

**BULLDOG
INVESTMENT
COMPANY**

**FALL 2025 BULL & BEAR
PRESENTATION**



GAME PLAN



Base Team	Bull Team	Bear Team
Company Overview- Oscar Parga	Moat- Adam	Competitor Analysis- Justin
Revenue Breakdown- Christian	Growth Opportunities- Pablo	Risk Factors- Logan
Management & Cap. Alloc.- Barbara	Valuation- Jaiden	Valuation & Conclusion- Enrique
Interpretation of Financial Statements- Diego Bonilla	Conclusion- Pablo	
Value Bands & Intraportfolio Analysis- Sam Finley		

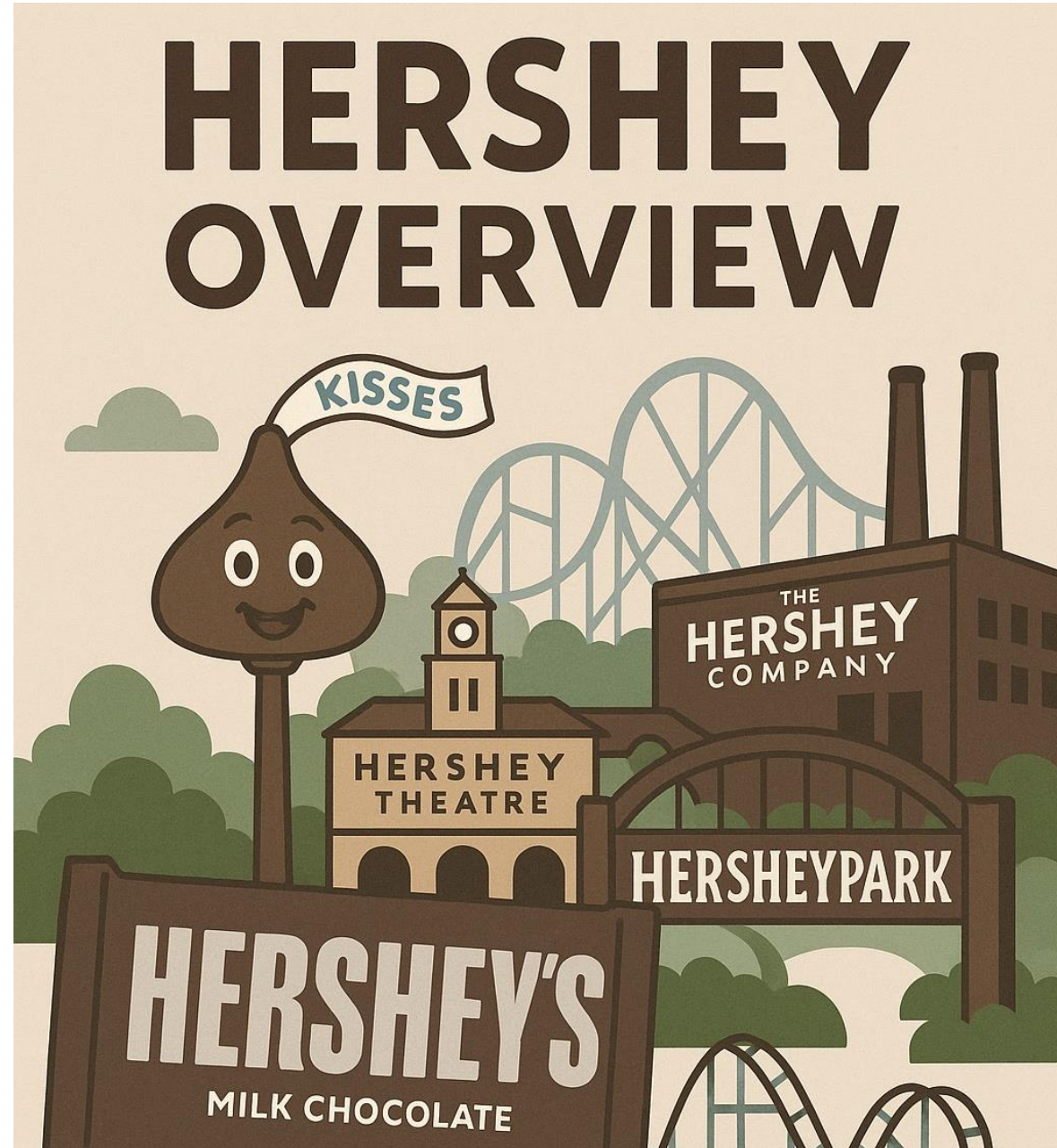
BASE TEAM





COMPANY OVERVIEW

Oscar Parga





What Is Hershey's?

Hershey is a leading U.S. confectionery manufacturer with a market value of about \$54 billion, controlling about 36% of the domestic chocolate market.





General Information

- **Ticker Symbol: HSY**
- **Headquarters: Hershey, PA**
- **Stock Price: \$170.74**
- **Market Cap: \$37.75B**
- **# of Employees: 20,500**
- **90+ Brands**



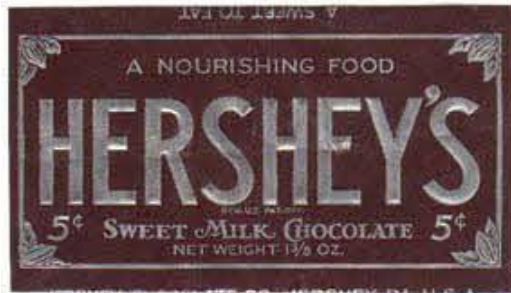
52 Week Graph



History



**Milton Hershey
established
Hershey Chocolate
Company in 1894**



**First Hershey Bar
sold 1900**



**Hershey acquires
Reese's peanut
butter Cup
company 1963**



**Hershey's
World opens
1973**



**Acquires LEAF,
Inc. & Y&S
Candies
1996-1997**

History Cont.



**Acquired Ice
breakers in 2000**



**Brookside Has
been acquired by
Hershy in 2011**



**Pirate's Booty got
acquired in 2018**



**Skinny Pop got
acquired by
Hershey Company
in 2018**



**2024 Hershey
teamed up with
Shaq to create
ShaqALicious XL
Gummies**



Recent News

- Dec. 2024 Class action against Hershey's, finding "Polyfluoroalkyl" in their packaging, turned into a lawsuit and was recently beaten
- Oct 9, 2025 Hershey Highlights New Products and Drives Retail Growth at 2025 NACS Show Release of Reese's OREO® Cup
- Oct 30, 2025 Hershey announced quarterly dividends of \$1.37 on the Common Stock and \$1.25 on the Class B Common Stock.



REVENUE BREAKDOWN

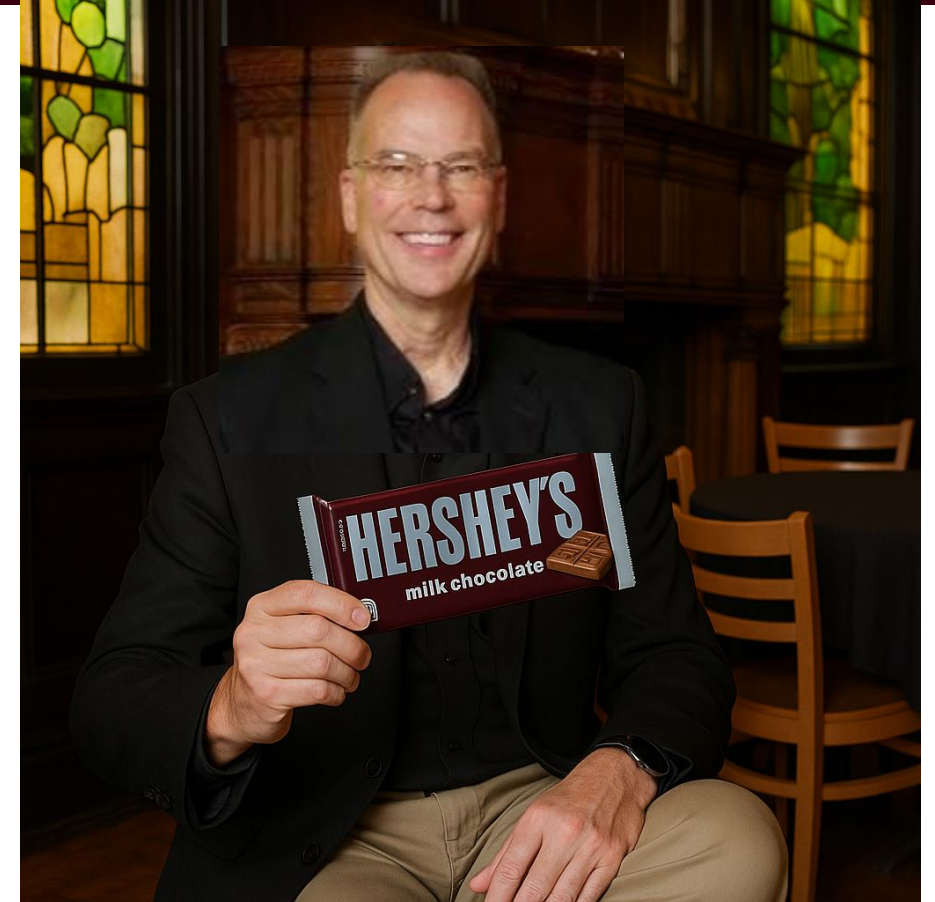
Christian Cadena



How They Make Money?



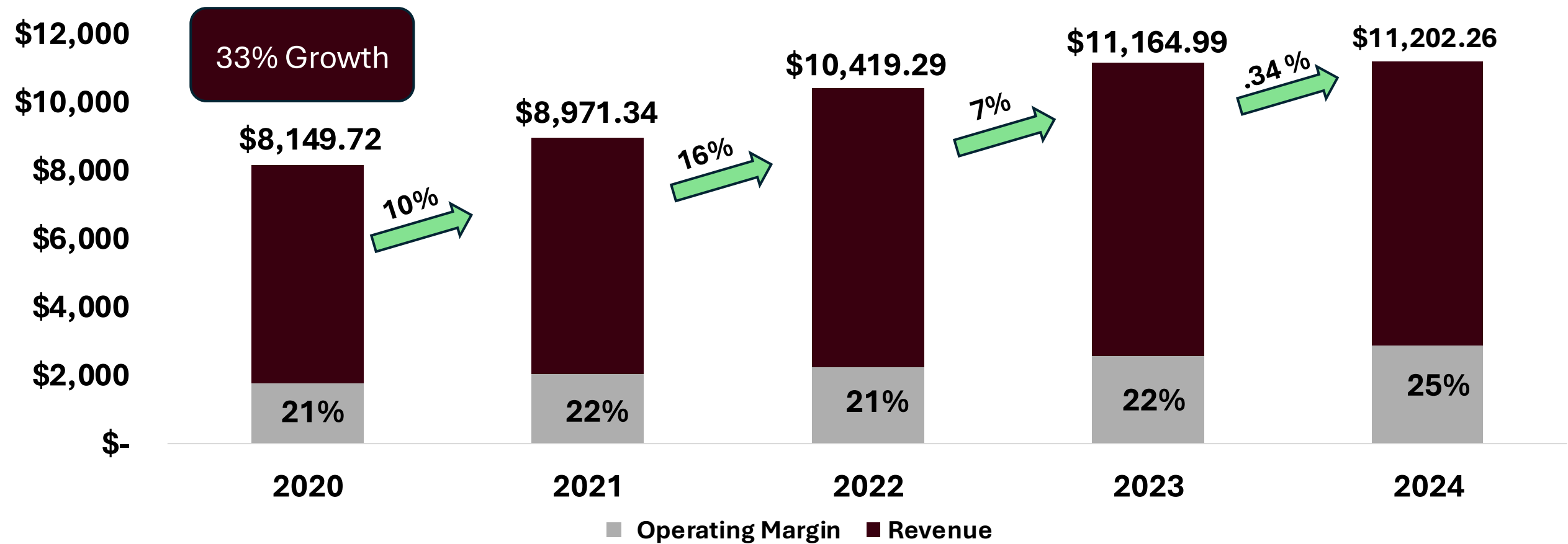
- **Selling to Retailers, Foodservice Operators and Distributors**
- **Chocolate is the Heart of Hershey's, 80% of Sales come from North American confectionery.**
- **Iconic Brands like Reese's, Kit Kat, Hershey's Drive Everyday Demand**





Revenue Growth

In Billions USD



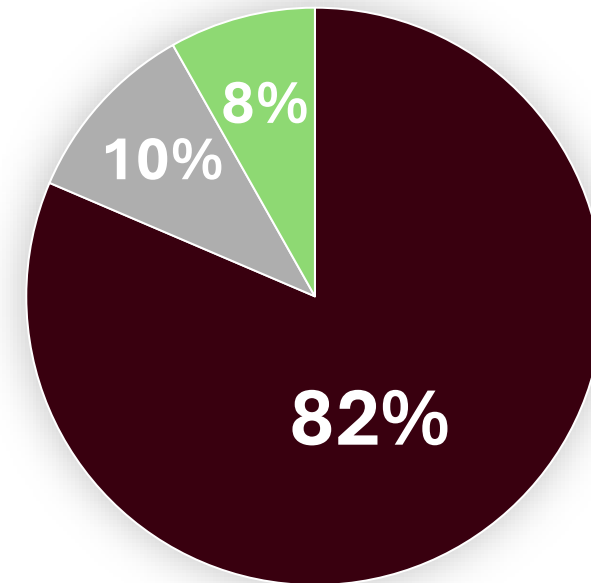


Revenue Segments

North America
Confectionery

North America
Salty Snacks

International



North American Confectionery



Chocolate and
Non- Chocolate
Confectionery



Spreads



Gum and Mints



Snack Bites and
Mixes



Protein Bars

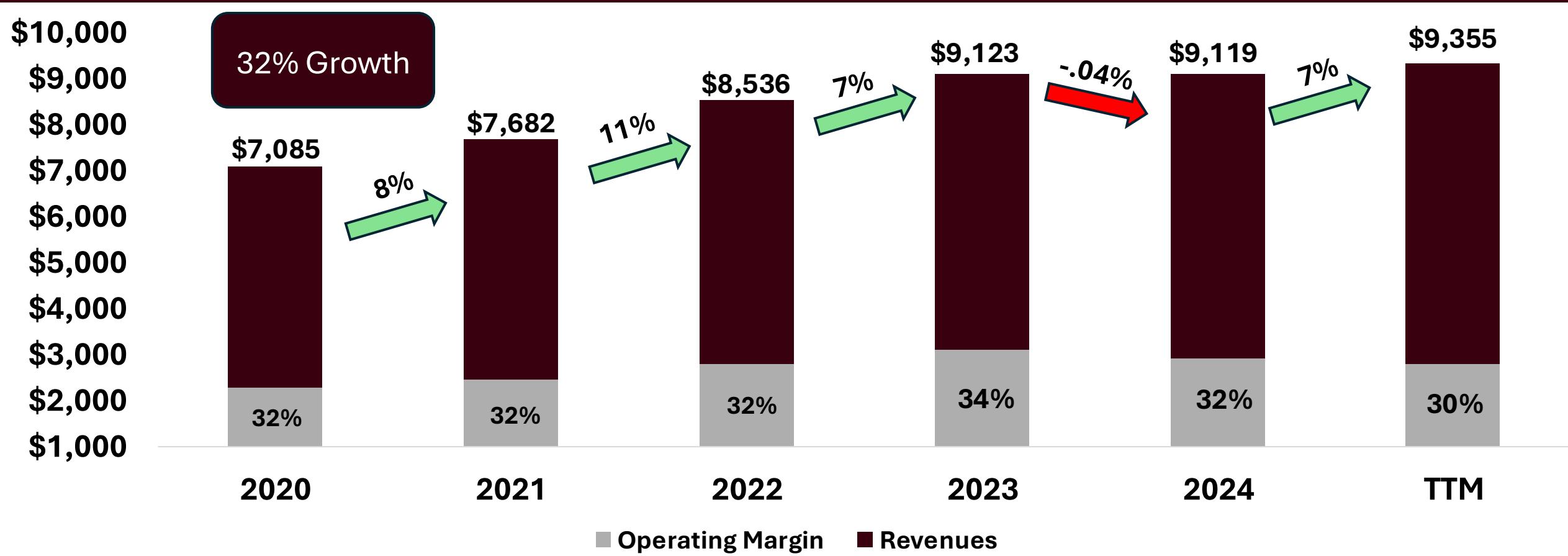


Service Line



North American Confectionery Net Sales

in Million USD



North American Salty Snacks



Popcorn

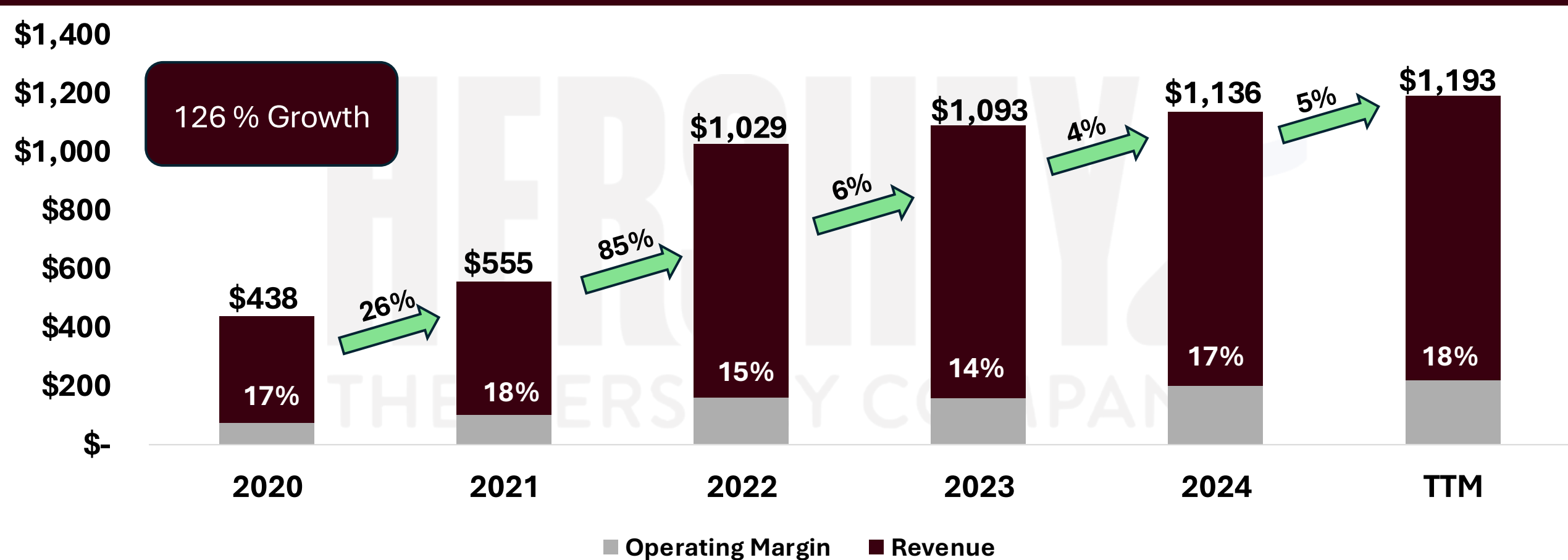
Pretzels

Baked Snacks



North American Salty Snacks Net Sales

in Million USD





International Snacks

Mexico

India

Brazil

Canada

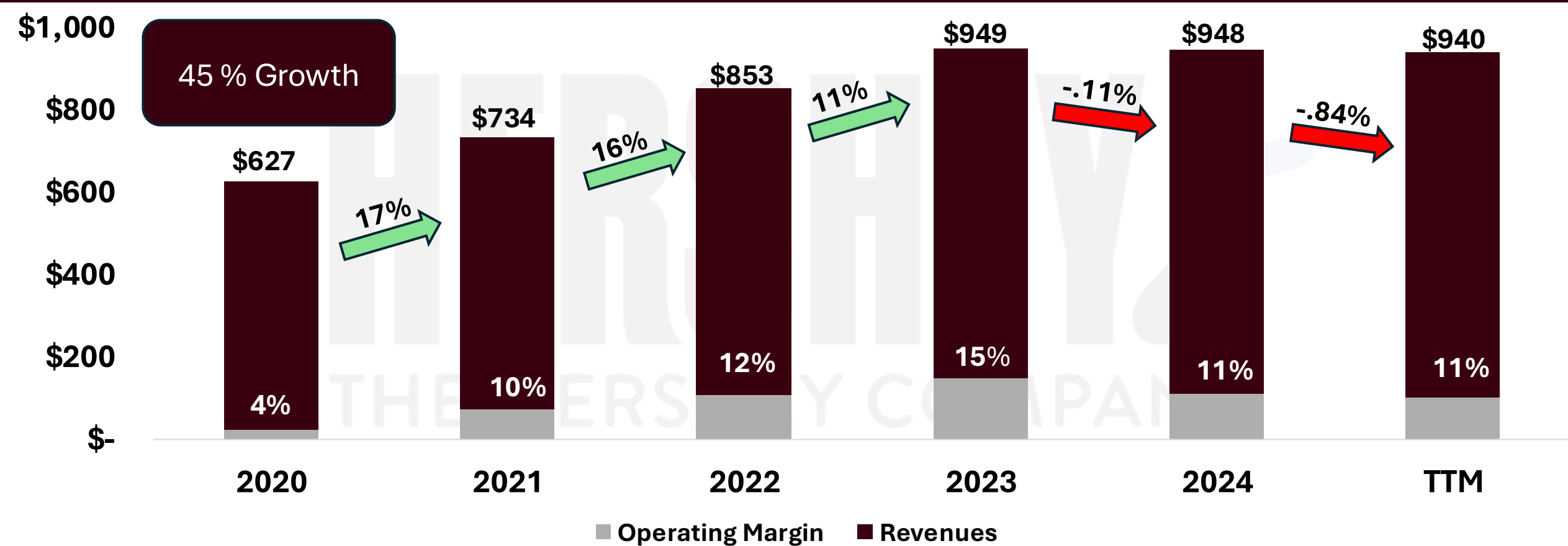
China

Europe



International Snacks Net Sales

In Millions USD





MANAGEMENT

Barbara Merlo



Executives



Michele G. Buck
Chairman of the Board
Former CEO (retiring)
Tenure= 20 years



Kirk Tanner
Current CEO
Was just CEO of Wendy's
Years at Hershey:
August 2025



Deepak Bhahtia
CTO
Tenure: 2 years

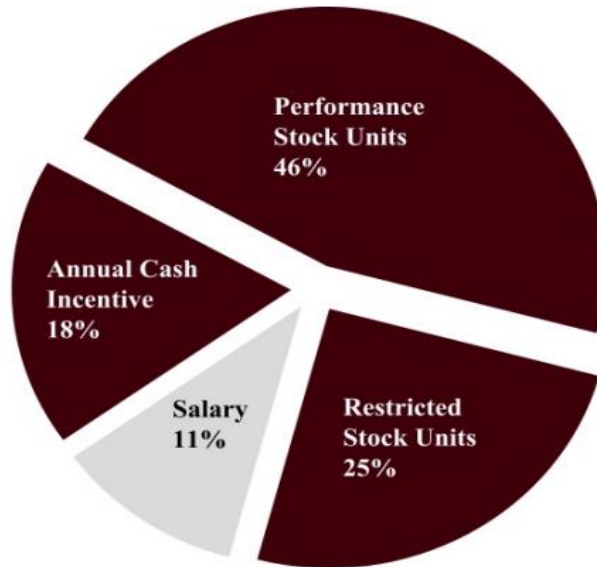


Steve Voskuil
CFO
Tenure= 5 Years



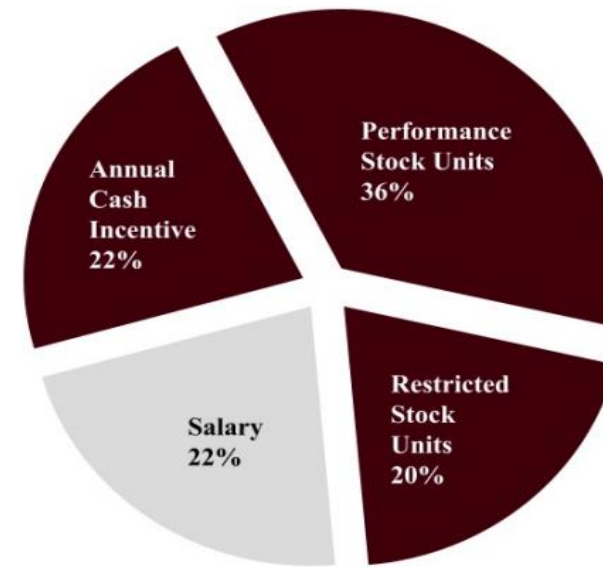
Executive Compensation

Target Total Direct Compensation - CEO



At-Risk Compensation = 89%

Average Target Total Direct Compensation - Other NEOs



At-Risk Compensation = 78%

LTI Targets and results for the 2022-2024 performance cycle



Metric	Target	Actual Performance	Target Award Weighting (%)	Final Performance Score (% of Target)
Total Shareholder Return ⁽¹⁾	50th Percentile	42nd Percentile	34.00	24.93
Three-year CAGR in Adjusted Earnings per Share-Diluted ⁽²⁾	8.1% CAGR	9.2% CAGR	33.00	75.22
Three-year Cumulative Free Cash Flow ⁽³⁾	\$5,273M	\$5,073M	33.00	23.19
Total			100.00	123.34

Annual Cash incentives : 20% of compensation & based on Net Sales, Adj EPS, and EBIT Margin targets



CAPITAL ALLOCATION

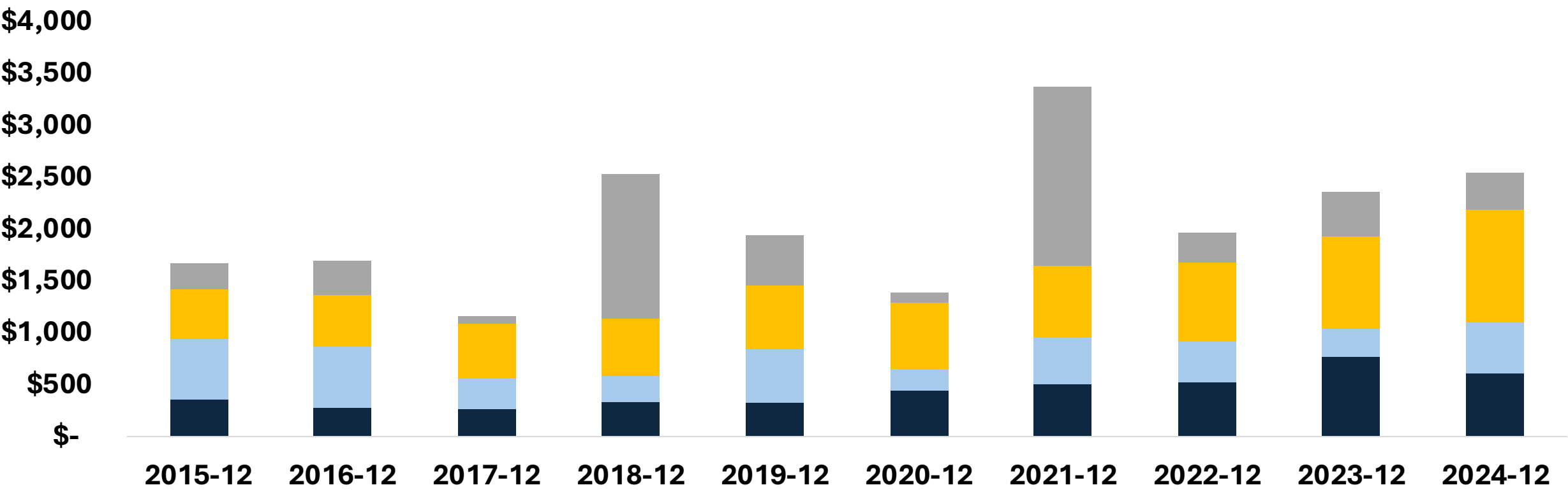
Barbara Merlo



Capital Allocation Breakdown

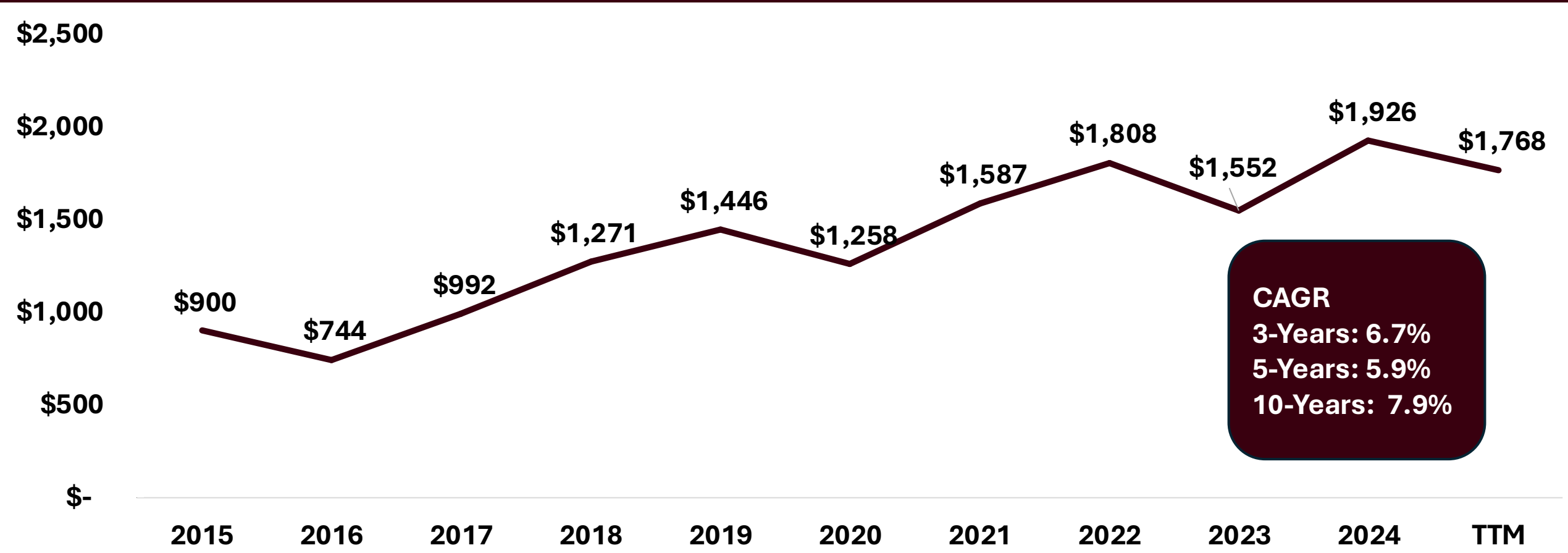


■ Capital Expenditures ■ Share Buybacks ■ Dividends ■ Acquisitions





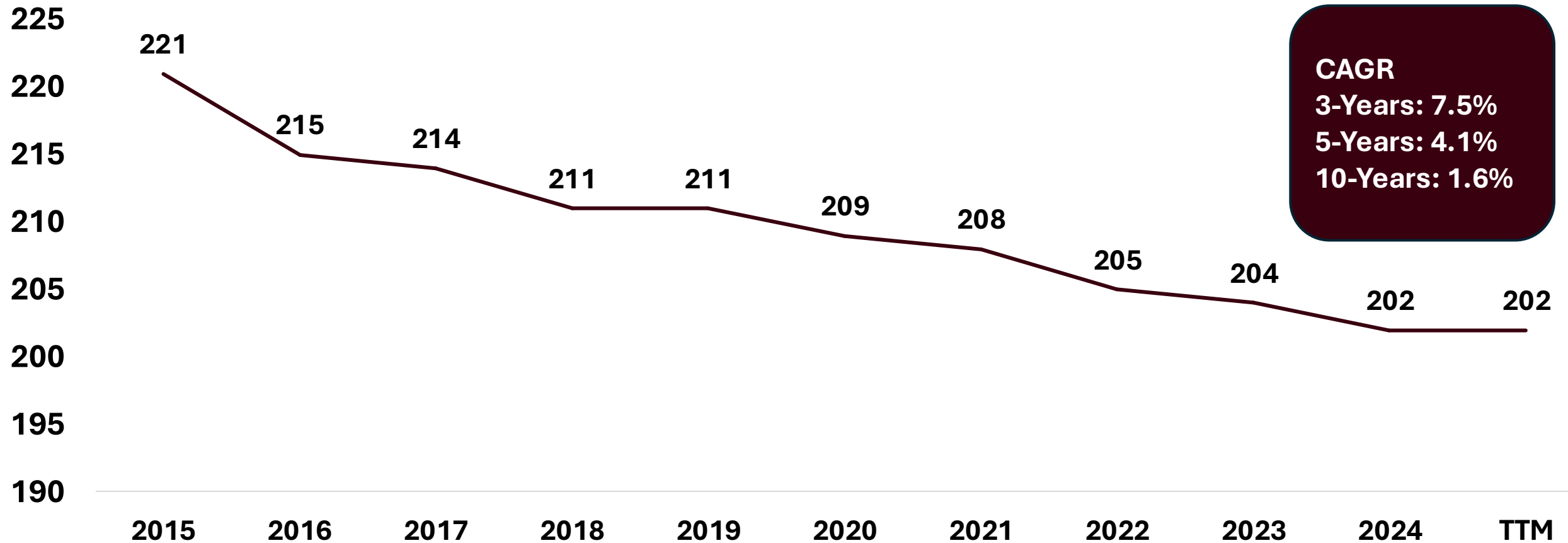
Free Cash Flow In Million of USD





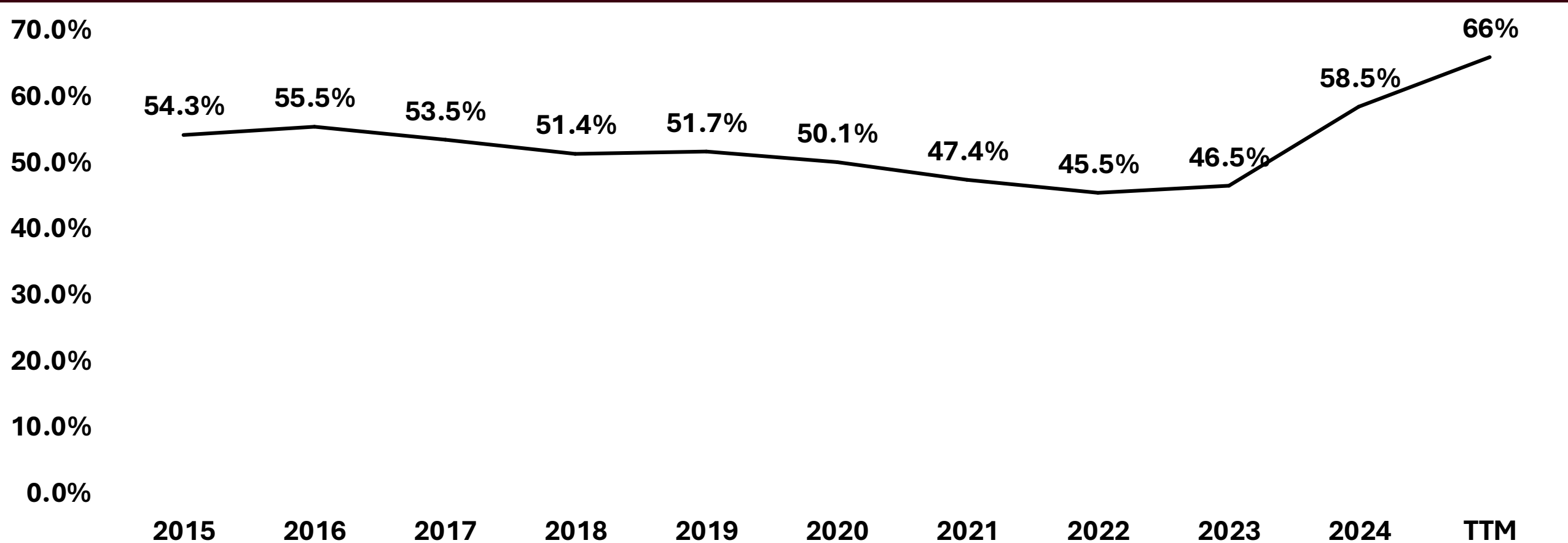
Shares Outstanding In millions of USD

CAGR
3-Years: 7.5%
5-Years: 4.1%
10-Years: 1.6%



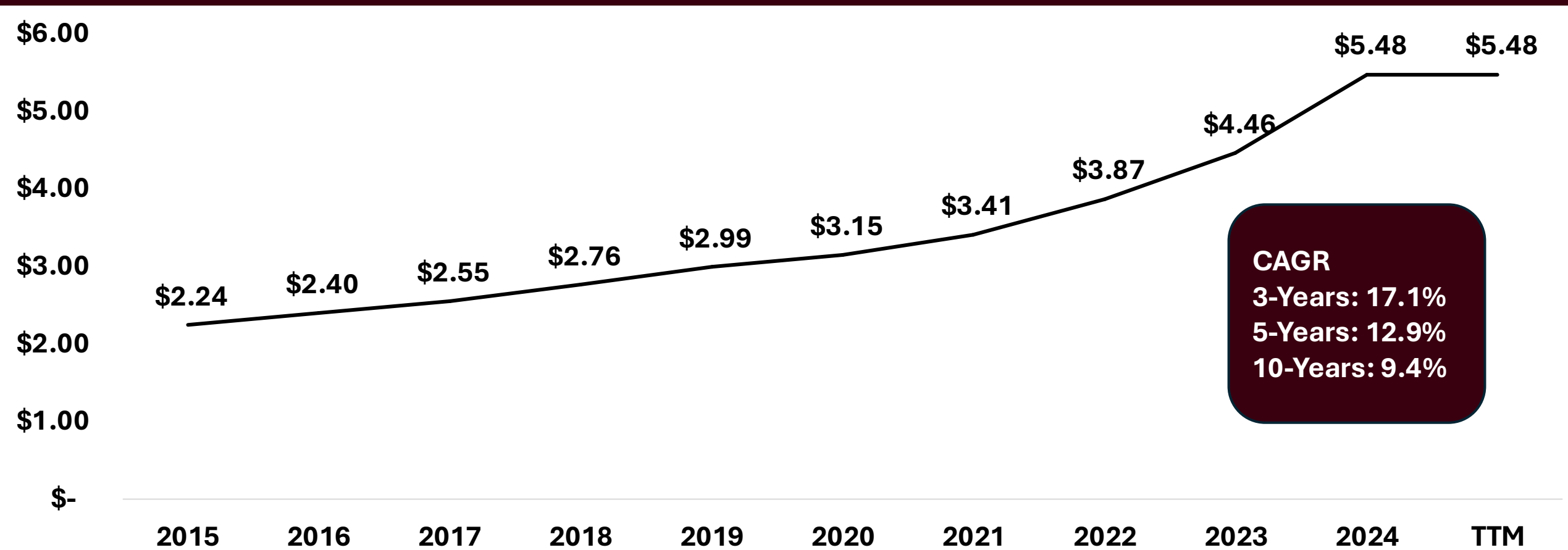


Dividend Payout Ratio





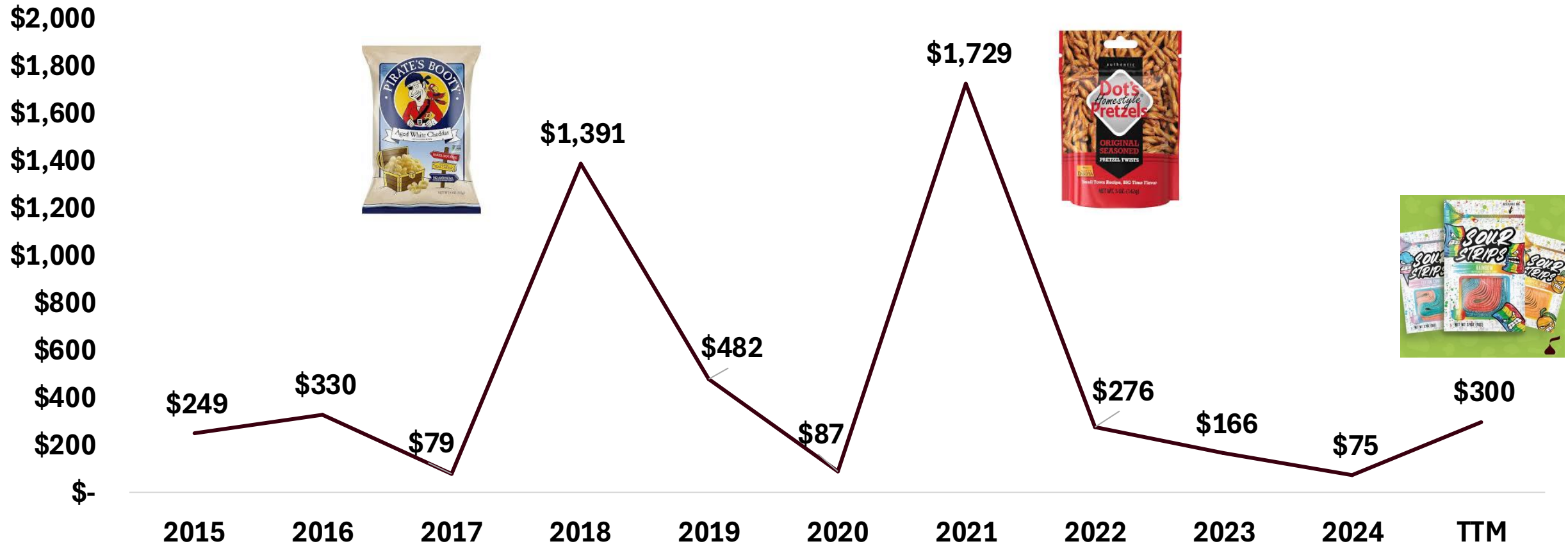
Dividends Per Share





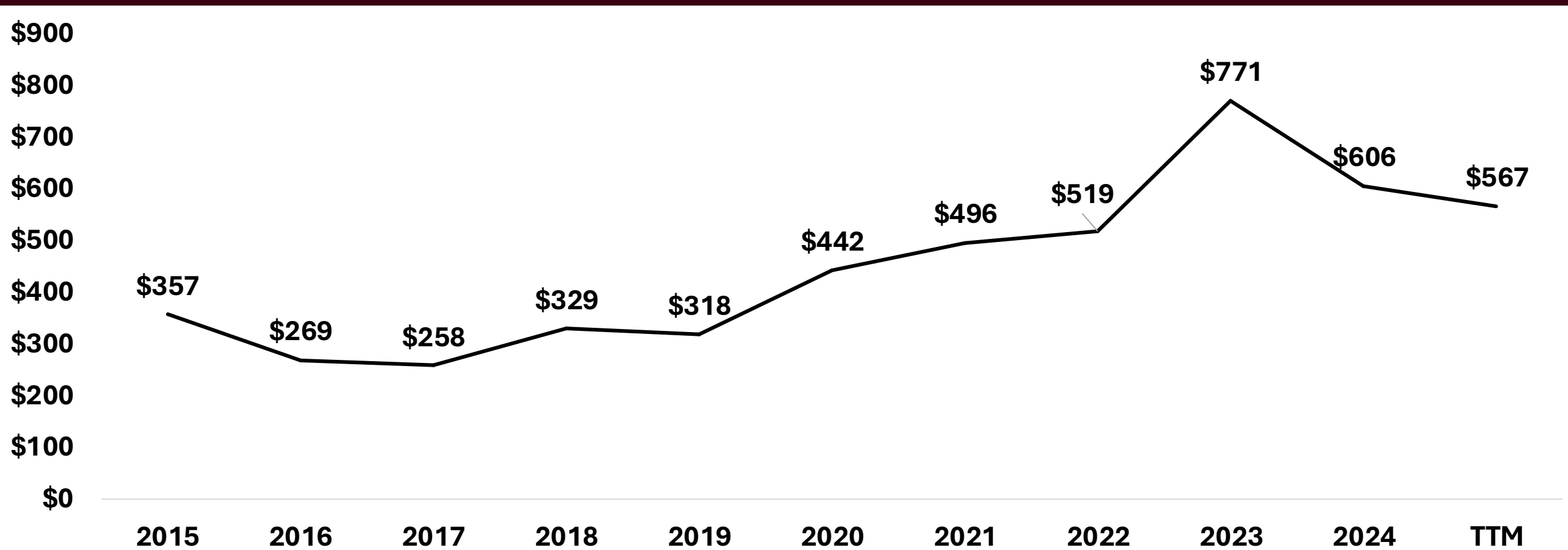
Acquisitions

In Millions of USD



Capital Expenditures

In Millions of USD





IOFS

Diego Bonilla

HERSHEY'S FINANCIALS

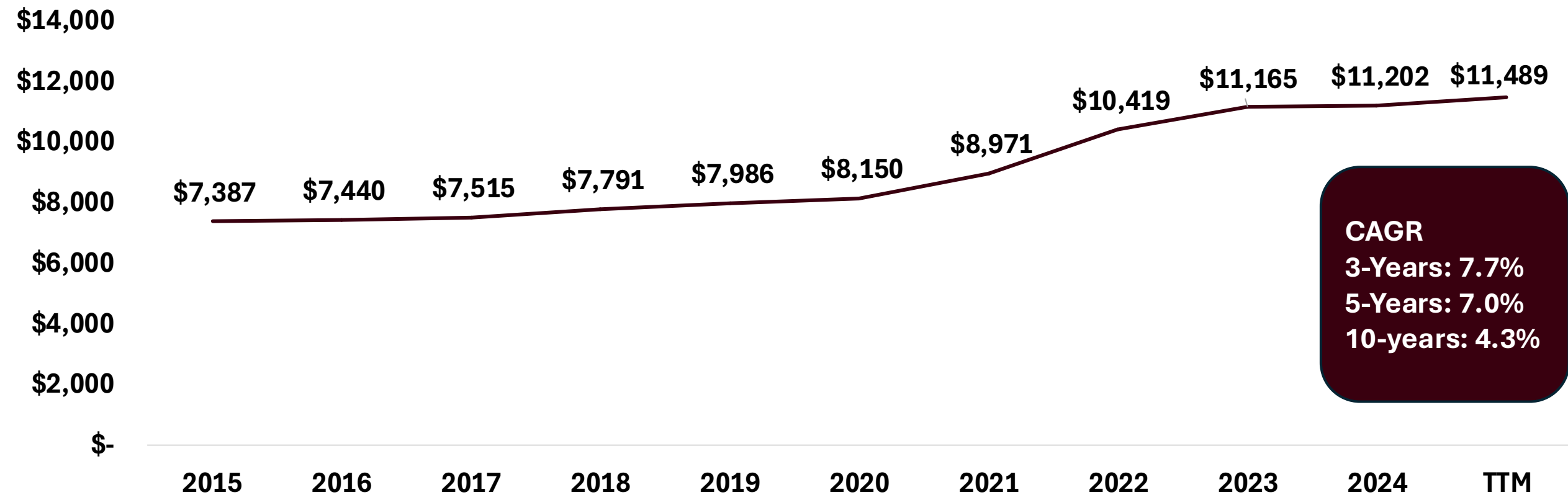
INCOME STATEMENT		
Revenue	100	100
Cost of Goods Sold	50	50
Gross Profit	50	50
Operating Expenses	30	30
Operating Income	20	20
Net Income	20	20
Net Income	20	20
Net Income	20	20

BALANCE SHEET		
	\$ 6,000	\$ 4,800
Assets	\$ 1,000	\$ 22,000
Current Assets	500	3,500
Operating Activities	2,100	\$3,900
Total Assets	\$2,100	\$3,400
Liabilities	16,000	16,000
Total Liabilities	5,900	8,000
Total Liabilities & Equity	11,000	7,500
Total Shareholders Equity	6,400	5,000
Total Liabilities	5,400	7,600
Total Debt	7,600	7,500
Total Shareholders Equity	12,400	12,400
Total Stockholders Equity	1,400	500
Total Shareholders Equity	6,400	6,400
Total Liabilities		

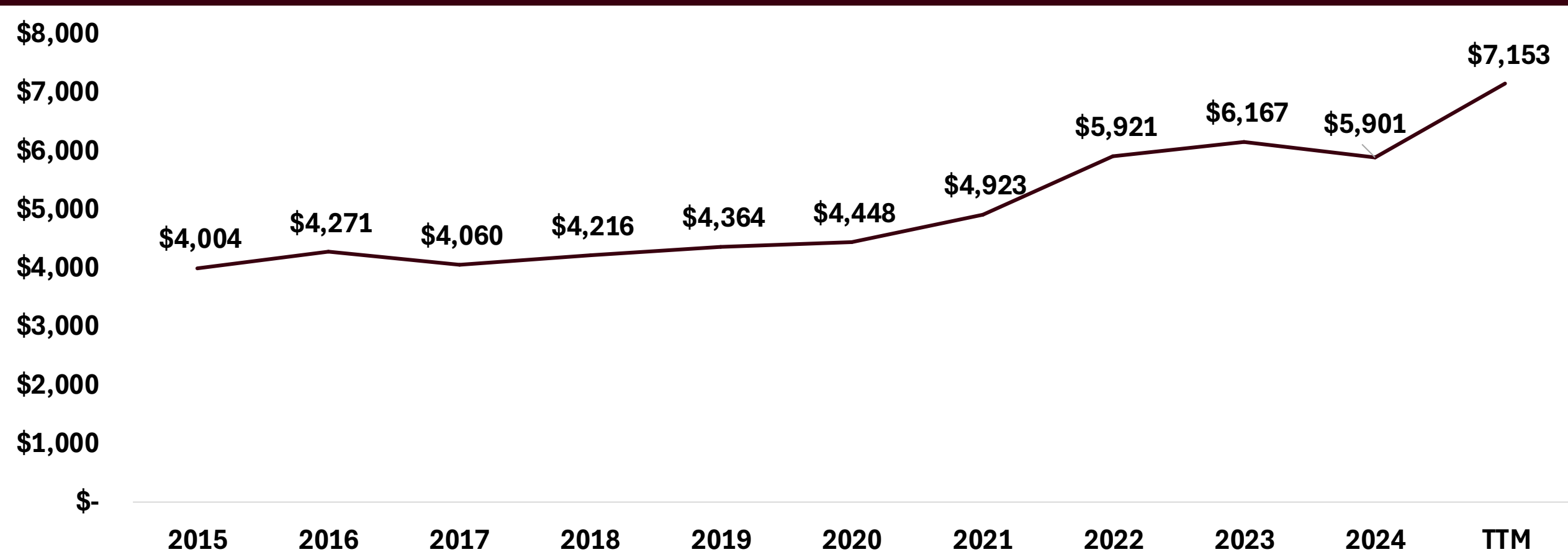
CASH FLOW STATEMENT		
	On 1	On 1
Operating Activities	5,000	5,000
Financing Activities	400	400
Investing Activities	400	400
Total Operating Activities	2,000	1,650
Total Operating Activities	1,800	3,500
Financing Activities	3,000	9,000
Financing Activities	5,600	5,000
Financing Activities	800	0,000
Total Financing Activities	2,000	800
Total Financing Activities	2,000	3,300
Total Financing Activities	4,500	2,000
Financing Activities	6,500	3,000
Financing Activities	4,000	4,000



Revenue In millions of USD

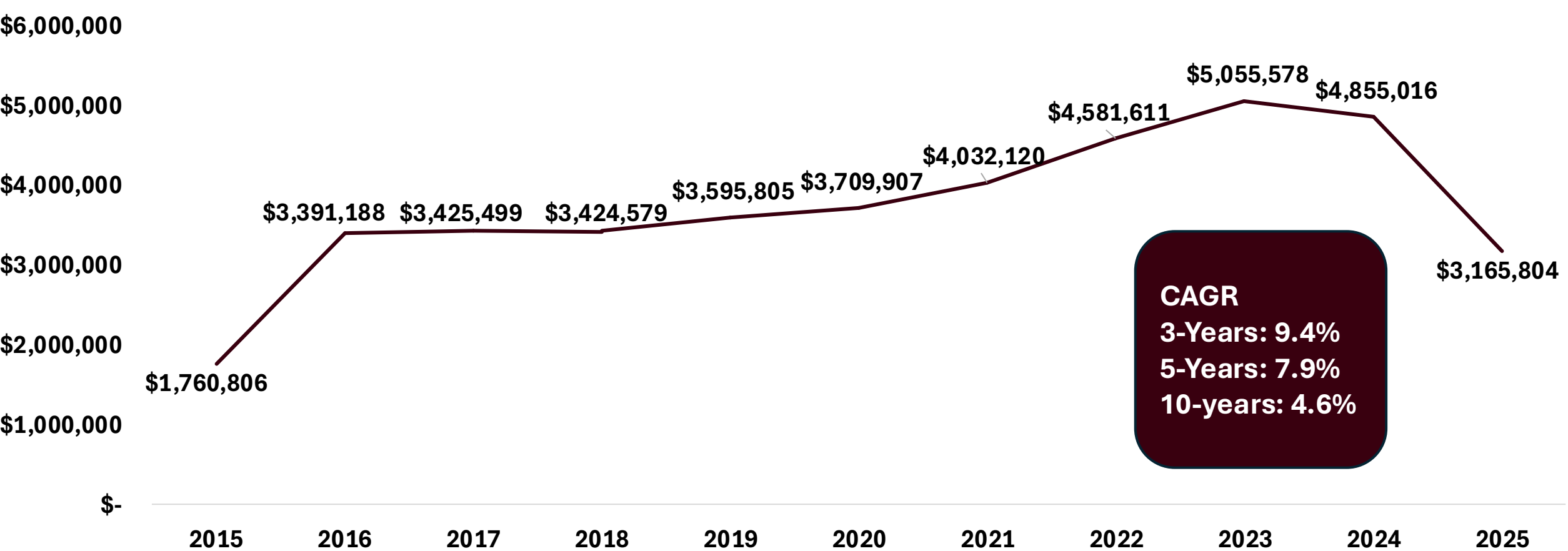


Cost of goods sold In millions of USD



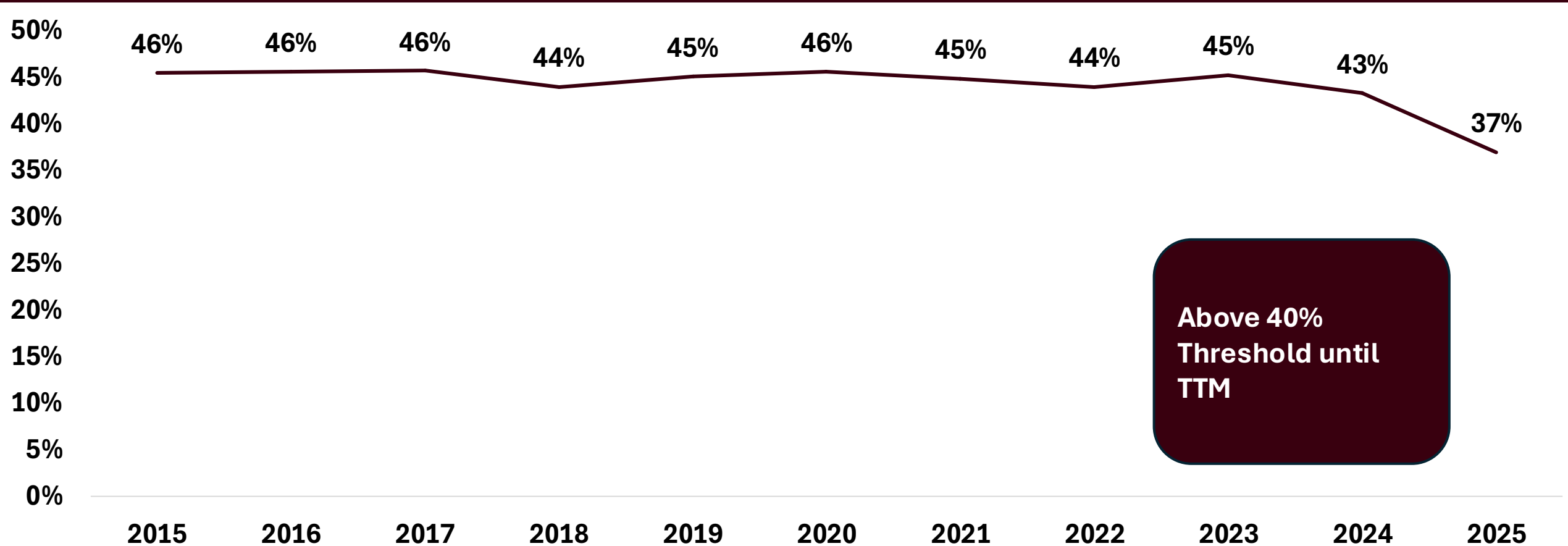
Non-GAAP Gross Profit

In thousands of USD



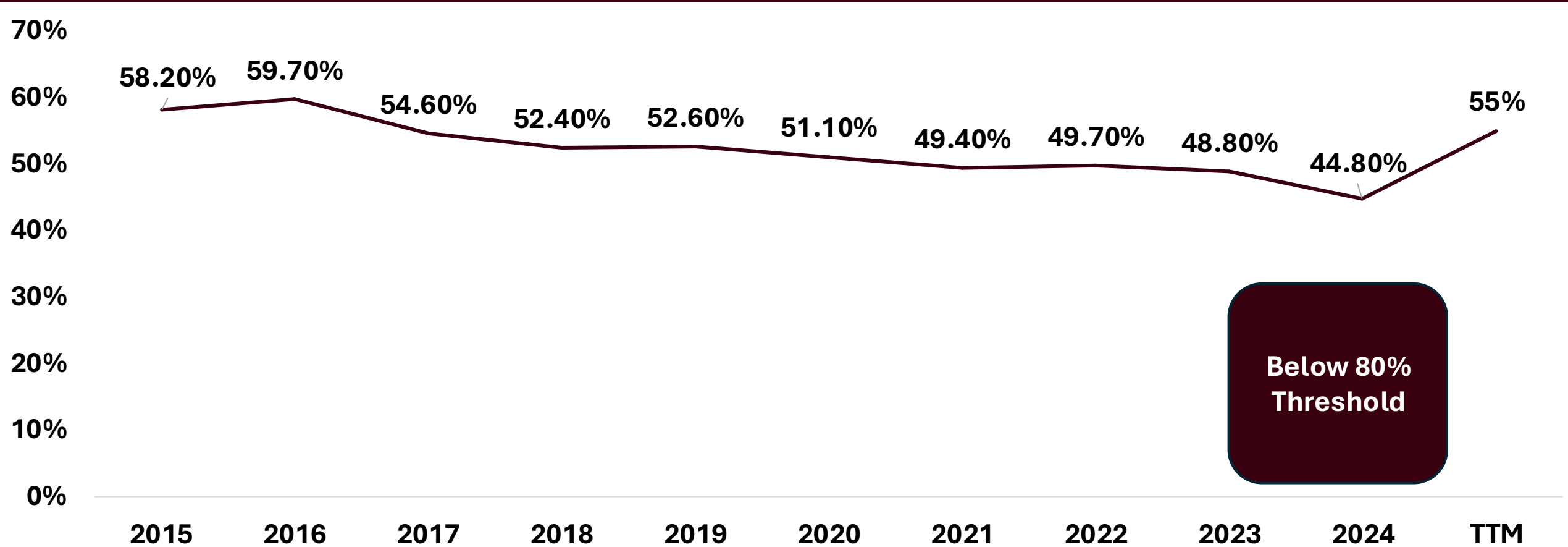


Non-GAAP Gross Margin



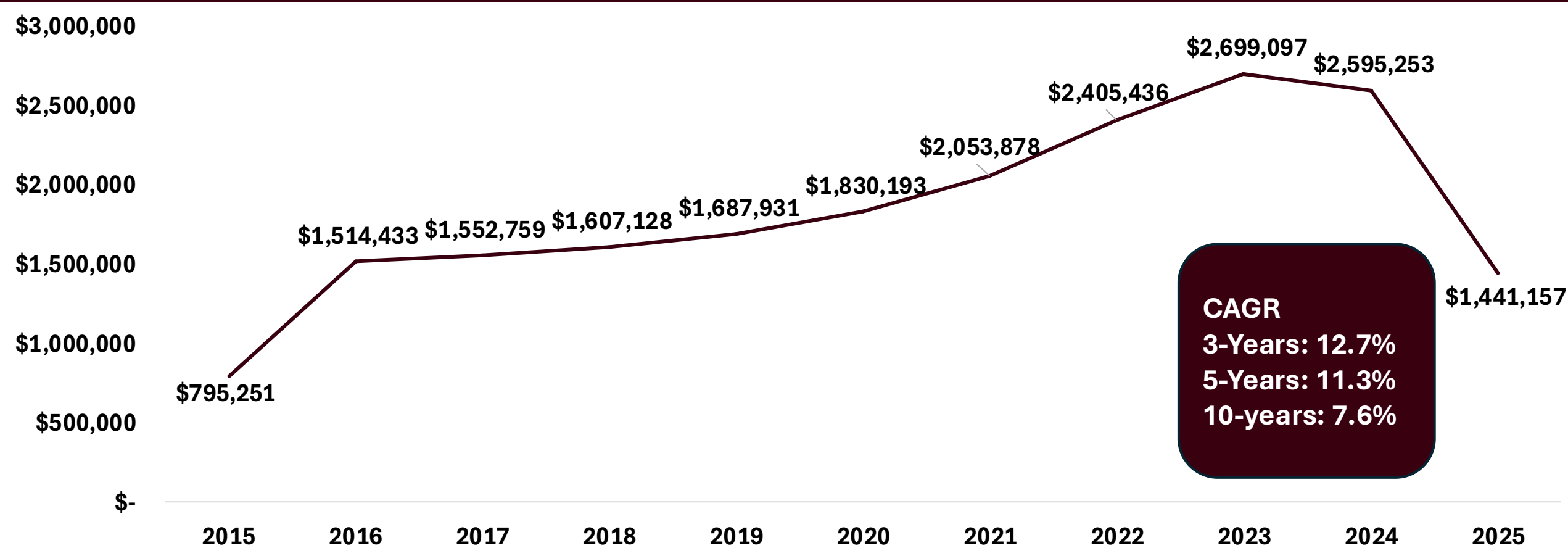


SGA as a % of Gross Profit

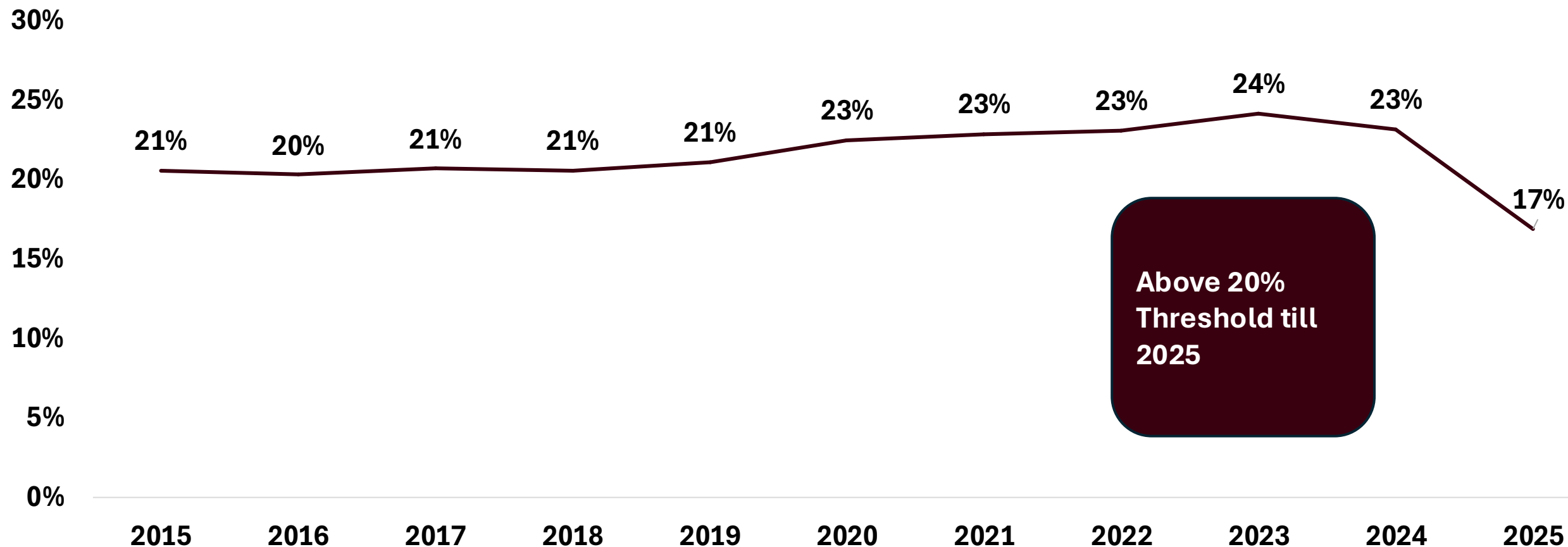


Non-GAAP Operating Income

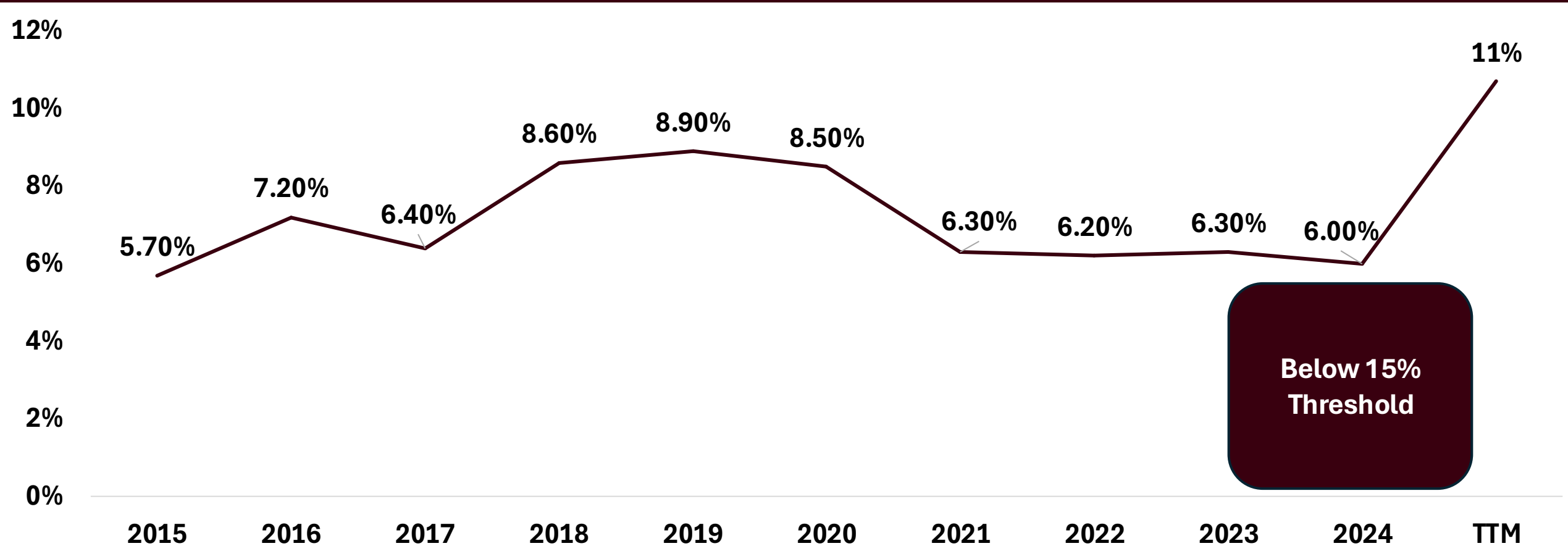
In thousands of USD



Non-GAAP Operating Margin

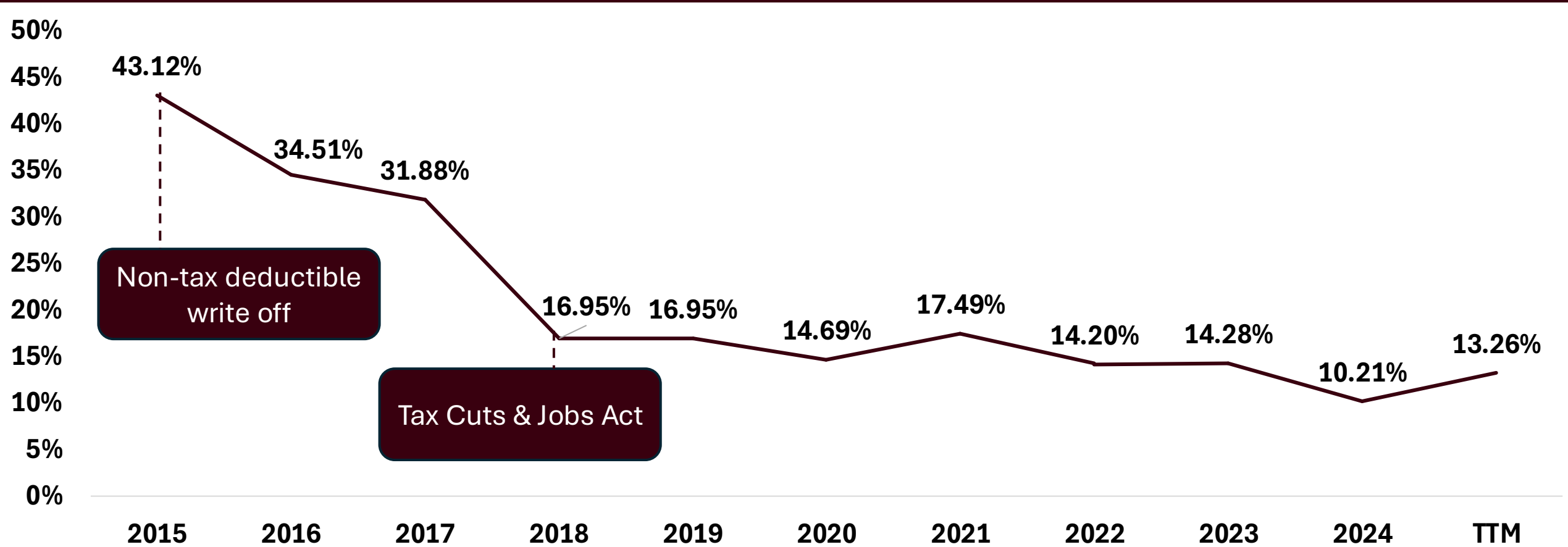


Interest Expense as a % of Operating Income



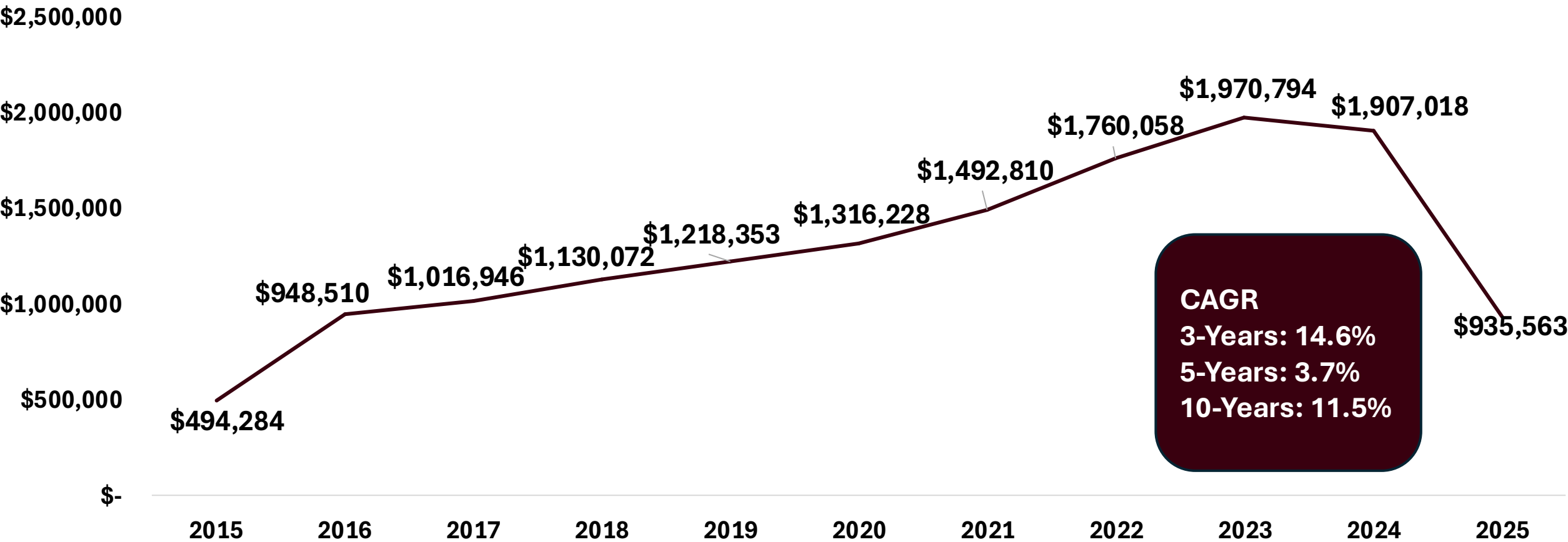


Tax Rate



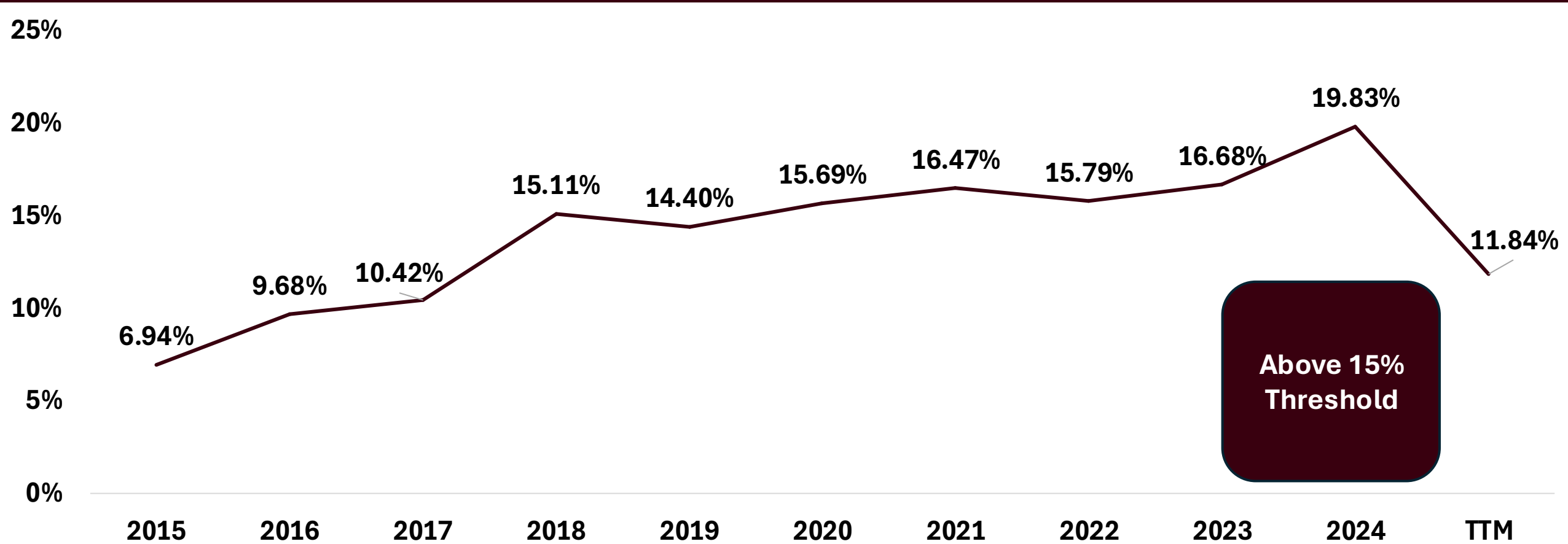
Non-GAAP Net Income

In thousands of USD

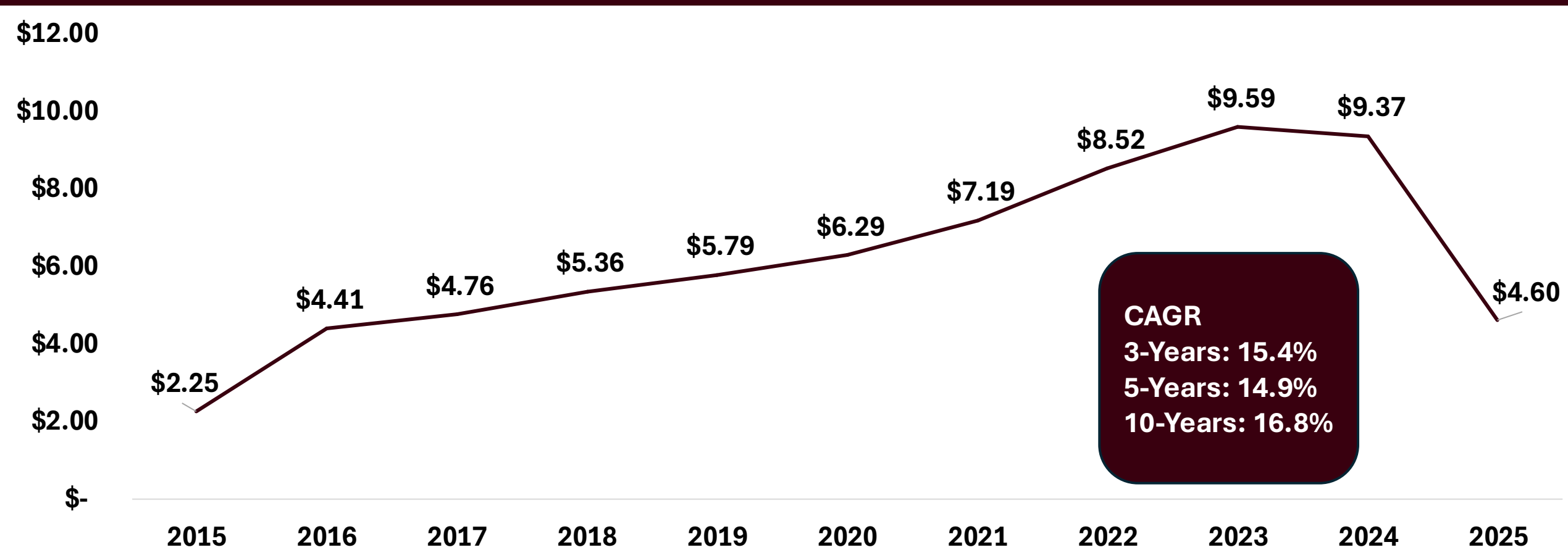




Net Margin

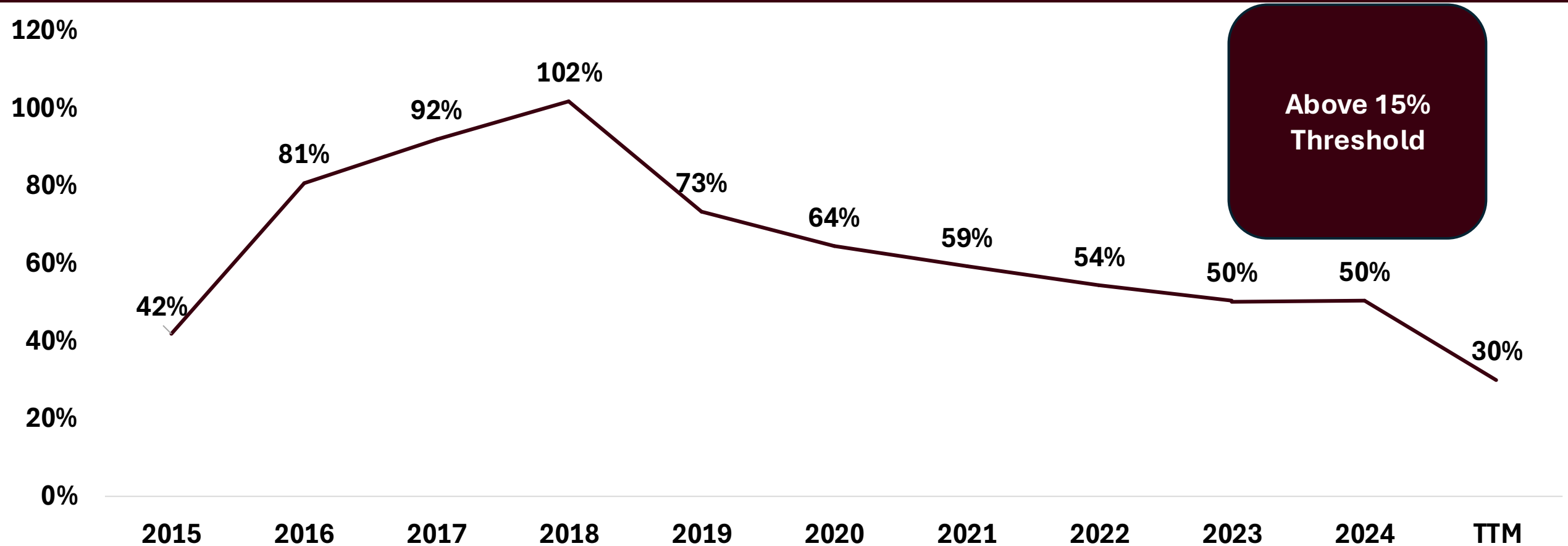


Non-GAAP Earnings per Share Diluted



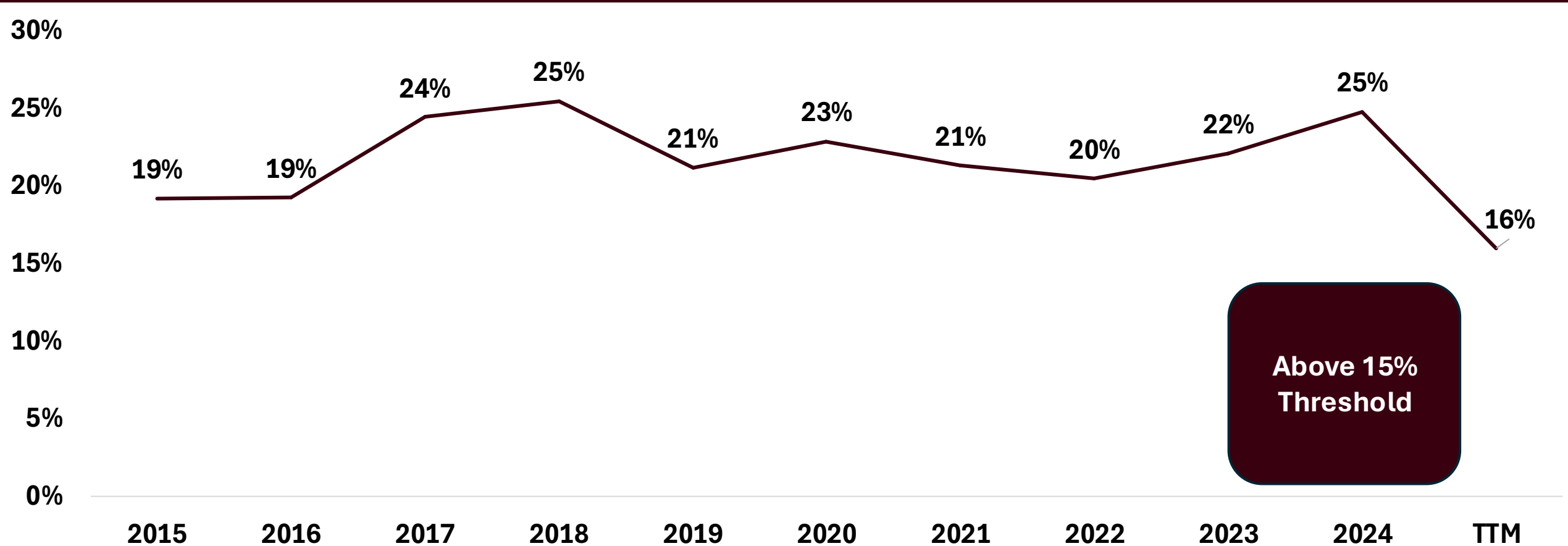
Return on Equity

ROE = Income/ Shares Outstanding



Return on Invested Capital

$ROIC = \text{Income} / \text{Shares Outstanding} + \text{Debt}$





Obligation Ratio In millions of USD

Obligation Ratio Calculation	
Short- & Long-Term Debt (+)	\$5394
Preferred Stock (+)	\$0
Pension Shortfall (+)	\$114
Leases*7 (+)	\$346
Cash (-)	\$1163
Divide by Net Income	\$1360
Time to Pay Obligations	3.4 Years < 5 Years

Debt Maturity Schedule

In Thousands of USD



Year	Total
2025	\$300,000
2026	\$500,000
2027	\$193,639
2028	\$850,000
2029	\$300,000
> 5 Years	\$3,300,000



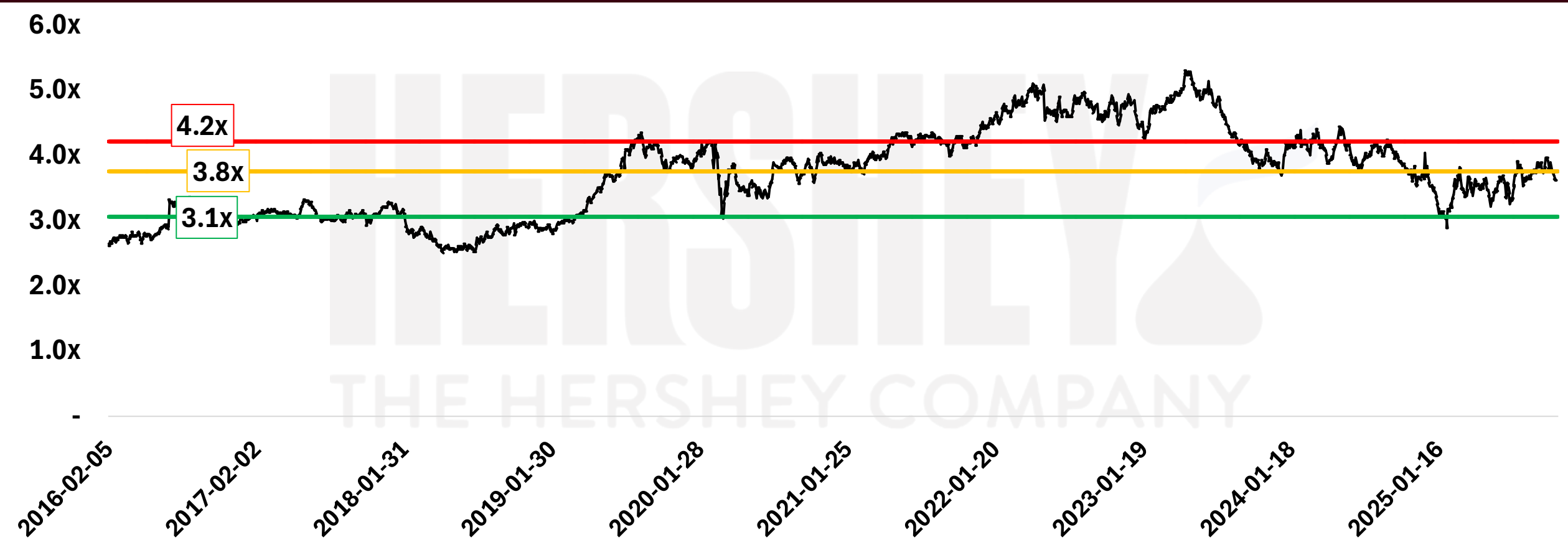
VALUE BANDS & INTRAPORTFOLIO ANALYSIS

Samuel Finley



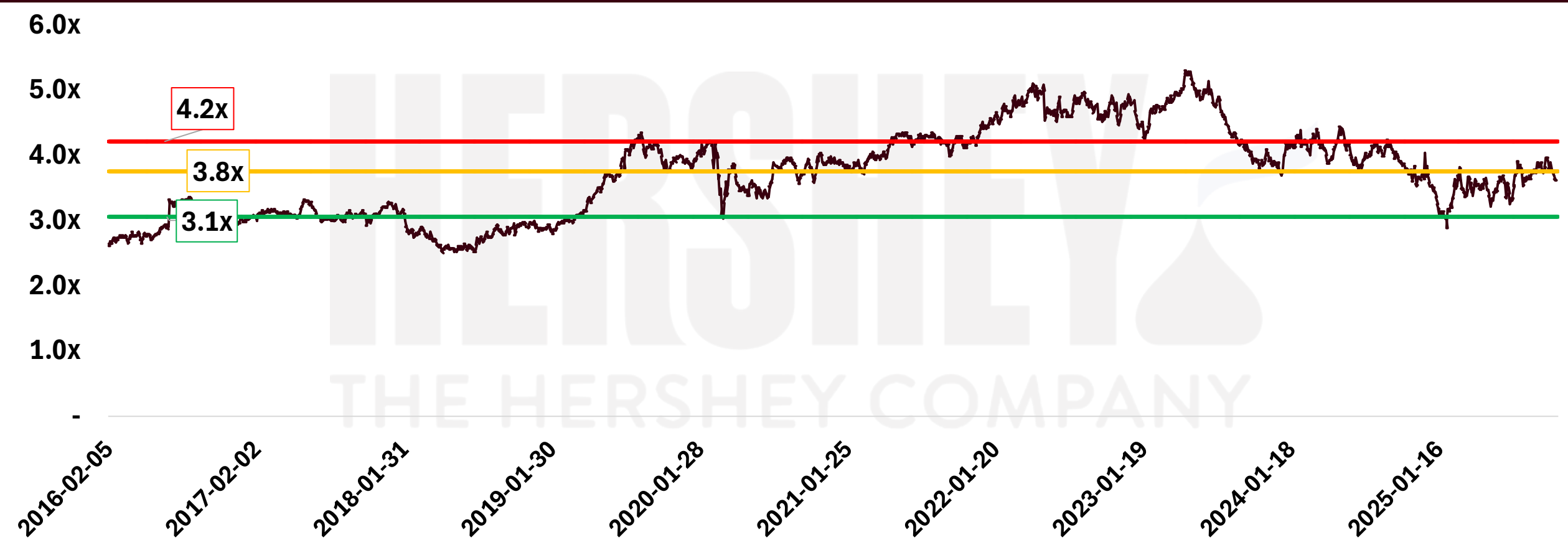


Value Bands Example



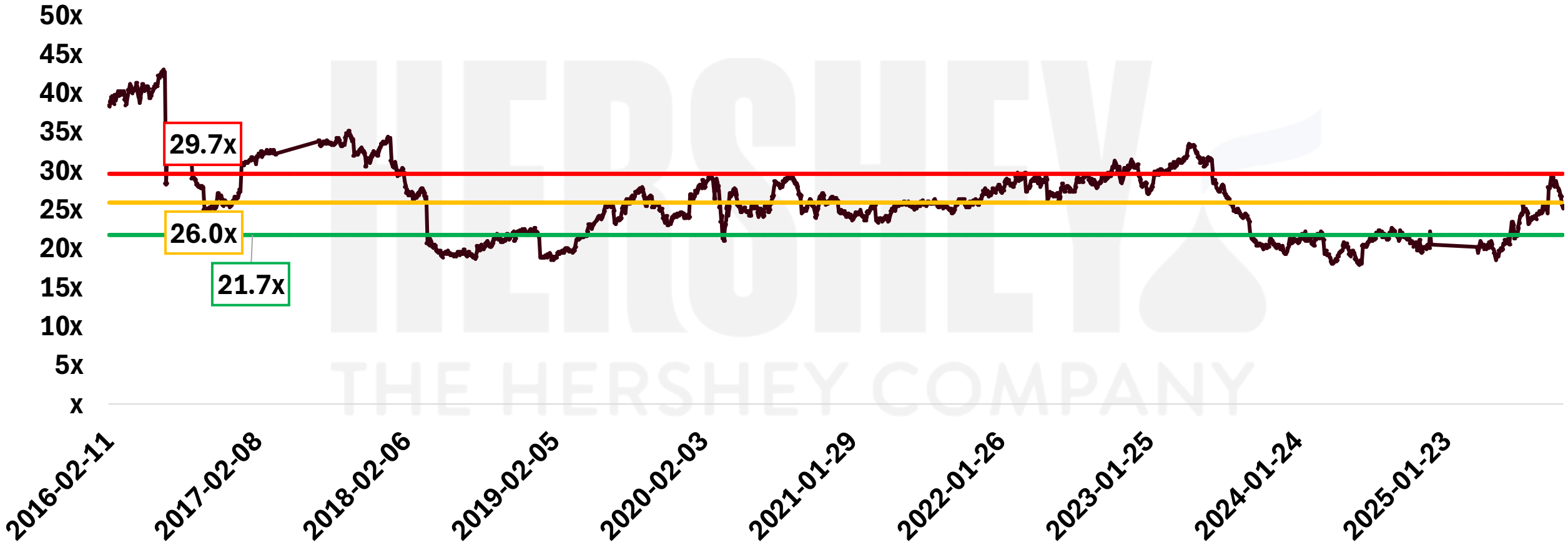


Price to Sales Ratio

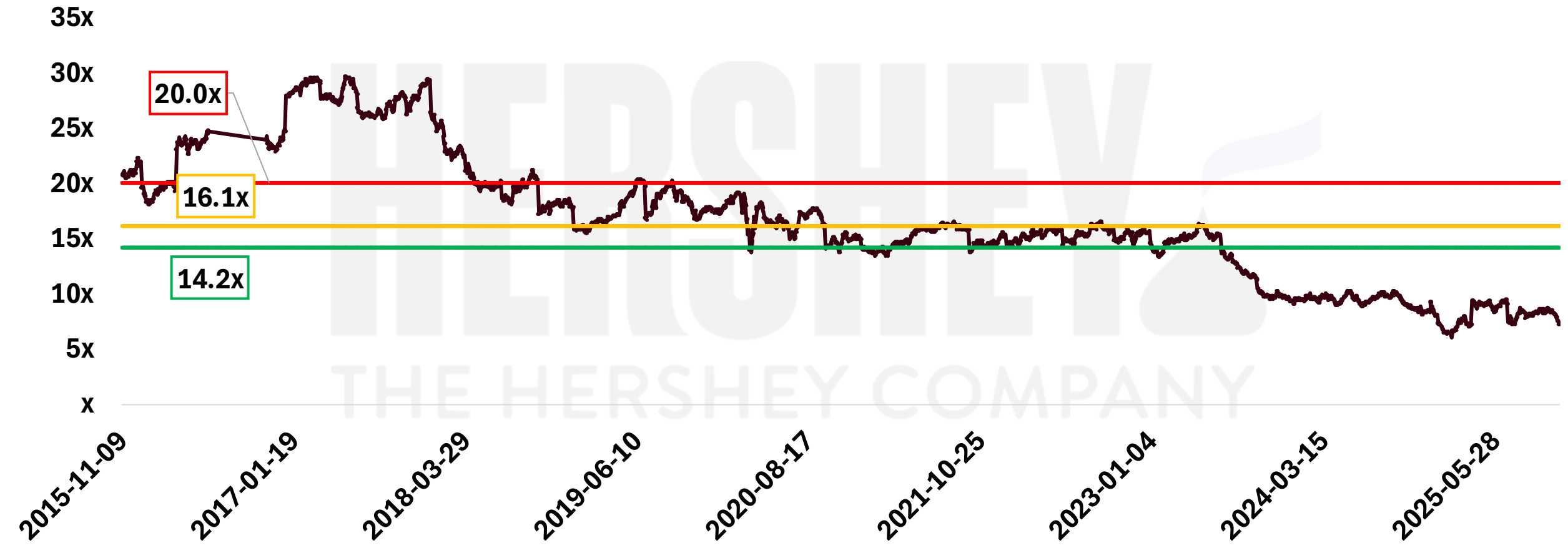




Price to Earnings Ratio

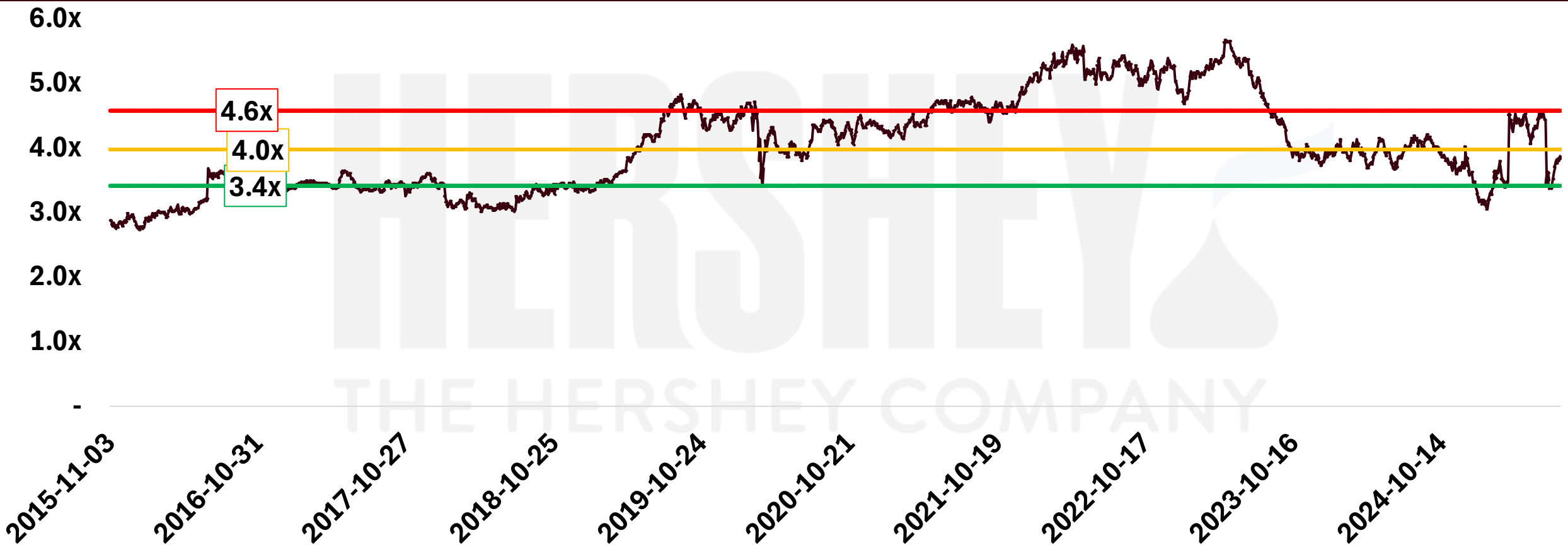


Price to Book Ratio



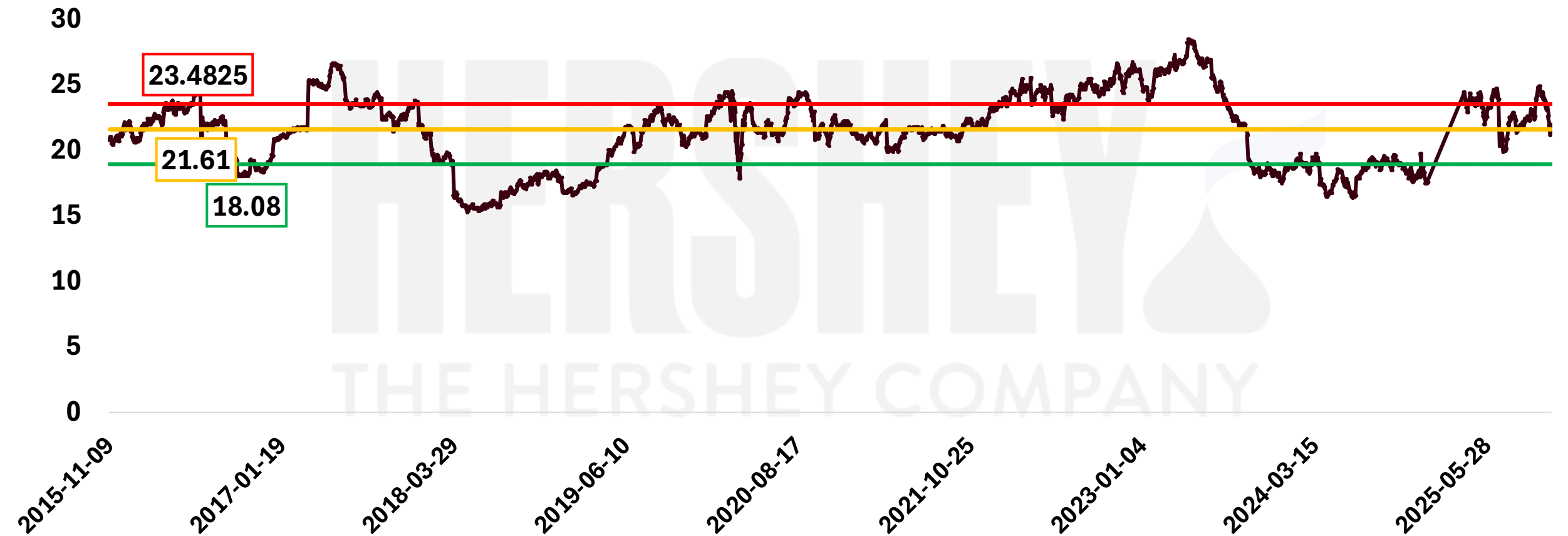


Enterprise Value-to-Revenue

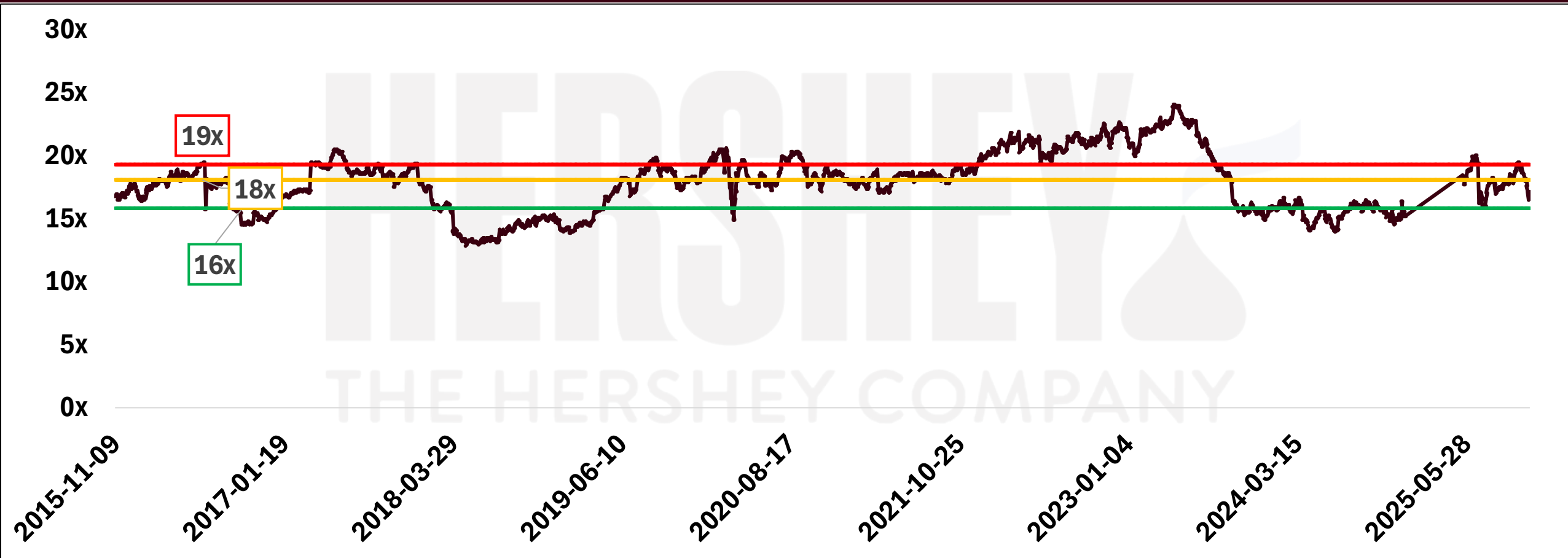




Enterprise Value-to-EBIT

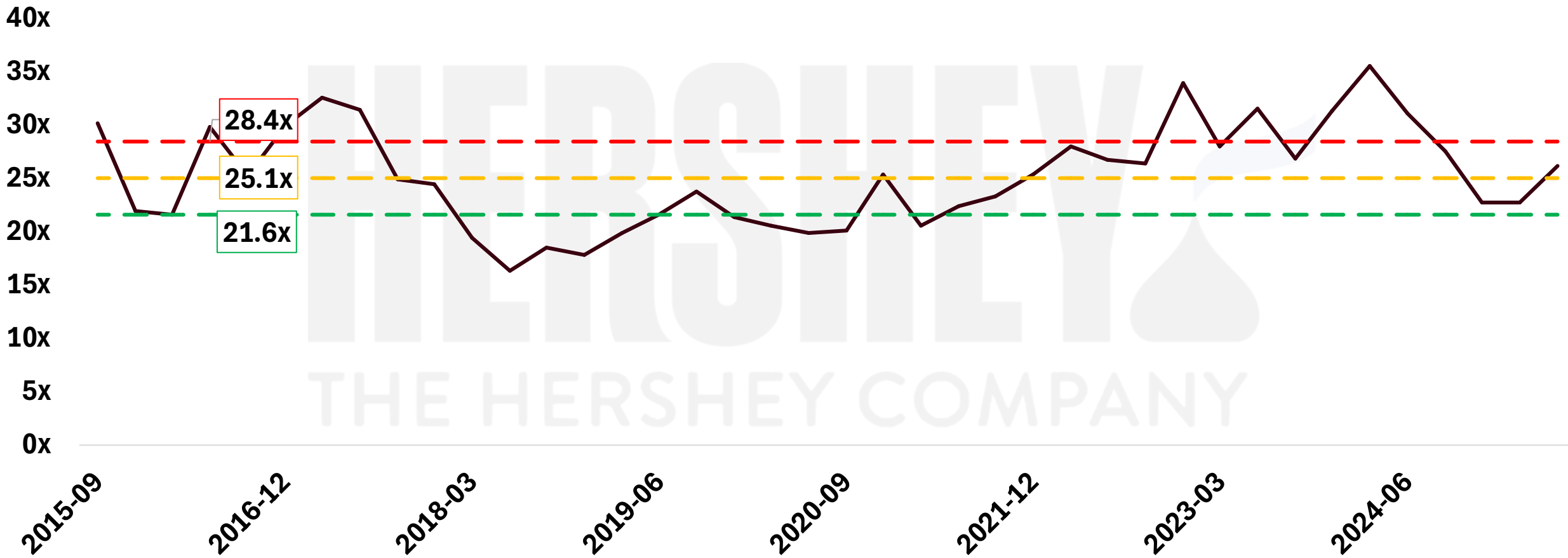


Enterprise Value-to-EBITDA

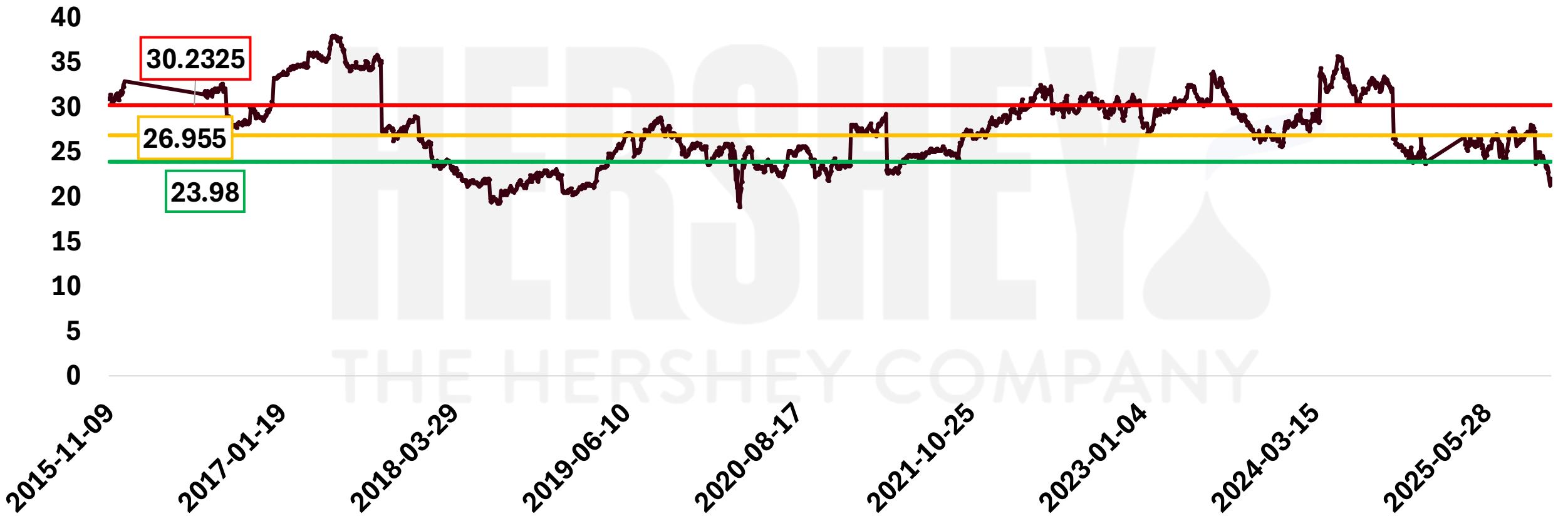




Price to Free Cash Flow

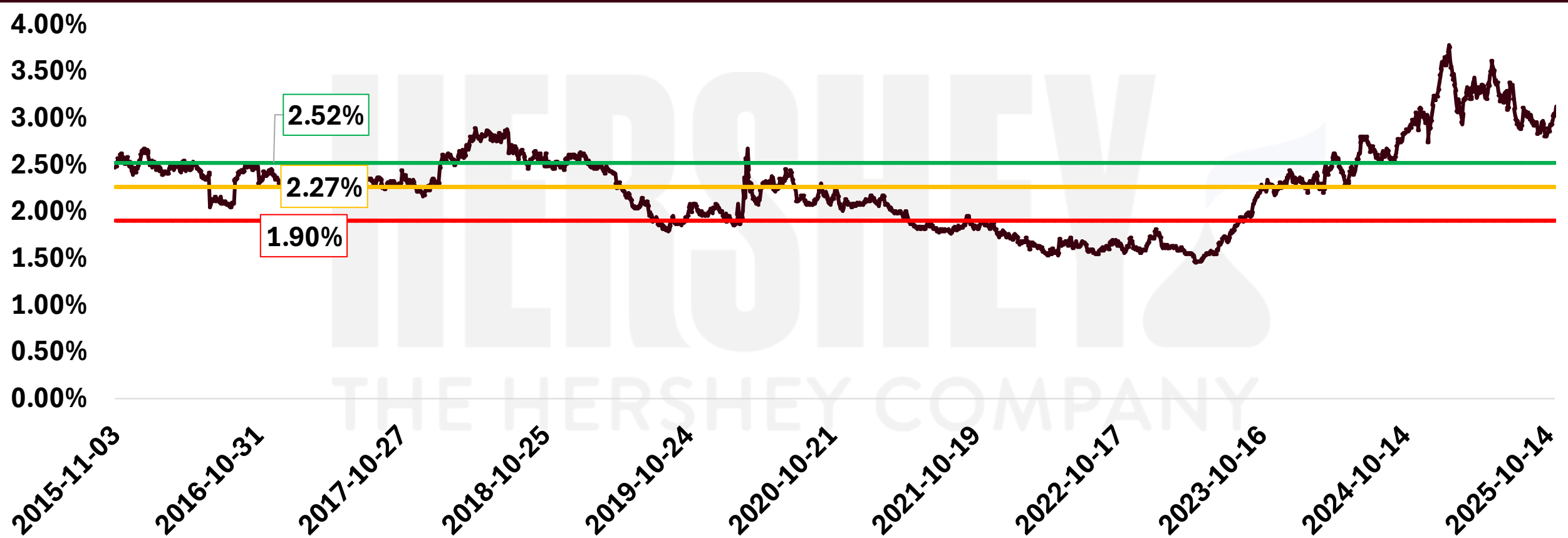


Enterprise Value to Free Cash Flow

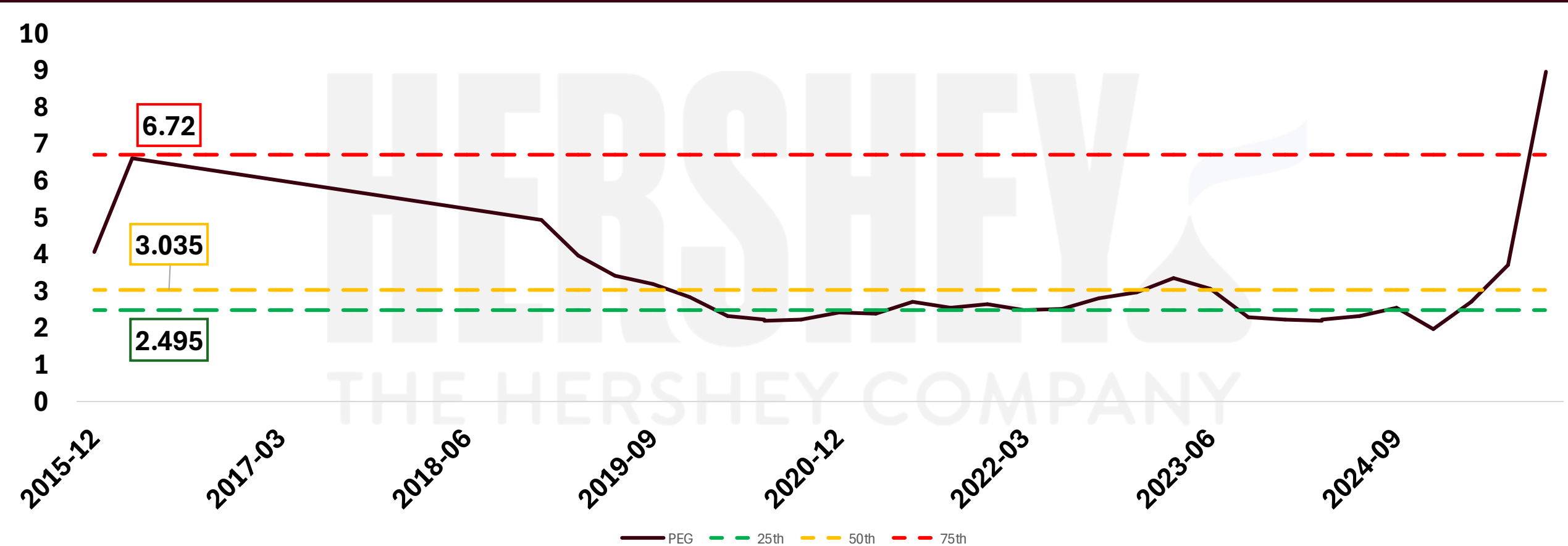




Dividend Yield (Inverted)



PEG (Price / Earning to Growth)



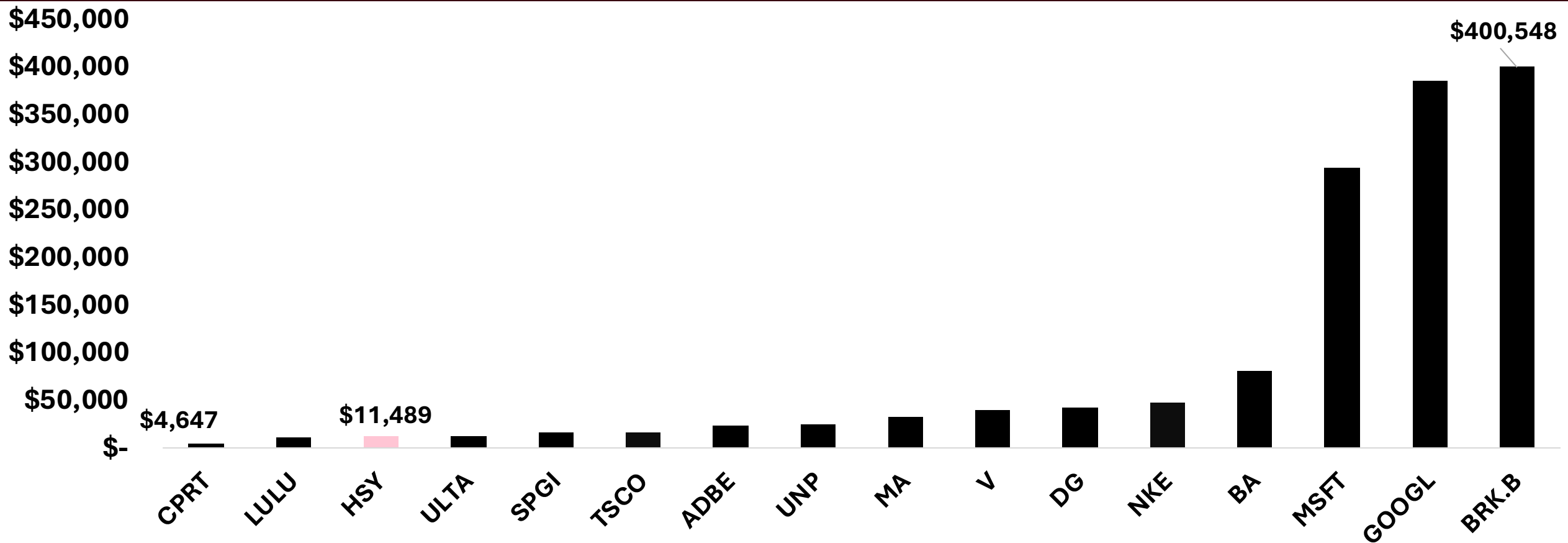
Intraportfolio analysis



Comparing Hershey to the rest of our portfolio

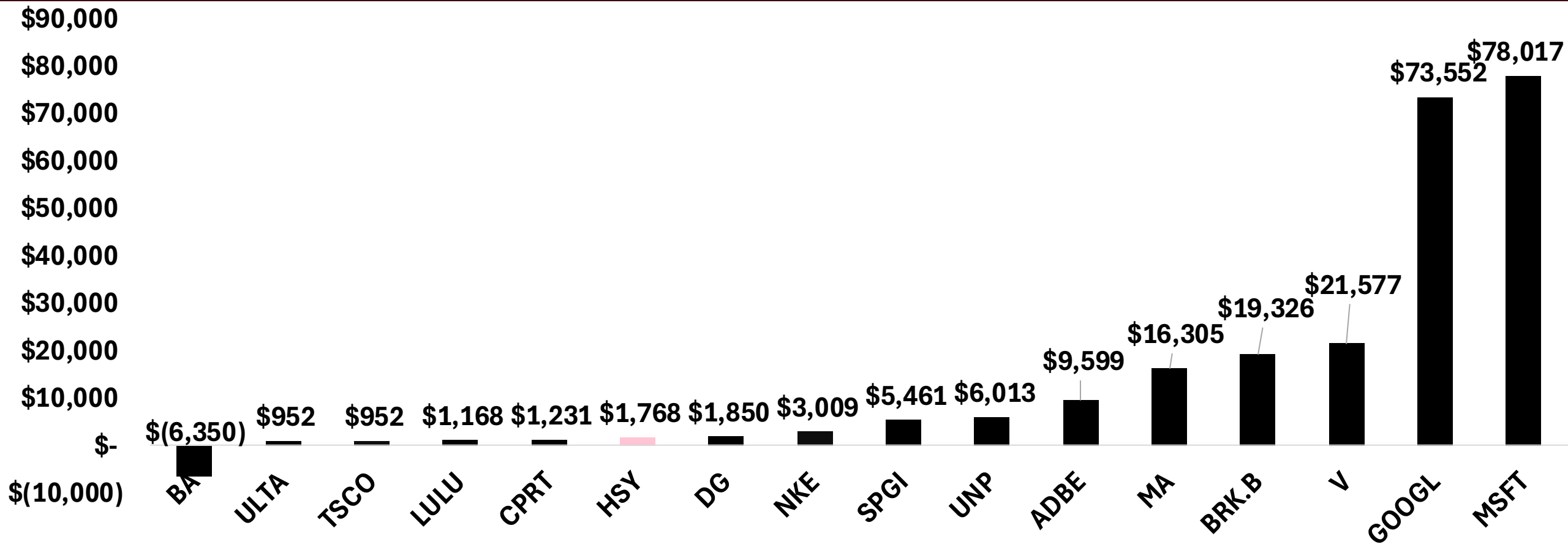


Revenue (In millions USD)

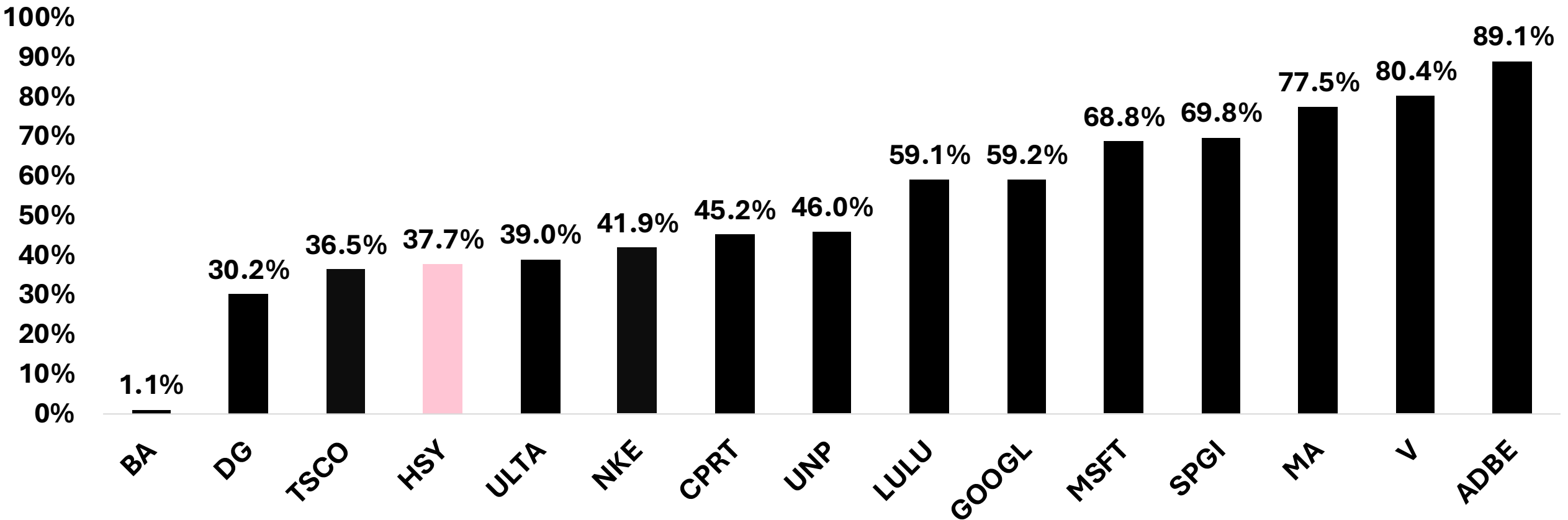




Free Cash Flow (In Millions USD)

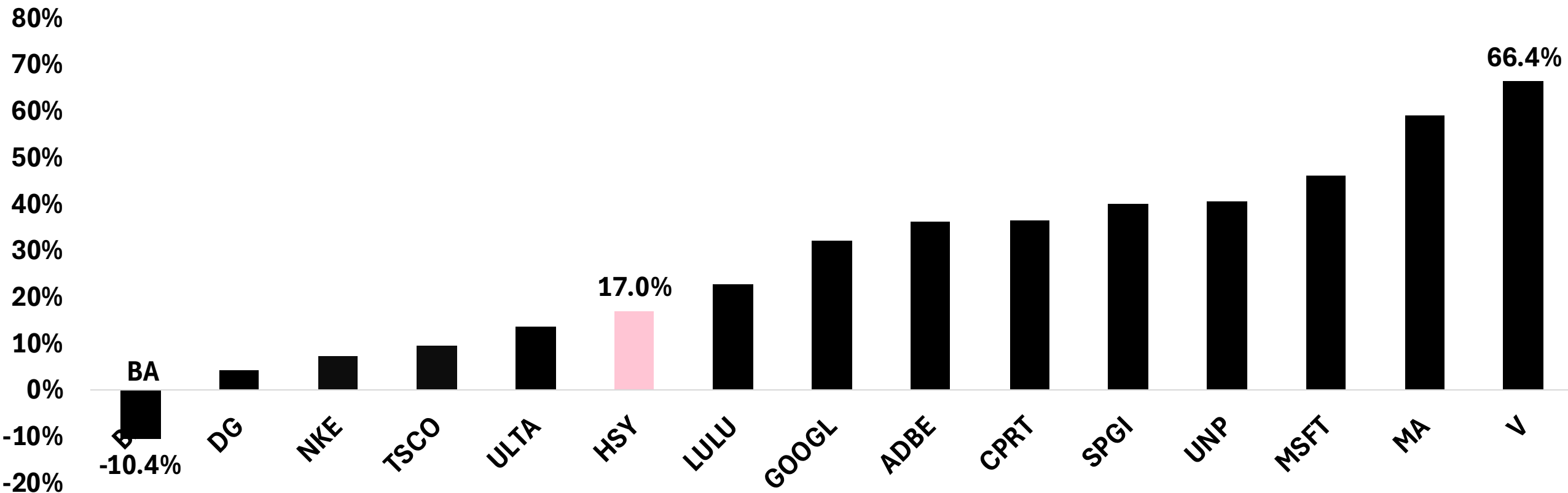


Gross Margin %



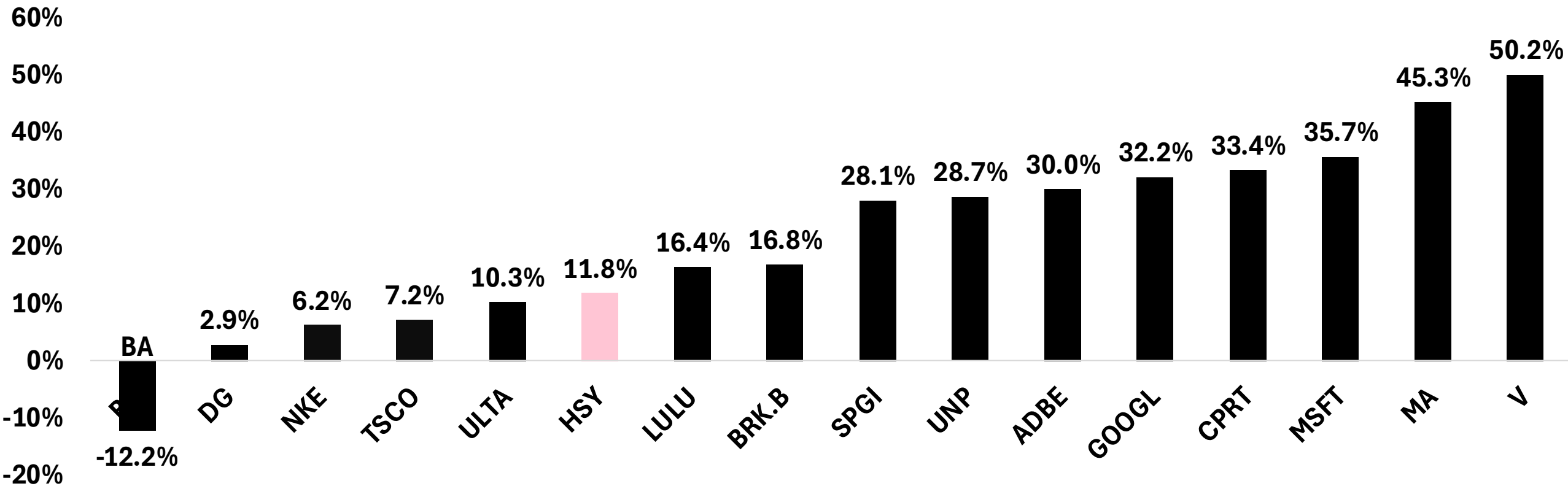


Operating Margin %



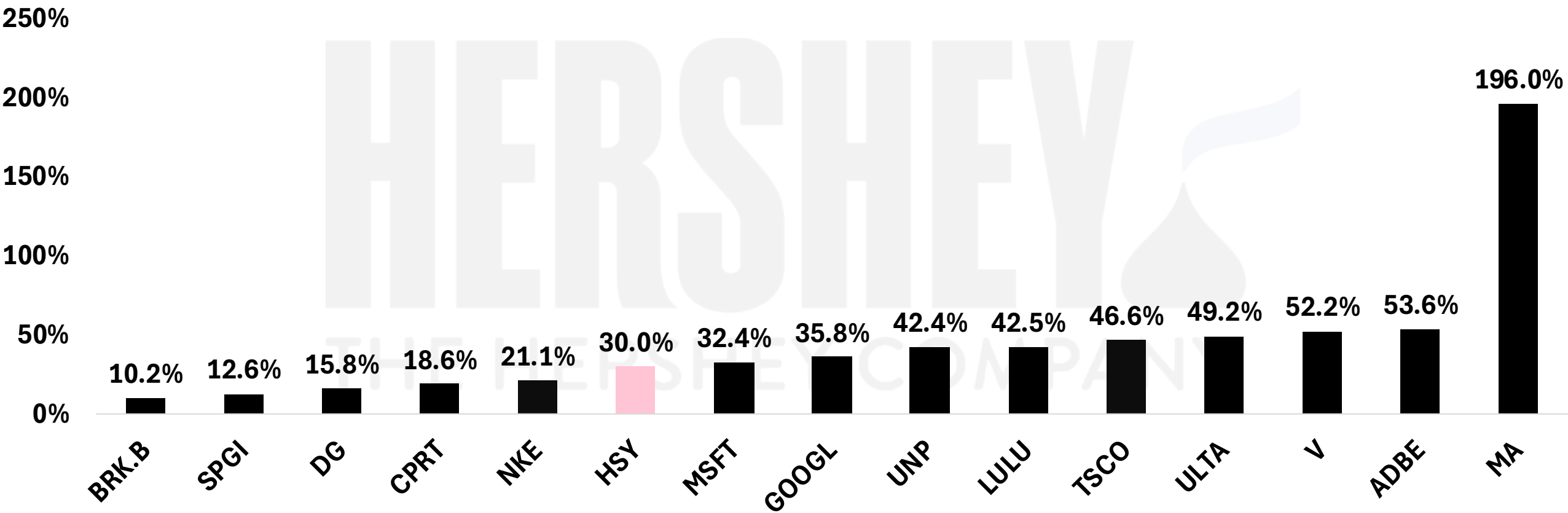


Net Margin %



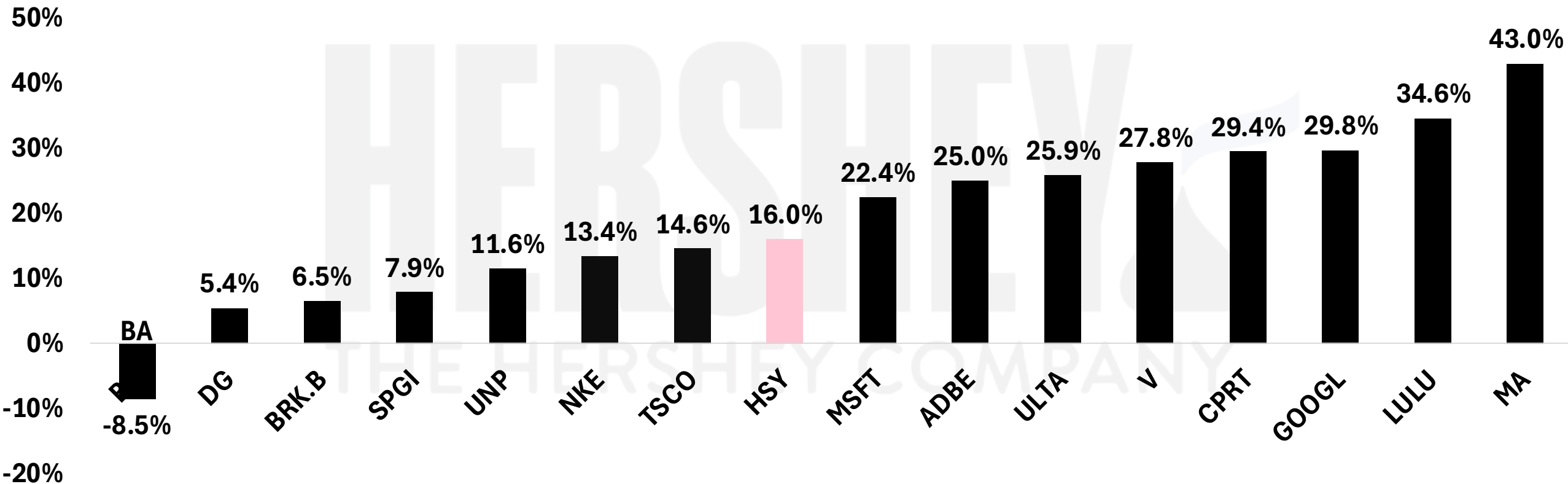


ROE %



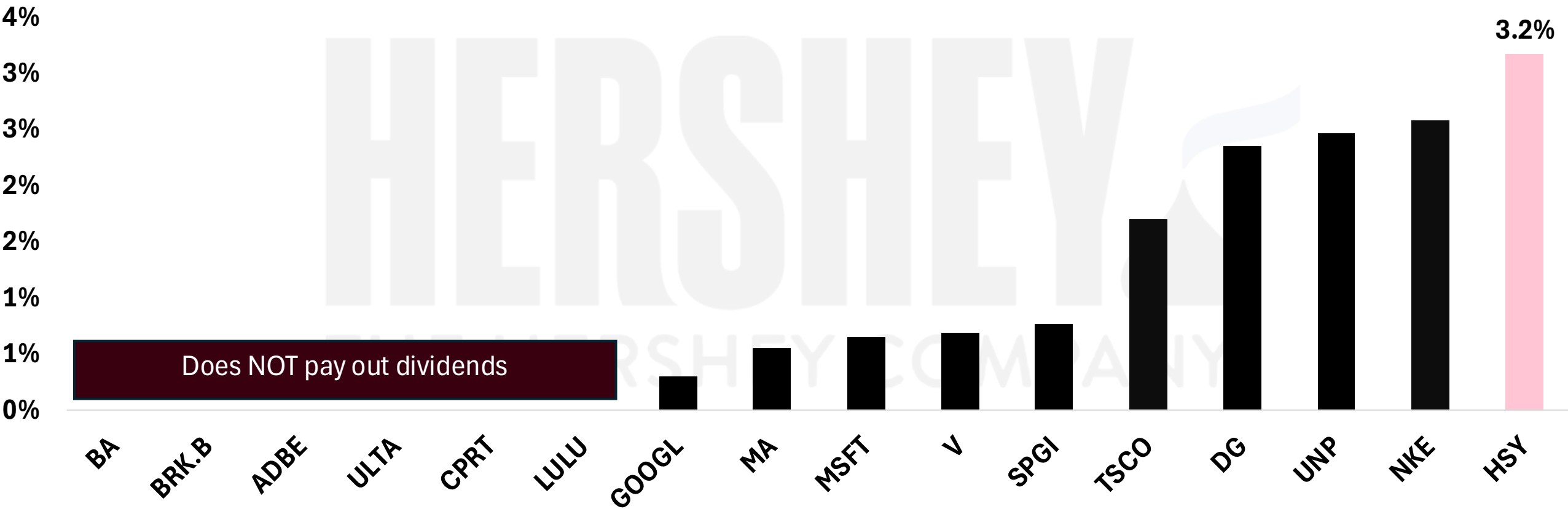


ROIC %



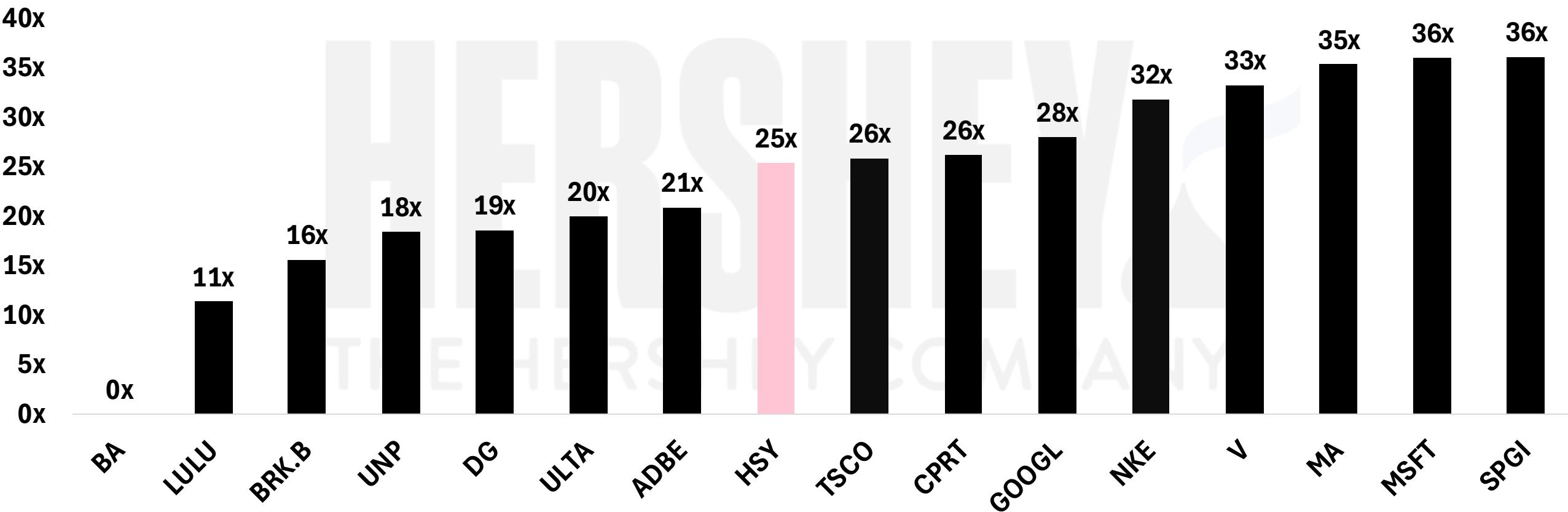


Dividend Yield %



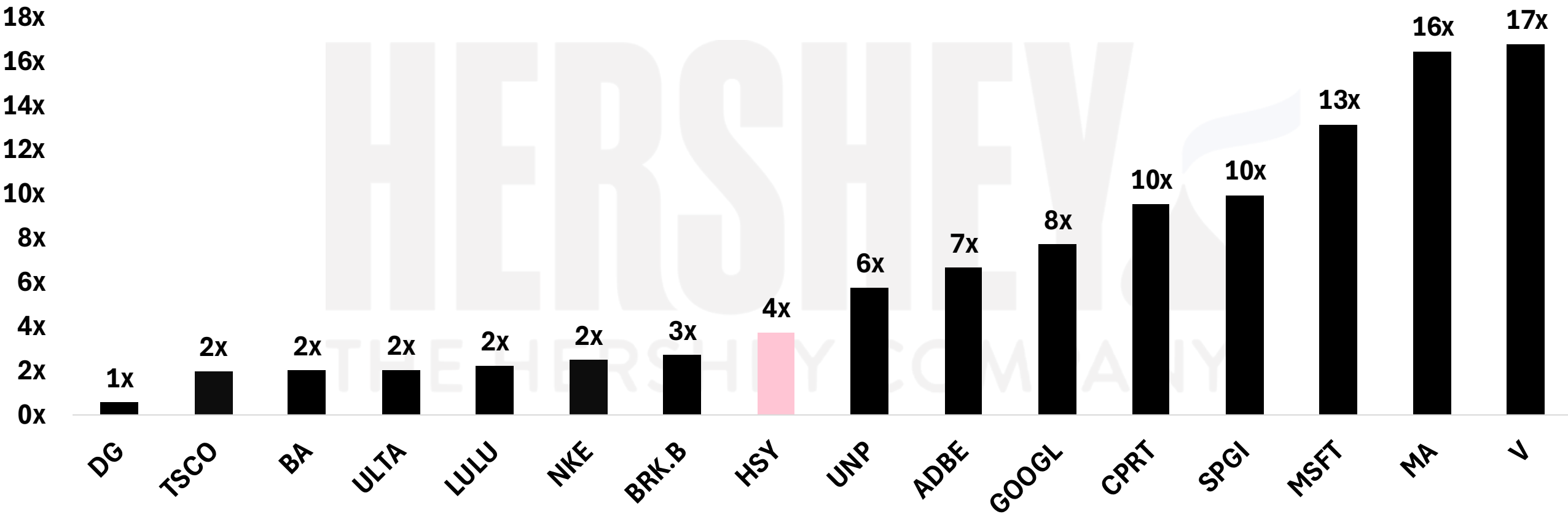


PE Ratio



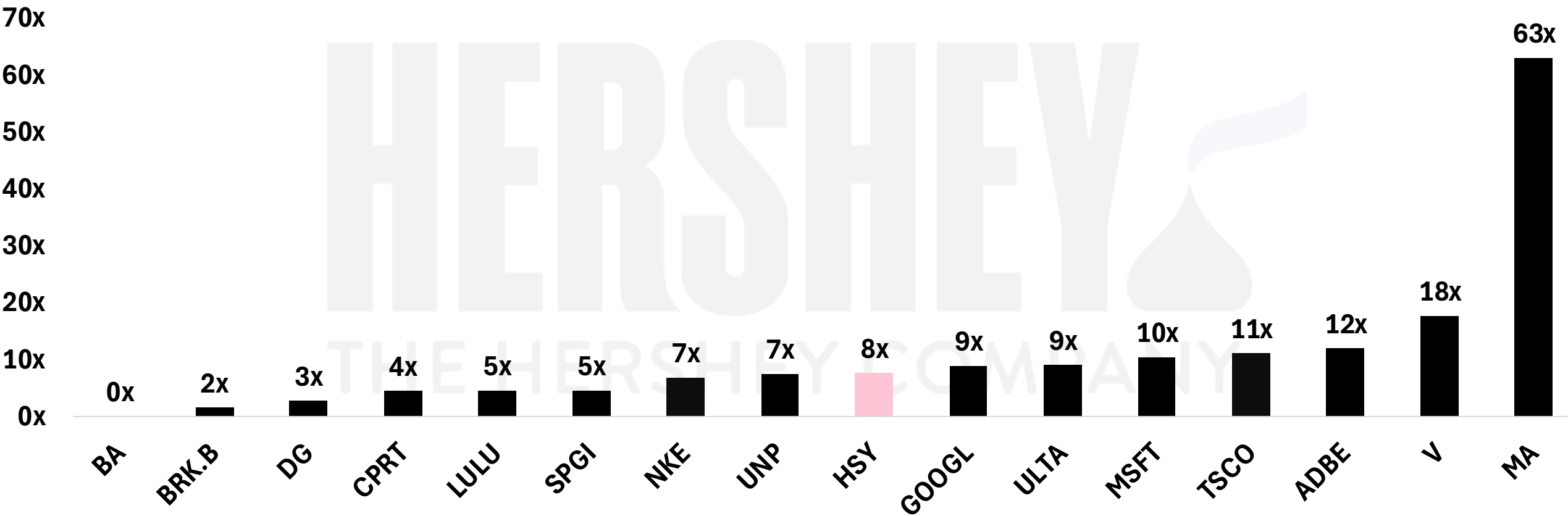


PS Ratio



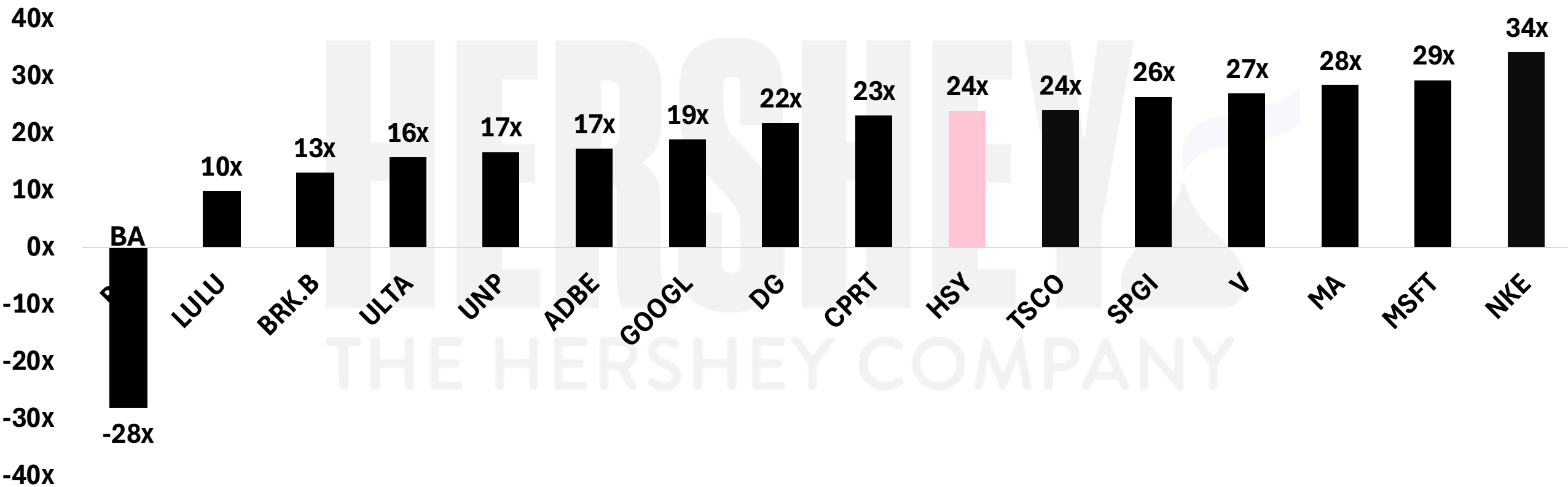


PB Ratio



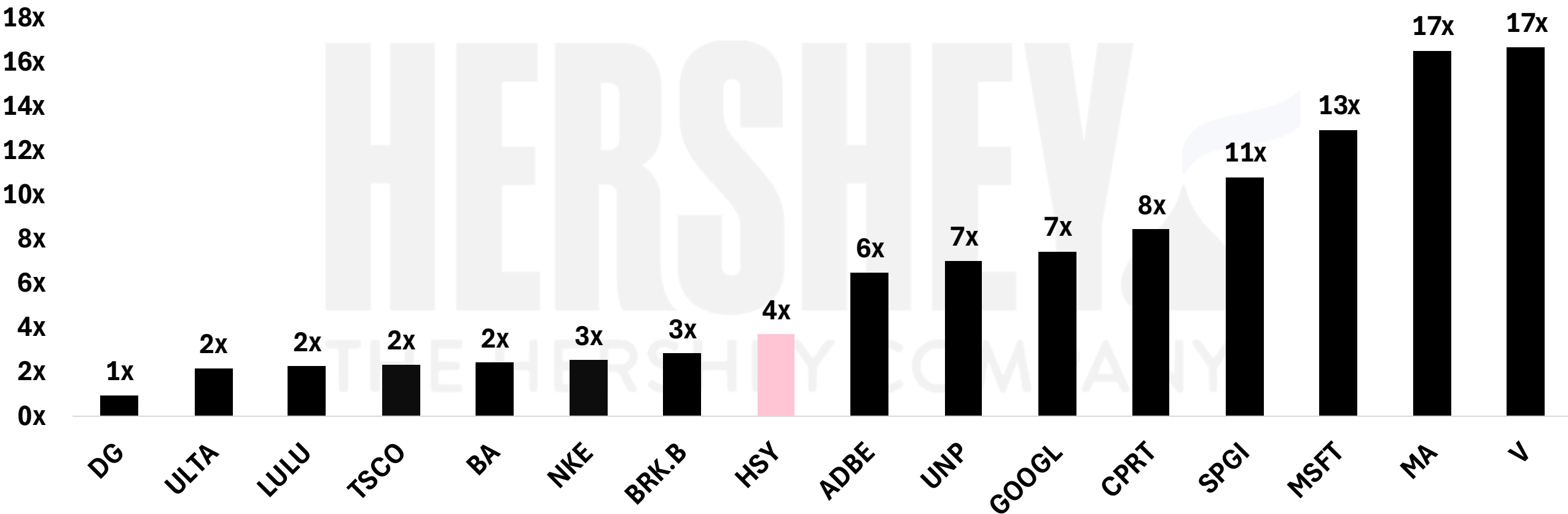


EV-to-EBIT



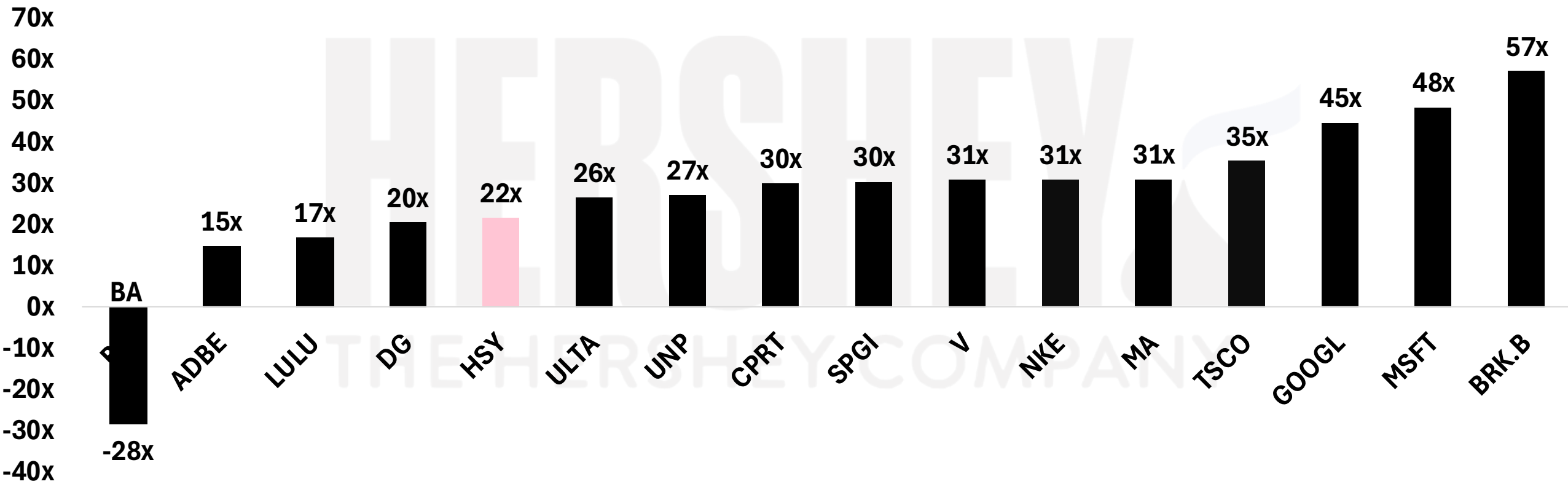


EV-to-Revenue



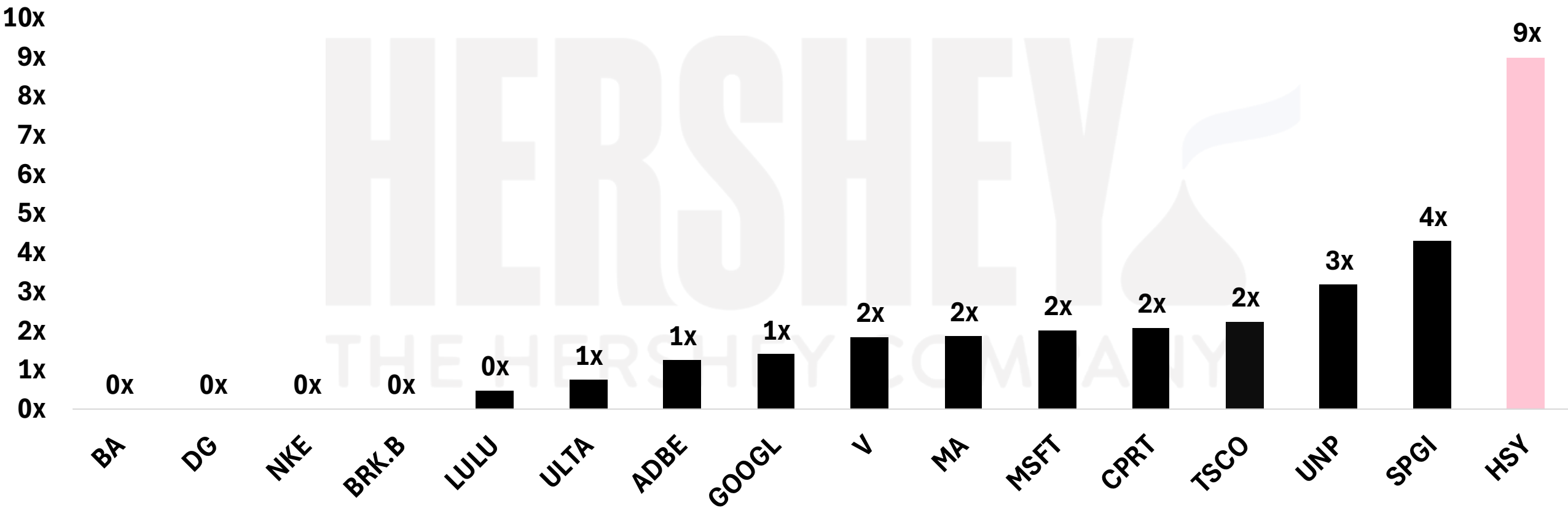


EV-to-FCF





PEG Ratio



BULL TEAM





MOAT

Adam Shultz



Hershey's Moat



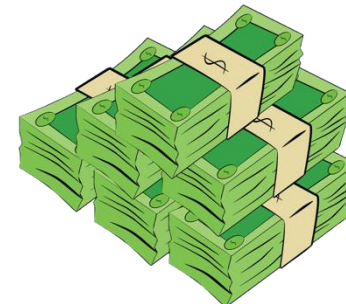
1

Intangible Assets



2

Cost Advantages



Intangible Assets



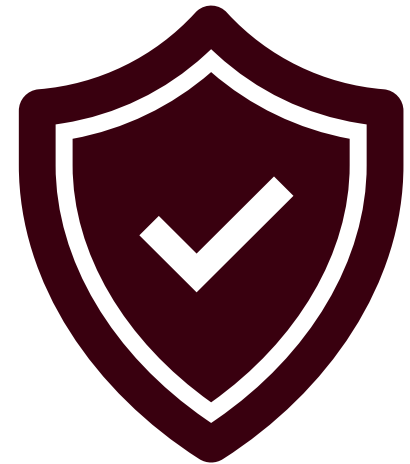
Brand Equity



Shelf Space



Patents



Brand Equity



Brand Recognition

- Hershey has been around since 1894
- Products like Hershey's products are instantly identifiable by shape, color, and name.



Brand Equity



Customer Loyalty/Sticky Customers

- Hershey's ties its products to positive emotions and family traditions.
- Customers return to Hershey's even if a better/cheaper product exists
- Hershey has maintained a consistent taste, texture, and quality



Shelf Space



- Retailers would rather stock leading brands that can aid in their efforts to drive traffic into their outlets.
- Retailers know that stocking Hershey's chocolate, Reese's, and Kit Kat guarantees steady sales



Patents



- Hershey's has over 200 active patents in the U.S
- Process patents and utility patents
- Patents that cover production techniques, help Hershey reduce costs and improve quality.



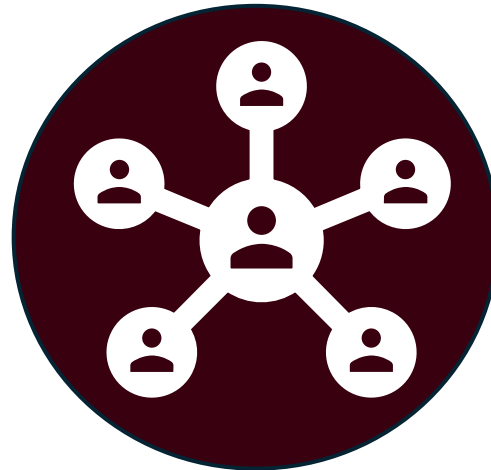


Cost Advantages

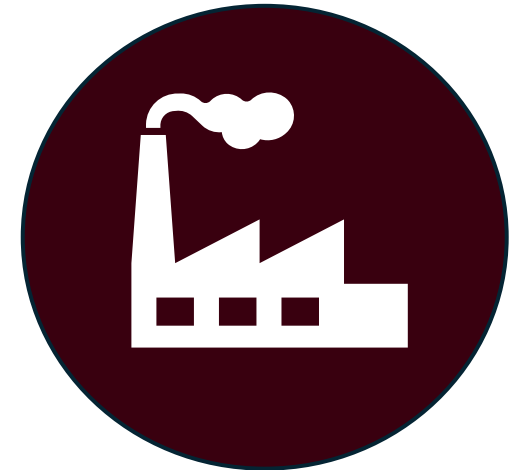
Economies of scale



Precision merchandising



Manufacturing and procurement efficiencies

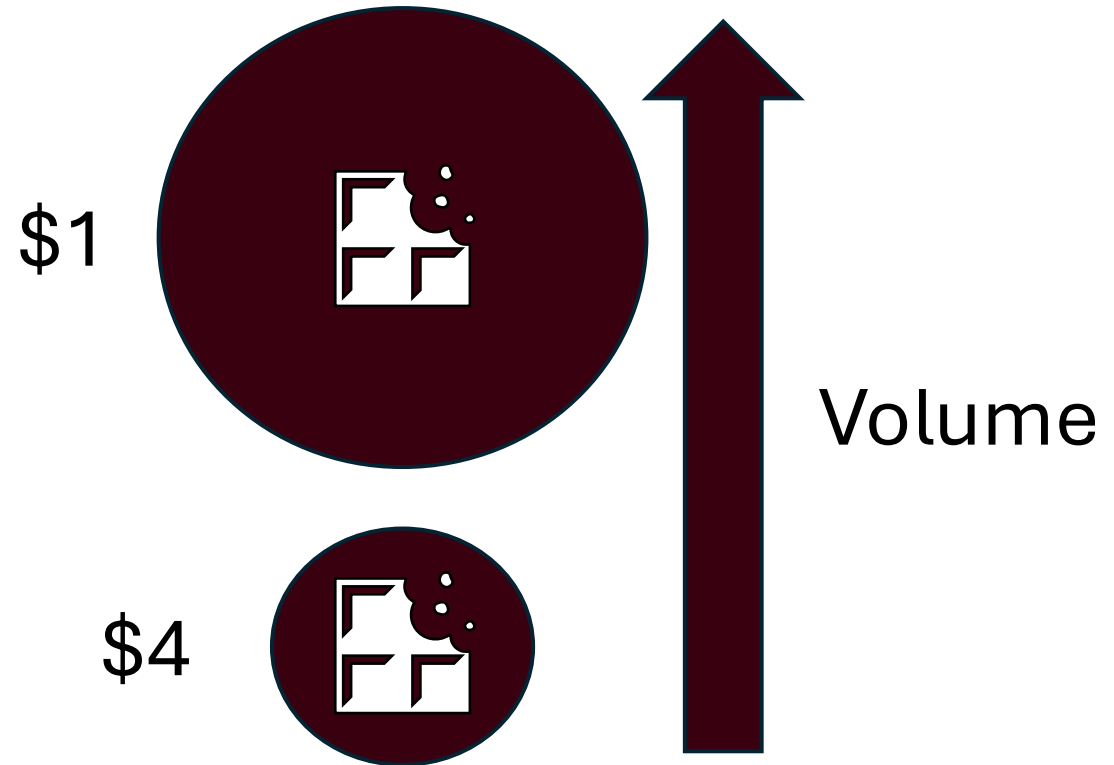


Cost Advantages



Economies of scale

- Produces products in large volumes which lowers the cost per unit.
- The more made, the less it cost.

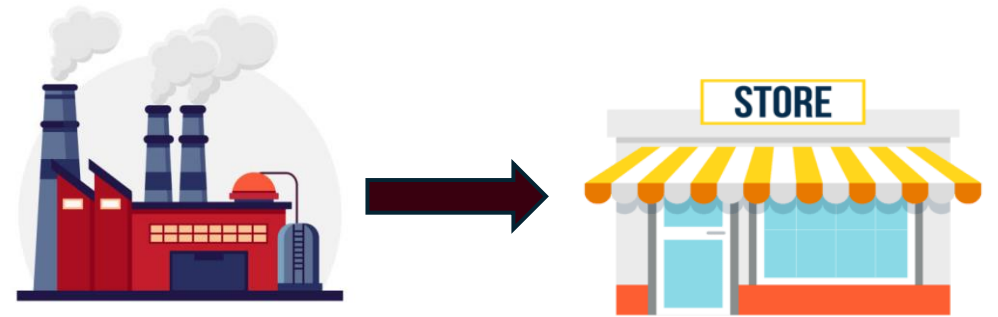


Cost Advantages



Precision merchandising

- Helps a business choose where they want products going.
- Increases sales, makes business more efficient.
- Avoids overproduction and excess inventory





Cost Advantages

Manufacturing and procurement efficiencies

- Uses manufacturing and procurement efficiencies through there advancing agility and automation initiative (AAA)
- A system that helps Hershey's make it cheaper to make and buy products
- Brings more robotics and smart machines into Hershey's factories.



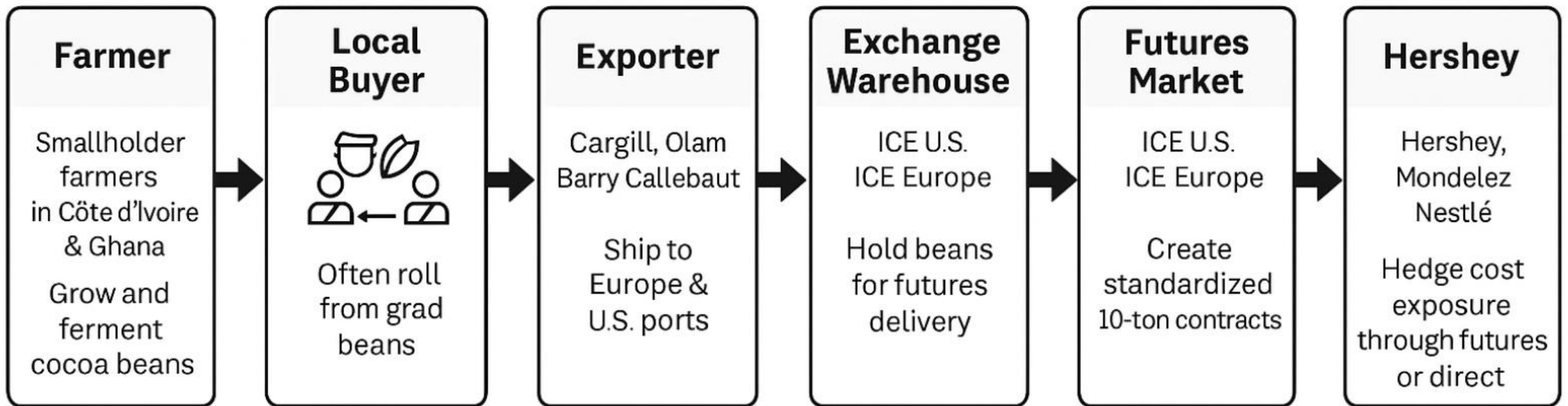


COCOA & FUTURE CONTRACTS

Pablo Samanez



Cocoa Supply Chain



ICCO Cocoa Report



- Prices down 11% in London and New York as supply outlook improves
- Ecuador leads output, nearing 600K tonnes annually
- Favorable weather in Côte d'Ivoire and Ghana supports 2025–26 crop recovery

FIGURE 1.

Prices of the SEPT-25, DEC-25 and MAR-26 cocoa futures contracts on the London (ICE Futures Europe) and New York (ICE Futures U.S.) markets (at London close) in September 2025

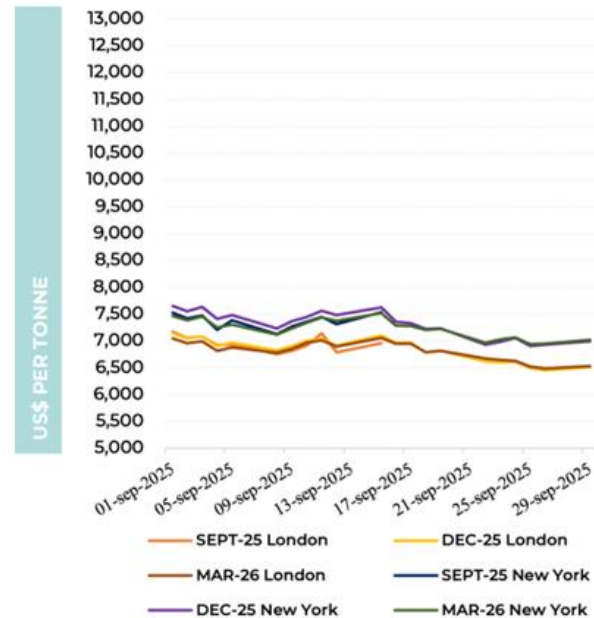
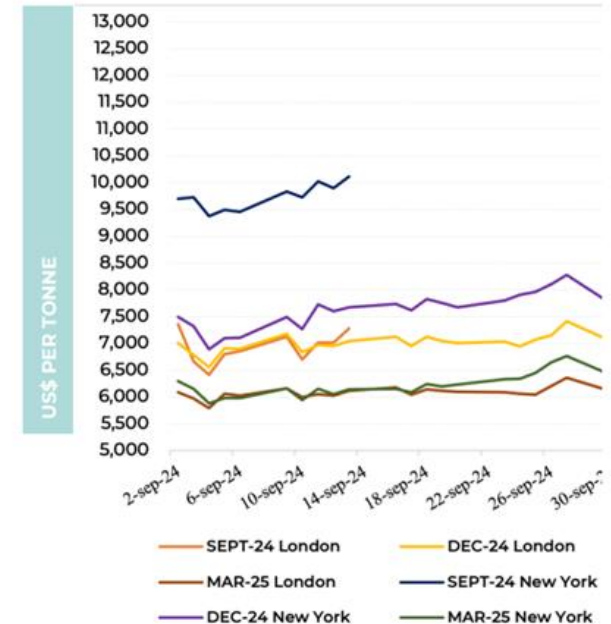


FIGURE 2.

Prices of the SEPT-24, DEC-24 AND MAR-25 cocoa futures contracts on the London (ICE Futures Europe) and New York (ICE Futures U.S.) markets (at London close) in September 2024



Hedging Cocoa Costs Through Futures Management



Contract Month	Symbol	Expiration Date*	Exchange	Notes
Mar-26	CC H26	~March 15 2026	ICE U.S.	Q1 hedge, used for early-year input protection
May-26	CC K26	~May 15 2026	ICE U.S.	Often rolled from March positions
Jul-26	CC N26	~July 15 2026	ICE U.S.	Summer coverage; moderate liquidity
Sep-26	CC U26	~September 15 2026	ICE U.S.	Covers Q3/Q4 cocoa demand
Dec-26	CC Z26	~December 15 2026	ICE U.S.	Last delivery month of fiscal 2026
Mar-27	CC H27	~March 15 2027	ICE U.S.	Start of 2027 hedging cycle



GROWTH OPPORTUNITIES

Pablo Picasso





Hershey Growth Story

- \$11.2B sales
- 15 years record revenue growth
- 40%+ gross margin across years
- Global portfolio expansion

10/31/2025	2015-12	2016-12	2017-12	2018-12	2019-12
IOFS					
Revenue	\$7,387	\$7,440	\$7,515	\$7,791	\$7,986
YoY (%)		0.7%	1.0%	3.7%	2.5%

2020-12	2021-12	2022-12	2023-12	2024-12	TTM
\$8,150	\$8,971	\$10,419	\$11,165	\$11,202	\$11,295
2.0%	10.1%	16.1%	7.2%	0.3%	



Core Chocolate



- Core chocolate drives category leadership
- 84% of total sales with steady share gains
- Mid-single-digit retail growth beating peers
- Merchandising, innovation, and pricing sustain brand power



Salty Snacks Growth

- Revenue up 12%, topping \$1.7B
- Dot's, SkinnyPop, Pirate's Booty driving double-digit growth
- Expanded capacity and distribution boost scale
- Hershey emerging as total snacking leader





Innovation



- Reese's Big Cup and Kisses Milklicious boosted trial and repeat
- Innovation added 2 pts to FY24 growth
- Fewer, bigger, better launches drive ROI
- Expanding appeal with younger consumers

Pricing and Revenue Management



- Pricing added 5 pts to FY24 sales growth
- Volume down 1%, showing tight elasticity control
- Pack-mix analytics balance value and margin
- Brand strength supports pricing power



Productivity and Transformation



- \$300M in savings from automation and efficiency gains
- Supply chain upgrades boosted throughput and cut costs
- Savings reinvested in growth, innovation, and capacity
- Continuous improvement strengthens cost advantage

Premium and Better for You



- Premium and better-for-you driving mix and margin gains
- Segment up 10% YoY, led by Lily's, Zero Sugar, Organic Reese's
- Higher price points lift gross margin
- Captures demand for healthier indulgence





International Growth



- International = 8% of sales, up high single digits
- Mexico delivering double digit growth through stronger brands and reach
- India accelerating via local innovation and manufacturing
- Capital light model drives disciplined, profitable expansion

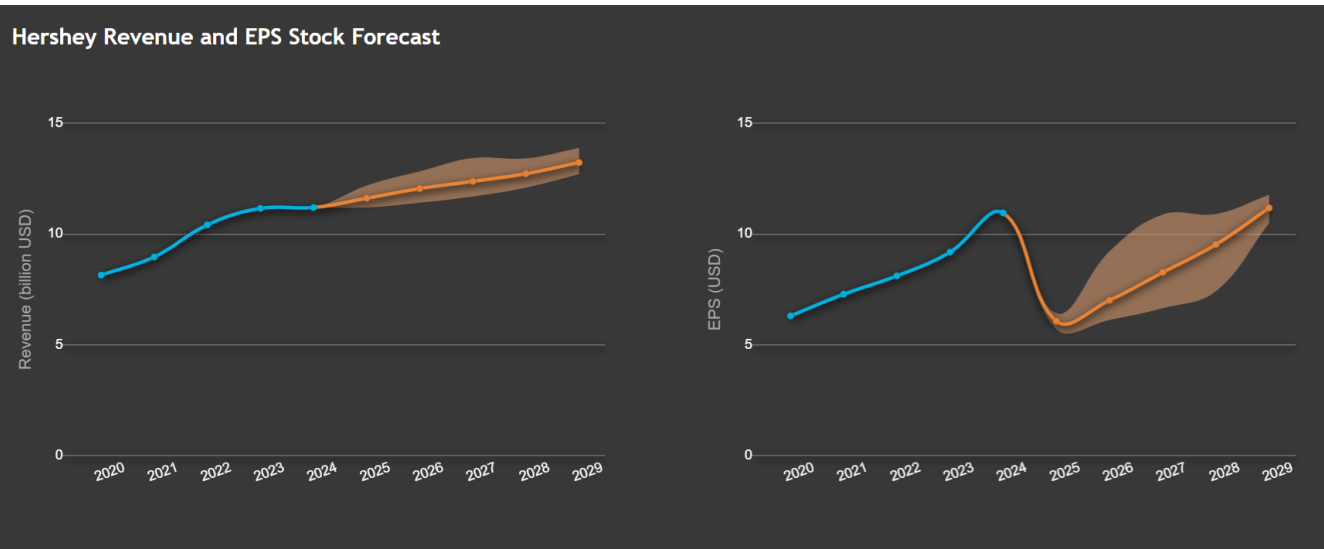
Growth Opportunities Amid Cocoa Market Volatility



- Cocoa output recovering in Côte d'Ivoire, Ghana, and Ecuador
- New partnerships beyond West Africa
- \$500M Cocoa for Good and \$40M Income Accelerator support farmers
- Long-term contracts and efficiency protect margins



Built for Durable Performance



- Balanced, profitable, and sustainable growth
- Top-line outpacing category peers
- Expansion in salty snacks and premium platforms
- Efficiency and pricing protect margins, fund growth
- Mid-to-high single-digit EPS with steady cash flow



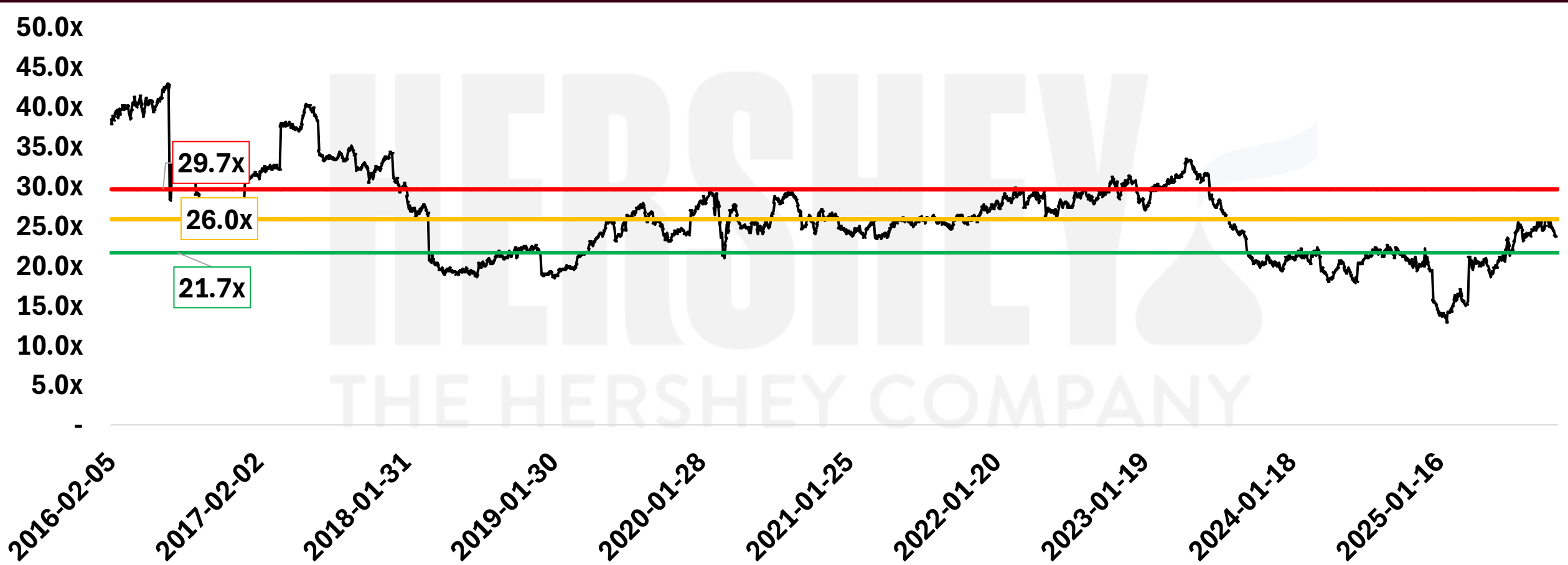
VALUATION

Jaiden Conrad



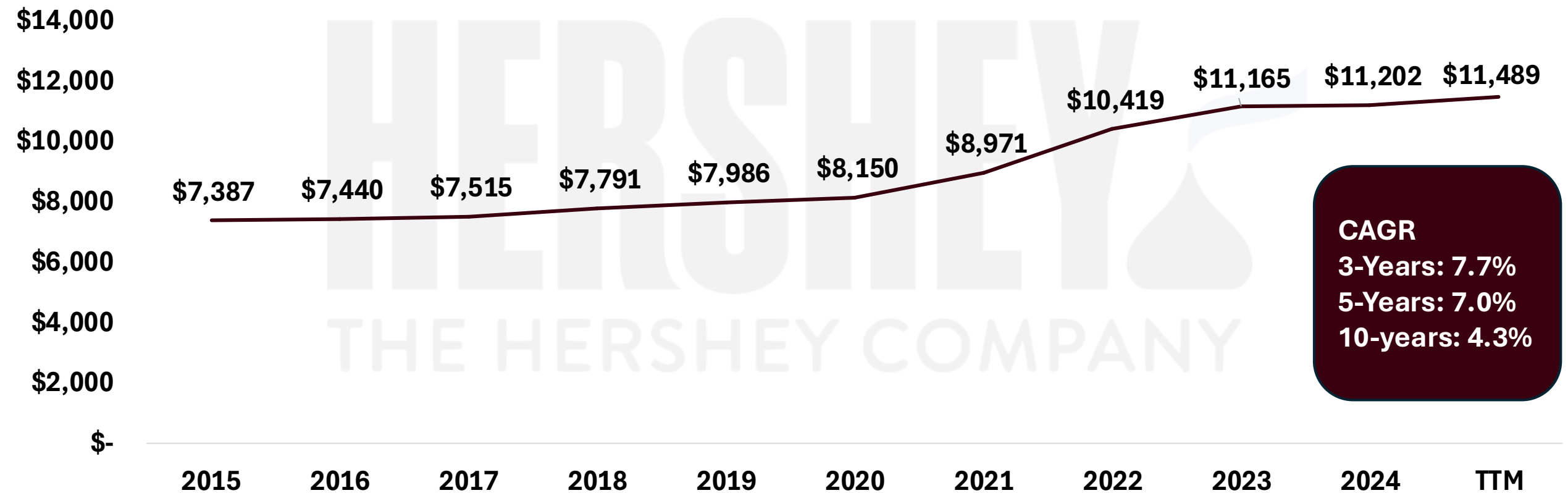


Value Bands (P/E)



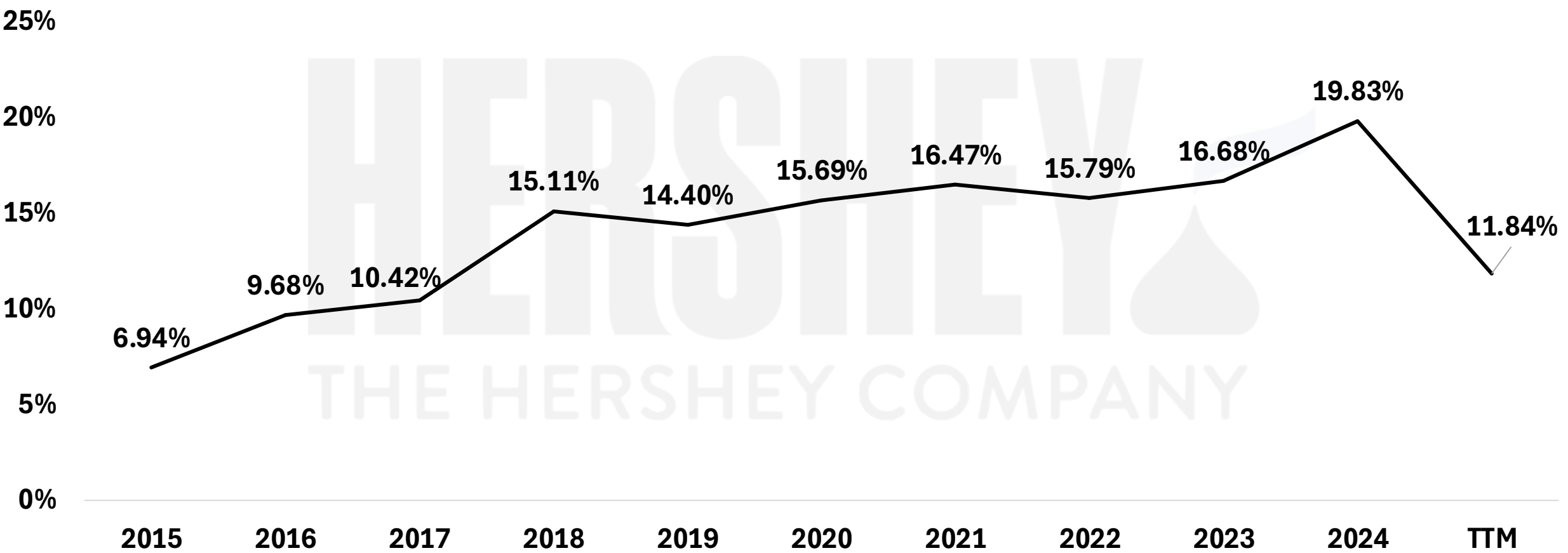


Revenue



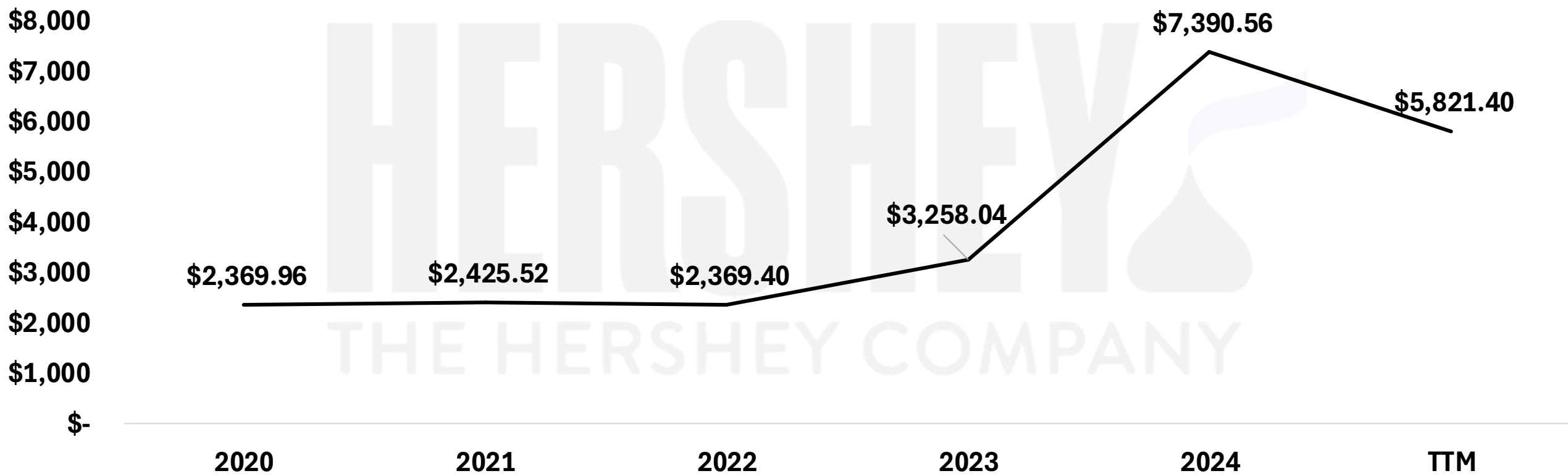


Net Margins %





Cocoa Prices (per metric ton)



DCF

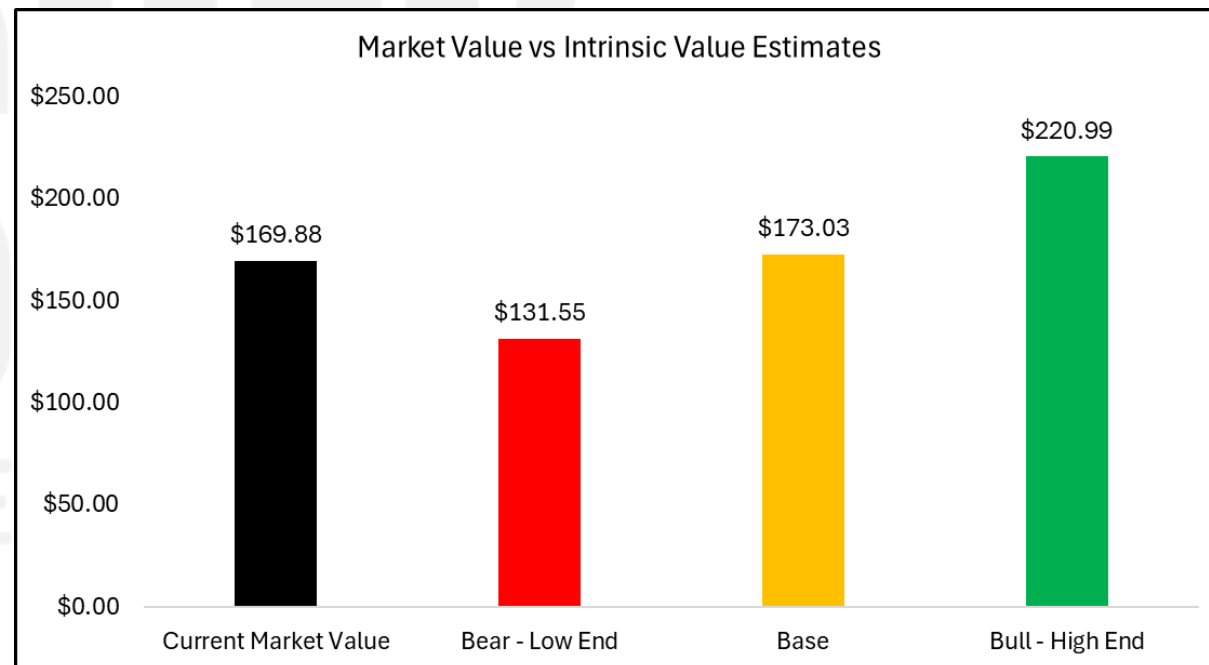


Ticker:	HSY												
Price:	\$169.88												
Discount Rate:	11.0%												
Method:	EPS												
Dividend Payout Ratio	75.0%												
5 Year Discounted Cash Flow													
								P/E	Price	Present Value	5 YR Return	Return	Return + Dividends
Bear	EPS	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	20.0x	\$182.98	\$108.59	7.7%	1.5%	4.8%
		\$6.30	\$7.63	\$8.01	\$8.30	\$8.71	\$9.15	23.0x	\$210.43	\$124.88	23.9%	4.4%	7.3%
			21.17%	4.93%	3.56%	5.02%	5.02%	26.0x	\$237.87	\$141.17	40.0%	7.0%	9.6%
Base	EPS	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	22.0x	\$220.70	\$130.97	29.9%	5.4%	8.4%
		\$6.30	\$7.76	\$8.30	\$8.76	\$9.37	\$10.03	25.0x	\$250.79	\$148.83	47.6%	8.1%	10.8%
			23.17%	6.93%	5.56%	7.02%	7.02%	28.0x	\$280.89	\$166.69	65.3%	10.6%	13.1%
Bull	EPS	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	24.0x	\$263.55	\$156.40	55.1%	9.2%	11.9%
		\$6.30	\$7.89	\$8.59	\$9.24	\$10.07	\$10.98	27.0x	\$296.49	\$175.95	74.5%	11.8%	14.3%
			25.17%	8.93%	7.56%	9.02%	9.02%	30.0x	\$329.44	\$195.50	93.9%	14.2%	16.5%

Model(2)



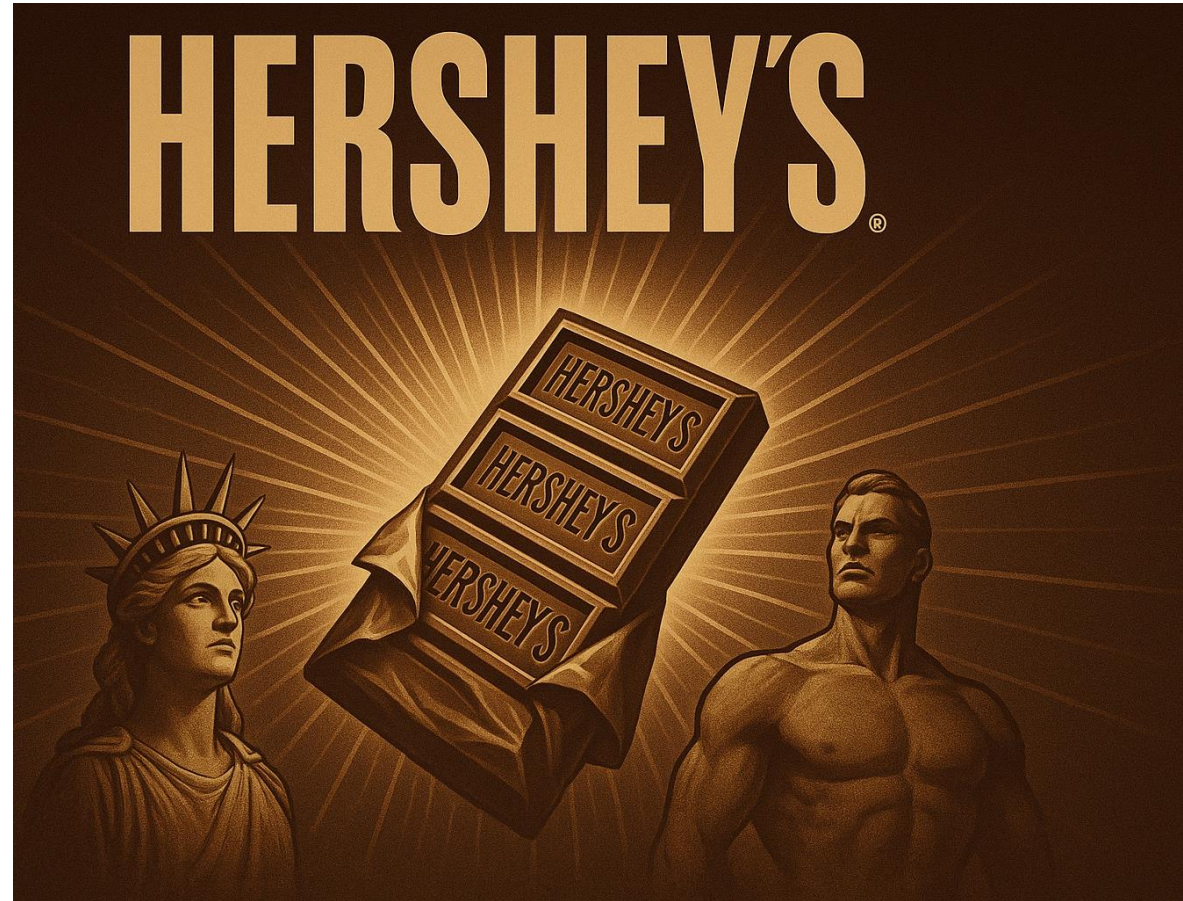
Total RoR Sensitivity				
P / E	Est. EPS growth rate			
		7.9%	9.9%	11.9%
	20.0x	1.5%	5.4%	9.2%
	25.0x	4.4%	8.1%	11.8%
	30.0x	7.0%	10.6%	14.2%





CONCLUSION

Pablo Picasso



Hershey's Stability and Market Resilience



- **Hershey is a company with resilience**
- **Chocolate and snacks are recession proof**
- **Adapting to new market realities**
- **Hershey trust and brand recognition**
- **Excellent financial health**
- **Reliable management team**





Recommendation

Recommendation: “Hold”

- Hershey is a resilient brand with steady demand and pricing power
- Cost pressures are temporary, with margins set to rebound
- Fair valuation offers long-term upside as recovery unfolds.



BEAR TEAM





COMPETITOR ANALYSIS

Justin Perry



Competitors



MARS

FERRERO

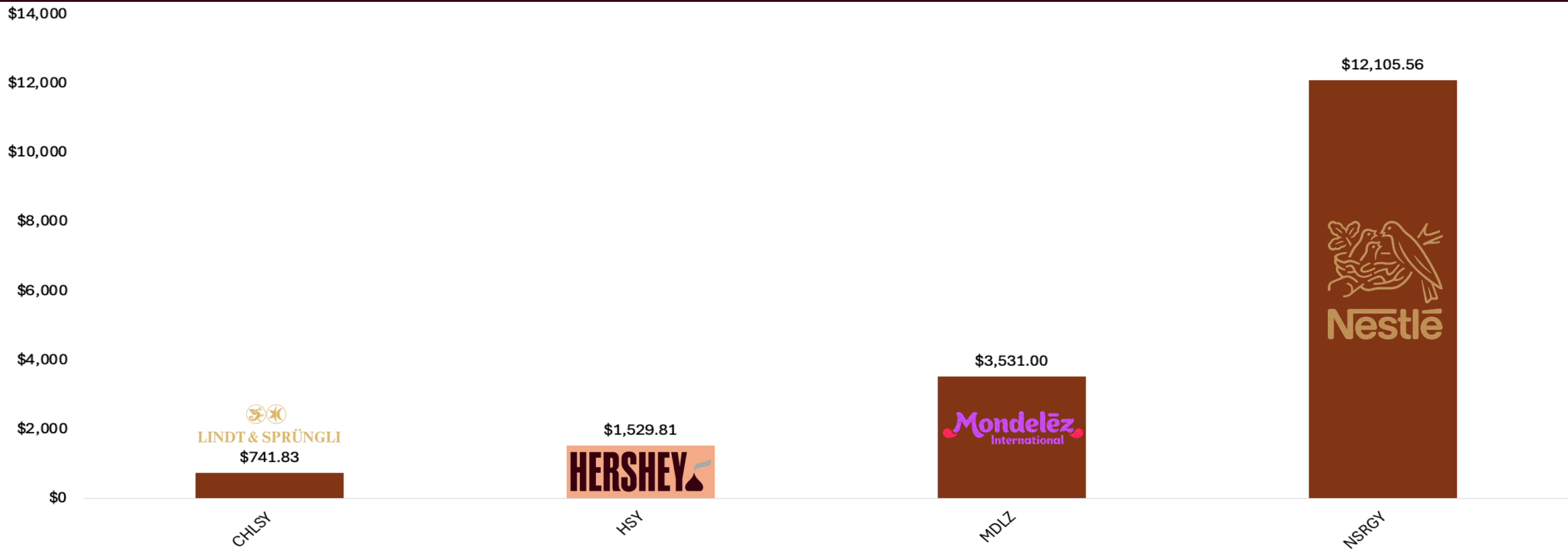
Cadbury



Revenue TTM (In Millions)



Net Income

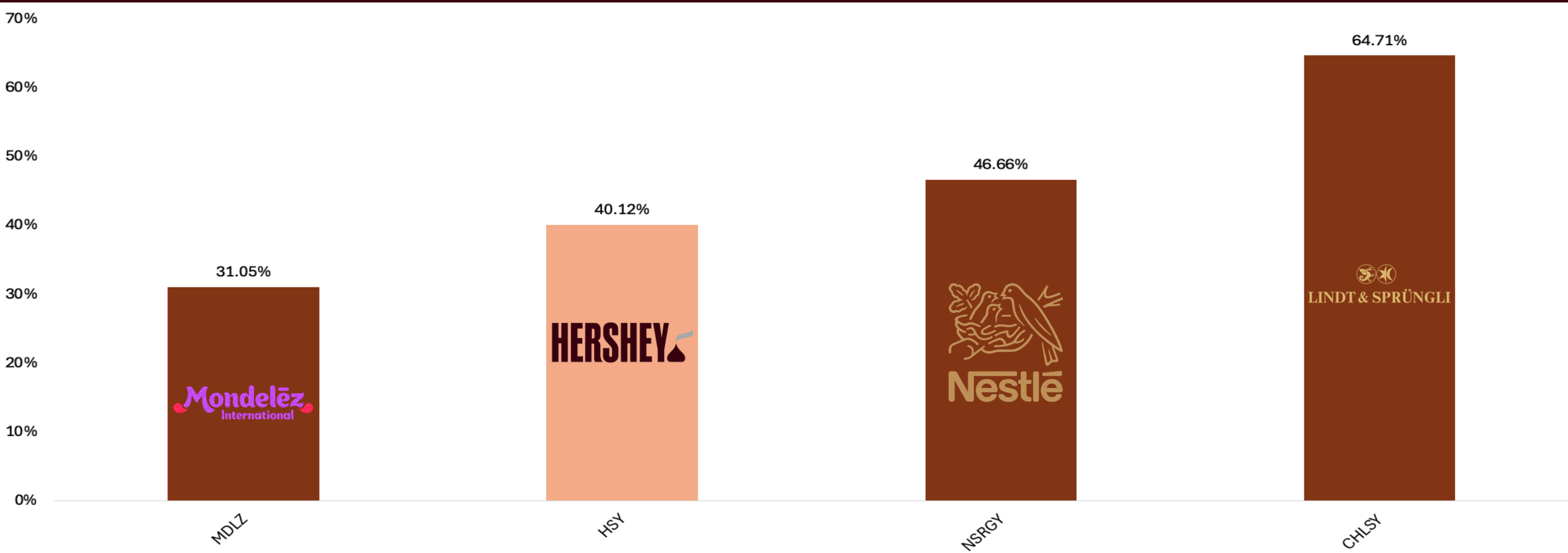




Free Cash Flow

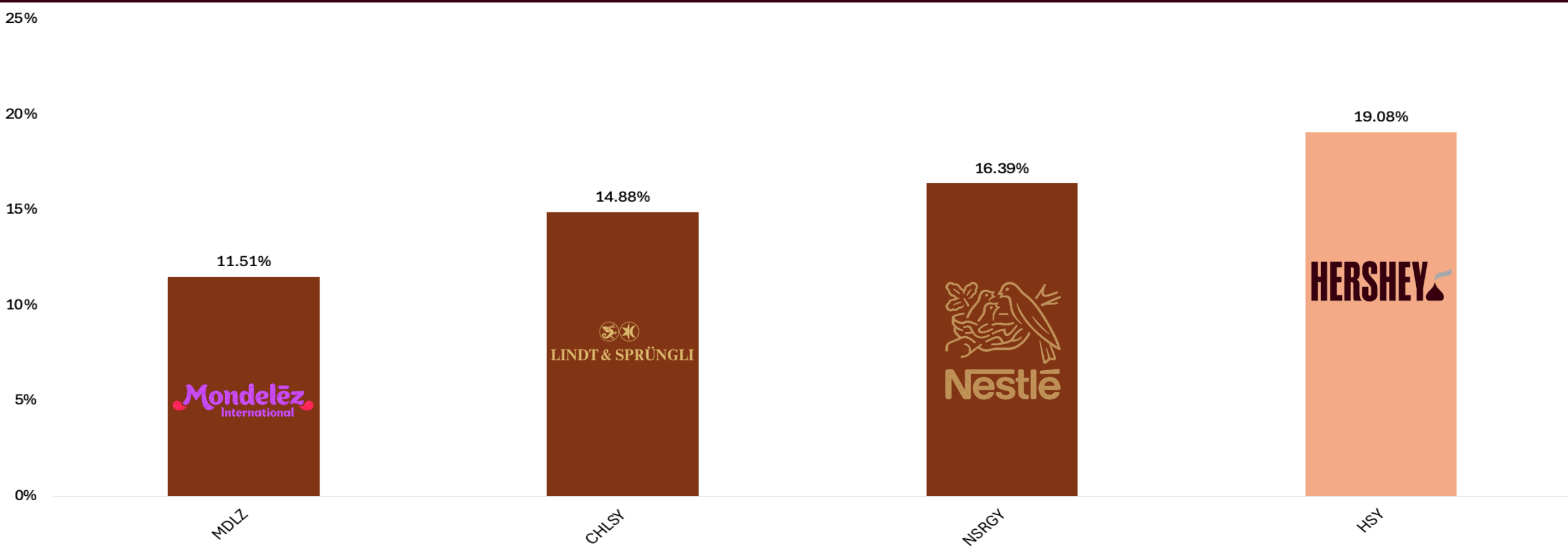


Gross Margin %



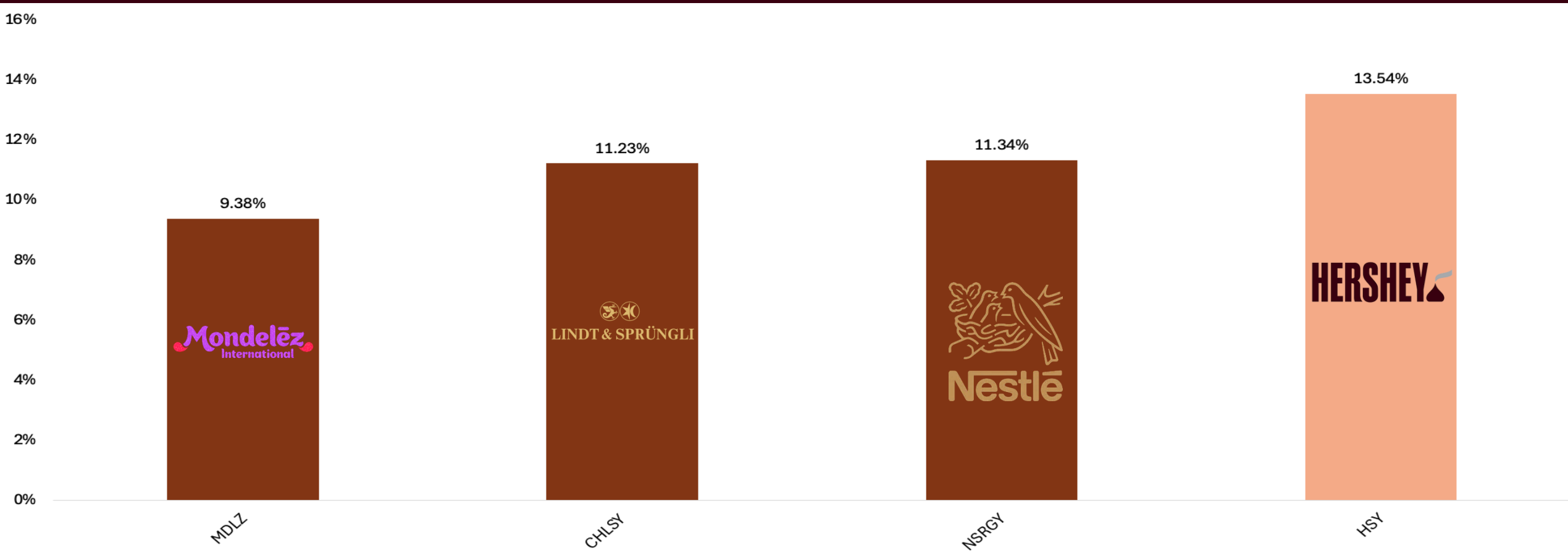


Operating Margin %



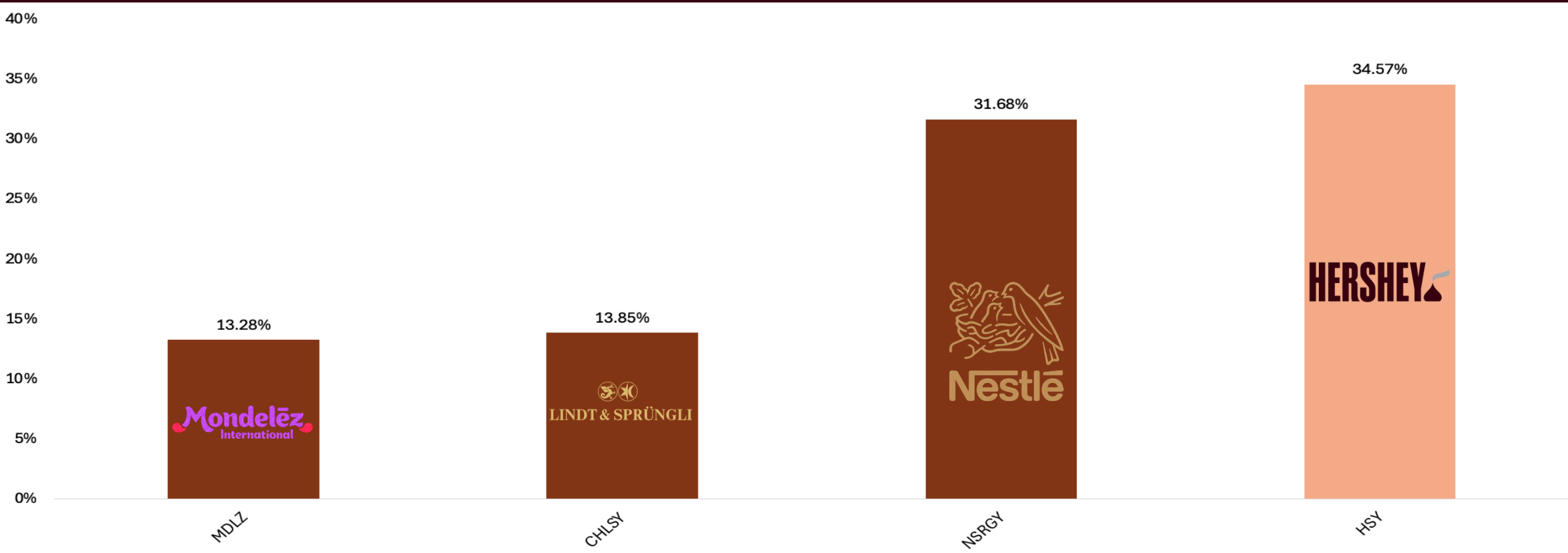


Net Margin %

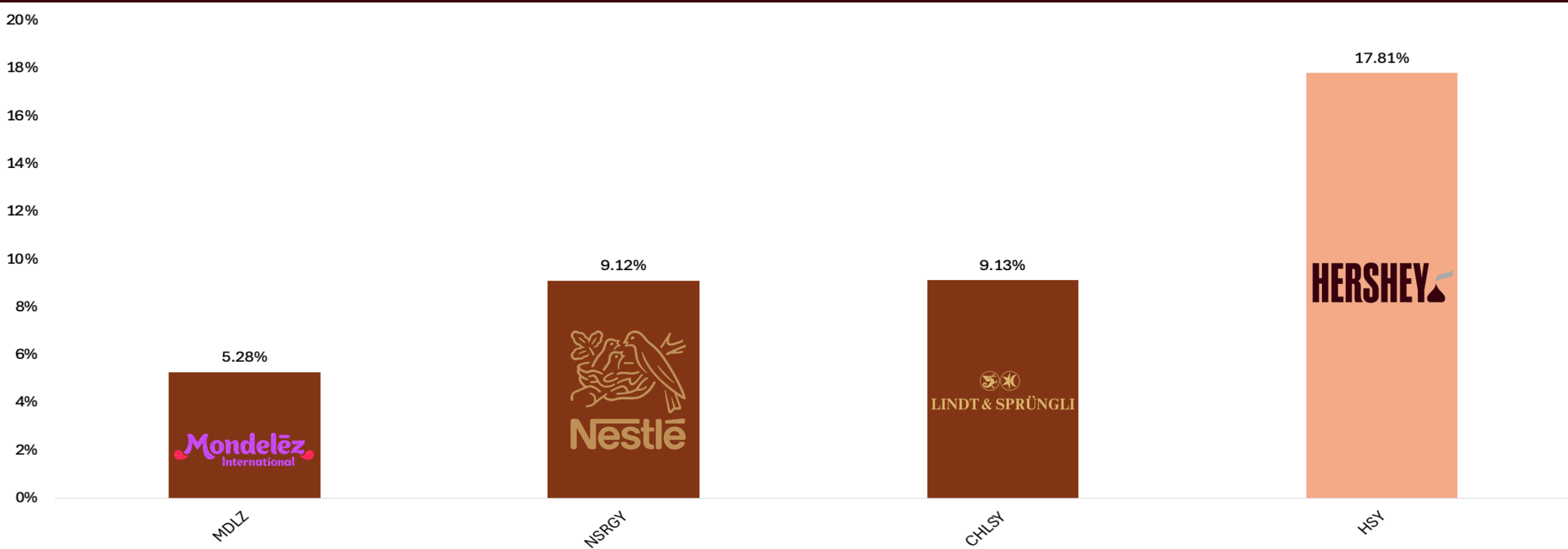




Return On Investment %

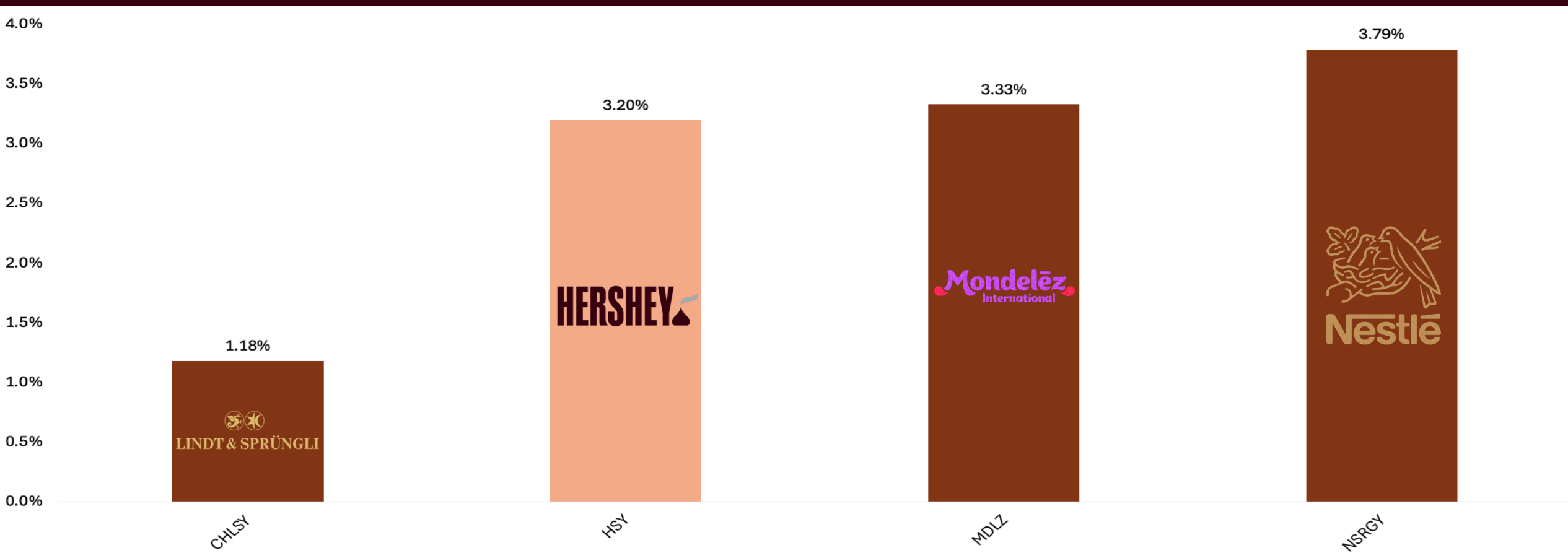


Return On Invested Capital %

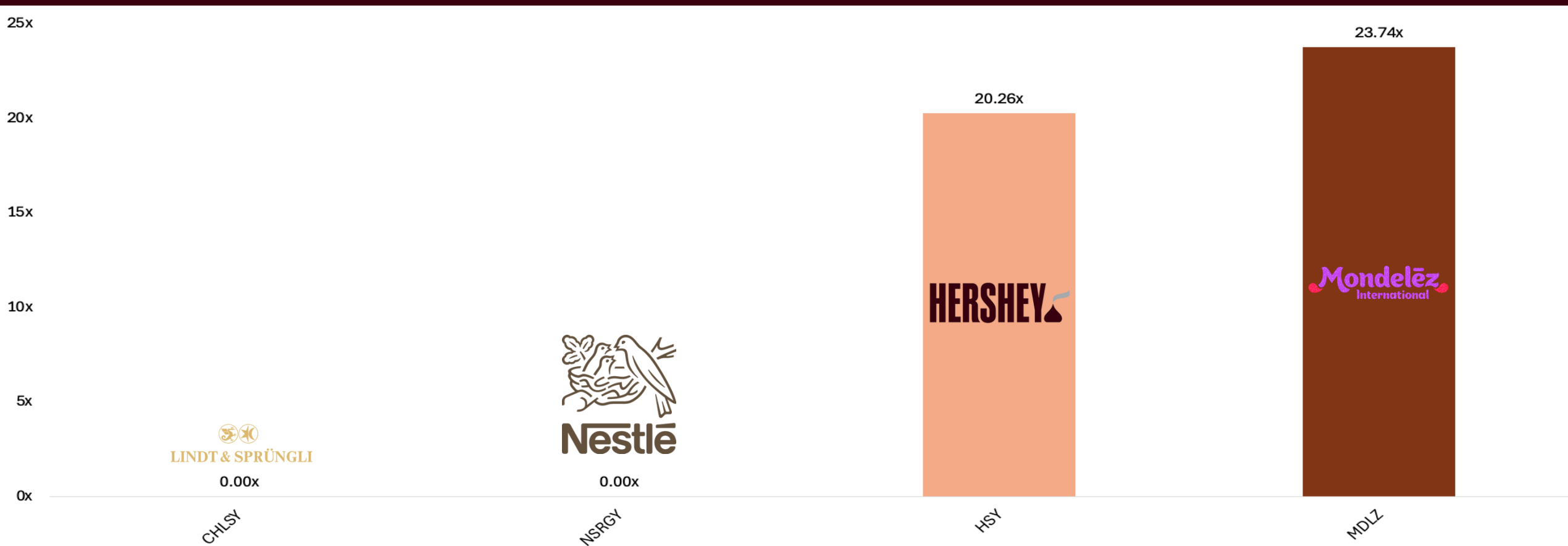




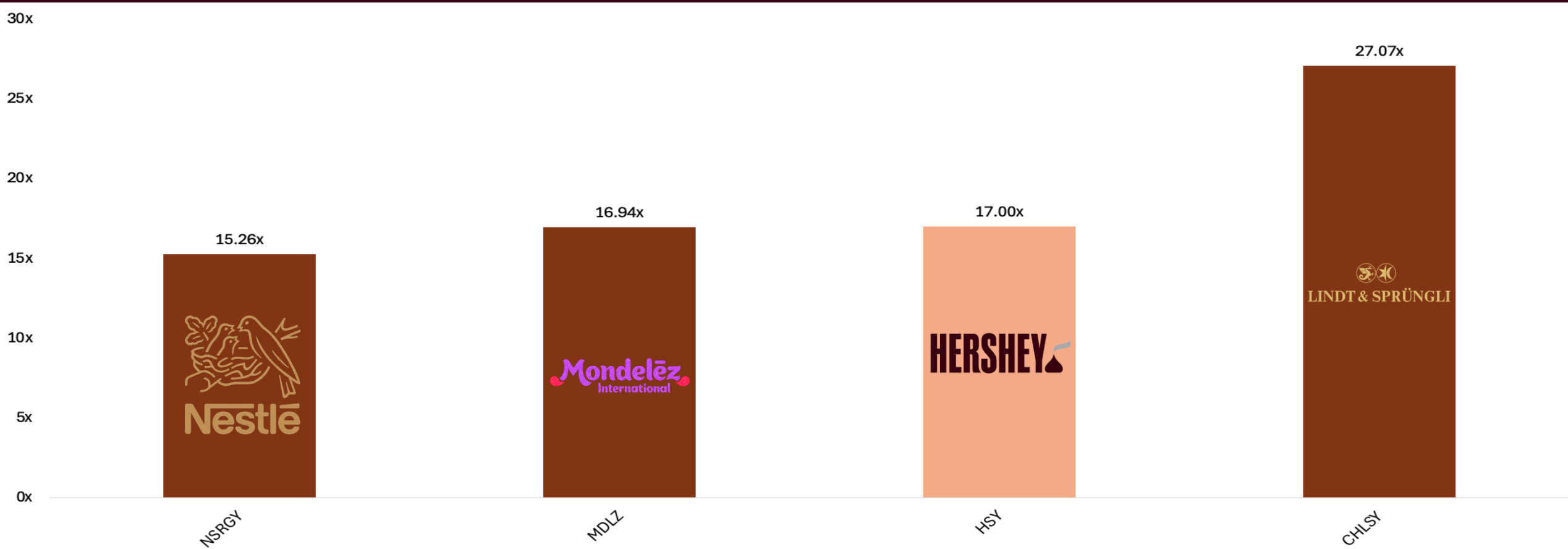
Dividend Yield %



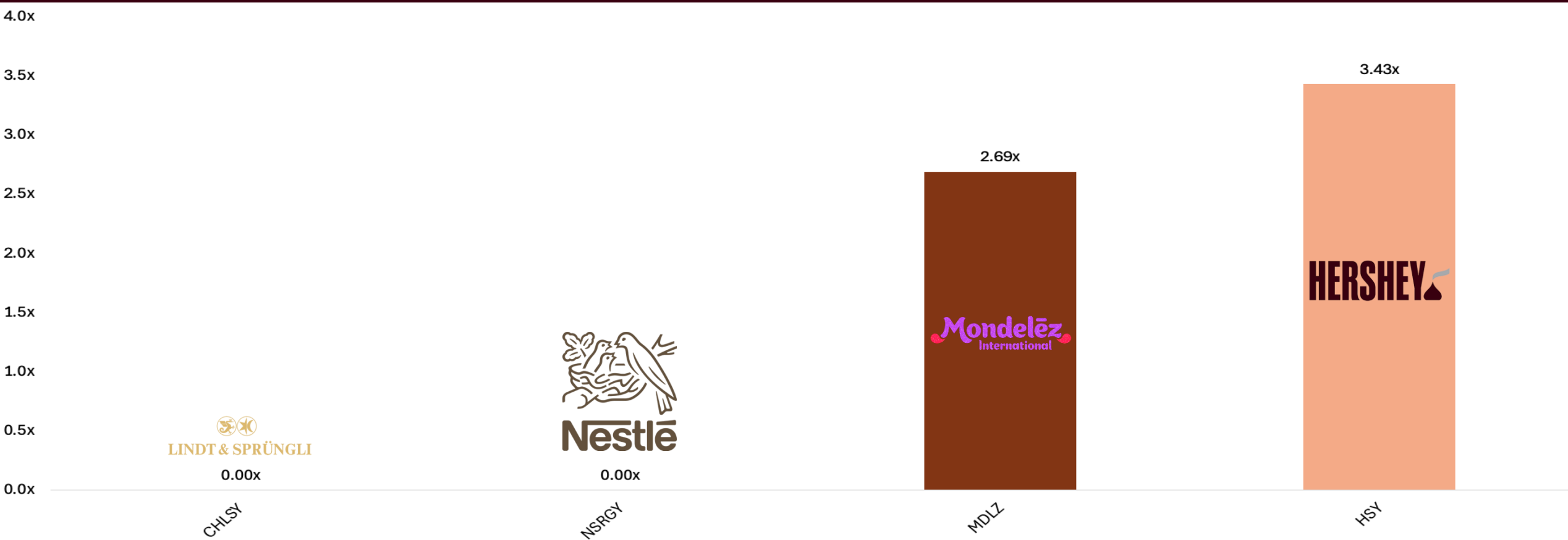
EV-To-EBIT



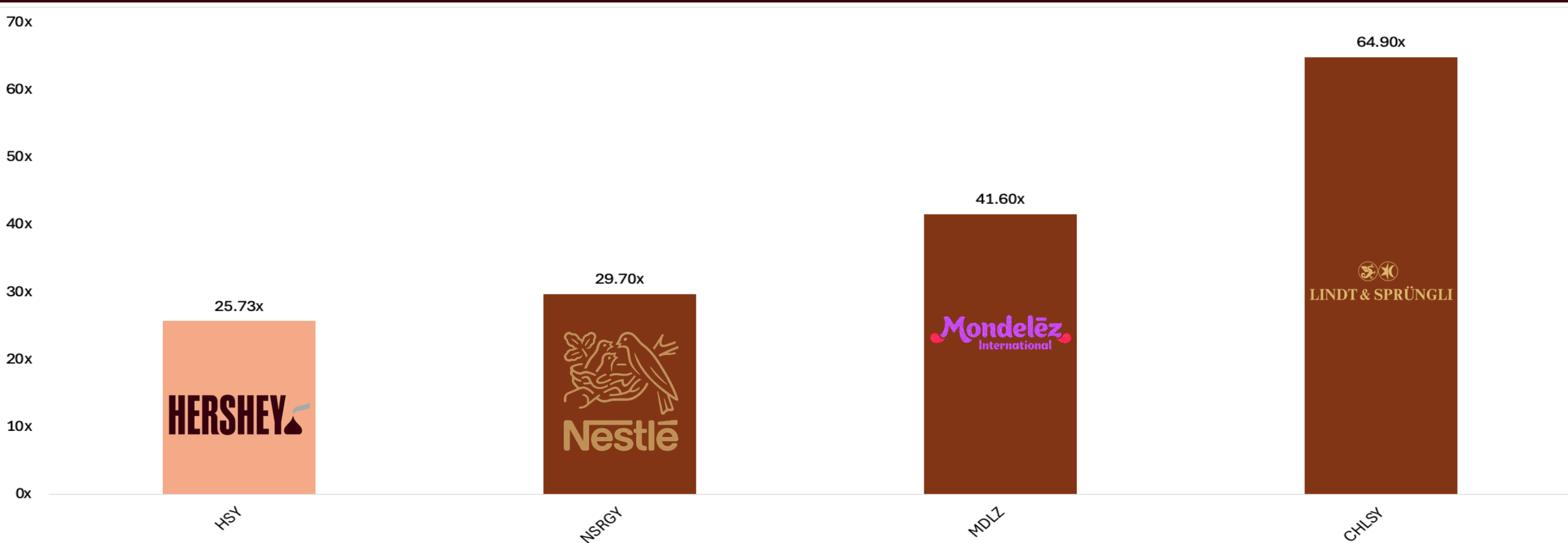
EV-To-EBITDA



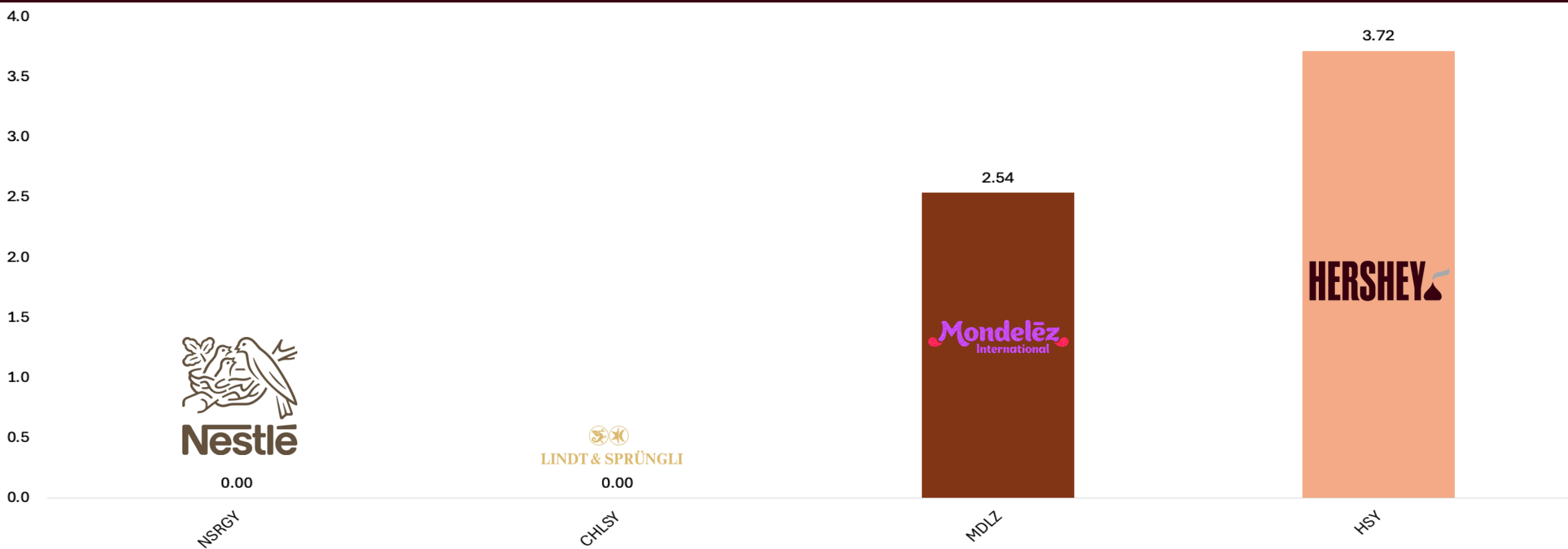
EV-To-Revenue



EV-To-Free Cash Flow

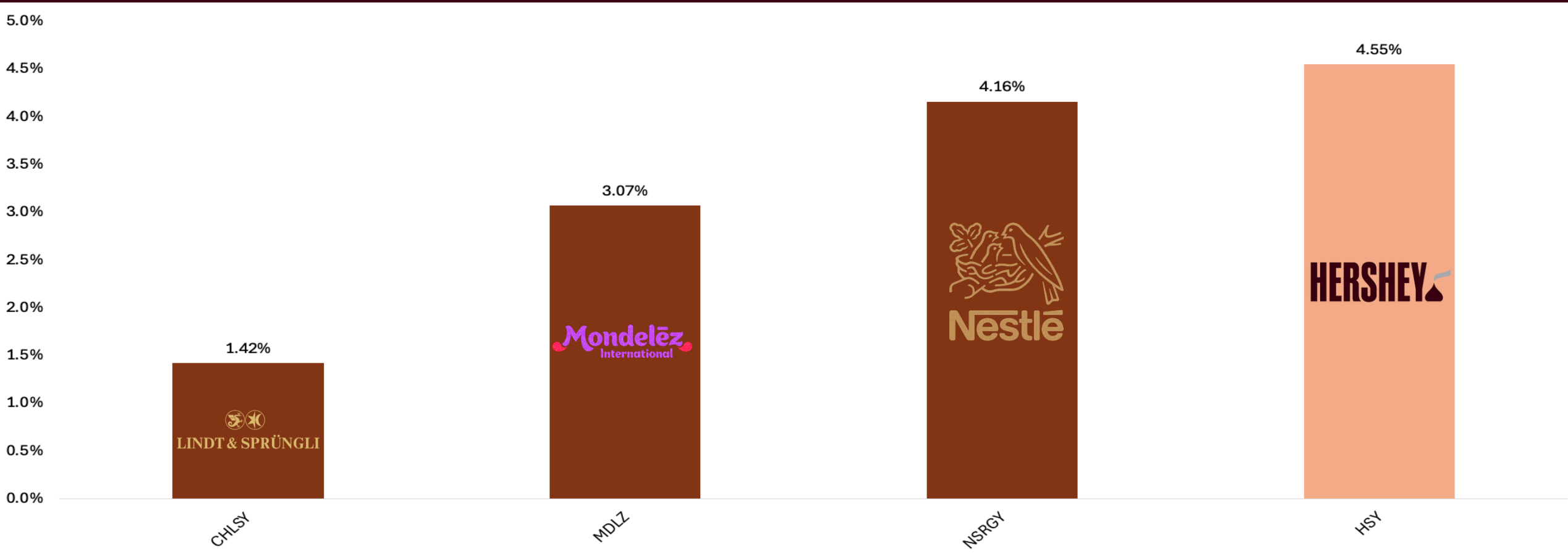


PEG Ratio





Free Cash Flow Yield %





RISK FACTORS

Logan Arciba





Risk Factors

Cost & Supply Chain
Pressures

Consumer and
Competitive
Pressures

Macroeconomic &
Geopolitical Volatility

Climate & Resource
Scarcity

Cost & Supply Chain Pressures



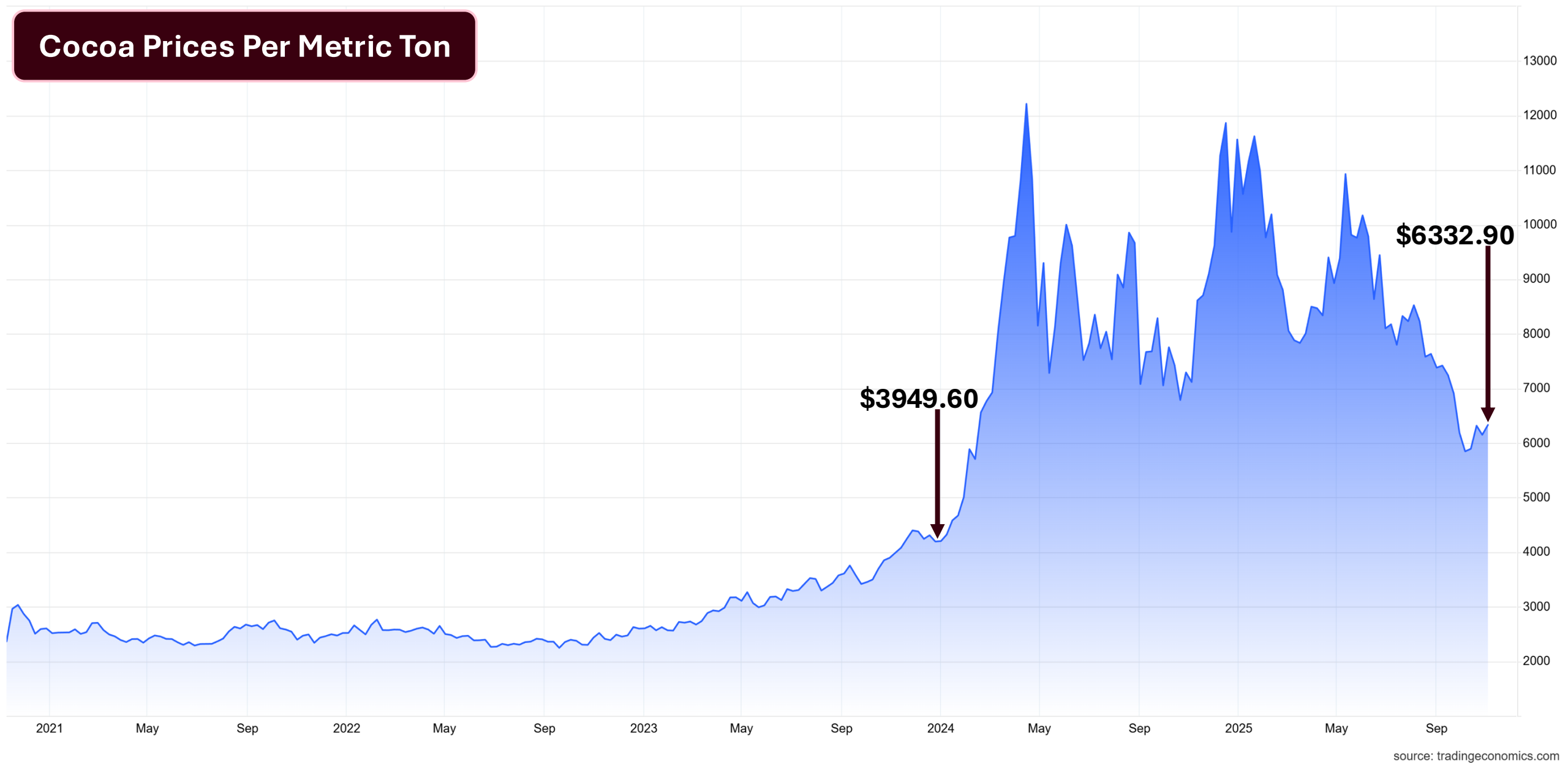
Increase in Commodities

- Increase in input costs can affect COGS & Margins
 - Gross Margin Adjusted: 31.8%
- Cocoa Prices are up 60.3% since Dec 2023
 - 26% Increase in cost of chocolate
- Can buy too many future contracts or miss better prices

Supply Chain Disruptions

- Heavy reliance on West African cocoa farms – Approx 70%
- 74% of manufacturing capacity in the U.S.

Cocoa Prices Per Metric Ton



November 7th, 2025

The Hershey Co.

136

Consumer and Competitive Pressures



- Health Trends = GLP-1s, healthier lifestyles/preference
- Younger Demographics = Change of preferred brands
- E-commerce Shift = loss of impulse purchase advantages
- Private label = Competitive dilution of brand moat.



Consumer and Competitive Pressures



Trump strikes deal to lower cost of weight loss drugs

Novo Nordisk and Eli Lilly said they've agreed to sell their blockbuster drugs Wegovy and Zepbound at a discount.

Startup Omada Health to start prescribing GLP-1s, other obesity medications as membership grows

MrBeast and Feastables: A New Era in Gen Z Marketing



Macroeconomic & Geopolitical Volatility



- Consumers are sensitive to cycles
 - Recession, high rates, tight credits
- Policy & Trade Shocks
 - Tariffs – Expected \$160-170M exps
 - SNAP
- War & Political risks
- FX & Market volatility
- Sales can grow but profits can fall



Climate & Resource Scarcity



Cocoa Scarcity

Rising temperatures, drought,
disease

Deforestation & aging trees

Climate instability



EU Deforestation Regulation (EUDR)

In Effect December 2025
Will raise Hershey's costs

Climate & Resource Scarcity



Ghana's cocoa regulator warns of production drop amid heavy rains

By Emmanuel Bruce

July 15, 2025 9:46 AM CDT · Updated July 15, 2025



Caution: Surplus Outlook Comes with Caveats

While a global production surplus is anticipated for the 2025/26 season, it is not solely driven by increased output. Demand for cocoa has weakened, and recovery remains sluggish following the price spikes of previous years.

Moreover, structural challenges persist in West Africa, the world's primary cocoa-producing region.

Supply continues to be constrained by:

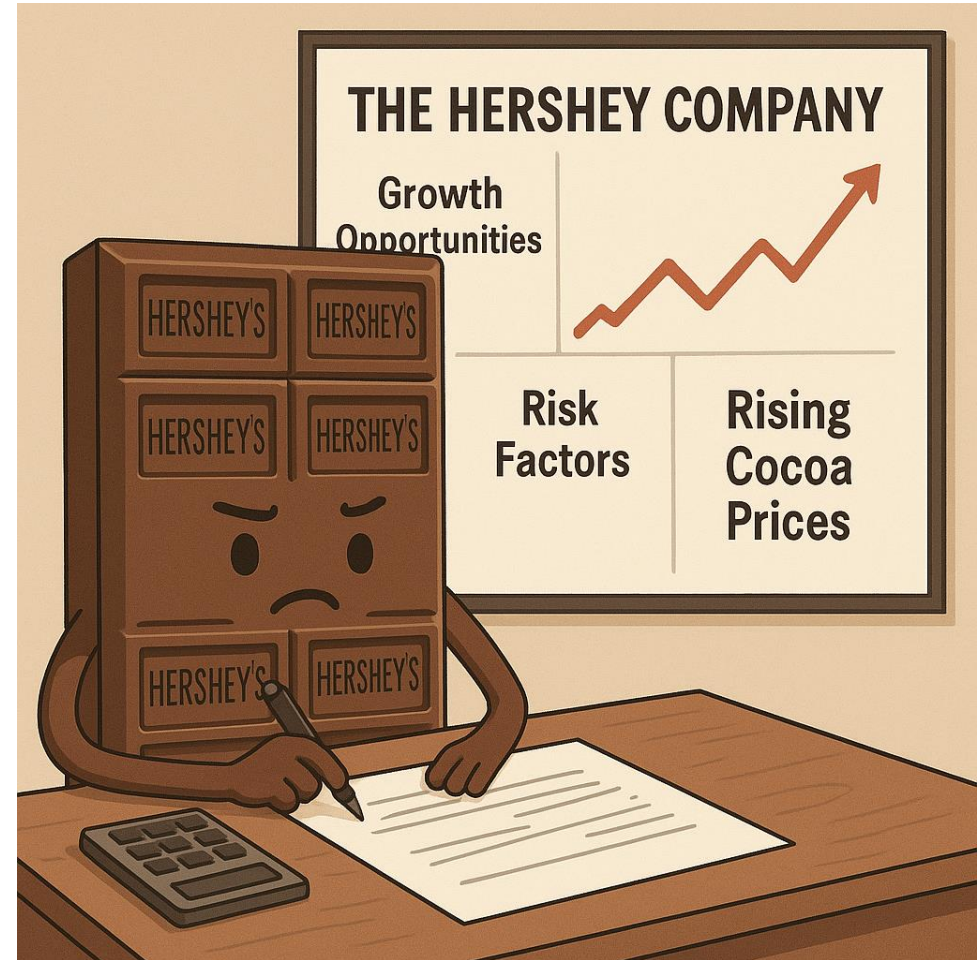
- Aging cocoa trees
- Persistent crop diseases
- Escalating climate-related risks

These factors underscore the need for cautious optimism regarding the supply outlook for the months ahead.



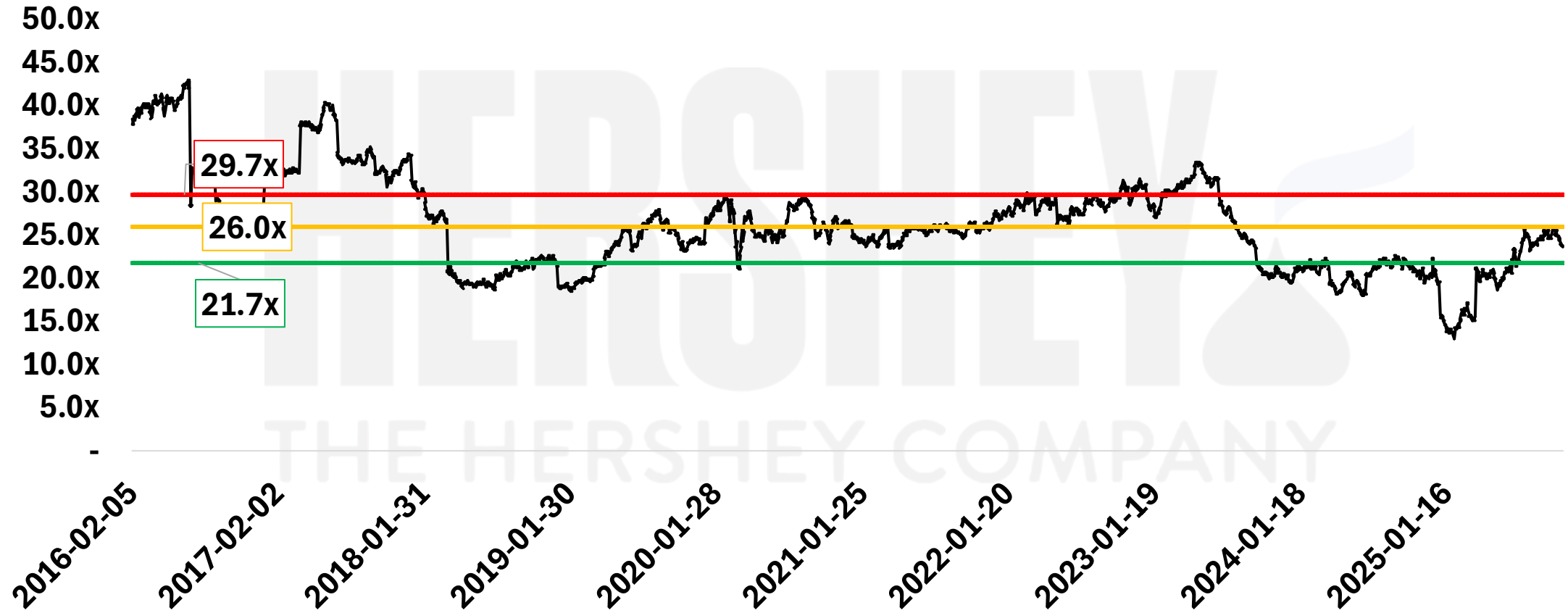
VALUATION & CONCLUSION

Enrique Alvarado

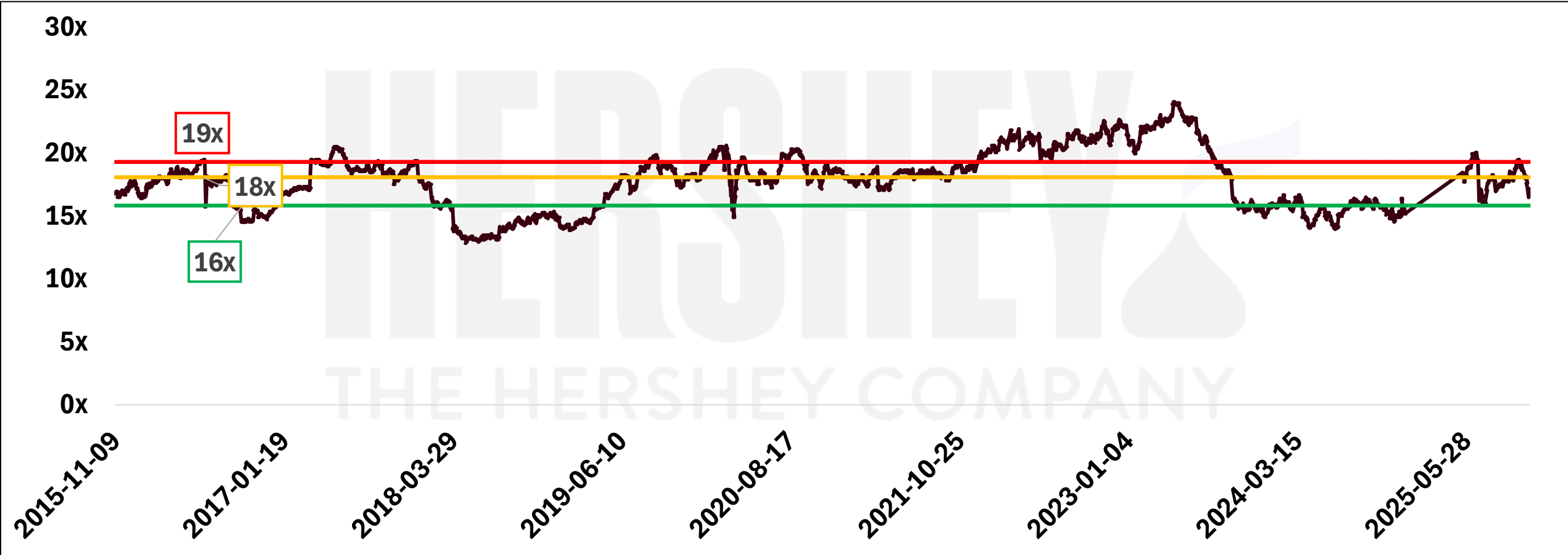




Price to Earnings Ratio

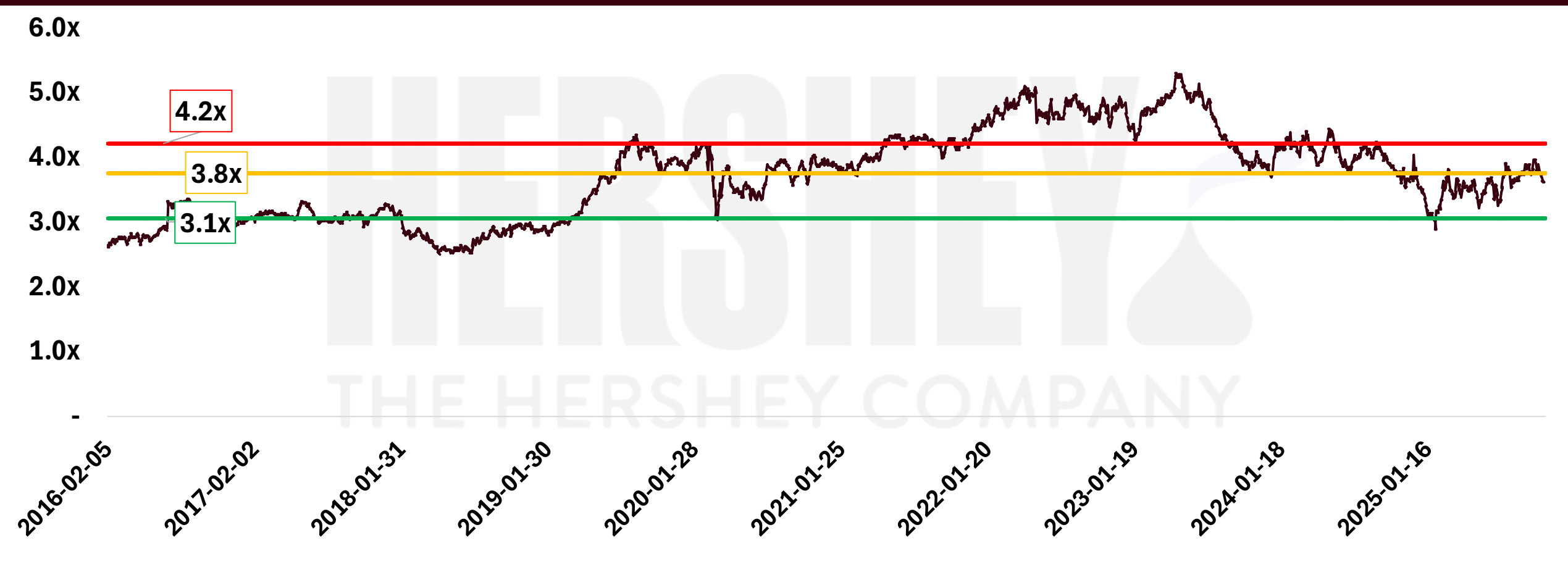


Enterprise Value-to-EBITDA

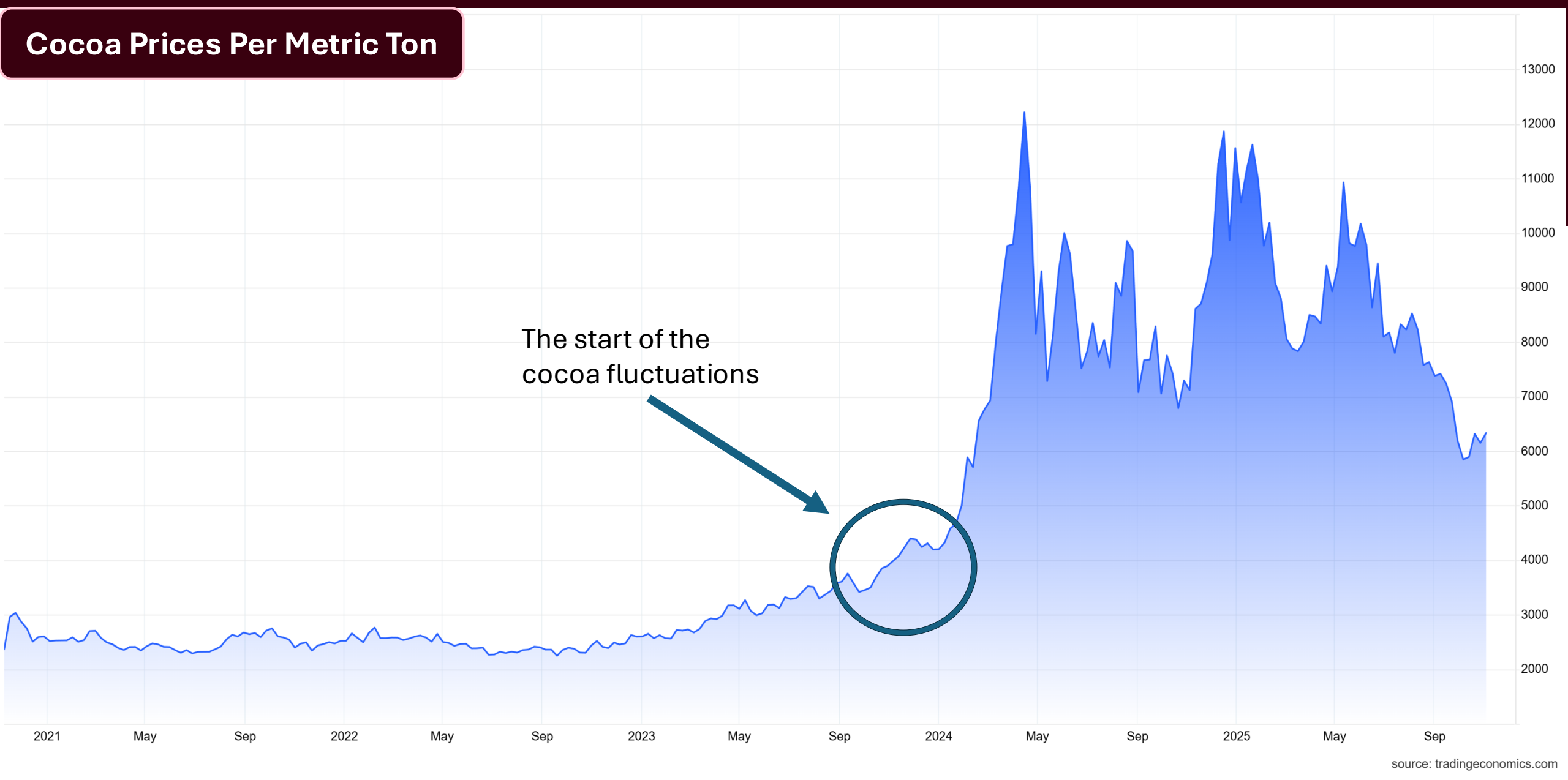




Price to Sales Ratio



Cocoa Prices Per Metric Ton



Discounted Cash Flow Variables



Variables

- Adjusted EPS (2023, before cocoa inflation) - \$9.59
- Expected fair P/E ratio for next 5 years – 22x
- Discount Factor – $(1 + 11\% \text{ discount rate})^5 \text{ years} = 1.7$
- Expected fair growth rate – 7%

Discounted Cash Flow Calculation



$$\$9.59(1+7\%)^5 \text{ years} = \$13.45$$

$$\$13.45 \times 22 \text{ P/E} = \$295.91$$

$$\$295.91 / 1.7 = \$174 \text{ Fair value estimate}$$

$$9.8\% \text{ RoR} + 3.26\% \text{ dividend yield} = \mathbf{13.06\% \text{ return}}$$



Recommendation

- SELL, the stock is not as predictable and consistent as other names we hold, and this should continue into the near future.
- Valuation also shows it around fair value, and its input cost woes may subside in the next few years, but other companies are more clearly set for future success with faster growth, so why not invest in better ideas?
- It is also volatile, so if price drops entry points are apparent, and if prices rise, exit points are apparent, which I believe does not fit our investment ideology

Question & Answer Session



APPENDIX



HERSHEY
THE HERSHEY COMPANY



Insider Ownership of Hershey

- Insider ownership of Hershey is low, with estimates around 0.2% to 0.83% of the company's stock, while the majority is held by institutions and the Milton Hershey School Trust
- **Milton Hershey School Trust**: This is the company's largest shareholder, owning approximately 28% of the shares.
- **Institutional investors**: These are the largest group of shareholders, owning a majority of the company's stock, with estimates around 57% to 86%.
- **Other shareholders**: The rest of the shares are held by retail investors and other public companies.



At Hershey, we're increasingly concerned that the cocoa exchanges are dysfunctional due to a lack of liquidity. The intent of commodity exchanges is to provide an orderly and fair method for buyers and sellers to achieve price transparency and hedge risk. However, we're observing a troubling disconnect—while cocoa bean prices in origin countries have fallen, prices on the exchange often move in the opposite direction.

Hershey's adjusted gross margin was 31.8%, contracting 850 basis points year over year, primarily reflecting higher commodity and tariff costs and unfavorable mix, which more than offset the benefits from net price realization, supply-chain productivity gains and savings from the company's transformation program.

U.S. candy, mint, and gum retail takeaway for the 12-week period ended Sept. 28, 2025, in the multi-outlet plus convenience channels rose 5.4% year over year. Segment income declined 21.2% to \$571.5 million, resulting in a segment margin of 21.8%, down 750 basis points year over year.

On the earnings front, the company expects reported earnings per share (EPS) to decline 48-50%, a slight improvement from the prior mentioned 50% decline. Adjusted EPS is projected to decrease 36-37%, narrowing to the upper half of the previous range of down 36-38%. The decline primarily reflects higher commodity and tariff costs, an unfavorable sales mix, and increased investments in the company's transformation and productivity initiatives.

Tariff expenses are forecast between \$160 million and \$170 million for 2025. The company continues to advance its Agility & Automation Initiative, which is expected to deliver \$150 million in savings during 2025. These savings, combined with ongoing supply-chain productivity improvements and disciplined cost management, are intended to help offset continued input cost inflation and tariff pressures.



Risk Factor – Brand Image

Hershey's Ice Cream Voluntary Recall of Totally Cool Products

We have four products that we have been asked to recall by a manufacturing partner. Totally Cool, a manufacturing partner of ours and of many other brands, is issuing a voluntary recall of products that it has produced going back one year, according to the impacted code dates. An excerpt of the recall language is below:

Candy prices increasing due to global cocoa shortages caused by bad crops



Hershey's Recalls Chocolate Chip Ice Cream Sold in 7 States

The FDA said 81 tubs of Green Mint Chip Hershey's Ice Cream were recalled due to elevated coliform counts during routine testing.



Executive Compensation

Long Term Incentives

- Performance Stock Unit 65%
- 3-year CAGR in adjusted EPS of \$10.92
- 3-year relative Total Return Swap versus the 2022 Financial Peer Group
- 3-year cumulative Free Cash Flows 33%
- Restricted Stock Unit 35%: Retirement Plans

Short Term Incentives

- 20 % of total executive compensation

Macroeconomic & Geopolitical Volatility



Yes. I think it's an important one. Again, a live discussion that we've had with our customers and understanding the impact overall of SNAP. If you just take a step back and look at SNAP, about 2% of SNAP dollars are in the category, the CMG category specifically. Right now, we've seen -- I would say we haven't seen a large impact, but it's early days. I think if you look into '26 with the dynamics between the state and the federal government on SNAP, we expect it to be a minimal impact right now on the category. But it's something that we're continuously watching and trying to understand. I think it comes down to the behaviors of consumers that are in the SNAP program, and how they choose to spend those dollars, but we will stay close. But I would say in '26, it will have a minimal impact to the business from what we're seeing right now.



Risk Factor – International

Third quarter 2025 net sales for Hershey's International segment increased 12.1% versus the same period last year to \$244.8 million. Price realization of approximately 7 points was in line with expectations reflecting strategic price increases across key markets. Volume increased approximately 6%, driven by double-digit growth in Brazil and a shift of shipments from the fourth quarter in Europe and Mexico, partially offset by the impact of price elasticity across markets.

The International segment reported a \$13.6 million loss in the third quarter of 2025, a decrease of \$27.8 million versus the prior year period driven by higher commodity and manufacturing costs, which more than offset higher sales, supply chain productivity and transformation program savings. This resulted in a segment margin of (5.6)%, a decrease of 1,210 basis points versus the prior year period.



THE HERSHEY COMPANY



Costs Incurred

Business realignment activities: We periodically undertake restructuring and cost reduction activities as part of ongoing efforts to enhance long-term profitability. During the first quarter of 2024, we commenced the Advancing Agility & Automation Initiative to improve supply chain and manufacturing-related spend, optimize selling, general and administrative expenses, leverage new technology and business models to further simplify and automate processes, and generate long-term savings. During the third quarter of 2025 and 2024, business realignment charges related primarily to third-party costs supporting the design and implementation of the new organizational structure, as well as severance and employee benefit costs.

Acquisition and integration-related activities: During the third quarter of 2025, we incurred costs related to the acquisition of the Sour Strips brand from Actual Candy, LLC into our North America Confectionery segment. During the third quarter of 2024, we incurred costs related to the 2023 acquisition of two manufacturing plants from Weaver Popcorn Manufacturing, Inc., and the integration of the 2021 acquisitions of Dot's Pretzels, LLC and Pretzels Inc. into our North America Salty Snacks segment.

2025 Guidance



2025 Full-Year Outlook	Prior Guidance	Current Guidance
Net sales growth*	Up at least 2%	~3%
Reported earnings per share growth	Down ~50%	Down 48% to 50%
Adjusted earnings per share growth	Down 36% to 38%	Down 36% to 37%

2025 Q3 2025



Reconciliation of Certain Non-GAAP Financial Measures

Consolidated results In thousands except per share data	Three Months Ended	
	September 28, 2025	September 29, 2024
Reported gross profit	\$ 1,037,334	\$ 1,232,719
Derivative mark-to-market gains	(24,250)	(31,083)
Business realignment activities	—	1,457
Acquisition and integration-related activities	—	1,720
Non-GAAP gross profit	<u>\$ 1,013,084</u>	<u>\$ 1,204,813</u>
Reported operating profit	\$ 434,583	\$ 613,164
Derivative mark-to-market gains	(24,250)	(31,083)
Business realignment activities	10,577	49,129
Acquisition and integration-related activities	1,577	22,777
Non-GAAP operating profit	<u>\$ 422,487</u>	<u>\$ 653,987</u>

Reported provision for income taxes	\$ 95,590	\$ 72,446
Derivative mark-to-market gains*	(2,645)	(4,499)
Business realignment activities*	2,788	11,867
Acquisition and integration-related activities*	382	5,518
Non-GAAP provision for income taxes	<u>\$ 96,115</u>	<u>\$ 85,332</u>
Reported net income	\$ 276,320	\$ 446,301
Derivative mark-to-market gains	(21,605)	(26,584)
Business realignment activities	7,789	37,262
Acquisition and integration-related activities	1,195	17,259
Non-GAAP net income	<u>\$ 263,699</u>	<u>\$ 474,238</u>
Reported EPS - Diluted	\$ 1.36	\$ 2.20
Derivative mark-to-market gains	(0.12)	(0.15)
Business realignment activities	0.05	0.24
Acquisition and integration-related activities	0.01	0.11
Tax effect of all adjustments reflected above**	—	(0.06)
Non-GAAP EPS - Diluted	<u>\$ 1.30</u>	<u>\$ 2.34</u>



Cost Advantages

The Company also expects:

- Tariff expense, as understood today, to be approximately \$160 million to \$170 million;
- A reported effective tax rate of approximately 30% and an adjusted effective tax rate of approximately 26%, reflecting the changing global business and tax landscape;
- Other expense, which primarily reflects the write-down of equity investments that qualify for a tax credit, of approximately \$30 million to \$35 million;
- Interest expense of approximately \$195 million;
- Capital expenditures of approximately \$425 million; and
- Advancing Agility & Automation Initiative savings of approximately \$150 million.

Q3 2025 Results – You can delete this slide – Just wanted you to see the info

Below is a reconciliation of current projected 2025 and full-year 2024 earnings per share-diluted calculated in accordance with U.S. generally accepted accounting principles (GAAP) to non-GAAP adjusted earnings per share-diluted: