chief Growth & Marketing Officer

NEXT GEN PORTFOLIO

# KEY TAKEAWAYS



1. Our portfolio is well-positioned — with **significant headroom** in U.S. snacking & international upside

2. Maximizing potential of **today's portfolio** through modern brand building and portfolio effectiveness

3. Fueling **tomorrow's portfolio** with investment in innovation, technical capabilities, & thoughtful M&A

WHERE WE PLAY

# U.S. Snacking is resilient, backed by stable consumer trends

| | PRE-COVID 2012–2020 | CURRENT 2025–2027 | FUTURE 2028+ |
|---|---|---|---|
| U.S. Snacking Growth | +3%<br>Most snacking categories gaining | +2–3%<br>Resilient emotional, better-for-you, and functional growth partially offset by economic stress, GLP-1 adoption, and regulatory pressures | +3%<br>Economic stabilization and increased Gen Z spending power; more options in on-trend categories |

**Long-term Category Drivers**

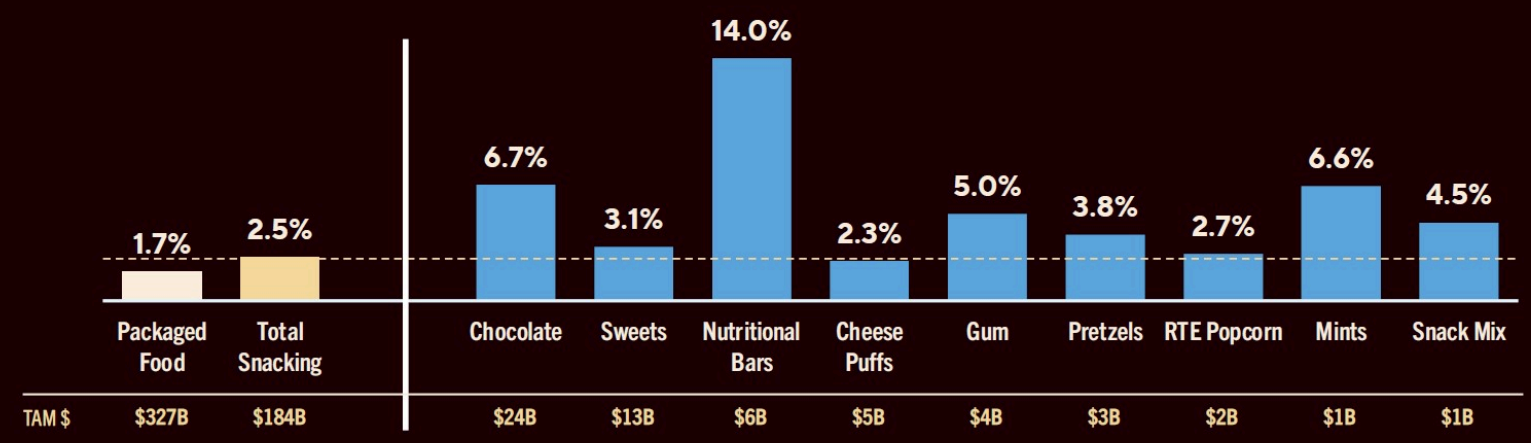
- Snacking growth driven by increased occasions from younger consumers
- Snackification of meals is growing, expanding relevance of snacks
- Shoppers increasingly want a variety of new flavors and experiences

Source: Euromonitor Snacking U.S. (2012 - 2025)

# Hershey's portfolio is well-positioned

## in faster growing snacking segments

U.S. Category Growth (2025)




**Gained +25 basis points of Total Snacking share in 2025**

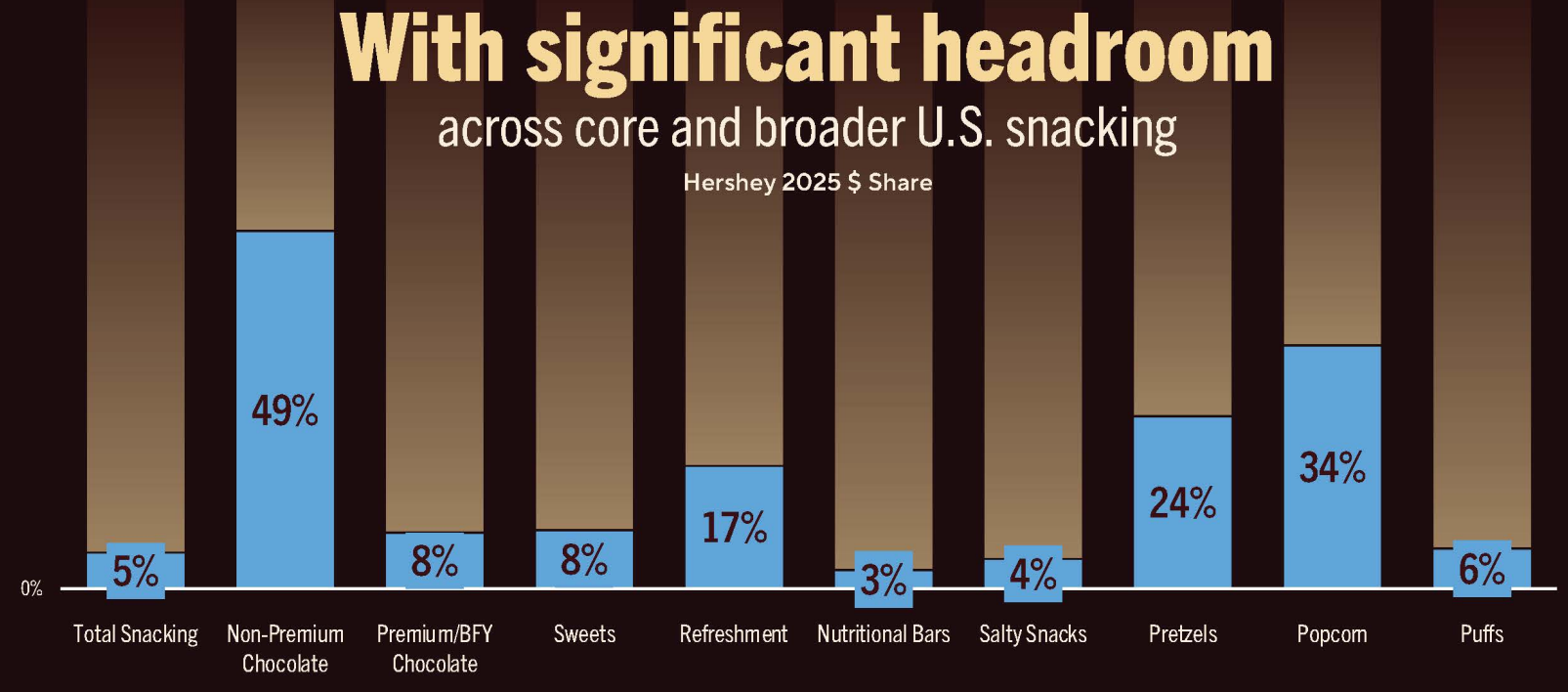
Source: Circana (2025)
Note: Total Snacking categories include candy, salty snacks, cookies, crackers, snack bars, ice cream, frozen novelties, pastries/doughnuts, meat snacks, bakery snacks, pies & cakes, fruit snacks, dried fruit, fruit sauce, toaster pastries, rice cakes, pudding, and gelatin.

WHERE WE PLAY

# With significant headroom

## across core and broader U.S. snacking

Hershey 2025 $ Share




Source: Circana (2025)
Note: Total Snacking categories include candy, salty snacks, cookies, crackers, snack bars, ice cream, frozen novelties, pastries/doughnuts, meat snacks, bakery snacks, pies & cakes, fruit snacks, dried fruit, fruit sauce, toaster pastries, rice cakes, pudding, and gelatin.

WHERE WE PLAY

# International anchor markets offer substantial expansion opportunity

| | Anchor Markets | | | Emerging Presence |
|---|---|---|---|---|
| | Mexico | Europe / UK | Brazil | Rest of World[1] |
| Confection '25 RSV* \| 3Y Outlook | $6B \| 7% | $76B \| 5% | $9B \| 9% | $28B \| 4% |
| Hershey Position | #4 Chocolate<br>#2 Spicy candy<br>Reese's #1 in growth | #8 Chocolate in UK<br>Reese's #1 in growth in UK | #5 Chocolate<br>#2 Large bars | 2.5% Market share |
| Lead Brands | HERSHEY'S, PELON PELO RICO, KISSES, Reese's | Reese's | HERSHEY'S | HERSHEY'S, KISSES, Reese's |
| Investment | Localized marketing and innovation, mix of route-to-market including direct | | | Optimized local marketing, indirect/hybrid route-to-market |

* RSV: Retail Sales Value

1. Countries where we have relevant operation: India, Australia, Philippines, Thailand, South Korea, China, Saudi Arabia, United Arab Emirates, Chile

Source: Euromonitor (2025 data) - Growth estimate for 2025-2028.

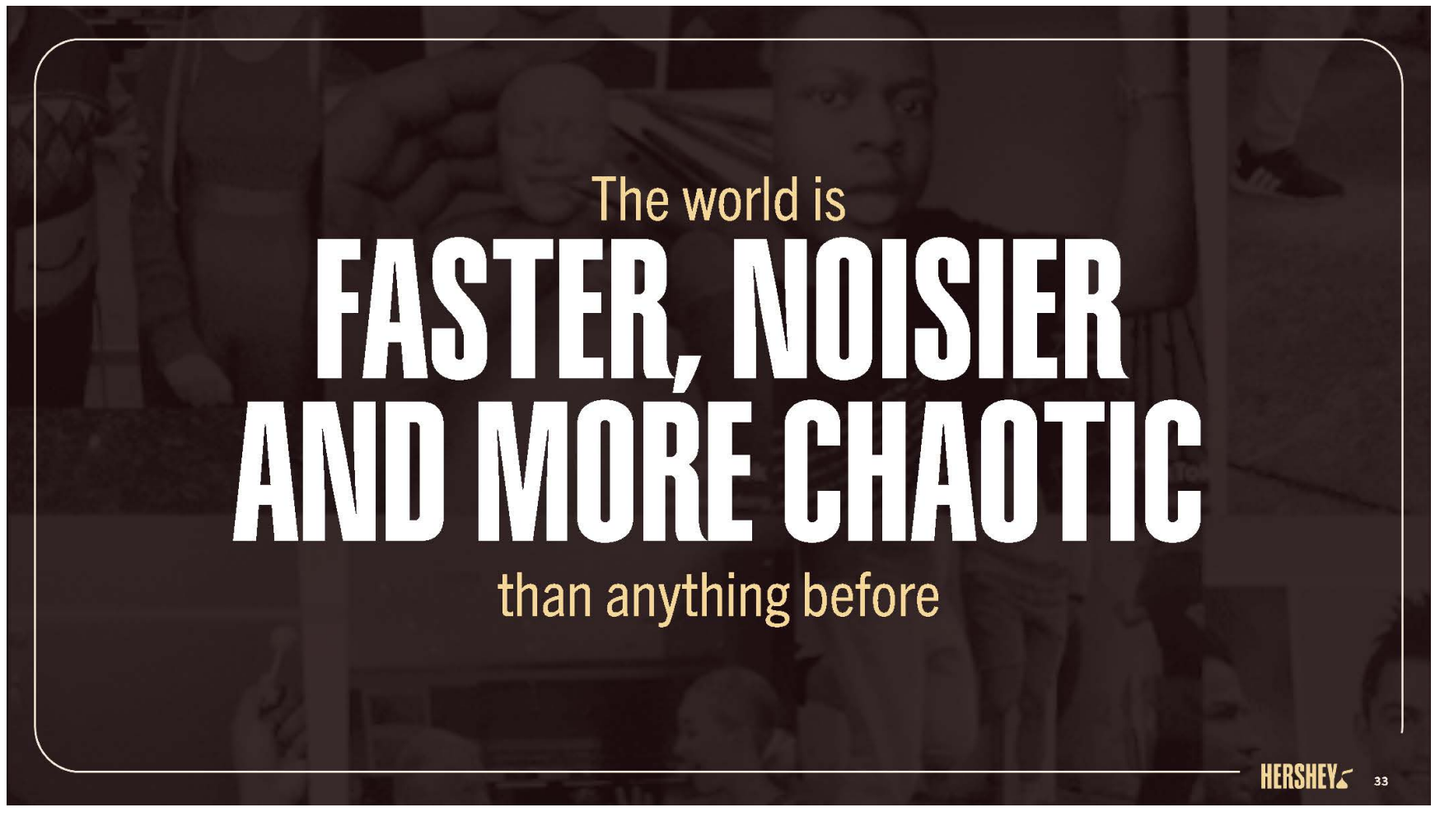
# TODAY'S PORTFOLIO

## Maximize Potential

Modernize brand building

Increase portfolio effectiveness

Build more $1B+ brands


The world is
FASTER, NOISIER
AND MORE CHAOTIC
than anything before

# THE PACE OF LIFE

## has out-paced **peace of mind**

**STRESS**

**79%**

of the global population experiences stress

**LONELINESS**

**57%**

of Gen Z adults reported loneliness in 2025, marking a generation high

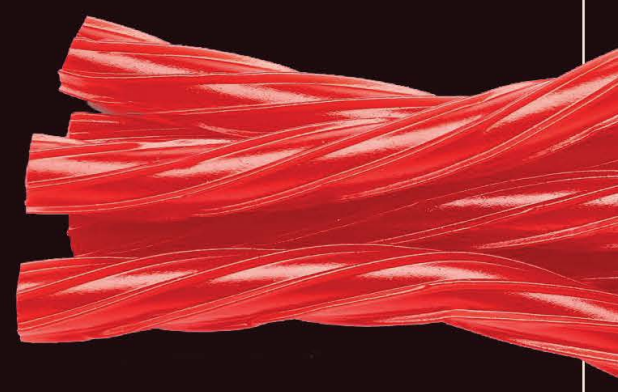
Source: WIN, Stress Levels Rise Around the World (2024) & CivicScience, State of Loneliness in America (2025)


People are searching for
MEANINGFUL
INTERACTIONS

And they will

# ALWAYS SEEK MOMENTS OF JOY

to lift the everyday




That's why our purpose
IS MORE IMPORTANT THAN EVER
HERSHEY
37


Our Purpose:
CREATE MORE
MOMENTS OF GOODNESS


It's not just what we do,
IT'S WHAT THE WORLD NEEDS

# In the past, we earned our place through scale and shelf

**98%**
Total brand awareness points in the U.S.[1]

**#1**
In U.S. Confection[2]

**38K**
Total distribution[3]






1. Kantar THC Brand Health Tracker (Q4 2024)
2. Circana (2025)
3. Total distribution points, Hershey CMG and Salty (2025)


OUR NEXT ADVANTAGE ISN'T MORE REACH
HERSHEY
41



# IT'S MORE RESONANCE

# Evolving our marketing approach to expand resonance in addition to reach

## What we're building…

- Actionable & **real-time household level insights**
- Brand strategies rooted in **consumer opportunities and barriers**
- Deeper **brand foundations** and storytelling
- **Modern marketing mix** to most influential channels
- **Real-time** measurement and resource allocation

## Measurable Outcome

- **Growth in household penetration** among younger, more diverse households
- **Unit growth** tied to **incremental occasions**
- **Resonant, high return** creative campaigns across more brands
- Maintain reach and **increase effectiveness**
- **Smarter investment decisions** and ~50 basis point gross annual productivity savings

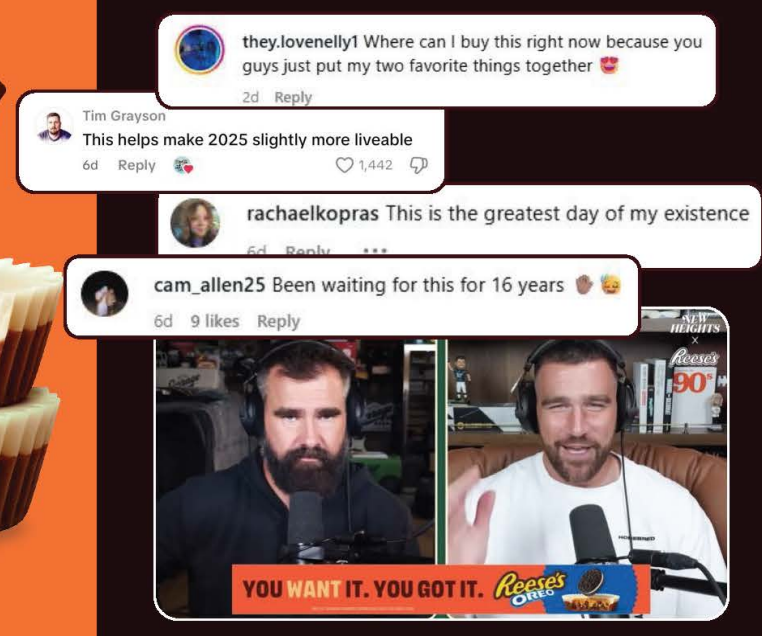
# YOU ASKED FOR IT

**47B+** Earned / Organic Impressions

**23K+** Social Mentions

**147** Over-index with Gen Z Shoppers




Source: Muck Rack (Media impressions); Hershey Social Listening (Social mentions) ; Numerator (Index data) / Period: July 30, 2025 – March 16, 2026

2 TODAY'S PORTFOLIO: Increase Portfolio Effectiveness

# Matching consumption moments with today's consumer needs and occasions

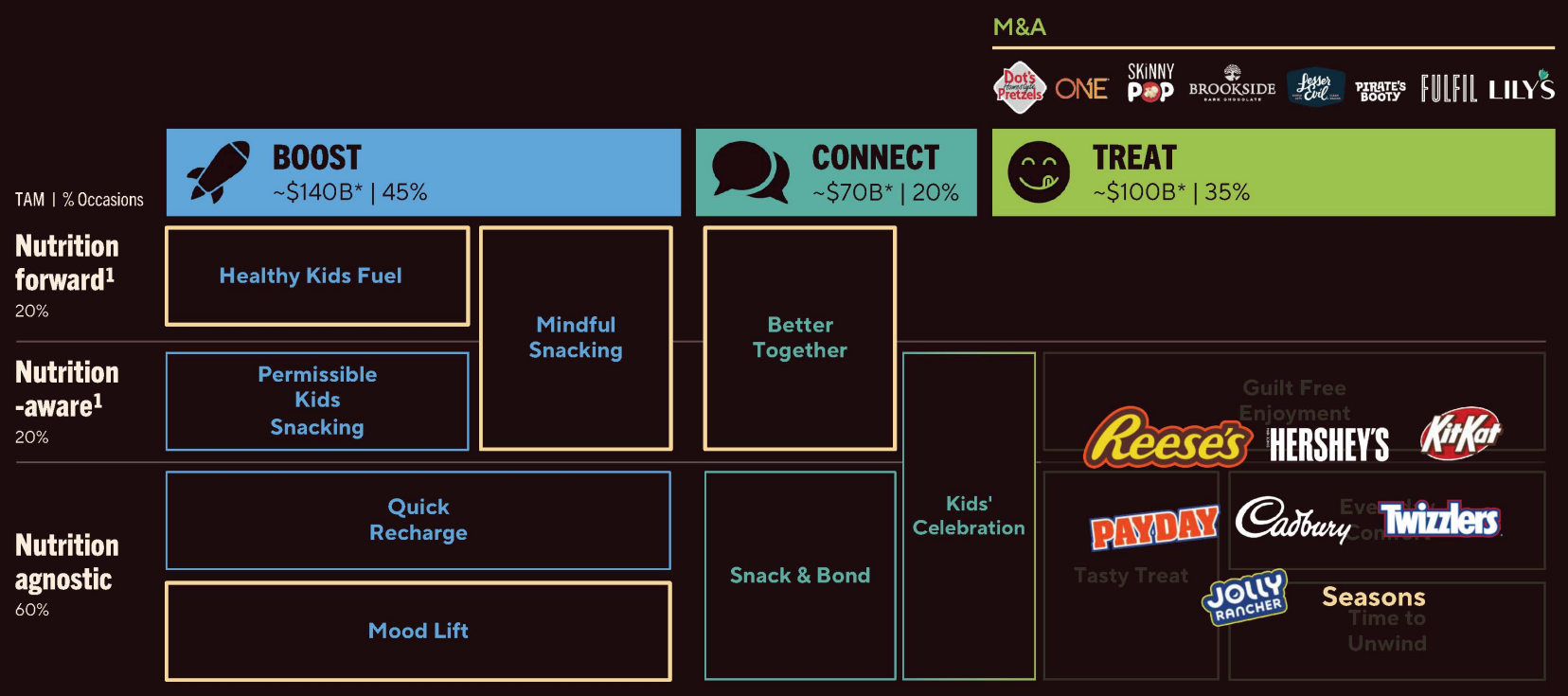
Fastest growing

| TAM \| % Occasions | BOOST ~$140B* \| 45% | | CONNECT ~$70B* \| 20% | TREAT ~$100B* \| 35% | |
|---|---|---|---|---|---|
| Nutrition forward[1] 20% | Healthy Kids Fuel | Mindful Snacking | Better Together | | |
| Nutrition -aware[1] 20% | Permissible Kids Snacking | | | Kids' Celebration | Guilt Free Enjoyment |
| Nutrition agnostic 60% | Quick Recharge | | Snack & Bond | | Tasty Treat / Everyday Comfort / Time to Unwind |
| | Mood Lift | | | | |

*Internal consumer research (2024) and external data sources (Euromonitor, Nielsen, Mintel)
1. Nutrition-forward required a positive response to at least 4/5 health & nutrition statements, while Nutrition aware requires positive response to at least 2/5.

2 TODAY'S PORTFOLIO: Increase Portfolio Effectiveness

# New total snacking portfolio architecture will unlock growth




*Internal consumer research (2024) and external data sources (Euromonitor, Nielsen, Mintel)
1. Nutrition-forward required a positive response to at least 4/5 health & nutrition statements, while Nutrition aware requires positive response to at least 2/5.

2 TODAY'S PORTFOLIO: Increase Portfolio Effectiveness

# Maximizing incrementality and removing occasion overlap

| TAM \| % Occasions | BOOST ~$140B* \| 45% | | CONNECT ~$70B* \| 20% | | TREAT ~$100B* \| 35% | |
|---|---|---|---|---|---|---|
| **Nutrition forward[1]** 20% | Healthy Kids Fuel; WHITE SPACE | Mindful Snacking: ONE | Better Together: Lesser Evil; BROOKSIDE DARK CHOCOLATE | | | |
| **Nutrition -aware[1]** 20% | Permissible Kids Snacking: PIRATE'S BOOTY | | | Kids' Celebration | Guilt Free Enjoyment: SKINNY POP; LILY'S; ZERO SUGAR | |
| **Nutrition agnostic** 60% | Quick Recharge: PAYDAY; ICE BREAKERS; FULFIL | | Snack & Bond: JOLLY RANCHER | Seasons | Tasty Treat: Reese's | Everyday Comfort: HERSHEY'S; Twizzlers |
| | Mood Lift: KitKat; Dot's Homestyle Snacks | | | | | Time to Unwind: Cadbury |

*Internal consumer research (2024) and external data sources (Euromonitor, Nielsen, Mintel)
1. Nutrition-forward required a positive response to at least 4/5 health & nutrition statements, while Nutrition aware requires positive response to at least 2/5.

# SINCE 1894 HERSHEY'S brand positioning

**Everyday Comfort**

Top **functional** need — **Delicious & part of my routine**

Top **emotional** needs — **Comfort myself**




**TREAT**
~$100B* | 35%

Everyday Comfort — HERSHEY'S

*Internal consumer research (2024) and external data sources (Euromonitor, Nielsen, Mintel)
1. Nutrition-forward required a positive response to at least 4/5 health & nutrition statements, while Nutrition aware requires positive response to at least 2/5.

# Hershey's: Leaning into rituals and comfort

## Everyday Moments

**Deepening emotional connectivity to daily rituals**

Turning everyday routines into **lasting memories**







**Collaborations** featuring iconic characters and stories

## Cultural Moments

**Expanding opportunities for joy and celebration**




Beloved American traditions



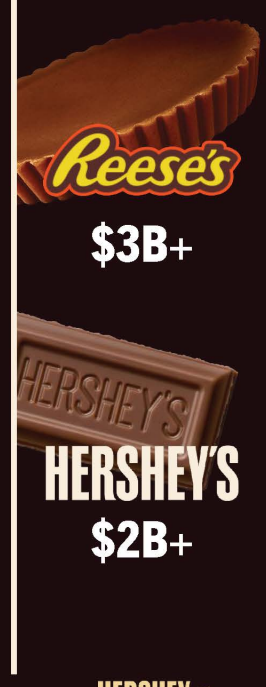
Coming together around major sporting events



# Enabling us to build a portfolio with more $1B+ brands

| | Dot's Homestyle Pretzels | KitKat | Ice Breakers | Jolly Rancher |
|---|---|---|---|---|
| 2025 Retail Sales | $605M | $735M | $750M | $485M |
| Demand Space | Mood Lift | | Quick Recharge | Snack & Bond |
| | New categories | Brand relaunch | Soothes common GLP-1 side effects | Social-first, Gen Z relevance |
| | Adventurous flavors | Creamier, crispier formula | Portable formats | On-trend flavors e.g., "swicy" |
| | Snackable packs | | Added functional benefits | Collectibles |

Existing




Source: Circana (2025)

# TOMORROW'S PORTFOLIO

## Fuel Growth via Innovation & M&A

Increase innovation in high growth spaces

Invest in technical capabilities

Supplement innovation with thoughtful M&A

# Robust innovation pipeline, focused on four territories

## With over $1.5 billion of total sales opportunity expected over next five years

**PREMIUMIZATION**



**FUNCTIONAL**



**MULTI-SENSORIAL**



**CUSTOMIZATION**



**+ CORE BRAND RENOVATION AND PORTFOLIO ARCHITECTURE**

# Premiumization

## CONSUMER INSIGHTS

**Premium gaining share across categories**

**Multiple drivers of Premium perception:**

- Indulgent
- Quality ingredients
- Sustainably sourced
- Elevated packaging

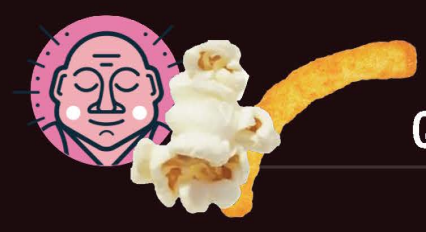
## APPROACH AND PRODUCT CONCEPTS



**Accessible Luxury**

**Disruptive Indulgence**





**Quality Ingredients**

# Functional

## CONSUMER INSIGHTS

89% of consumers seeking added benefits in snacks, food, & drinks

Top benefits: Energy, Hydration, Sleep, Immunity, Gut Health

Protein and Fiber as hero ingredients

## APPROACH AND PRODUCT CONCEPTS




Better-For-You

Performance



vitaKEY Customized Nutrition

Snacking+



Source: Refreshment functional conjoint analysis (2025)

# Multi-sensorial

## CONSUMER INSIGHTS

- Adventurous flavors, flavor fusions
- Novel textures and playful forms to stimulate the senses
- Social, experiential, fun!

## APPROACH AND PRODUCT CONCEPTS



On-trend Flavors



Multisensorial Textures



New Eating Experiences

# Customization

## CONSUMER INSIGHTS

Increasing expectations for personalization and 'bespoke'

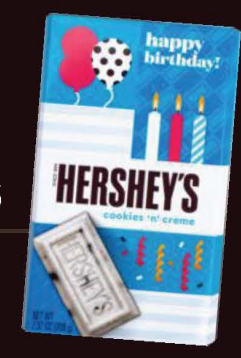
Gifting to show care and fulfill need for connection

## APPROACH AND PRODUCT CONCEPTS



### Assortments

### Gifting & Celebrations







### Recipe Creations

# Advancing R&D capabilities

## Innovation pipeline requires building category-expanding and disruptive tech

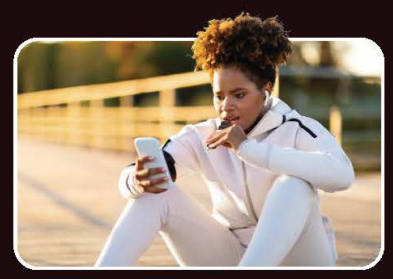
**Consumer-led recipe & Ingredient Enhancements**



**Advantaged Flavor & Texture Delivery**




**Nutrition Science to Guide Functional Snacking**



**Ingredient Resiliency**



**+25% increase in R&D investment in 2026**

# Selective M&A for incrementality



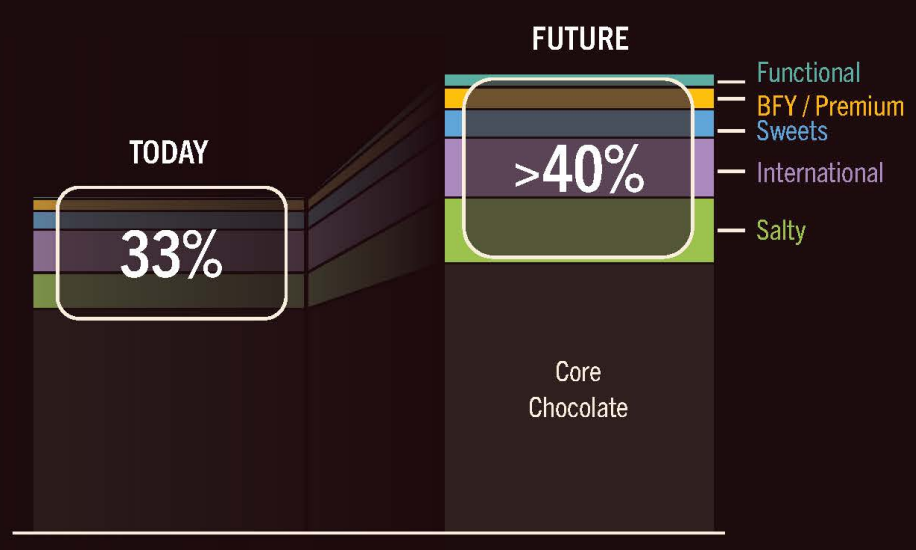
| | ORGANIC INNOVATION | M&A |
|---|---|---|
| **Category** | Hershey has superior insights | New category |
| **Competition** | Fragmented / less-established, winners unclear | High early mover advantage or winning insurgents are clear |
| **Brand Equity** | Existing brand can credibly stretch | No existing brand can stretch |
| **Capabilities & Scale** | Ability to invest and leverage existing assets | Accelerate growth, add new assets or technical capabilities |



3 TOMORROW'S PORTFOLIO

# Our Next Gen portfolio is positioned to be **more diversified across higher growth segments**

## Share of HSY Net Sales by Segment




**Functional**
**$6B TAM**
in Protein snacks & powders

**Better-for-you / Premium Confection**
**$7B TAM**
growing 3x category

**Sweets**
**$2.6B retail sales opportunity**
from closing share gap

**International**
**Opportunity to 3x business**
by achieving market leadership

**Salty**
**$25B TAM**
in Salty category expansion

Source: Company financials and information (2025)

NEXT GEN PORTFOLIO

# KEY TAKEAWAYS



1. Our portfolio is well-positioned — with **significant headroom** in U.S. snacking and international upside

2. Maximizing potential of **today's portfolio** through modern brand building and portfolio effectiveness

3. Fueling **tomorrow's portfolio** with investment in innovation, technical capabilities, & thoughtful M&A


RETAIL OF THE FUTURE
Andrew Archambault
President, U.S.
Dot's Homestyle Pretzels
ORIGINAL
SEASONED
PRETZEL TWISTS
POPCORN
JOLLY RANCHER GUMMIES

RETAIL OF THE FUTURE

# KEY TAKEAWAYS




1. We built a **world class commercial engine** with deep consumer and category insights

2. One Hershey combines **Confection leadership** with **disruptive Salty and Functional** portfolios

3. **Unleashing significant opportunity** for revenue growth, margin expansion, and improved investment efficiency



# Building on our category-leading strengths

Best in class shelf and shopper experience through deep consumer insights

Delivering value and entering new occasions with advanced revenue growth capability

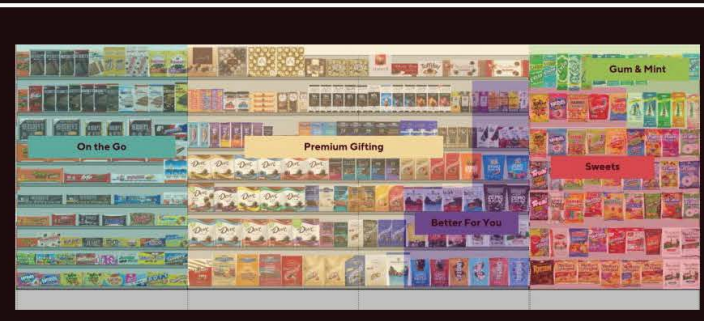
Maximizing retail execution on- and off-shelf through technology advancements

DELIVERING FOR CUSTOMERS AND CONSUMERS

# Deep consumer insights enhance shopper experience and category growth

## Consumer & Shopper insights driving sales conversion

Gold Standard Planogram principles that **fuel category productivity**







Improving **the shopping experience** in the take-home aisle

## The Outcome

Retailer sales **outperformed by +19% in confection** and **+12% in Salty** aisles where implemented

Achieve **90% ACV** on top confection items to increase aisle velocity

Source: Hershey internal research

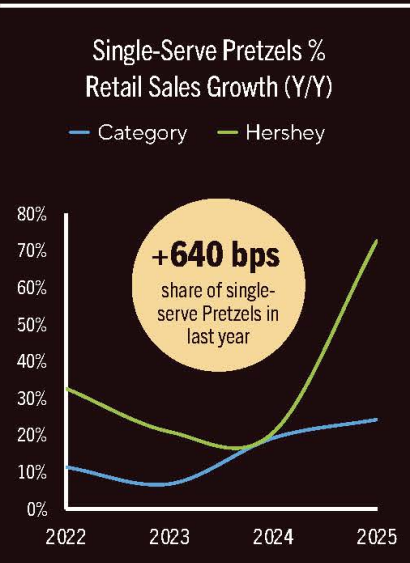
DELIVERING FOR CUSTOMERS AND CONSUMERS

# Pack price strategy designed to reach more consumers



# Single serve sizes drive trial, penetration, and share

## Driving Dot's trial and on-the-go consumption





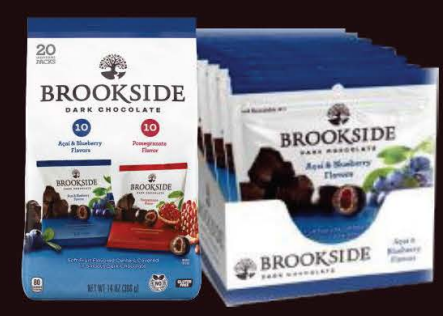


Dot's 3.3oz launched in January 2026

With **continued expansion** into new occasions and price points

## Expanding occasions and price points in Chocolate

**Expanding entry price points in high growth segments** (e.g., premium, portion control, better-for-you)




Sachets

Single Serve Pouches

Source: Circana (2025)

DELIVERING FOR CUSTOMERS AND CONSUMERS

# Price Pack Architecture delivers affordability and category growth

## Affordable indulgence

**~75%** of everyday portfolio under $4




Pack types designed for the mass and club channels

## Accessible price points

New opening or accessible price points across everyday and seasonal assortments



Seasons
Under $5 price point



Everyday
$1.50 price point

Source: HSY internal consumer research; Circana (2025)

DELIVERING FOR CUSTOMERS AND CONSUMERS

# Culturally relevant activations build consumer engagement

## Reese's Oreo




**Drove 20% of Instant Consumable Confection growth** since launch

## Pokémon Back to School
(through '28)




Pokémon trainer journey turned into **household trial and repeat**

## Dirty Soda




From social trend to doorstep in **record time**

Source: Circana (Aug 2025 – Mar 2026); Hershey internal consumer research (2025)

DELIVERING FOR CUSTOMERS AND CONSUMERS

# Today's best in class commercial engine achieving growth

Dot's Homestyle Pretzels

America's

**#1**

pretzel brand
by market share






**#1**

Digital Confection Share

**#2**

Digital Salty Share



Reese's OREO

Reached

**$100M**

in retail sales
in 5 months



JOLLY RANCHER · Twizzlers · SOUR STRIPS · SHAQ-A-LICIOUS

Sweets Portfolio Growth

**>3x**

the category



Source: Circana (2025), Share by format

# UNLOCK TOTAL PORTFOLIO

with ONE HERSHEY commercial approach

# ONE HERSHEY brings One Voice to retailers




Confection




Salty Snacks




**Protein / Functional Snacking**

Focused go-to-market teams and models within categories

**ONE HERSHEY**

## Unlocking Total Snacking Advisorship

Front Ends & Instant Consumables

Digital & Away from Home

# ONE HERSHEY

## unlocks the power of our total portfolio

| | TODAY | TOMORROW |
|---|---|---|
| Category & Structure | Optimizing for confection, salty, and protein categories | Optimizing for total snacking occasions to be total Snacking Advisors |
| Merchandising Strategy | Category-specific Merchandising | Sweet & Salty Merchandising driving higher lifts |
| Tentpoles | Blending Salty into select Tentpoles | Full portfolio of brands, forms and flavors to match each consumer moment |
| Retail Execution | Confection-focused | Sweet & Salty covered in every door |
| Holistic Commercial Investment | Negotiating and investing within our categories | Total portfolio negotiations and investment strategies |

ONE HERSHEY UPSIDE

# Cross category merchandising to enhance sales lifts

Total Snacking Portfolio Solutions




MERCHANDISING

## SWEET & SALTY

together maximizes sales lifts

**+34%** CONFECTION ITEMS

vs +30% typical lift for CMG-only merch

**+38%** SALTY ITEMS

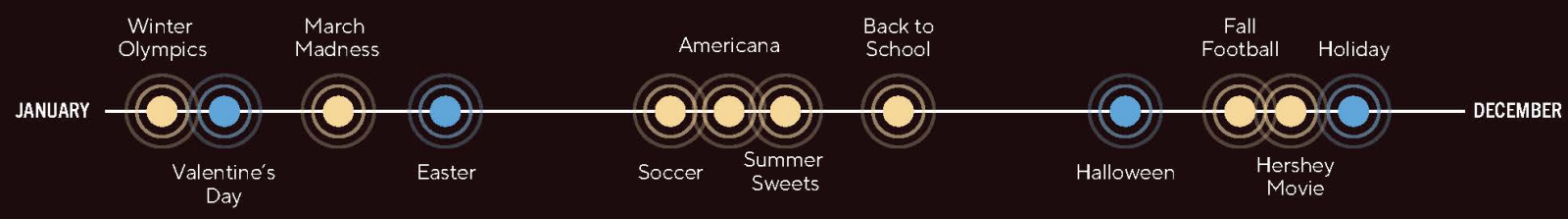
Opportunity to scale to **1,500+** additional large format doors

Source: HSY internal research

ONE HERSHEY UPSIDE

# Driving year-round cultural relevance through tentpoles and multi-category expansion

Cultural Tentpoles complement Seasonal Leadership ...




## ... vast runway of additional moments to delight consumers

Super Valentine's

Blockbuster Movies

# Amplifying tentpole moments with full portfolio

## March Madness




## America's 250th



ONE HERSHEY UPSIDE

# Technology enabling full Sweet and Salty retail coverage

## Leading handheld technology



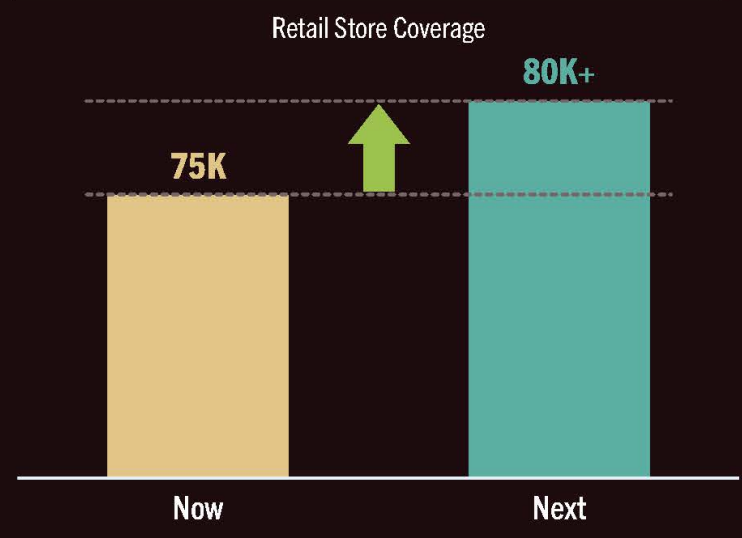
Image Recognition



Augmented Reality

AI-dynamic routing for sales reps & Salty Snacks category insights

## Generating 10% time savings per store, expanding retail **doors and portfolio** coverage




Source: Internal research (EVD TH Productivity); Circana (ACV); Consumer research (Orders & Trips)

ONE HERSHEY UPSIDE

# Holistic commercial investment powered by technology

## Shifting more dollars to working trade

**15%** of Non-Working Investments **converting to Working Trade** in the next year

## Dynamic promotional ROI optimization




of promotions feeding through AI-powered trade optimization tool on path to 100% by 2027

Expanded trade efficiency by 60 basis points versus confection category and 90 basis points versus #2 player

**Supporting reinvestment in our brands and margin expansion**

Source: Company financials and information; Circana (2025)

Putting it all together, we are confident we can

# grow units and velocity across Confection and Salty Snacks



## Expanding Confection

- Year-round cultural activations
- Expand ACV for highest velocity core items
- Stimulate demand for sweets, refreshment, BFY, premium, and protein
- Drive category and Hershey share in fast growing channels





## Scaling Salty

- Expand distribution and points of interruption
- Reach new consumers and occasions with expanded packs
- Use confection category management principles to stimulate demand

# KEY TAKEAWAYS

1 We built a **world class commercial engine** with deep consumer and category insights

2 One Hershey combines **Confection leadership** with **disruptive Salty and Functional** portfolios

3 **Unleashing significant opportunity** for revenue growth, margin expansion, and improved investment efficiency


KitKat
KitKat
KitKat
KitKat
Kit
BREAK
HERSHEY

# MODERN SUPPLY CHAIN

**Jason Reiman**
Chief Supply Chain Officer





# KEY TAKEAWAYS

Our supply chain is fundamentally stronger, positioned to protect margins and fuel durable growth

We have built and continue to expand our resiliency across key ingredients

Network investments are positioning us for growth and agility

A tech-enabled supply chain is accelerating productivity and agility through automation and faster, data-driven decision making

# Fundamentally stronger supply chain, positioned to protect margin and fuel durable growth

| What We Did | What It Will Enable |
| --- | --- |
| Core brand capacity | Bigger, faster innovation |
| Chocolate supply resiliency | More affordable, flexible, and sustainable supply |
| Flexible/multi-category assets | Growth across categories |
| Upgraded digital foundation | Increased visibility, productivity, speed, and efficiency |
| AI enabled planning system | Improving service levels, reduced waste |




INGREDIENT
RESILIENCE

INGREDIENT RESILIENCE

# Cocoa resilience is a core advantage

Disciplined, structured sourcing and hedging approach



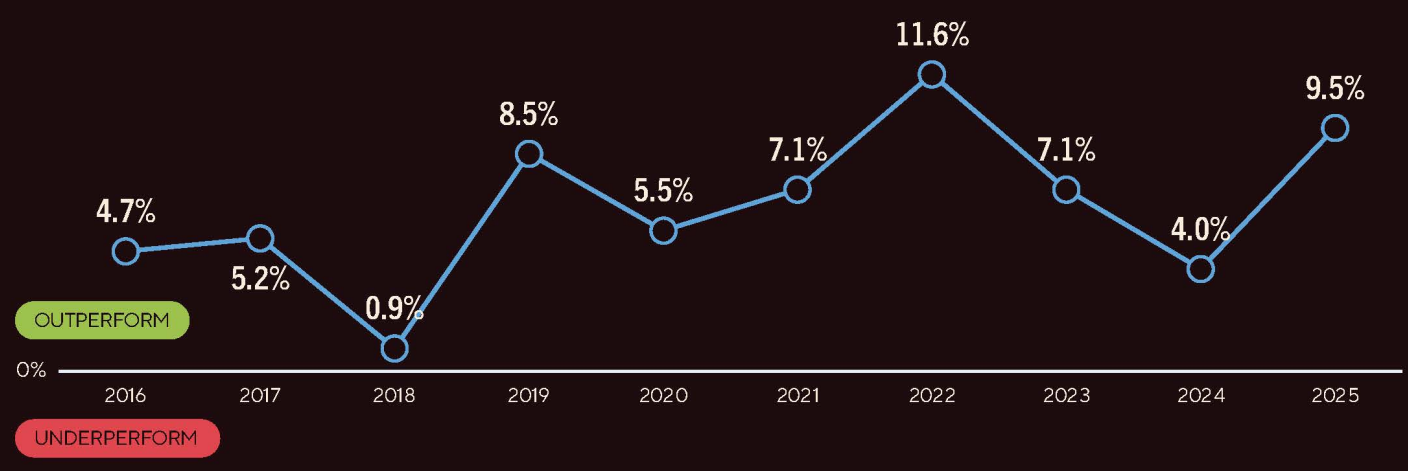
## Evolved Tactics and Capabilities

- Broadened hedging toolkit
- Expanded market intelligence to new origins
- Added direct sourcing capability
- Advanced supply forecasting with new technology

## Creating Greater Visibility and Agility

- Real-time decision making
- Enhanced scenario planning
- Increased optionality
- Strong visibility and cost competitiveness

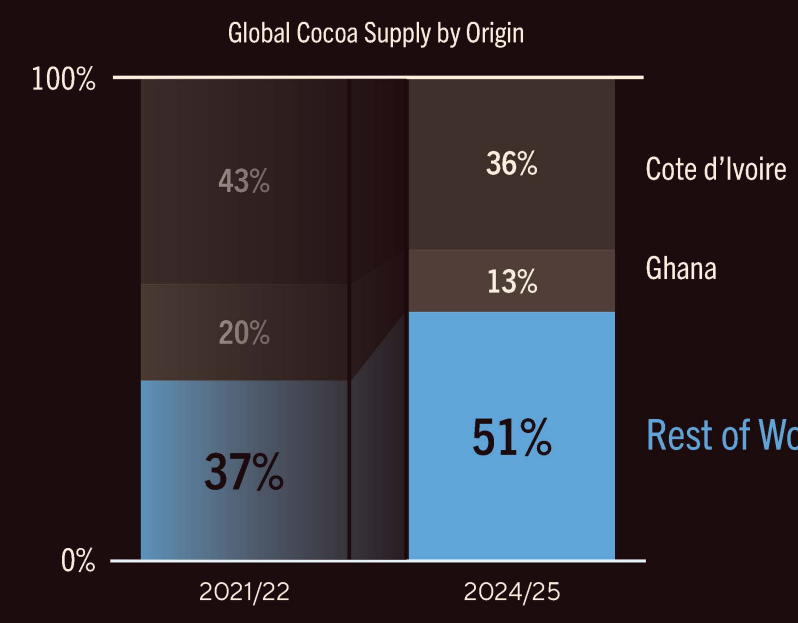
# Proven track record of outperforming a systematic buying approach




Source: Hershey internal hedging data.
Note: Assumes systematic twelve-month forward approach

# Global cocoa supply is more diversified

## New origins over 50% of global production and rising




Ecuador is now the **#2 global supplier**

with >50% increase in production over the past three years

Source: ICCO

# From farmer to factory: investing for the long-term



**Hershey Income Accelerator Program** $40M farmer investment in Côte d'Ivoire to build financial resilience and long term supply



**Increased R&D** to improve farm health and productivity and long-term supply sustainability



**Expanded bean sourcing** through R&D capabilities that expand origin diversification



**Direct sourcing capabilities** via supply chain investments

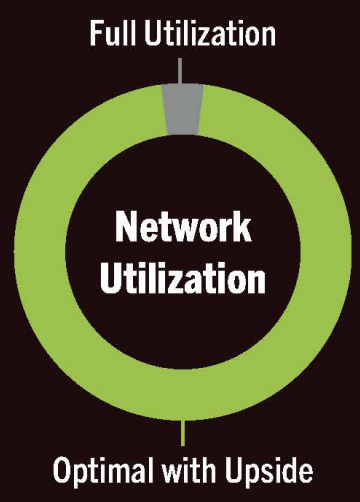
# AGILE NETWORK

NETWORK DESIGN

# A network built for the next chapter of growth

## Capacity

Runway to support future growth




## Capabilities

Added capabilities across multiple Salty categories

Pretzel Baking & Seasoning

Popcorn

Popcorn and Puffs

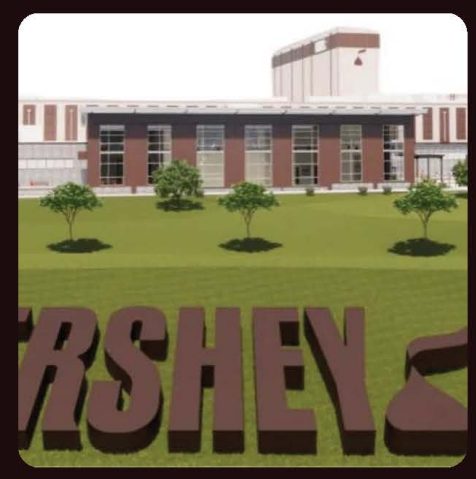
Puffs




Variety packs

## Resilience

Built World Class Digitally Integrated Chocolate Plant



# Agility strategies for every stage of growth

## Chocolate
**Optimize for Growth**



Optimize network for growth and margin expansion

Regionally relevant portfolio

## Sweets
**Scale Capabilities**



Scale capabilities to support growth in new brands, textures and forms

Invest in internal capabilities to support growth

## Salty Snacks
**Expand Capacity**



Expand regional sourcing to improve service and margin

Invest in capacity ahead of growth

## Functional Snacks
**Delight New Consumers**



Build capabilities and partnerships to support Health & Wellness platform

NETWORK DESIGN

# Insourcing as new platforms scale to drive margin and capabilities

## Chocolate

Internal



External

## Sweets

Internal



External

## Salty Snacks

Internal



External

## Functional Snacks

Internal



External


FUND THE FUTURE
HERSHEY
95

PRODUCTIVITY AS FUEL

# AI across every stage of our operations

**Plan** Digital operational planning and decision intelligence connects the dots across the whole supply chain to reduce waste, optimize inventory and increase service levels

## Source

Sourcing analytics to enable robust category strategies



## Make

Connected workers, digitized lean manufacturing, and plant automation to improve manufacturing efficiency



## Deliver

Automated fulfilment to deliver custom assortments and increase speed to market



**Enabling a resilient, efficient, and responsive network**

PRODUCTIVITY AS FUEL

# Customized precision displays enabled by AI and automation

## 50% reduction in time from concept to commercialization

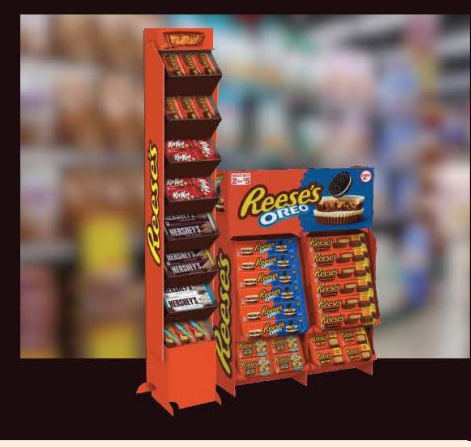
### Retail Technology Develops Right Solution For Customer




### Agile Fulfilment Automates Customization

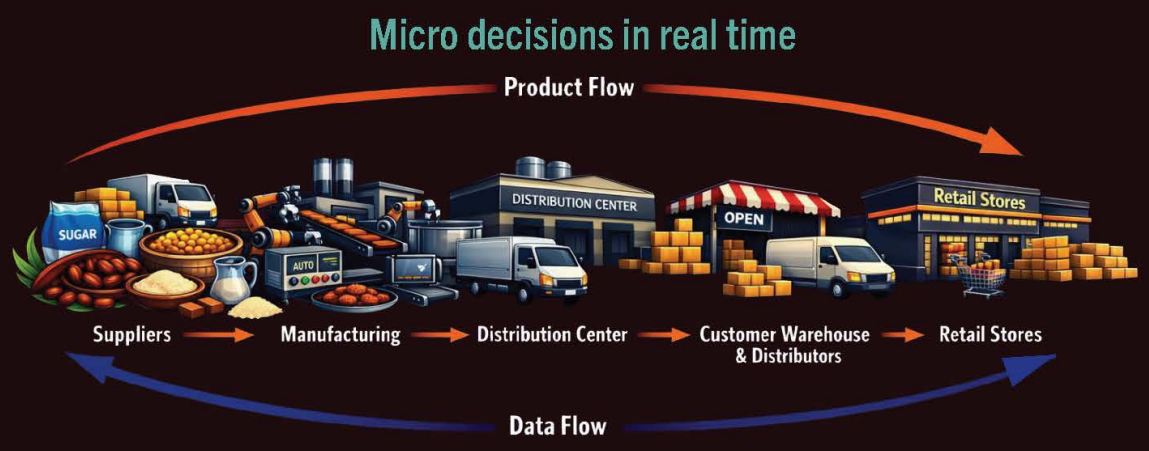


### Fully Customized Displays Drive Store Level Performance




**Enables precision down to store-level dynamics to maximize performance**

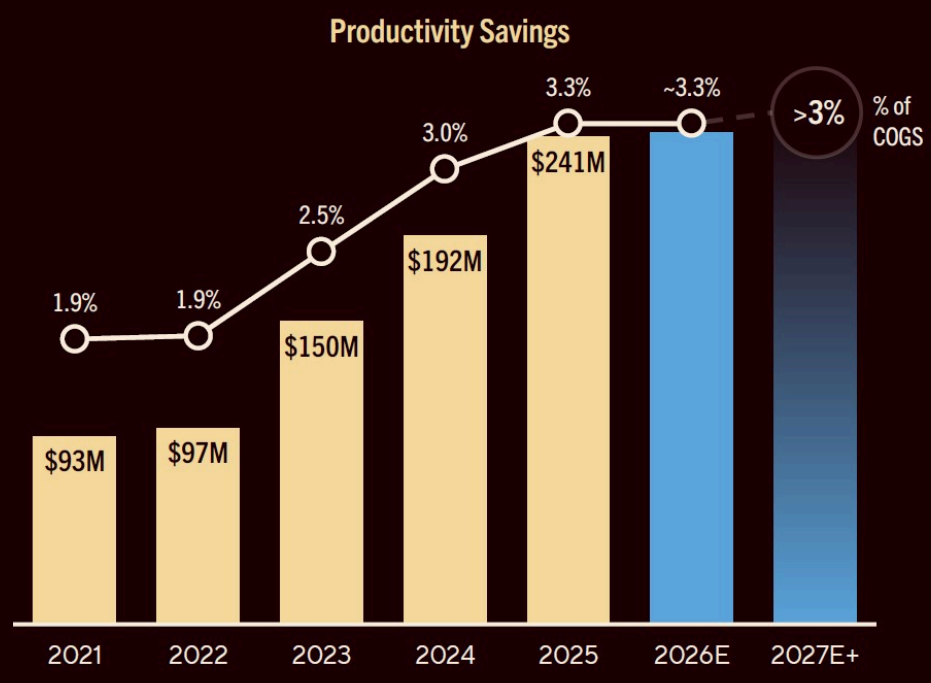
# Decision Intelligence orchestrates decisions across the value chain




**Resulting in a projected $50M supply chain cost savings and $100M inventory reduction over the next two years**

PRODUCTIVITY AS FUEL

# Our productivity focus will continue to fuel growth opportunities




- Transform procurement capabilities to drive spend efficiencies
- Physical and digital automation to enhance productivity and worker experience
- Automated planning enabling network efficiencies and reduced waste

Source: Company financials and information

MODERN SUPPLY CHAIN

# KEY TAKEAWAYS




Our supply chain is fundamentally stronger, positioned to protect margins and fuel durable growth

We have built and continue to expand our resiliency across key ingredients

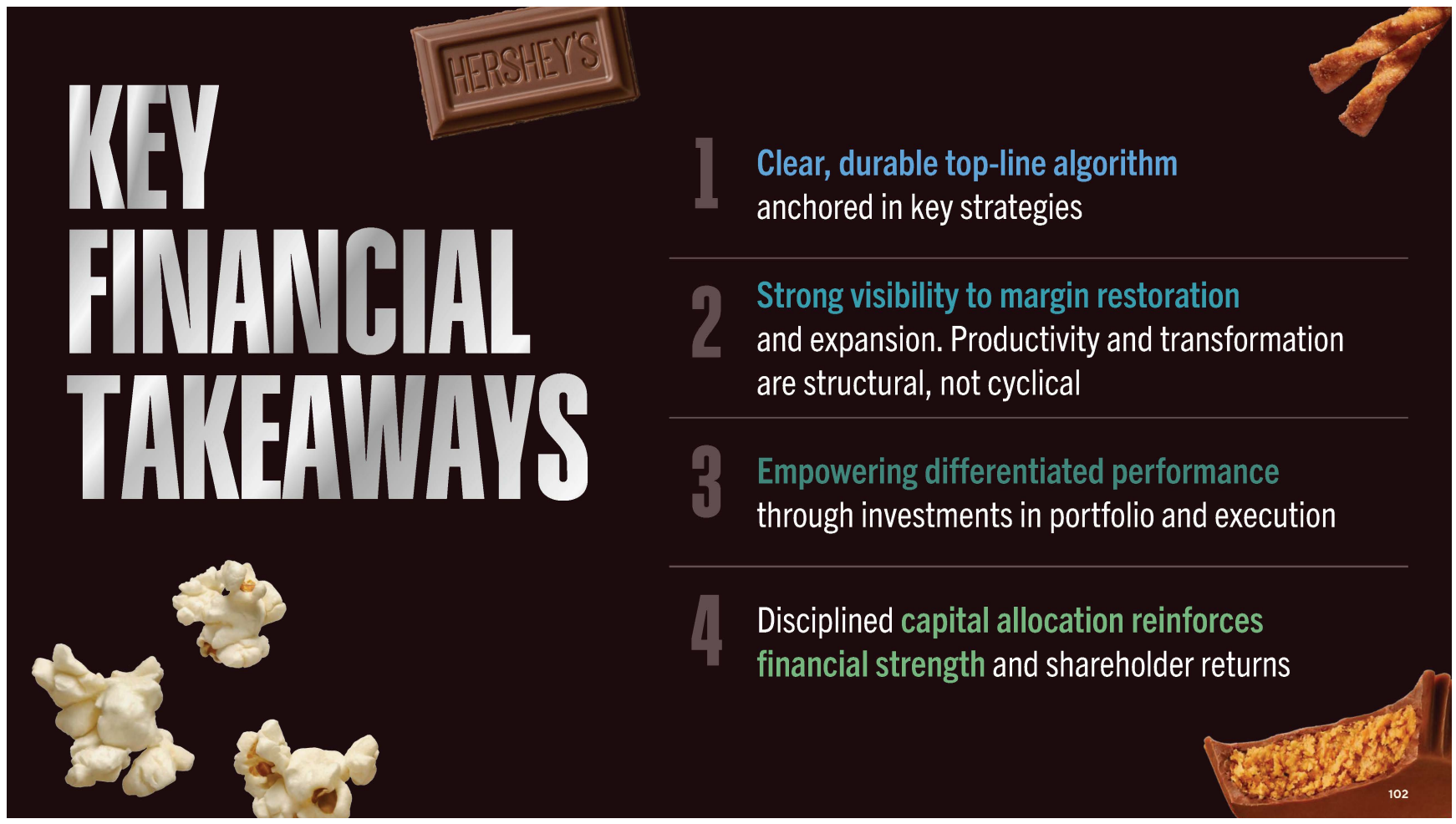
Network investments are positioning us for growth and agility

A tech-enabled supply chain is accelerating productivity and agility through automation and faster, data-driven decision making

# NEXT GEN PERFORMANCE

**Steve Voskuil**

Chief Financial Officer


HERSHEY'S
KEY FINANCIAL TAKEAWAYS
1 Clear, durable top-line algorithm anchored in key strategies
2 Strong visibility to margin restoration and expansion. Productivity and transformation are structural, not cyclical
3 Empowering differentiated performance through investments in portfolio and execution
4 Disciplined capital allocation reinforces financial strength and shareholder returns
102

# Unlocking the next chapter of differentiated results

## Over the next three years, we plan to deliver:




Undisputed Leadership in **North America Confectionery**




Fastest growing portfolio in U.S. **Salty Snacking, on track to #2**




High growth, high return **International** business anchored in Mexico, Brazil, UK/Europe

**Functional Snacking** upside



# SEGMENT PERFORMANCE



NORTH AMERICA CONFECTIONERY

# Be the undisputed leader in confection



Organic Net Sales Growth

| Stabilize Share | | Expand Share |
|---|---|---|
| 2022-2025[1] | 2026 | 2027+ |
| +4% | ~3% | 2-4% |

## Looking ahead to balanced growth contribution

**1** Strong ROI brand building investments

**2** Expanded innovation pipeline

**3** Volume growth supported by expansion into premium, better-for-you, sweets, functional

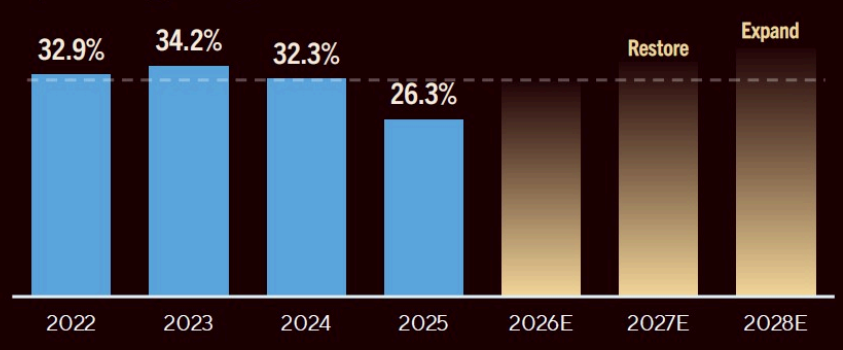
**4** One Hershey efficiently unlocks distribution and merchandizing

**5** Strategic net price realization

1. CAGR 2022-2025
Source: Company financials and information

NORTH AMERICA CONFECTIONERY

# Restore and expand operating margins

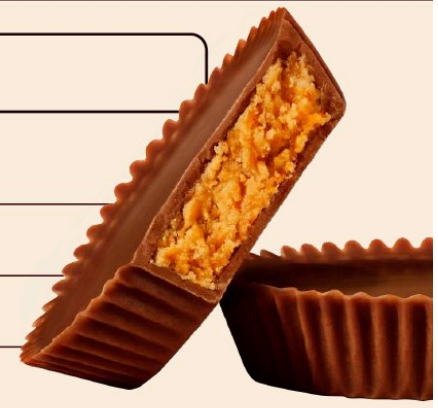



## Margin Expansion Levers

- Strategic pricing net of input cost inflation
- Scale and network optimization
- Tech-fueled productivity
- Premiumization

## Investment Areas

- Product mix
- Recipes and colors
- Innovation and R&D
- Brand building



Source: Company financials and information

NORTH AMERICA SALTY SNACKS

# Aspire to be #2 U.S. salty snacking portfolio



**Organic Net Sales Growth**

| 2022-2025[1] | 2026 | 2027+ |
|---|---|---|
| +4% | +MSD<br>Net Sales +20%[2] | +MSD |




## Volume-led core and adjacent occasions

**1** Expand Leadership in Popcorn, Pretzels




#1 in RTE Popcorn

#1 in Pretzels

**2** Expand into new disruption ready Salty categories




Snack Mix

Kids Snacking

**3** Build Permissible Snacking platform



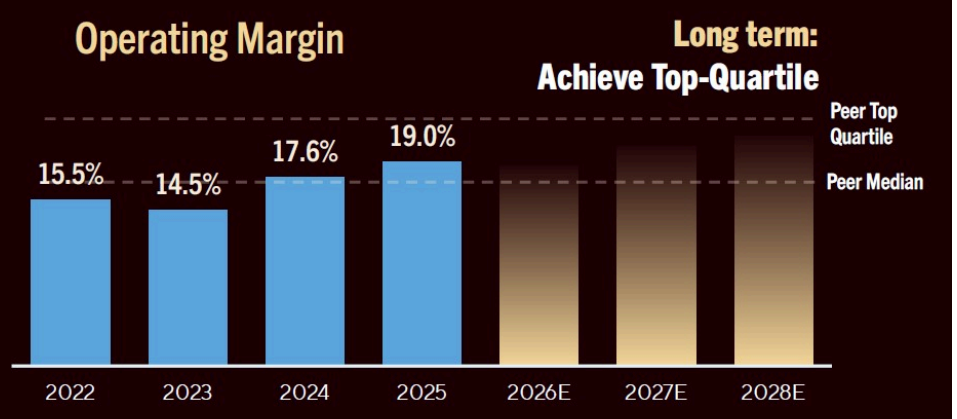
…Lesser Evil extends to new categories

1. CAGR 2022-2025.
2. Includes contribution from the LesserEvil acquisition.

Source: Company financials and information; Circana (2025)

NORTH AMERICA SALTY SNACKS

# Fuel near-term growth to unlock long-term scale and margin

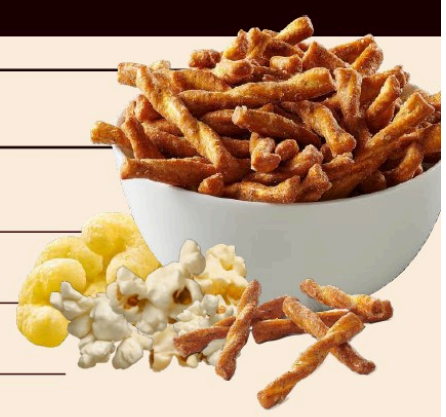



## Margin Expansion Levers

- Scale
- Automation & efficiencies
- M&A synergies
- Network optimization

## Investment Areas

- Brand building
- Innovation & R&D
- Product mix
- Retail coverage



Source: Company financials and information.

INTERNATIONAL

# Positioned in high growth, high return markets




Net Sales Growth

| 2022-2025[1] | 2026 | 2027+ |
|---|---|---|
| +4% | (LSD)% | +LSD-MSD |
| | Network and portfolio optimization | High ROI, scalable anchor markets |

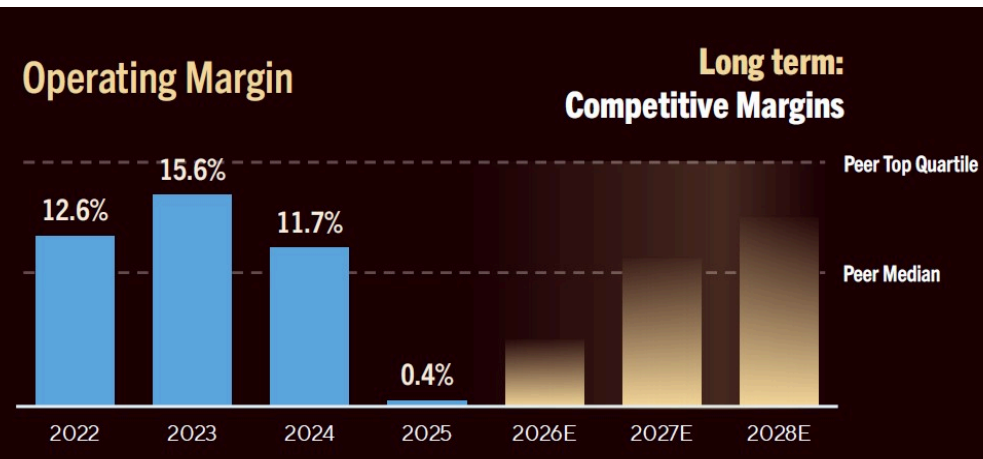
## Looking ahead to volume-led contribution

1. Household penetration and share gains in Brazil, Mexico, UK and Europe
2. Localized innovation in anchor markets
3. Expansion of cultural and seasonal execution
4. Focused, efficient brand support

1. CAGR 2022-2025
Source: Company financials and information

INTERNATIONAL

# Profit recovery underway




## Margin Expansion Levers

- Cocoa and tariff cost normalization
- Route to market optimization
- Portfolio diversification
- Scale
- Tech-fueled efficiencies

## Investment Areas

- Trial and awareness
- Focused brand building
- Distribution
- Innovation & R&D




Source: Company financials and information

# ENTERPRISE OUTLOOK



# VALUE CREATION FRAMEWORK

designed to deliver differentiated financial performance



- Iconic brands in growing categories
- Expansion into attractive whitespaces
- Balanced revenue growth
- Restore leading margins and expand gross profit dollars
- Reinvesting in brand building, innovation & R&D
- Strong cash flow enables portfolio expansion
- Disciplined capital allocation

# Return to balanced organic net sales growth by capturing new occasions

## 2026

### Price-led Growth

Inflation-driven strategic pricing

Expanded innovation & tentpoles



## 2027

### Shifting to Balance

Continued new-occasion capture

Seasonal pricing carryover

LesserEvil organic volume

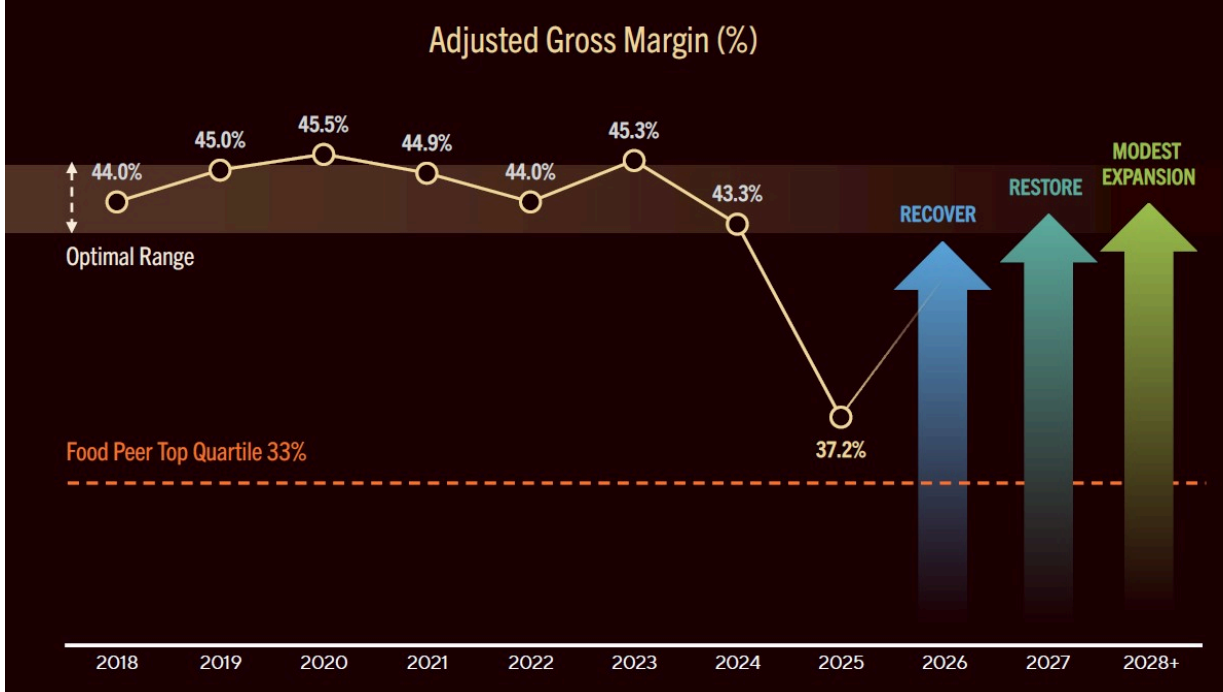
## 2028+

### Balanced Revenue Growth

Modern brand building &
One Hershey commercial approach growing and capturing new occasions

Portfolio oriented toward faster-growth platforms

# Restoring margin while supporting portfolio evolution to drive long-term profit dollar growth




Source: Company financials and information. Food Peers include CAG, CPB, GIS, K, KHC, MDLZ, MKC, SJM

## Tailwinds

- Scale & Network Optimization
- Productivity
- Pricing / Price Pack Architecture
- Premiumization
- Cocoa normalization

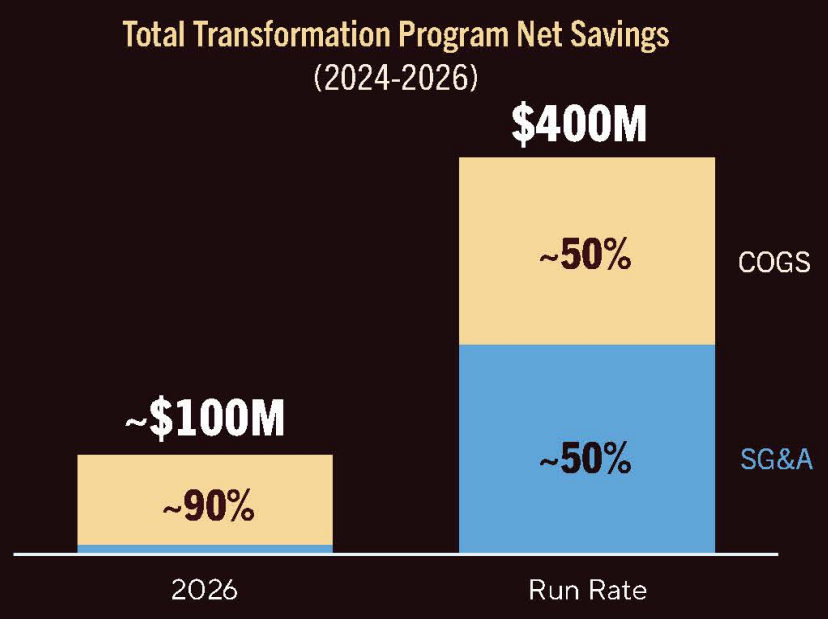
## Investments

- Ingredient and recipe evolution
- Portfolio and product mix

## Headwinds

- Macroenvironment
- Raw material volatility
- Elasticity

# Transformation and smart spending continue to deliver funding for growth




Technology embedded through transformation enables run rate Next Gen productivity savings of

**$110 million**

Source: Company financials and information.

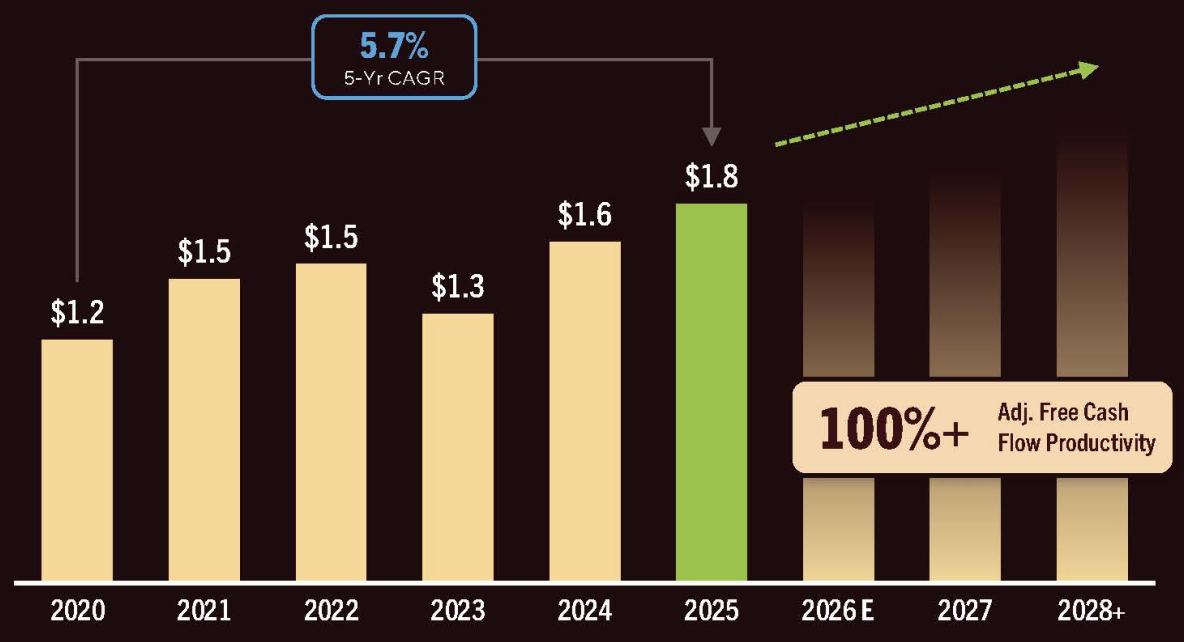
# Strong visibility to consistently deliver Long-Term Algorithm

| | 2026 - Recover | 2027 - Restore | 2028+ - Expand |
|---|---|---|---|
| Organic Net Sales Growth[1] | 2.5% to 3.5% | 2% to 4% | 2% to 4% |
| Adjusted EPS Growth | 30% to 35% | 15% to 20% | 6% to 8% |
| Assumptions | | • Cocoa cost deflation<br>• Stable competitive environment | • Balanced revenue contribution<br>• Normalizing macro environment<br>• Stable raw material inflation<br>• Stable competitive environment |

1. Excludes an approximate 150 basis point benefit from the 2025 acquisition of LesserEvil. Net sales growth guidance is 4% to 5%.

# Consistent free cash flow supporting long-term value creation

## Free Cash Flow
($ Billion)




## Driven by

1. Earnings recovery & growth
2. Transformation & productivity savings
3. Working capital improvement
4. Run rate capital expenditure

Source: Company financials and information, FCF excludes equity investments in tax credit qualifying partnerships.

# Strong cash generation enables reinvestment and shareholder value creation

Capital Allocation Priorities

**1**

**Reinvest for growth**
(Including M&A)

**~4% of Sales**
run rate capex

**Consistent dividend growth**

**Payout >50%**
diluted EPS

**2**

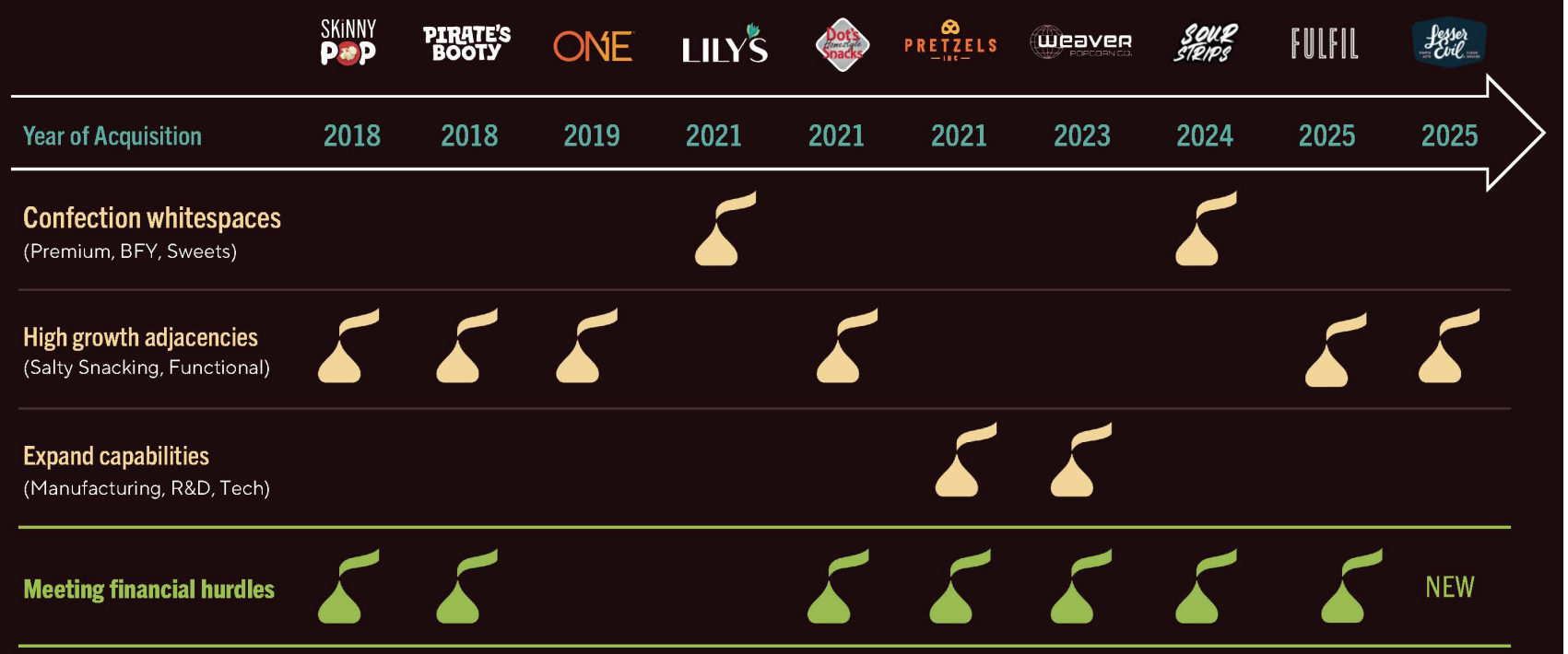
**Maintain strong balance sheet**

**~2.0x**
target net leverage ratio

**Share buybacks**

**Opportunistic**
approach

# Disciplined M&A in core and high growth adjacencies




Source: Company financials and information,

# INVESTMENT THESIS



- Leading positions in large, growing categories with expandable consumer demand
- Significant headroom for core and whitespace expansion within snacking
- 40%+ of future portfolio positioned in accelerated-growth platforms
- Structural margin expansion beyond restoration powered by productivity, scale, and strategic pricing
- $1.8B+ free cash flow engine funding disciplined growth and capability reinvestment

**Deliver Consistent, Peer-leading Shareholder Return**

# Q&A SESSION



# CLOSING REMARKS



1. Pure-play snacking leader with **core strength** and **meaningful whitespace**
2. Confident in expanding **confection leadership, reaching #2 in salty, and International incrementality**
3. Unlocking growth through **One Hershey** and **next-gen capabilities** in R&D, innovation, and brand building
4. Modern **supply chain will provide fuel** for growth and **support more consumer choice** in our portfolio
5. Balancing **earnings recovery by 2027 and positioning for new heights** in top- and bottom-line performance

2026 PROJECTED

# EPS Reconciliation of GAAP and Non-GAAP

| In Dollars Per Share Amounts | 2026 (Projected) | YoY Growth | 2025 |
|---|---|---|---|
| **Reported EPS diluted (GAAP)** | $7.77 - $8.19 | **+79% to +89%** | $4.34 |
| **Adjustments** | | | |
| Derivative mark-to-market losses (gains) | - | | $2.08 |
| Business realignment activities | 0.30 – 0.35 | | $0.29 |
| Acquisition and integration-related activities | 0.15 - 0.20 | | $0.20 |
| Goodwill impairment charges | - | | $0.03 |
| Tax effect of all adjustments reflected above | (0.12) | | (0.63) |
| **Adjusted EPS – Diluted (Non-GAAP)** | $8.20 - $8.52 | **+30% to +35%** | $6.31 |

Certain forward-looking non-GAAP measures included in this presentation cannot be reconciled to the most directly comparable GAAP measures without unreasonable effort. See "Forward-Looking Statements" and refer to the following Appendix slides for additional information and reconciliations

YEAR-ENDED: DECEMBER 31, 2025

# Reconciliation of GAAP and Non-GAAP information

| In Millions of Dollars Except Per Share Amounts | Gross Profit | Operating Profit | Net Income | Income Per Share-Diluted |
|---|---|---|---|---|
| GAAP results | $3,922.7 | $1,441.2 | $883.3 | $4.34 |
| **Adjustments** | | | | |
| Derivative mark-to-market losses | 423.2 | 423.2 | 320.5 | 2.08 |
| Business realignment activities | - | 59.4 | 44.5 | 0.29 |
| Acquisition and integration-related activities | 5.3 | 40.0 | 30.4 | 0.20 |
| Goodwill impairment charges | - | 6.4 | 4.9 | 0.03 |
| Tax effect of all adjustments reflected above | - | - | - | (0.63) |
| Non-GAAP results | $4,351.2 | $1,970.5 | $1,283.4 | $6.31 |

| | |
|---|---|
| As reported gross margin | **33.5%** |
| Non-GAAP gross margin[1] | **37.2%** |
| As reported operating profit margin | **12.3%** |
| Non-GAAP operating profit margin [2] | **16.9%** |

(1) Calculated as non-GAAP gross profit as a percentage of net sales for the period presented.
(2) Calculated as non-GAAP operating profit as a percentage of net sales for the period presented.

YEAR-ENDED: DECEMBER 31, 2024

# Reconciliation of GAAP and Non-GAAP information

| In Millions of Dollars Except Per Share Amounts | Gross Profit | Operating Profit | Net Income | Income Per Share-Diluted |
|---|---|---|---|---|
| GAAP results | $5,300.9 | $2,898.2 | $2,221.2 | $10.92 |
| **Adjustments** | | | | |
| Derivative mark-to-market gains | (460.4) | (460.4) | (391.9) | (2.26) |
| Business realignment activities | 12.2 | 117.5 | 89.3 | 0.58 |
| Acquisition and integration-related activities | 2.3 | 45.3 | 34.3 | 0.22 |
| Other miscellaneous benefits | - | (5.3) | (2.9) | (0.03) |
| Tax Reserve Adjustment | - | - | (43.0) | - |
| Tax effect of all adjustments reflected above | - | - | - | (0.06) |
| Non-GAAP results | $4,855.0 | $2,595.3 | $1,907.0 | $9.37 |

| | |
|---|---|
| As reported gross margin | **47.3%** |
| Non-GAAP gross margin[1] | **43.3%** |
| As reported operating profit margin | **25.9%** |
| Non-GAAP operating profit margin [2] | **23.2%** |

(1) Calculated as non-GAAP gross profit as a percentage of net sales for the period presented.
(2) Calculated as non-GAAP operating profit as a percentage of net sales for the period presented.

YEAR-ENDED: DECEMBER 31, 2023

# Reconciliation of GAAP and Non-GAAP information

| In Millions of Dollars Except Per Share Amounts | Gross Profit | Operating Profit | Net Income | Income Per Share-Diluted |
|---|---|---|---|---|
| GAAP results | $4,997.8 | $2,560.9 | $1,861.8 | $9.06 |
| **Adjustments** | | | | |
| Derivative mark-to-market losses | 58.9 | 58.9 | 48.7 | 0.29 |
| Business realignment activities | 0.5 | 3.4 | 2.7 | 0.01 |
| Acquisition and integration-related activities | (1.7) | 75.9 | 57.6 | 0.37 |
| Tax effect of all adjustments reflected above | - | - | - | (0.14) |
| Non-GAAP results | $5,055.5 | $2,699.1 | $1,970.8 | $9.59 |

| | |
|---|---|
| As reported gross margin | **44.8%** |
| Non-GAAP gross margin[1] | **45.3%** |
| As reported operating profit margin | **22.9%** |
| Non-GAAP operating profit margin [2] | **24.2%** |

(1) Calculated as non-GAAP gross profit as a percentage of net sales for the period presented.
(2) Calculated as non-GAAP operating profit as a percentage of net sales for the period presented.

YEAR-ENDED: DECEMBER 31, 2022

# Reconciliation of GAAP and Non-GAAP information

| In Millions of Dollars Except Per Share Amounts | Gross Profit | Operating Profit | Net Income | Income Per Share-Diluted |
|---|---|---|---|---|
| GAAP results | $4,498.8 | $2,260.8 | $1,644.8 | $7.96 |
| **Adjustments** | | | | |
| Derivative mark-to-market losses | 78.8 | 78.2 | 64.7 | 0.38 |
| Business realignment activities | - | 4.4 | 3.3 | 0.02 |
| Acquisition and integration-related activities | 4.0 | 48.5 | 37.0 | 0.24 |
| Other miscellaneous losses | - | 13.6 | 10.3 | 0.07 |
| Tax effect of all adjustments reflected above | - | - | - | (0.15) |
| Non-GAAP results | $4,581.6 | $2,405.4 | $1,760.1 | $8.52 |

| | |
|---|---|
| As reported gross margin | **43.2%** |
| Non-GAAP gross margin[1] | **44.0%** |
| As reported operating profit margin | **21.7%** |
| Non-GAAP operating profit margin [2] | **23.1%** |

(1) Calculated as non-GAAP gross profit as a percentage of net sales for the period presented.
(2) Calculated as non-GAAP operating profit as a percentage of net sales for the period presented.

YEAR-ENDED: DECEMBER 31, 2021

# Reconciliation of GAAP and Non-GAAP information

| In Millions of Dollars Except Per Share Amounts | Gross Profit | Operating Profit | Net Income | Income Per Share-Diluted |
|---|---|---|---|---|
| GAAP results | $4,048.6 | $2,043.7 | $1,477.5 | $7.11 |
| **Adjustments** | | | | |
| Derivative mark-to-market gains | (24.4) | (24.4) | (15.2) | (0.12) |
| Business realignment activities | 5.2 | 16.6 | 13.5 | 0.09 |
| Acquisition and integration-related activities | 2.7 | 33.1 | 25.5 | 0.16 |
| Noncontrolling interest share of business realignment and impairment charges | - | - | 5.3 | 0.03 |
| Other miscellaneous benefits | - | (15.2) | (13.7) | (0.07) |
| Tax effect of all adjustments reflected above | - | - | - | (0.01) |
| Non-GAAP results | $4,032.1 | $2,053.9 | $1,492.8 | $7.19 |

| | |
|---|---|
| As reported gross margin | **45.1%** |
| Non-GAAP gross margin[1] | **44.9%** |
| As reported operating profit margin | **22.8%** |
| Non-GAAP operating profit margin [2] | **22.9%** |

(1) Calculated as non-GAAP gross profit as a percentage of net sales for the period presented.
(2) Calculated as non-GAAP operating profit as a percentage of net sales for the period presented.

YEAR-ENDED: DECEMBER 31, 2020

# Reconciliation of GAAP and Non-GAAP information

| In Millions of Dollars Except Per Share Amounts | Gross Profit | Operating Profit | Net Income | Income Per Share-Diluted |
|---|---|---|---|---|
| GAAP results | $3,701.3 | $1,782.7 | $1,278.7 | $6.11 |
| **Adjustments** | | | | |
| Derivative mark-to-market losses | 6.4 | 6.4 | 5.1 | 0.03 |
| Business realignment activities | 2.2 | 31.5 | 24.0 | 0.15 |
| Acquisition-related costs | - | 3.6 | 2.8 | 0.03 |
| Pension settlement charges relating to Company-directed initiatives | - | - | 2.6 | 0.02 |
| Long-lived asset impairment charges | - | 9.1 | 8.8 | 0.04 |
| Noncontrolling interest share of business realignment and impairment charges | - | - | (3.4) | (0.02) |
| Other miscellaneous benefits | - | (3.2) | (2.4) | (0.01) |
| Tax effect of all adjustments reflected above | - | - | - | (0.06) |
| Non-GAAP results | $3,709.9 | $1,830.2 | $1,316.2 | $6.29 |

| | |
|---|---|
| As reported gross margin | **45.4%** |
| Non-GAAP gross margin[1] | **45.5%** |
| As reported operating profit margin | **21.9%** |
| Non-GAAP operating profit margin [2] | **22.5%** |

(1) Calculated as non-GAAP gross profit as a percentage of net sales for the period presented.
(2) Calculated as non-GAAP operating profit as a percentage of net sales for the period presented.

YEAR-ENDED: DECEMBER 31, 2019

# Reconciliation of GAAP and Non-GAAP information

| In Millions of Dollars Except Per Share Amounts | Gross Profit | Operating Profit | Net Income | Income Per Share-Diluted |
|---|---|---|---|---|
| GAAP results | $3,622.5 | $1,596.0 | $1,149.7 | $5.46 |
| **Adjustments** | | | | |
| Derivative mark-to-market gains | (28.7) | (28.7) | (25.2) | (0.14) |
| Business realignment activities | - | 9.2 | 7.3 | 0.04 |
| Acquisition-related costs | 2.0 | 10.2 | 7.7 | 0.05 |
| Pension settlement charges relating to Company-directed initiatives | - | - | 1.8 | 0.01 |
| Long-lived and intangible asset impairment charges | - | 112.5 | 88.5 | 0.53 |
| Noncontrolling interest share of business realignment and impairment charges | - | - | (2.8) | (0.01) |
| Gain on sale of other assets | - | (11.3) | (8.5) | (0.05) |
| Tax effect of all adjustments reflected above | - | - | - | (0.11) |
| Non-GAAP results | $3,595.8 | $1,687.9 | $1,218.4 | $5.78 |

| | |
|---|---|
| As reported gross margin | **45.4%** |
| Non-GAAP gross margin[1] | **45.0%** |
| As reported operating profit margin | **20.0%** |
| Non-GAAP operating profit margin [2] | **21.1%** |

(1) Calculated as non-GAAP gross profit as a percentage of net sales for the period presented.
(2) Calculated as non-GAAP operating profit as a percentage of net sales for the period presented.

YEAR-ENDED: DECEMBER 31, 2018

# Reconciliation of GAAP and Non-GAAP information

| In Millions of Dollars Except Per Share Amounts | Gross Profit | Operating Profit | Net Income | Income Per Share-Diluted |
|---|---|---|---|---|
| GAAP results | $3,575.3 | $1,623.7 | $1,177.6 | $5.58 |
| **Adjustments** | | | | |
| Derivative mark-to-market gains | (168.3) | (168.3) | (152.5) | (0.80) |
| Business realignment activities | 11.3 | 51.8 | 38.9 | 0.25 |
| Acquisition-related costs | 6.2 | 44.8 | 35.7 | 0.21 |
| Pension settlement charges relating to Company-directed initiatives | - | - | 4.1 | 0.03 |
| Long-lived and intangible asset impairment charges | - | 57.7 | 41.9 | 0.27 |
| Impact of U.S. tax reform | - | - | (7.8) | - |
| Noncontrolling interest share of business realignment and impairment charges | - | - | (6.3) | (0.03) |
| Gain on sale of licensing rights | - | (2.7) | (1.5) | (0.01) |
| Tax effect of all adjustments reflected above | - | - | - | (0.14) |
| Non-GAAP results | $3,424.6 | $1,607.1 | $1,130.1 | $5.36 |

| | |
|---|---|
| As reported gross margin | **45.9%** |
| Non-GAAP gross margin[1] | **44.0%** |
| As reported operating profit margin | **20.8%** |
| Non-GAAP operating profit margin [2] | **20.6%** |

(1) Calculated as non-GAAP gross profit as a percentage of net sales for the period presented.
(2) Calculated as non-GAAP operating profit as a percentage of net sales for the period presented.

FREE CASH FLOW

# Reconciliation of GAAP and Non-GAAP information

| Millions of Dollars<br>For the year ended December 31, | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|
| **Components of Free Cash Flow** | | | | | | |
| **OPERATING ACTIVITIES** | | | | | | |
| **Net Income** | **$1,275.4** | **$1,482.8** | **$1,644.8** | **$1,861.8** | **$2,221.2** | **$883.3** |
| **Adjustments to reconcile net income to net cash provided by operating activities:** | | | | | | |
| Depreciation and amortization | 294.9 | 315.0 | 379.0 | 419.8 | 455.3 | 503.7 |
| Stock-based compensation expense | 57.6 | 66.7 | 66.0 | 81.0 | 44.4 | 65.5 |
| Deferred income taxes | 26.9 | 13.4 | 36.9 | 16.2 | 73.2 | 122.3 |
| Impairment of long-lived and intangible assets | 9.1 | - | - | - | - | 6.4 |
| Write-down of equity investments | 125.6 | 113.8 | 188.3 | 210.5 | 243.3 | 24.5 |
| Other | 113.5 | 96.0 | 120.8 | 103.3 | (437.2) | 631.7 |
| Changes in assets and liabilities, net of business acquisitions and divestitures* | (203.3) | (4.8) | (107.9) | (369.4) | (68.7) | 40.1 |
| **Net cash provided by operating activities** | **1,699.7** | **2,082.9** | **2,327.8** | **2,323.2** | **2,531.6** | **2,277.4** |
| **INVESTING ACTIVITIES** | | | | | | |
| Capital additional (Including software) | (441.6) | (495.9) | (519.5) | (771.1) | (605.9) | (454.6) |
| Equity investments in tax credit qualifying partnerships | (87.2) | (128.4) | (275.5) | (256.8) | (285.5) | 11.9 |
| Business acquisitions, net of cash and cash equivalents acquired | - | (1,601.1) | - | (165.8) | (75.5) | (829.7) |
| Other investing activities | (2.4) | 2.5 | 7.6 | (4.9) | 6.6 | (6.2) |
| **Net cash used in investing activities** | **(531.3)** | **(2,222.8)** | **(787.4)** | **(1,198.7)** | **(960.3)** | **(1,278.7)** |
| ***A.** Capital additions (including software)* | *(441.6)* | *(495.9)* | *(519.5)* | *(771.1)* | *(605.9)* | *(454.6)* |
| ***B.** Equity investments in tax credit qualifying partnerships* | *(87.2)* | *(128.4)* | *(275.5)* | *(256.8)* | *(285.5)* | *11.9* |
| **Non-GAAP results (Net cash provided by operating activities + A + B)** | **$1,170.8** | **$1,458.6** | **$1,532.8** | **$1,295.3** | **$1,640.2** | **$1,834.6** |

* Accounts receivable, Inventories, Prepaid expenses and other current assets, accounts payable, accrued income taxes, contribution to pension and other benefit plans, other assets and liabilities