



Nomad Foods

Fourth Quarter 2025 Earnings Conference Call

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C O R P O R A T E P A R T I C I P A N T S

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Dominic Brisby, *Chief Executive Officer*

Ruben Baldew, *Chief Financial Officer*

PRESENTATION

Jason English

Hello and welcome to the pre-recorded discussion of Nomad Foods Fourth Quarter 2025 Earnings Results. We have posted the accompanying press release and Investor Presentation on Nomad Foods' website at nomadfoods.com.

I am Jason English, Head of Investor Relations and Corporate Strategy and I am joined by Dominic Brisby, our CEO, and Ruben Baldew, our CFO.

In addition to these remarks, we'll host an analyst Q&A-only session today at 8:30 a.m. Eastern. A replay of this webcast and our subsequent Q&A session will be available on the Investor Relations section of our website.

These prepared remarks will include forward-looking statements that are based on our view of the Company's prospects, expectations and intentions at this time. Actual results may differ due to risks and uncertainties which are discussed in our press release, our filings with the SEC and in our Investor Presentation which includes cautionary language. We'll also discuss non-IFRS financial measures during the call today. These non-IFRS financial measures should not be considered a replacement for, and it should be read together with IFRS results. Users can find the IFRS to non-IFRS reconciliations with our earnings release and in the appendices at the end of the slide presentation available on our website.

Please note that certain financial information within this presentation represents adjusted figures. All adjusted figures have been adjusted primarily for, when applicable, share-based payment expenses and related employer payroll taxes, exceptional items and foreign currency translation charges or gains. Unless otherwise noted, comments from here on will refer to those adjusted numbers.

With that, let me hand it over to Dominic.

Dominic Brisby

Thank you, Jason and hello everyone. I'm happy to join you here today for my first quarterly earnings call as our new CEO. As many of you know, I joined Nomad Foods in November and became CEO at the start of this year. I'm eager to share many of my initial observations and plans with you, but first, let's start with the results.

The Company delivered full year results that were roughly in line with the updated outlook that was issued last August. The Organic sales decline of 1.9% was in line with our outlook. Adjusted EBITDA declined by 7.5%, modestly below the guidance range while EPS of €1.66 was within the range.

For the fourth quarter, as you can see on Slide 3, our Organic revenue declined by 1.3%, which was an improvement from the decline we experienced in the third quarter even though we faced a more challenging year-on-year comparison in the fourth quarter. As anticipated, we experienced gross margin compression this quarter, driven by reduced revenue and ongoing input cost inflation. These factors contributed to a 4.7% year-over-year decline in Adjusted EBITDA.

Our strong cash generation continued, allowing us to repurchase €44.2 million worth of shares in the quarter, bringing our full year share repurchase level to €195.6 million. This demonstrates our confidence in the business and our commitment to disciplined capital allocation even in a challenging operating environment.

While these results were generally in line with our expectations from a few months ago, these are not results that we as a leadership team or company can be proud of. While 2025 presented challenges that prevented us from reaching our full potential, we've gained valuable insights that are positioning us for stronger performance ahead.

As we enter 2026, we're viewing this as a pivotal year of strategic repositioning to get back on track. It is important to remember that our fundamentals remain solid. We have significant underlying strengths across our business, from our market position and brand equities to our operational capabilities and financial flexibility. These assets provide us with a strong foundation as we execute our value creation strategy.

As you see on Slide 4, we possess a portfolio of fantastic brands. Our brands have the number one leading brand awareness in our categories in 14 out of our 15 markets and in our top 25 core category-country combinations we command a market share that is 2.3 times larger on average than our next largest branded competitor.

And as you see on Slide 5, we have healthy category growth tailwinds at our back. Growth of our category slowed this summer but accelerated to 2% in the fourth quarter across our aggregate footprint. For the full year our category grew 2.3%, in line with its historical 2% to 3% range. We are uniquely positioned with great brands in strong categories. While we recognize we have not been capitalizing on these inherent advantages, we are now laser-focused on unlocking the tremendous potential that exists within our portfolio.

As you can see on Slide 6, our value market share declined in 2025, falling by 30 basis points for the full year, while our volume share was unchanged. Since 2021 we have now lost 190 basis points of value market share. This is not acceptable, especially when we have the leading brands in our category. We must change this trend, and we're taking numerous steps to drive improved results.

We are moving quickly and decisively, but improvement will not be immediate. We are changing people, processes and practices while enacting sizable price increases and some top and bottom-line disruption is likely, which is reflected in our outlook. This will be a transition year and while there will be some near-term turbulence, I am highly confident that this transition will position us exceptionally well to better meet evolving consumer needs, deliver strong financial results and create meaningful value for shareholders in the years ahead.

Ruben and I are so confident in the value-creation potential that both of us intend to purchase a meaningful number of shares in the open market in the coming weeks.

So how do we unlock this value and make it a reality? While I'm still early in my tenure as CEO, having assumed the role just two months ago, I'm already working intensively with our leadership team to build our comprehensive value creation plan. This focused approach will enable us to present a detailed roadmap of our turnaround initiatives alongside our ambitious growth plans. We are planning to come back to you later this year with full transparency on the plans and our multi-year financial targets.

In the meantime, I want to highlight a few of the important actions we're already taking. Importantly, we are not talking about the need for a meaningful portfolio overhaul, we see opportunity to evolve our portfolio with growth over time, but this is a fantastic collection of brands in terrific categories. And we are not talking about the need to resuscitate malnourished brands; our brands are strong and have been supported with healthy investment levels. Our challenges are more basic in nature.

While there are multiple reasons that we have not achieved our full potential in recent years, many of them stem from a lack of speed, agility, focus and accountability. We have been too slow in recognizing changing market dynamics and have been too slow to act once the changes have been recognized. We are a small and focused company, and speed and agility should be our strengths. We must unlock this strength and have several opportunities to do so.

For example, we'll be working with our Commercial teams in markets to get closer to their customers, ensuring that the key decision makers work directly with our customers across all markets and further empowering local leadership teams, focusing on productivity where there is the opportunity to do so.

To do this we need to ensure that we have the right people to lead the business and drive the cultural change that is necessary. The great news is that we already have many of these people in the organization. We just need to ensure that they are set up for success with the right focus and the right resources. In this context we've already made some interim appointments to support us during this transition. We have had success attracting talent in the industry as people recognize the strength of our brands, the appeal of our categories and the amount of value creation that exists here.

In addition to ensuring that we have the right talent driving an agile and winning culture, we also need to ensure that we have the right processes and practices. While some important decisions require thorough discussion and debate, overall we need to become more decisive and we are moving to empower people to make quick decisions. This will not only enhance our speed, but also enhance accountability and ownership, key attributes of a performance driven culture.

One key way to support this cultural change is by resetting the way we establish targets. We are combining a bottom-up approach with our historical top-down approach and believe this will result in greater individual ownership of goals, boost morale with more realistic targets and eliminate some counter-productive behavior.

To be clear, we will continue to set targets that our teams will have to work hard to achieve, but in the last two years they have been held to goals that were just too lofty. This has caused the focus to be too much on chasing short term and quarterly sales goals rather than building plans for multi-year success. We are ending that this year. This will be disruptive in the first half of the year as order patterns and inventory levels are normalized, but the benefits of this change are well worth the transitory disruption.

And while we are focused on setting more realistic internal targets, at the same time we are raising the standard of what success looks like, especially within our Sales organization. Several key opportunities exist here. We must strengthen our relationships with key retailers and need to do better at the point-of-purchase, the last moment of truth in the purchase cycle. We need the best packaging, shelf placement, merchandising and in-store theatre. We need to build a perfect store experience and this is an immediate priority for the organization. And we need to support this execution with bigger and better innovation and renovation that delivers great tasting food that consumers crave.

We certainly have the capability. The new coating on our Fish Fingers is a great example. It delivers a noticeably improved consumer experience. And the success the team has had using modern and edgy brand architecture and marketing to bring new users into our category with Chicken Shop in the UK, or Fish Bar in Italy has been fabulous. These are good ideas, but we have not done the best job that we can in making them as big and impactful for the Company as is possible. We can and will do a better job of taking these ideas, making them bigger and better and ensuring that they roll out in all countries where it makes sense. The changes we are making will help make this all possible, but we will not get there overnight.

I am confident that these actions will improve our commercial impact, and I believe evidence of our progress will become increasingly obvious as the year progresses. I want to remind investors that despite the substantial opportunity we have for improvement; we were still able to drive modest sell-out growth in Retail last year. For the full year our Retail sell-out grew by 0.4%, including 0.7% in the fourth quarter, and we held volume share flat for the year. That's not where we want it to be, but it's not a horrible starting point at all.

It's also important to recognize that the Company is already delivering on many of its core priorities. Driving productivity is a great example. Last September the Company announced increased efficiency goals to be realized from 2026 through 2028, and I'm happy to report that this initiative remains on track. You can see the evidence of our cost savings already within the SG&A line of our P&L and our COGS savings allowed

us to offset a substantial portion of the input cost headwinds we faced last year. I have reviewed the detailed plans built to achieve our targets; they are extensive and impressive. I am confident in our ability to deliver more savings this year and believe that we are well positioned to meet or exceed our goal of taking €200 million of costs out of this business over the next three years. This will provide the fuel we need to combat inflation and fund investments aimed at improving our commercial results.

We will also remain focused on free cash flow by improving working capital management and through a substantial decrease in our non-recurring cash expenditures.

To recap, we have a lot of work to do and our guidance for 2026 reflects some of the disruption that we anticipate during this transition. The guidance, however, does not reflect the underlying potential of the business. We have an inherent growth advantage, possessing world class brands with healthy category tailwinds. This year we will unlock our ability to fully leverage those strengths. We are building the right team and the right incentives to ensure that our leadership has skin in the game. We will emerge a leaner and faster commercial machine capable of delivering industry-leading top and bottom-line growth. And we will create substantial value for our internal and external stakeholders along the way.

With that, let me hand it to Ruben to take you through the fourth quarter results and outlook in more detail.

Ruben Baldew

Thank you, Dominic, and good morning everyone. Let me first review the results before we move to guidance.

As Dominic mentioned, we finished the year roughly in line with the guidance that we issued last August. As you can see on Slides 7 and 8, our Organic revenue declined by 1.9%; lagging our full year Retail sell-out growth of 0.4% as we began to reduce inventory levels with the trade and cycled '24 sales results that were ahead of retail sell-out.

Our full year Adjusted EBITDA declined by 7.5%, near the low-end of our guidance for a 5% to 7% decline. Gross margin drove most of this decline as we absorbed nearly €100 million of inflation, with very little pricing offsets. As a reminder, we made the decision early last year to wait for the '26 negotiation cycle to raise prices and we highlighted the gross margin pressure then. The cost pressure and lack of pricing more than offset strong productivity savings. Our cost of goods savings this year increased year-on-year and offset more than half of our inflation pressure. We expect another increase next year as we work towards our €200 million three-year efficiency goal.

Our full year Adjusted EPS was €1.66, within our guidance range as the EBITDA decline was partially offset by a lower share count. We repurchased €44.2 million of shares throughout the year and finished the year with 142.4 million of shares outstanding, a 9% decline from where we finished 2024. Last year we said that share repurchases would be our top capital allocation priority given we believe that our stock is undervalued and we followed through on that commitment.

Turning to fourth quarter results on Slides 9 and 10, reported net revenues decreased by 2.6% to €773 million. Organic revenue declined 1.3% with volume declining 1.1% while price mix was negative 0.2%, driven by unfavorable mix. Retail sell-out for us and our category accelerated in the quarter with value sales for our category growing 2% while our own value sales grew 0.7%. This improvement, however, was not evident in our reported results as we lapped strong net sales from the fourth quarter of '24, which was a quarter in which our Organic sales growth exceeded our Retail sell-out by nearly 400 basis points. This comparison headwind was partially offset by some advanced orders by retailers in December, ahead of our announced price increases.

Moving down the P&L, our Adjusted gross margin compressed by 240 basis points year-on-year, an improvement from last quarter's decline of 410 basis points as we saw fewer headwinds from mix and modestly more price contribution this quarter. The largest headwind to our gross margin has been inflation,

which more than offset our productivity gains and RGM benefits. Pricing actions to offset sustained inflation pressure are in motion now, though given that negotiations are still underway, they will not be fully reflected in our P&L until the second quarter of '26. These increases, when combined with our productivity plans, will position us to better offset inflation this year.

Moving down the P&L. Adjusted operated expenses declined by 15% year-on-year in the third quarter. A&P expenses were down double-digits in the quarter, largely due to quarterly phasing. Recall that A&P was up double-digits in the first quarter and for the full year our A&P was roughly flat year-on-year as a percentage of sales. Overhead expenses shrank by a mid-teens percent in the quarter as productivity offset underlying inflation and we reduced our bonus accrual relative to last year given results. As Dominic mentioned, we will continue to drive overhead savings further, which will also lead to more focus and more speed.

Adjusted EBITDA decreased 4.7% year-on-year to €131 million while Adjusted EPS grew 2% to €0.43. Our diluted shares outstanding were 9% lower year-on-year in the quarter, offsetting the EBITDA decline.

Turning to cashflow on Slide 11, our Adjusted free-cashflow conversion was 73% for the year. Remember last quarter we noted that the debt refinancing actions we took in the fourth quarter could have a negative cash impact that was not factored into our guidance. That proved to be the case as interest payment schedules changed, leading to incremental cash payment in the fourth quarter that was not planned prior to the refinancing. As a reminder the successful refinancing gives us increased flexibility and EPS benefits going forward. We also finished the year with lower payables related to this year's incentive compensation expense, which resulted in an increase in networking capital. We do not expect these cashflow headwinds to recur next year and we are well positioned to grow both our adjusted free-cash-flow conversion ratio and our absolute free-cash-flow generation in 2026.

Turning to use of cash, we continue to return cash to shareholders. As we noted earlier, we repurchased €195.6 million of shares and paid out €91.3 million of dividends in '25. This collective return of cash to shareholders for the year was a 38% increase compared to 2024. We have continued to repurchase a modest number of shares so far in the New Year and last month we declared a quarterly dividend of \$0.17.

Turning to our initial guidance for 2026 on Slide 12. As Dominic previously mentioned, 2026 will be a transition year. We are happy that our retail sell-out trend improved through the second half of '25, but we are preparing for several potential disruptions in '26 while also planning to increase investments in several areas.

First, we have not concluded our price negotiations. As is typical, we are seeing some disruptions. We are experiencing delays with some retailers and retaliation with a few others. This is not unusual and we are confident that this will prove temporary. This will, however, have a negative impact on our first quarter results that is in addition to the impact from the incremental retail orders we saw in December, ahead of the announced price increases.

Second, we face several uncertainties into next year, especially regarding private label and competitive pricing actions. Most of our pricing is in our Fish portfolio where we have seen industry wide cost increases. Given our competitors are likely to be facing similar cost increases, it is likely that they will also be taking price. However, at this moment we see risks of price gaps widening, especially in the first half of the year. Because of this we are planning for volume declines from price elasticity; this is a meaningful contributor to our negative organic sales outlook. And in certain areas we're also planning to make targeted price and promotional investments to ensure that we remain competitive at the point of purchase.

Third, as Dominic mentioned, we are making a concerted effort to better align orders and shipments with consumer demand by reducing end-of quarter sales incentives. This will improve operating and cashflow efficiency for us and our Retail partners, but it will create some lumpiness throughout the year. We expect this change to have a negative impact on the first quarter, though we expect the full year impact to be only modest.

And fourth, as Dominic mentioned, Nomad Foods is undergoing numerous changes. We will continue to review our ways of working where we see opportunities to be more productive and drive performance, and we will ask our people to find ways to work smarter and more efficiently as we continue to focus on productivity. While we are excited about where this will get us in 2026, we are aware that ongoing change can cause disruption.

With that backdrop in mind, we have established the following guidance for 2026: We expect full year Organic revenue to decline by 2% to 5% and we expect to be below the low end of that range in the first quarter given the factors I previously discussed.

We expect our constant currency Adjusted EBITDA to decline by 5% to 10% for the year with the first quarter also being the low point as lower Organic sales will be accompanied by a lower gross margin. Inflation will be elevated in the first quarter, and we do not expect to see meaningful price growth until the second quarter given the timing of our increases. These dynamics, combined with lapping strong gross margin expansion in the prior year's first quarter, will weigh heavily on our first quarter profit.

Turning to EPS, we expect Adjusted EPS to be in the range of €1.45 to €1.60, or down 4% to 13% year-on-year. At recent exchange rates our revised Adjusted EPS guidance range for the full year translates into \$1.71 to \$1.89. Our EPS guidance assumes that we do not repurchase any more shares beyond what we have already completed this year.

Turning to Adjusted free cash flow, we expect a conversion ratio of 90% or greater for the full year. As with net sales and profit, we also expect cash flow in quarter one to be impacted heavily by different phasing of activities and working capital movements.

This guidance reflects several risks as we enact our price increases, make targeted investments in the business and execute on our transition and transformation plans this year, but it does not reflect underlying growth and earnings potential of this business. This remains a growth advantaged business with great products, strong brands and category tailwinds. We are confident in our ability to harness these advantages and deliver top-tier financial results in the future. And we are confident that we will unlock meaningful value creation for our stakeholders and we are expressing this confidence with action. As Dominic noted, he plans to buy a substantial number of Nomad shares in the open market in the coming weeks and I too plan to buy more shares, in addition to the sizable purchase I made last September.

We have a bright future ahead and I'm eager to prove it to you with our results. Thank you for your time.