

HERSHEY CO

FORM 10-Q (Quarterly Report)

Filed 07/30/25 for the Period Ending 06/29/25

Address	19 EAST CHOCOLATE AVENUE EXTERNAL RPTG & COMPLIANCE HERSHEY, PA, 17033
Telephone	7175344200
CIK	0000047111
Symbol	HSY
SIC Code	2060 - Sugar And Confectionery Products
Industry	Food Processing
Sector	Consumer Non-Cyclicals
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 29, 2025
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission file number 1-183



THE HERSHEY COMPANY
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)
23-0691590
(I.R.S. Employer Identification No.)
19 East Chocolate Avenue, Hershey, PA 17033
(Address of principal executive offices and Zip Code)
(717) 534-4200
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, one dollar par value	HSY	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the registrant’s classes of common stock, as of the latest practicable date.
Common Stock, one dollar par value—148,110,715 shares, as of July 25, 2025.
Class B Common Stock, one dollar par value—54,613,514 shares, as of July 25, 2025.

THE HERSHEY COMPANY
Quarterly Report on Form 10-Q
For the Period Ended June 29, 2025

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PART I — FINANCIAL INFORMATION
Item 1. Financial Statements.

THE HERSHEY COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Net sales	\$ 2,614,718	\$ 2,074,480	\$ 5,420,137	\$ 5,327,229
Cost of sales	1,818,445	1,240,735	3,679,597	2,817,403
Gross profit	796,273	833,745	1,740,540	2,509,826
Selling, marketing and administrative expense	603,207	540,987	1,161,879	1,158,968
Business realignment costs	255	4,937	16,629	4,937
Operating profit	192,811	287,821	562,032	1,345,921
Interest expense, net	46,035	41,373	90,657	81,195
Other (income) expense, net	(2,336)	574	(1,391)	32,594
Income before income taxes	149,112	245,874	472,766	1,232,132
Provision for income taxes	86,393	64,980	185,844	253,785
Net income	<u>\$ 62,719</u>	<u>\$ 180,894</u>	<u>\$ 286,922</u>	<u>\$ 978,347</u>
Net income per share—basic:				
Common stock	\$ 0.32	\$ 0.92	\$ 1.45	\$ 4.93
Class B common stock	\$ 0.29	\$ 0.83	\$ 1.31	\$ 4.48
Net income per share—diluted:				
Common stock	\$ 0.31	\$ 0.89	\$ 1.41	\$ 4.80
Class B common stock	\$ 0.29	\$ 0.83	\$ 1.32	\$ 4.47
Dividends paid per share:				
Common stock	\$ 1.370	\$ 1.370	\$ 2.740	\$ 2.740
Class B common stock	\$ 1.245	\$ 1.245	\$ 2.490	\$ 2.490

See Notes to Unaudited Consolidated Financial Statements.



THE HERSHEY COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	For the Three Months Ended						For the Six Months Ended					
	June 29, 2025			June 30, 2024			June 29, 2025			June 30, 2024		
	Pre-Tax Amount	Tax (Expense) Benefit	After- Tax Amount	Pre-Tax Amount	Tax (Expense) Benefit	After-Tax Amount	Pre-Tax Amount	Tax (Expense) Benefit	After-Tax Amount	Pre-Tax Amount	Tax (Expense) Benefit	After-Tax Amount
Net income			\$ 62,719			\$ 180,894			\$ 286,922			\$ 978,347
Other comprehensive income, net of tax:												
Foreign currency translation adjustments:												
Foreign currency translation gains (losses) during period	\$ 21,641	\$ —	21,641	\$ (26,844)	\$ —	(26,844)	\$ 31,545	\$ —	31,545	\$ (31,842)	\$ —	(31,842)
Pension and post-retirement benefit plans:												
Net actuarial gain (loss) and service cost	(21)	(112)	(133)	286	(15)	271	(67)	(144)	(211)	238	(8)	230
Reclassification to earnings	2,882	(676)	2,206	2,537	(609)	1,928	5,765	(1,370)	4,395	5,078	(1,218)	3,860
Cash flow hedges:												
Gains (losses) on cash flow hedging derivatives	(6,305)	1,495	(4,810)	2,522	(238)	2,284	(6,430)	1,342	(5,088)	3,857	(322)	3,535
Reclassification to earnings	2,520	(549)	1,971	1,796	(213)	1,583	3,466	(641)	2,825	3,650	(968)	2,682
Total other comprehensive income (loss), net of tax	<u>\$ 20,717</u>	<u>\$ 158</u>	<u>20,875</u>	<u>\$ (19,703)</u>	<u>\$ (1,075)</u>	<u>(20,778)</u>	<u>\$ 34,279</u>	<u>\$ (813)</u>	<u>33,466</u>	<u>\$ (19,019)</u>	<u>\$ (2,516)</u>	<u>(21,535)</u>
Comprehensive income			<u>\$ 83,594</u>			<u>\$ 160,116</u>			<u>\$ 320,388</u>			<u>\$ 956,812</u>

See Notes to Unaudited Consolidated Financial Statements.

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THE HERSHEY COMPANY
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	June 29, 2025	December 31, 2024
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 912,345	\$ 730,746
Accounts receivable—trade, net	820,220	800,402
Inventories	1,842,295	1,254,094
Prepaid expenses and other	850,693	974,215
Total current assets	4,425,553	3,759,457
Property, plant and equipment, net	3,442,194	3,458,853
Goodwill	2,713,018	2,705,753
Other intangibles	1,912,610	1,873,866
Other non-current assets	1,111,333	1,111,867
Deferred income taxes	41,029	37,065
Total assets	\$ 13,645,737	\$ 12,946,861
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,450,549	\$ 1,159,177
Accrued liabilities	875,974	807,341
Accrued income taxes	98,795	51,036
Short-term debt	164,968	1,306,976
Current portion of long-term debt	303,021	604,965
Total current liabilities	2,893,307	3,929,495
Long-term debt	5,176,436	3,190,210
Other long-term liabilities	652,155	688,259
Deferred income taxes	409,221	424,243
Total liabilities	9,131,119	8,232,207
Stockholders' equity:		
The Hershey Company stockholders' equity		
Preferred stock, shares issued: none in 2025 and 2024	—	—
Common stock, shares issued: 166,939,511 at June 29, 2025 and December 31, 2024	166,939	166,939
Class B common stock, shares issued: 54,613,514 at June 29, 2025 and December 31, 2024	54,614	54,614
Additional paid-in capital	1,387,873	1,377,226
Retained earnings	5,442,869	5,698,316
Treasury—common stock shares, at cost: 18,898,434 at June 29, 2025 and 19,169,956 at December 31, 2024	(2,267,253)	(2,278,551)
Accumulated other comprehensive loss	(270,424)	(303,890)
Total stockholders' equity	4,514,618	4,714,654
Total liabilities and stockholders' equity	\$ 13,645,737	\$ 12,946,861

See Notes to Unaudited Consolidated Financial Statements.



THE HERSHEY COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six Months Ended	
	June 29, 2025	June 30, 2024
Operating Activities		
Net income	\$ 286,922	\$ 978,347
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	243,397	218,185
Stock-based compensation expense	31,003	17,500
Deferred income taxes	(16,036)	(16,704)
Write-down of equity investments	—	31,391
Unrealized losses (gains) on derivative contracts	464,739	(191,142)
Other	42,761	35,235
Changes in assets and liabilities, net of business acquisition:		
Accounts receivable—trade, net	(10,407)	(33,051)
Inventories	(576,571)	(128,122)
Prepaid expenses and other current assets	(447,678)	(90,937)
Accounts payable and accrued liabilities	382,684	19,944
Accrued income taxes	162,774	63,555
Contributions to pension and other benefit plans	(6,543)	(5,468)
Other assets and liabilities	(48,147)	(3,993)
Net cash provided by operating activities	508,898	894,740
Investing Activities		
Capital additions (including software)	(230,615)	(343,457)
Receipts (payments) related to equity investments in tax credit qualifying partnerships	9,026	(46,053)
Purchase of intangible assets	(73,597)	—
Other investing activities	(6,595)	(222)
Net cash used in investing activities	(301,781)	(389,732)
Financing Activities		
Net (decrease) increase in short-term debt	(1,151,638)	609,999
Long-term borrowings, net of debt issuance costs	1,984,545	—
Repayment of long-term debt and finance leases	(303,317)	(3,029)
Cash dividends paid	(542,825)	(543,926)
Repurchase of common stock	—	(494,191)
Proceeds from exercised stock options	6,940	8,285
Taxes withheld and paid on employee stock awards	(16,197)	(30,012)
Net cash used in financing activities	(22,492)	(452,874)
Effect of exchange rate changes on cash and cash equivalents	(3,026)	13,022
Net increase in cash and cash equivalents	181,599	65,156
Cash and cash equivalents, beginning of period	730,746	401,902
Cash and cash equivalents, end of period	\$ 912,345	\$ 467,058
Supplemental Disclosure		
Interest paid	\$ 92,348	\$ 87,527
Income taxes paid	65,489	165,530

See Notes to Unaudited Consolidated Financial Statements.



HERSHEY COMPANY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the Three Months Ended June 29, 2025 and June 30, 2024
(in thousands)
(unaudited)

	Preferred Stock	Common Stock	Class B Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Common Stock	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity
Balance, March 30, 2025	\$ —	\$ 166,939	\$ 54,614	\$ 1,372,137	\$ 5,652,065	\$ (2,269,560)	\$ (291,299)	\$ 4,684,896
Net income					62,719			62,719
Other comprehensive income							20,875	20,875
Dividends (including dividend equivalents):								
Common Stock, \$1.370 per share					(203,921)			(203,921)
Class B Common Stock, \$1.245 per share					(67,994)			(67,994)
Stock-based compensation				17,555				17,555
Exercise of stock options and incentive-based transactions				(1,819)		2,307		488
Balance, June 29, 2025	<u>\$ —</u>	<u>\$ 166,939</u>	<u>\$ 54,614</u>	<u>\$ 1,387,873</u>	<u>\$ 5,442,869</u>	<u>\$ (2,267,253)</u>	<u>\$ (270,424)</u>	<u>\$ 4,514,618</u>

	Preferred Stock	Common Stock	Class B Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Common Stock	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity
Balance, March 31, 2024	\$ —	\$ 166,939	\$ 54,614	\$ 1,315,813	\$ 5,087,126	\$ (2,285,370)	\$ (230,835)	\$ 4,108,287
Net income					180,894			180,894
Other comprehensive loss							(20,778)	(20,778)
Dividends (including dividend equivalents):								
Common Stock, \$1.370 per share					(202,757)			(202,757)
Class B Common Stock, \$1.245 per share					(67,994)			(67,994)
Stock-based compensation				11,619				11,619
Exercise of stock options and incentive-based transactions				(1,556)		2,130		574
Repurchase of common stock (including excise tax)						21		21
Balance, June 30, 2024	<u>\$ —</u>	<u>\$ 166,939</u>	<u>\$ 54,614</u>	<u>\$ 1,325,876</u>	<u>\$ 4,997,269</u>	<u>\$ (2,283,219)</u>	<u>\$ (251,613)</u>	<u>\$ 4,009,866</u>

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THE HERSHEY COMPANY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the Six Months Ended June 29, 2025 and June 30, 2024
(in thousands)
(unaudited)

	Preferred Stock	Common Stock	Class B Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Common Stock	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity
Balance, December 31, 2024	\$ —	\$ 166,939	\$ 54,614	\$ 1,377,226	\$ 5,698,316	\$ (2,278,551)	\$ (303,890)	\$ 4,714,654
Net income					286,922			286,922
Other comprehensive loss							33,466	33,466
Dividends (including dividend equivalents):								
Common Stock, \$2.740 per share					(406,381)			(406,381)
Class B Common Stock, \$2.490 per share					(135,988)			(135,988)
Stock-based compensation				31,202				31,202
Exercise of stock options and incentive-based transactions				(20,555)		11,298		(9,257)
Balance, June 29, 2025	<u>\$ —</u>	<u>\$ 166,939</u>	<u>\$ 54,614</u>	<u>\$ 1,387,873</u>	<u>\$ 5,442,869</u>	<u>\$ (2,267,253)</u>	<u>\$ (270,424)</u>	<u>\$ 4,514,618</u>

	Preferred Stock	Common Stock	Class B Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Common Stock	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity
Balance, December 31, 2023	\$ —	\$ 166,939	\$ 54,614	\$ 1,345,580	\$ 4,562,263	\$ (1,800,232)	\$ (230,078)	\$ 4,099,086
Net income					978,347			978,347
Other comprehensive income							(21,535)	(21,535)
Dividends (including dividend equivalents):								
Common Stock, \$2.740 per share					(407,353)			(407,353)
Class B Common Stock, \$2.490 per share					(135,988)			(135,988)
Stock-based compensation				18,009				18,009
Exercise of stock options and incentive-based transactions				(37,713)		15,986		(21,727)
Repurchase of common stock (including excise tax)						(498,973)		(498,973)
Balance, June 30, 2024	<u>\$ —</u>	<u>\$ 166,939</u>	<u>\$ 54,614</u>	<u>\$ 1,325,876</u>	<u>\$ 4,997,269</u>	<u>\$ (2,283,219)</u>	<u>\$ (251,613)</u>	<u>\$ 4,009,866</u>

See Notes to Unaudited Consolidated Financial Statements.

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THE HERSHEY COMPANY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands, except share data or if otherwise indicated)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The unaudited consolidated financial statements provided in this report include the accounts of The Hershey Company (the “Company,” “Hershey,” “we” or “us”) and our majority-owned subsidiaries and entities in which we have a controlling financial interest after the elimination of intercompany accounts and transactions. We have a controlling financial interest if we own a majority of the outstanding voting common stock and minority shareholders do not have substantive participating rights, we have significant control through contractual or economic interests in which we are the primary beneficiary or we have the power to direct the activities that most significantly impact the entity’s economic performance. We use the equity method of accounting when we have a 20% to 50% interest in other companies and exercise significant influence. Other investments that are not controlled, and over which we do not have the ability to exercise significant influence, are accounted for under the cost method. Both equity method investments and cost, less impairment, investments are included as Other non-current assets in the Consolidated Balance Sheets.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial reporting and with the rules and regulations for reporting on Form 10-Q. Accordingly, they do not contain certain information and disclosures required by GAAP for comprehensive financial statements. The financial statements reflect all adjustments (consisting of normal recurring adjustments) which are, in our opinion, necessary for a fair presentation of the results of operations, financial position, and cash flows for the indicated periods.

Operating results for the quarter ended June 29, 2025 may not be indicative of the results that may be expected for the year ending December 31, 2025 because of seasonal effects on our business. These financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2024 (our “2024 Annual Report on Form 10-K”), which provides a more complete understanding of our accounting policies, financial position, operating results and other matters.

Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. This ASU requires disclosure of significant segment expenses that are regularly provided to the chief operating decision maker (“CODM”), an amount for other segment items with a description of the composition, and disclosure of the title and position of the CODM. ASU 2023-07 is effective for annual periods beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. We adopted the provisions of this ASU in the fourth quarter of 2024 and applied the provisions retrospectively to each period presented in the consolidated financial statements. Adoption of the new standard did not have a material impact on our consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. This ASU requires public business entities on an annual basis to disclose specific categories in a tabular rate reconciliation and provide additional information for reconciling items that meet a five percent quantitative threshold. Additionally, the ASU requires all entities to disclose the amount of income taxes paid disaggregated by federal, state, and foreign taxes, as well as individual jurisdictions where income taxes paid are equal to or greater than five percent of total income taxes paid. ASU 2023-09 is effective for annual periods beginning after December 15, 2024. Early adoption is permitted and the update should be applied on a prospective basis, with a retrospective application permitted in the financial statements. We are currently evaluating the impact of the new standard on our consolidated financial statements and related disclosures. As a result, we intend to adopt the provisions of this ASU in the fourth quarter of 2025.



THE HERSHEY COMPANY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(amounts in thousands, except share data or if otherwise indicated)

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. This ASU requires entities to disclose certain additional expense information including, among other items, purchases of inventory, employee compensation, depreciation and intangible asset amortization included within each Consolidated Statement of Income expense caption. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted and the update should be applied on a prospective basis, with a retrospective application permitted in the financial statements. We are currently evaluating the impact of the new standard on our consolidated financial statements and related disclosures.

No other new accounting pronouncement issued or effective during the fiscal year had or is expected to have a material impact on our consolidated financial statements or disclosures.

2. BUSINESS ACQUISITIONS

LesserEvil, LLC

On March 31, 2025, we entered into a Merger Agreement to acquire LesserEvil, LLC, a privately held company that produces and sells organic popcorn and puffed snack products to retailers and distributors in the United States and Canada, which complements Hershey's existing product portfolio. The Merger Agreement contains customary conditions, including, among others, (i) the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, (ii) the absence of any law or order prohibiting the consummation of the transactions contemplated in the Merger Agreement and (iii) the accuracy, to specified degrees, of representations and warranties set forth therein and material compliance with covenants. If approved, the Company expects the acquisition to close by the end of 2025 and will be financed with cash on hand and short-term borrowings.

Sour Strips

On November 8, 2024, we completed the acquisition of the Sour Strips brand from Actual Candy, LLC. Sour Strips is an emerging sour candy brand and is available in a wide range of food distribution channels in the United States. The initial cash consideration paid for Sour Strips was deemed immaterial and consisted of cash on hand and short-term borrowings; however, the Company may be required to pay additional contingent consideration if certain defined targets are met over a multi-year period. Acquisition-related costs for the Sour Strips acquisition were immaterial.

The acquisition has been accounted for as a business combination and, accordingly, Sour Strips has been included within the North America Confectionery segment from the date of acquisition. The purchase consideration, inclusive of the acquisition date fair value of the contingent consideration, was allocated to minimal net assets acquired, goodwill and other intangible assets. The purchase price allocation has been finalized as of the second quarter of 2025 and includes an immaterial amount of measurement period adjustments. The measurement period adjustments to the initial allocation were based on more detailed information obtained about the specific assets acquired and liabilities assumed, specifically, post-closing adjustments to the working capital acquired.

Goodwill was determined as the excess of the purchase price over the fair value of the net assets acquired (including the identifiable intangible assets). The goodwill derived from this acquisition is expected to be deductible for tax purposes and reflects the value of leveraging our brand building expertise, commercial capabilities and retail relationships to accelerate growth.

Other intangible assets include trademarks valued at \$41,800 and customer relationships valued at \$41,300. Trademarks were assigned an estimated useful life of 22 years and customer relationships were assigned estimated useful lives ranging from 14 to 16 years.



THE HERSHEY COMPANY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(amounts in thousands, except share data or if otherwise indicated)

3. GOODWILL AND INTANGIBLE ASSETS

The changes in the carrying value of goodwill by reportable segment for the six months ended June 29, 2025 are as follows:

	North America Confectionery	North America Salty Snacks	International	Total
Balance at December 31, 2024	\$ 2,032,857	\$ 657,001	\$ 15,895	\$ 2,705,753
Measurement period adjustments	1,382	—	—	1,382
Foreign currency translation	4,913	—	970	5,883
Balance at June 29, 2025	<u>\$ 2,039,152</u>	<u>\$ 657,001</u>	<u>\$ 16,865</u>	<u>\$ 2,713,018</u>

The following table provides the gross carrying amount and accumulated amortization for each major class of intangible asset:

	June 29, 2025		December 31, 2024	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Intangible assets subject to amortization:				
Trademarks	\$ 1,801,997	\$ (309,700)	\$ 1,721,159	\$ (282,819)
Customer-related	554,072	(168,630)	552,594	(151,409)
Patents	7,948	(7,948)	7,579	(7,579)
Total	<u>2,364,017</u>	<u>(486,278)</u>	<u>2,281,332</u>	<u>(441,807)</u>
Intangible assets not subject to amortization:				
Trademarks	34,871		34,341	
Total other intangible assets	<u>\$ 1,912,610</u>		<u>\$ 1,873,866</u>	

In the second quarter of 2025, the gross carrying amount of our intangible assets and corresponding accumulated amortization increased as a result of the purchase of the Fulfil brand in North America.

Total amortization expense for the three months ended June 29, 2025 and June 30, 2024 was \$21,188 and \$19,539, respectively. Total amortization expense for the six months ended June 29, 2025 and June 30, 2024 was \$41,756 and \$39,093, respectively.

4. SHORT AND LONG-TERM DEBT

Short-term Debt

As a source of short-term financing, we utilize cash on hand and commercial paper or bank loans with an original maturity of three months or less. We maintain a \$1.35 billion unsecured revolving credit facility with the option to increase borrowings by an additional \$500 million with the consent of the lenders. The credit facility is scheduled to expire on April 26, 2028; however, we may extend the termination date for up to two additional one-year periods upon notice to the administrative agent.

The credit agreements governing the credit facility contain certain financial and other covenants, customary representations, warranties and events of default. As of June 29, 2025, we were in compliance with all covenants pertaining to the credit facility, and we had no significant compensating balance agreements that legally restricted access to these funds. For more information, refer to the Consolidated Financial Statements included in our 2024 Annual Report on Form 10-K.

In addition to the revolving credit facility, we maintain lines of credit with domestic and international commercial banks. Commitment fees relating to our revolving credit facility and lines of credit are not material. Short-term debt consisted of the following:



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	June 29, 2025	December 31, 2024
Short-term foreign bank borrowings against lines of credit	\$ 164,968	\$ 161,364
U.S. commercial paper	—	1,145,612
Total short-term debt	\$ 164,968	\$ 1,306,976
Weighted average interest rate on outstanding commercial paper	— %	4.5 %

Long-term Debt

Long-term debt consisted of the following:

Debt Type and Rate	Maturity Date	June 29, 2025	December 31, 2024
0.900% Notes (1)	June 1, 2025	—	300,000
3.200% Notes	August 21, 2025	300,000	300,000
2.300% Notes	August 15, 2026	500,000	500,000
7.200% Debentures	August 15, 2027	193,639	193,639
4.550% Notes (2)	February 24, 2028	500,000	—
4.250% Notes	May 4, 2028	350,000	350,000
2.450% Notes	November 15, 2029	300,000	300,000
4.750% Notes (2)	February 24, 2030	500,000	—
1.700% Notes	June 1, 2030	350,000	350,000
4.950% Notes (2)	February 24, 2032	500,000	—
4.500% Notes	May 4, 2033	400,000	400,000
5.100% Notes (2)	February 24, 2035	500,000	—
3.375% Notes	August 15, 2046	300,000	300,000
3.125% Notes	November 15, 2049	400,000	400,000
2.650% Notes	June 1, 2050	350,000	350,000
Finance lease obligations (see Note 7)		71,017	73,802
Net impact of interest rate swaps, debt issuance costs and unamortized debt discounts		(35,199)	(22,266)
Total long-term debt		5,479,457	3,795,175
Less—current portion		303,021	604,965
Long-term portion		\$ 5,176,436	\$ 3,190,210

(1) In June 2025, we repaid \$300,000 of 0.900% Notes due upon their maturity.

(2) During the first quarter of 2025, we issued \$500,000 of 4.550% Notes due in February 2028, \$500,000 of 4.750% Notes due in February 2030, \$500,000 of 4.950% Notes due in February 2032 and \$500,000 of 5.100% Notes due in February 2035 (together, the “2025 Notes”). Proceeds from the issuance of the 2025 Notes, net of discounts and issuance costs, totaled \$1,986,026. The 2025 Notes were issued under a shelf registration on Form S-3 filed in May 2024 that registered an indeterminate amount of debt securities.



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Interest Expense

Net interest expense consists of the following:

	Three Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Interest expense	\$ 60,445	\$ 50,149	\$ 115,361	\$ 96,193
Capitalized interest	(3,166)	(5,841)	(7,475)	(10,277)
Interest expense	57,279	44,308	107,886	85,916
Interest income	(11,244)	(2,935)	(17,229)	(4,721)
Interest expense, net	\$ 46,035	\$ 41,373	\$ 90,657	\$ 81,195

5. DERIVATIVE INSTRUMENTS

We are exposed to market risks arising principally from changes in foreign currency exchange rates, interest rates and commodity prices. We use certain derivative instruments to manage these risks. These include interest rate swaps to manage interest rate risk, foreign currency forward exchange contracts to manage foreign currency exchange rate risk, and commodities futures and options contracts to manage commodity market price risk exposures.

In entering into these contracts, we have assumed the risk that might arise from the possible inability of counterparties to meet the terms of their contracts. We mitigate this risk by entering into exchange-traded contracts with collateral posting requirements and/or by performing financial assessments prior to contract execution, conducting periodic evaluations of counterparty performance and maintaining a diverse portfolio of qualified counterparties. We do not expect any significant losses from counterparty defaults.

Commodity Price Risk

We enter into commodities futures and options contracts and other commodity derivative instruments to reduce the effect of future price fluctuations associated with the purchase of raw materials, energy requirements and transportation services. We generally hedge commodity price risks for 3- to 24-month periods. Our open commodity derivative contracts had a notional value of \$211,978 as of June 29, 2025 and \$667,421 as of December 31, 2024.

Derivatives used to manage commodity price risk are not designated for hedge accounting treatment. Therefore, the changes in fair value of these derivatives are recorded as incurred within cost of sales. As discussed in [Note 13](#), we define our segment income to exclude gains and losses on commodity derivatives until the related inventory is sold, at which time the related gains and losses are reflected within segment income. This enables us to continue to align the derivative gains and losses with the underlying economic exposure being hedged and thereby eliminate the mark-to-market volatility within our reported segment income.

Foreign Exchange Price Risk

We are exposed to foreign currency exchange rate risk related to our international operations, including non-functional currency intercompany debt and other non-functional currency transactions of certain subsidiaries. Principal currencies hedged include the euro, Canadian dollar, Japanese yen, British pound, Brazilian real, Malaysian ringgit, Mexican peso and Swiss franc. We typically utilize foreign currency forward exchange contracts to hedge these exposures for periods ranging from 3 to 18 months. The contracts are either designated as cash flow hedges or are undesignated. The net notional amount of foreign exchange contracts accounted for as cash flow hedges was \$229,325 at June 29, 2025 and \$79,028 at December 31, 2024. The effective portion of the changes in fair value on these contracts is recorded in other comprehensive income and reclassified into earnings in the same period in which the hedged transactions affect earnings. The net notional amount of foreign exchange contracts that are not designated as accounting hedges was \$20,373 at June 29, 2025 and \$123,014 at December 31, 2024. The change in fair value on these instruments is recorded directly in cost of sales or selling, marketing and administrative (“SM&A”) expense, depending on the nature of the underlying exposure.



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Interest Rate Risk

In order to manage interest rate exposure, from time to time, we enter into interest rate swap agreements to protect against unfavorable interest rate changes relating to forecasted debt transactions. These swaps, which are settled upon issuance of the related debt, are designated as cash flow hedges and the gains and losses that are deferred in other comprehensive income are being recognized as an adjustment to interest expense over the same period that the hedged interest payments affect earnings.

Equity Price Risk

We are exposed to market price changes in certain broad market indices related to our deferred compensation obligations to our employees. To mitigate this risk, we use equity swap contracts to hedge the portion of the exposure that is linked to market-level equity returns. These contracts are not designated as hedges for accounting purposes and are entered into for periods of 3 to 12 months. The change in fair value of these derivatives is recorded in selling, marketing and administrative expense, together with the change in the related liabilities. The notional amount of the contracts outstanding at June 29, 2025 and December 31, 2024 was \$29,924 and \$30,524, respectively.

The following table presents the classification of derivative assets and liabilities within the Consolidated Balance Sheets as of June 29, 2025 and December 31, 2024:

	June 29, 2025		December 31, 2024	
	Assets (1)	Liabilities (1)	Assets (1)	Liabilities (1)
Derivatives designated as cash flow hedging instruments:				
Foreign exchange contracts	\$ 2,010	\$ 4,231	\$ 8,598	\$ 3,280
Derivatives not designated as hedging instruments:				
Commodities futures and options (2)	13,322	1,404	514,623	14,321
Deferred compensation derivatives	2,876	—	460	—
Foreign exchange contracts	2,647	94	164	4,800
	18,845	1,498	515,247	19,121
Total	\$ 20,855	\$ 5,729	\$ 523,845	\$ 22,401

- (1) Derivative assets are classified on our Consolidated Balance Sheets within prepaid expenses and other as well as other non-current assets. Derivative liabilities are classified on our Consolidated Balance Sheets within accrued liabilities and other long-term liabilities.
- (2) As of June 29, 2025, amounts reflected on a net basis in assets were assets of \$59,784 and liabilities of \$46,461, which are associated with cash transfers receivable or payable on commodities futures contracts reflecting the change in quoted market prices on the last trading day for the period. The comparable amounts reflected on a net basis in liabilities at December 31, 2024 were assets of \$533,115 and liabilities of \$32,998. At June 29, 2025 and December 31, 2024, the remaining amount reflected in assets and liabilities related to the fair value of other non-exchange traded derivative instruments, respectively.



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Income Statement Impact of Derivative Instruments

The effect of derivative instruments on the Consolidated Statements of Income for the three months ended June 29, 2025 and June 30, 2024 was as follows:

	Non-designated Hedges		Cash Flow Hedges			
	Gains (losses) recognized in income (a)		Gains (losses) recognized in other comprehensive income ("OCI")		Gains (losses) reclassified from accumulated OCI ("AOCI") into income (b)	
	2025	2024	2025	2024	2025	2024
Commodities futures and options	\$ (31,545)	\$ (38,300)	\$ —	\$ —	\$ —	\$ —
Foreign exchange contracts	4,432	111	(6,305)	2,522	(246)	505
Interest rate swap agreements	—	—	—	—	(2,274)	(2,301)
Deferred compensation derivatives	2,876	776	—	—	—	—
Total	\$ (24,237)	\$ (37,413)	\$ (6,305)	\$ 2,522	\$ (2,520)	\$ (1,796)

The effect of derivative instruments on the Consolidated Statements of Income for the six months ended June 29, 2025 and June 30, 2024 was as follows:

	Non-designated Hedges		Cash Flow Hedges			
	Gains (losses) recognized in income (a)		Gains (losses) recognized in other comprehensive income ("OCI")		Gains (losses) reclassified from accumulated OCI ("AOCI") into income (b)	
	2025	2024	2025	2024	2025	2024
Commodities futures and options	\$ (85,402)	\$ 159,464	\$ —	\$ —	\$ —	\$ —
Foreign exchange contracts	8,382	(156)	(6,430)	3,857	1,109	950
Interest rate swap agreements	—	—	—	—	(4,575)	(4,600)
Deferred compensation derivatives	4,763	3,047	—	—	—	—
Total	\$ (72,257)	\$ 162,355	\$ (6,430)	\$ 3,857	\$ (3,466)	\$ (3,650)

- (a) Gains (losses) recognized in income for non-designated commodities futures and options contracts were included in cost of sales. Gains (losses) recognized in income for non-designated foreign currency forward exchange contracts and deferred compensation derivatives were included in selling, marketing and administrative expenses.
- (b) Gains (losses) reclassified from AOCI into income for foreign currency forward exchange contracts were included in selling, marketing and administrative expenses. Losses reclassified from AOCI into income for interest rate swap agreements were included in interest expense.

The amount of pre-tax net loss on derivative instruments, including interest rate swap agreements and foreign currency forward exchange contracts expected to be reclassified into earnings in the next 12 months was approximately \$11,370 as of June 29, 2025. This amount is primarily associated with interest rate swap agreements.

6. FAIR VALUE MEASUREMENTS

Accounting guidance on fair value measurements requires that financial assets and liabilities be classified and disclosed in one of the following categories of the fair value hierarchy:

Level 1 – Based on unadjusted quoted prices for identical assets or liabilities in an active market.

Level 2 – Based on observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 – Based on unobservable inputs that reflect the entity's own assumptions about the assumptions that a market participant would use in pricing the asset or liability.

We did not have any Level 3 financial assets or liabilities, nor were there any transfers between levels during the periods presented.



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The following table presents assets and liabilities that were measured at fair value in the Consolidated Balance Sheets on a recurring basis as of June 29, 2025 and December 31, 2024:

	Assets / Liabilities			
	Level 1	Level 2	Level 3	Total
June 29, 2025:				
Derivative Instruments:				
Assets:				
Foreign exchange contracts (1)	\$ —	\$ 4,656	\$ —	\$ 4,656
Commodities futures and options (3)	\$ 13,322	\$ —	\$ —	\$ 13,322
Liabilities:				
Foreign exchange contracts (1)	\$ —	\$ 4,324	\$ —	\$ 4,324
Deferred compensation derivatives (2)	—	2,877	—	2,877
Commodities futures and options (3)	\$ 1,404	\$ —	\$ —	\$ 1,404
December 31, 2024:				
Assets:				
Foreign exchange contracts (1)	\$ —	\$ 8,761	\$ —	\$ 8,761
Deferred compensation derivatives (2)	\$ —	\$ 460	\$ —	\$ 460
Commodities futures and options (3)	\$ 514,623	\$ —	\$ —	\$ 514,623
Liabilities:				
Foreign exchange contracts (1)	\$ —	\$ 8,080	\$ —	\$ 8,080
Commodities futures and options (3)	\$ 14,321	\$ —	\$ —	\$ 14,321

- (1) The fair value of foreign currency forward exchange contracts is the difference between the contract and current market foreign currency exchange rates at the end of the period. We estimate the fair value of foreign currency forward exchange contracts on a quarterly basis by obtaining market quotes of spot and forward rates for contracts with similar terms, adjusted where necessary for maturity differences.
- (2) The fair value of deferred compensation derivatives is based on quoted prices for market interest rates and a broad market equity index.
- (3) The fair value of commodities futures and options contracts is based on quoted market prices.

Other Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and short-term debt approximated fair values as of June 29, 2025 and December 31, 2024 because of the relatively short maturity of these instruments.

The estimated fair value of our long-term debt is based on quoted market prices for similar debt issues and is, therefore, classified as Level 2 within the valuation hierarchy. The fair values and carrying values of long-term debt, including the current portion, were as follows:

	Fair Value		Carrying Value	
	June 29, 2025	December 31, 2024	June 29, 2025	December 31, 2024
Current portion of long-term debt	\$ 302,485	\$ 597,547	\$ 303,021	\$ 604,965
Long-term debt	4,802,226	2,734,322	5,176,436	3,190,210
Total	\$ 5,104,711	\$ 3,331,869	\$ 5,479,457	\$ 3,795,175



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Other Fair Value Measurements

In addition to assets and liabilities that are recorded at fair value on a recurring basis, GAAP requires that, under certain circumstances, we also record assets and liabilities at fair value on a nonrecurring basis.

2024 Activity

In connection with the acquisition of Sour Strips in 2024, as discussed in [Note 2](#), we used various valuation techniques to determine fair value, with the primary techniques being discounted cash flow analysis and the relief-from-royalty, a form of the multi-period excess earnings, which use significant unobservable inputs, or Level 3 inputs, as defined by the fair value hierarchy. Additionally, we estimated the fair value of the contingent consideration using a Monte Carlo simulation model.

7. LEASES

We lease office and retail space, warehouse and distribution facilities, land, vehicles, and equipment. We determine if an agreement is or contains a lease at inception. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet.

Right-of-use (“ROU”) assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. ROU assets and liabilities are based on the estimated present value of lease payments over the lease term and are recognized at the lease commencement date.

As most of our leases do not provide an implicit rate, we use our estimated incremental borrowing rate in determining the present value of lease payments. The estimated incremental borrowing rate is derived from information available at the lease commencement date.

Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. A limited number of our lease agreements include rental payments adjusted periodically for inflation. Our lease agreements generally do not contain residual value guarantees or material restrictive covenants.

For real estate, equipment and vehicles that support selling, marketing and general administrative activities, the Company accounts for the lease and non-lease components as a single lease component. These asset categories comprise the majority of our leases. The lease and non-lease components of real estate and equipment leases supporting production activities are not accounted for as a single lease component. Consideration for such contracts are allocated to the lease and non-lease components based upon relative standalone prices either observable or estimated if observable prices are not readily available.



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The components of lease expense for the three months ended June 29, 2025 and June 30, 2024 were as follows:

Lease expense	Classification	Three Months Ended	
		June 29, 2025	June 30, 2024
Operating lease cost	Cost of sales or SM&A (1)	\$ 15,815	\$ 13,266
Finance lease cost:			
Amortization of ROU assets	Depreciation and amortization (1)	2,102	2,158
Interest on lease liabilities	Interest expense, net	1,115	1,164
Net lease cost (2)		\$ 19,032	\$ 16,588

The components of lease expense for the six months ended June 29, 2025 and June 30, 2024 were as follows:

Lease expense	Classification	Six Months Ended	
		June 29, 2025	June 30, 2024
Operating lease cost	Cost of sales or SM&A (1)	\$ 30,026	\$ 25,481
Finance lease cost:			
Amortization of ROU assets	Depreciation and amortization (1)	4,352	4,371
Interest on lease liabilities	Interest expense, net	2,249	2,349
Net lease cost (2)		\$ 36,627	\$ 32,201

(1) Supply chain-related amounts were included in cost of sales.

(2) Net lease cost does not include short-term leases, variable lease costs or sublease income, all of which are immaterial.

Information regarding our lease terms and discount rates were as follows:

	June 29, 2025	December 31, 2024
Weighted-average remaining lease term (years)		
Operating leases	11.6	12.4
Finance leases	26.4	25.9
Weighted-average discount rate		
Operating leases	3.8 %	3.7 %
Finance leases	6.3 %	6.3 %



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Supplemental balance sheet information related to leases were as follows:

Leases	Classification	June 29, 2025	December 31, 2024
Assets			
Operating lease ROU assets	Other non-current assets	\$ 347,694	\$ 337,739
Finance lease ROU assets, at cost	Property, plant and equipment, gross	85,229	87,999
Accumulated amortization	Accumulated depreciation	(27,720)	(25,515)
Finance lease ROU assets, net	Property, plant and equipment, net	57,509	62,484
Total leased assets		<u>\$ 405,203</u>	<u>\$ 400,223</u>
Liabilities			
Current			
Operating	Accrued liabilities	\$ 46,540	\$ 40,636
Finance	Current portion of long-term debt	4,268	5,666
Non-current			
Operating	Other long-term liabilities	309,888	304,767
Finance	Long-term debt	66,749	68,136
Total lease liabilities		<u>\$ 427,445</u>	<u>\$ 419,205</u>

The maturities of our lease liabilities as of June 29, 2025 were as follows:

	Operating leases	Finance leases	Total
2025 (rest of year)	\$ 29,989	\$ 4,578	\$ 34,567
2026	56,860	6,996	63,856
2027	53,788	4,940	58,728
2028	35,898	4,409	40,307
2029	32,405	4,245	36,650
Thereafter	227,100	133,646	360,746
Total lease payments	436,040	158,814	594,854
Less: Imputed interest	79,612	87,797	167,409
Total lease liabilities	<u>\$ 356,428</u>	<u>\$ 71,017</u>	<u>\$ 427,445</u>

Supplemental cash flow and other information related to leases were as follows:

	Six Months Ended	
	June 29, 2025	June 30, 2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 28,831	\$ 24,050
Operating cash flows from finance leases	2,249	2,349
Financing cash flows from finance leases	3,286	3,065
ROU assets obtained in exchange for lease liabilities:		
Operating leases	\$ 31,804	\$ 53,404
Finance leases	62	983



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8. INVESTMENTS IN UNCONSOLIDATED AFFILIATES

We invest in partnerships that make equity investments in projects eligible to receive federal historic and renewable energy tax credits. The tax credits, when realized, are recognized as a reduction of tax expense under the flow-through method, at which time the corresponding equity investment is written-down to reflect the remaining value of the future benefits to be realized. The equity investment write-down is reflected within other (income) expense, net in the Consolidated Statements of Income (see [Note 17](#)).

Additionally, we acquire ownership interests in emerging snacking businesses and startup companies, which vary in method of accounting based on our percentage of ownership and ability to exercise significant influence over decisions relating to operating and financial affairs. These investments afford the Company the rights to distribute brands that the Company does not own to third-party customers primarily in North America. Net sales and expenses of our equity method investees are not consolidated into our financial statements; rather, our proportionate share of earnings or losses are recorded on a net basis within other (income) expense, net in the Consolidated Statements of Income.

Both equity method investments and cost, less impairment, investments are reported within other non-current assets in our Consolidated Balance Sheets. We regularly review our investments and adjust accordingly for capital contributions, dividends received and other-than-temporary impairments. Total investments in unconsolidated affiliates were \$204,143 and \$212,928 as of June 29, 2025 and December 31, 2024, respectively.

9. BUSINESS REALIGNMENT ACTIVITIES

We periodically undertake business realignment activities designed to increase our efficiency and focus our business in support of our key growth strategies.

Advancing Agility & Automation Initiative

On February 2, 2024, the Board of Directors of the Company approved a multi-year productivity initiative ("Advancing Agility & Automation Initiative" or "AAA 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.

The Company estimates that the AAA Initiative will result in total pre-tax costs of \$200,000 to \$250,000 from inception through 2026. This estimate primarily includes program office execution and third-party costs supporting the design and implementation of the new organizational structure of \$100,000 to \$120,000, as well as implementation and technology capability costs of \$55,000 to \$70,000. Additionally, we expect to incur employee severance and related separation benefits of \$45,000 to \$60,000 as we facilitate workforce reductions and reallocate resources to further drive the Company's strategic priorities. The cash portion of the total cost is estimated to be \$175,000 to \$225,000. At the conclusion of the program in 2026, ongoing annual savings are expected to be approximately \$350,000 to \$400,000.

Since inception through June 29, 2025, we recognized total costs associated with the AAA Initiative of \$158,528. These charges predominantly included employee severance and related separation benefits related to workforce reductions and third-party costs supporting the design and implementation of the new organizational structure, as well as technology capability costs. The costs and related benefits of the AAA Initiative predominantly relates to the North America Confectionery segment and Corporate. However, segment operating results do not include these business realignment expenses because we evaluate segment performance excluding such costs.

Costs associated with business realignment activities are classified in our Consolidated Statements of Income as follows:

	Three Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Cost of sales	\$ —	\$ 8,099	\$ —	\$ 10,712
Selling, marketing and administrative expense	14,884	25,964	24,363	40,017
Business realignment costs	255	4,937	16,629	4,937
Costs associated with business realignment activities	<u>\$ 15,139</u>	<u>\$ 39,000</u>	<u>\$ 40,992</u>	<u>\$ 55,666</u>



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Costs recorded by program during the six months ended June 29, 2025 and June 30, 2024 related to these activities were as follows:

	Three Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Advancing Agility & Automation Initiative:				
Severance and employee benefit costs	\$ 255	\$ 4,937	\$ 16,629	\$ 4,937
Other program costs	14,884	34,063	24,363	50,729
Total	<u>\$ 15,139</u>	<u>\$ 39,000</u>	<u>\$ 40,992</u>	<u>\$ 55,666</u>

The following table presents the liability activity for costs qualifying as exit and disposal costs for the six months ended June 29, 2025:

	Total
Liability balance at December 31, 2024 (1)	\$ 10,417
2025 business realignment charges (2)	16,629
Cash payments	(9,683)
Liability balance at June 29, 2025 (1)	<u>\$ 17,363</u>

- (1) The liability balances reflected above are reported within accrued liabilities and other long-term liabilities.
(2) The costs reflected in the liability roll-forward represent employee-related charges.

10. INCOME TAXES

The majority of our taxable income is generated in the United States and taxed at the United States statutory rate of 21%. The effective tax rates for the six months ended June 29, 2025 and June 30, 2024 were 39.3% and 20.6%, respectively. Relative to the statutory rate, the 2025 effective tax rate was primarily impacted by tax reserves, foreign rate differential and state taxes.

The Company and its subsidiaries file tax returns in the United States, including various state and local returns, and in other foreign jurisdictions. We are routinely audited by taxing authorities in our filing jurisdictions, and a number of these disputes are currently underway, including multi-year controversies at various stages of review, negotiation and litigation in Mexico, Canada, Switzerland and the United States. The outcome of tax audits cannot be predicted with certainty, including the timing of resolution or potential settlements. If any issues addressed in our tax audits are resolved in a manner not consistent with management's expectations, we could be required to adjust our provision for income taxes in the period such resolution occurs. Based on our current assessments, we believe adequate provision has been made for all income tax uncertainties. We reasonably expect reductions in the liability for unrecognized tax benefits of approximately \$40,438 within the next 12 months because of the expiration of statutes of limitations and settlements of tax audits.

One Big Beautiful Bill Act

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was signed into law. The OBBBA introduces changes to United States tax policy, trade regulations, and federal spending priorities. Key provisions include the extension and modification of tax provisions from the 2017 Tax Cuts and Jobs Act, modification of certain energy-related tax credits and incentives, and timing of deductions related to certain domestic expenses. The Company is currently assessing the potential implications of the legislation on its operations and on our consolidated financial statements.



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11. PENSION AND OTHER POST-RETIREMENT BENEFIT PLANS

Net Periodic Benefit Cost

The components of net periodic benefit cost for the three months ended June 29, 2025 and June 30, 2024 were as follows:

	Pension Benefits		Other Benefits	
	Three Months Ended		Three Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Service cost	\$ 3,537	\$ 3,836	\$ 29	\$ 33
Interest cost	9,249	9,646	1,232	1,213
Expected return on plan assets	(12,046)	(12,799)	—	—
Amortization of prior service credit	(890)	(1,373)	(96)	(37)
Amortization of net loss (gain)	3,554	3,808	314	139
Total net periodic benefit cost	<u>\$ 3,404</u>	<u>\$ 3,118</u>	<u>\$ 1,479</u>	<u>\$ 1,348</u>

We made contributions of \$423 and \$2,994 to our pension plans and other benefits plans, respectively, during the second quarter of 2025. In the second quarter of 2024, we made contributions of \$170 and \$2,890 to our pension plans and other benefit plans, respectively. The contributions in 2025 and 2024 also included benefit payments from our non-qualified pension plans and post-retirement benefit plans.

The components of net periodic benefit cost for the six months ended June 29, 2025 and June 30, 2024 were as follows:

	Pension Benefits		Other Benefits	
	Six Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Service cost	\$ 7,039	\$ 7,685	\$ 56	\$ 67
Interest cost	18,469	19,333	2,460	2,431
Expected return on plan assets	(24,057)	(25,607)	—	—
Amortization of prior service credit	(1,779)	(2,746)	(192)	(75)
Amortization of net loss (gain)	7,107	7,621	629	278
Total net periodic benefit cost	<u>\$ 6,779</u>	<u>\$ 6,286</u>	<u>\$ 2,953</u>	<u>\$ 2,701</u>

We made contributions of \$1,112 and \$5,431 to our pension plans and other benefits plans, respectively, during the first six months of 2025. In the first six months of 2024, we made contributions of \$986 and \$4,482 to our pension plans and other benefit plans, respectively. The contributions in 2025 and 2024 also included benefit payments from our non-qualified pension plans and post-retirement benefit plans.

The non-service cost components of net periodic benefit cost relating to pension and other post-retirement benefit plans are reflected within other (income) expense, net in the Consolidated Statements of Income (see [Note 17](#)).



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12. STOCK COMPENSATION PLANS

Share-based grants for compensation and incentive purposes are made pursuant to the Equity and Incentive Compensation Plan (“EICP”). The EICP provides for grants of one or more of the following stock-based compensation awards to employees, non-employee directors and certain service providers upon whom the successful conduct of our business is dependent:

- Non-qualified stock options (“stock options”);
- Performance stock units (“PSUs”) and performance stock;
- Stock appreciation rights;
- Restricted stock units (“RSUs”) and restricted stock; and
- Other stock-based awards.

The EICP also provides for the deferral of stock-based compensation awards by participants if approved by the Compensation and Human Capital Committee of our Board and if in accordance with an applicable deferred compensation plan of the Company. Currently, the Compensation and Human Capital Committee has authorized the deferral of PSU and RSU awards by certain eligible employees under the Company’s Deferred Compensation Plan. Our Board has authorized our non-employee directors to defer any portion of their cash retainer, committee chair fees and RSUs awarded that they elect to convert into deferred stock units under our Directors’ Compensation Plan.

At the time stock options are exercised or PSUs and RSUs become payable, Common Stock is issued from our accumulated treasury shares. Dividend equivalents are credited on RSUs on the same date and at the same rate as dividends paid on our Common Stock. Dividend equivalents are charged to retained earnings and included in accrued liabilities until paid.

Awards to employees eligible for retirement prior to the award becoming fully vested are amortized to expense over the period through the date that the employee first becomes eligible to retire and is no longer required to provide service to earn the award. In addition, historical data is used to estimate forfeiture rates and record share-based compensation expense only for those awards that are expected to vest.

For the periods presented, compensation expense for all types of stock-based compensation programs and the related income tax benefit recognized were as follows:

	Three Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Pre-tax compensation expense	\$ 17,444	\$ 11,514	\$ 31,003	\$ 17,500
Related income tax benefit	8,876	2,559	12,184	3,780

Compensation expenses for stock compensation plans are primarily included in SM&A expense. As of June 29, 2025, total stock-based compensation expense related to non-vested awards not yet recognized was \$104,049 and the weighted-average period over which this amount is expected to be recognized was approximately 2.0 years.

Stock Options

The exercise price of each stock option awarded under the EICP equals the closing price of our Common Stock on the New York Stock Exchange on the date of grant. Each stock option has a maximum term of 10 years. Grants of stock options provide for pro-rated vesting, typically over a four-year period. Expense for stock options is based on grant date fair value and recognized on a straight-line method over the vesting period, net of estimated forfeitures.



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A summary of activity relating to grants of stock options for the period ended June 29, 2025 is as follows:

Stock Options	Shares	Weighted-Average Exercise Price (per share)	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at beginning of year	579,834	\$106.73	2.7 years	
Granted	5,165	\$164.16		
Exercised	(74,945)	\$96.92		
Outstanding as of June 29, 2025	510,054	\$108.75	2.4 years	\$ 30,295
Options exercisable as of June 29, 2025	499,430	\$106.99	2.3 years	\$ 30,280

The weighted-average fair value of options granted was \$33.91 and \$45.95 per share for the periods ended June 29, 2025 and June 30, 2024, respectively. The fair value was estimated on the date of grant using a Black-Scholes option-pricing model and the following weighted-average assumptions:

	Six Months Ended	
	June 29, 2025	June 30, 2024
Dividend yields	3.0 %	2.0 %
Expected volatility	22.3 %	21.3 %
Risk-free interest rates	4.2 %	4.3 %
Expected term in years	6.3	6.3

The total intrinsic value of options exercised was \$4,866 and \$8,357 for the periods ended June 29, 2025 and June 30, 2024, respectively.

Performance Stock Units and Restricted Stock Units

Under the EICP, we grant PSUs to select executives and other key employees. Vesting is contingent upon the achievement of certain performance objectives. We grant PSUs over three-year performance cycles. If we meet targets for financial measures at the end of the applicable three-year performance cycle, we award a resulting number of shares of our Common Stock to the participants. The number of shares may be increased to the maximum or reduced to the minimum threshold based on the results of these performance metrics in accordance with the terms established at the time of the award.

For PSUs granted, the target award is a combination of a market-based total shareholder return and performance-based components. For market-based condition components, market volatility and other factors are taken into consideration in determining the grant date fair value and the related compensation expense is recognized regardless of whether the market condition is satisfied, provided that the requisite service has been provided. For performance-based condition components, we estimate the probability that the performance conditions will be achieved each quarter and adjust compensation expenses accordingly. The performance scores of PSU grants during the six months ended June 29, 2025 and June 30, 2024 can range from 0% to 250% of the targeted amounts.

We recognize the compensation expenses associated with PSUs ratably over the three-year term. Compensation expenses are based on the grant date fair value because the grants can only be settled in shares of our Common Stock. The grant date fair value of PSUs is determined based on the Monte Carlo simulation model for the market-based total shareholder return component and the closing market price of the Company's Common Stock on the date of grant for performance-based components.

During the six months ended June 29, 2025 and June 30, 2024, we awarded RSUs to certain executive officers and other key employees under the EICP. We also awarded RSUs to non-employee directors.

We recognize the compensation expenses associated with employee RSUs over a specified award vesting period based on the grant date fair value of our Common Stock. We recognize expense for employee RSUs based on the straight-



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line method. The compensation expenses associated with non-employee director RSUs is recognized ratably over the vesting period, net of estimated forfeitures.

A summary of activity relating to grants of PSUs and RSUs for the period ended June 29, 2025 is as follows:

Performance Stock Units and Restricted Stock Units	Number of units	Weighted-average grant date fair value for equity awards (per unit)
Outstanding at beginning of year	538,803	\$204.65
Granted	533,212	\$165.64
Performance assumption change (1)	56,446	\$251.13
Vested	(293,894)	\$207.15
Forfeited	(63,032)	\$203.60
Outstanding as of June 29, 2025	771,534	\$180.22

(1) Reflects the net number of PSUs above and below target levels based on the performance metrics.

The following table sets forth information about the fair value of the PSUs and RSUs granted for potential future distribution to employees and non-employee directors. In addition, the table provides assumptions used to determine the fair value of the market-based total shareholder return component using the Monte Carlo simulation model on the date of grant.

	Six Months Ended	
	June 29, 2025	June 30, 2024
Units granted	533,212	323,396
Weighted-average fair value at date of grant	\$ 165.64	\$ 196.04
Monte Carlo simulation assumptions:		
Estimated values	\$ 65.27	\$ 84.13
Dividend yields	3.3 %	2.8 %
Expected volatility	21.7 %	18.5 %

The fair value of shares vested totaled \$49,576 and \$87,723 for the periods ended June 29, 2025 and June 30, 2024, respectively.

Deferred PSUs, deferred RSUs and deferred stock units representing directors' fees totaled 248,379 units as of June 29, 2025. Each unit is equivalent to one share of the Company's Common Stock.



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13. SEGMENT INFORMATION

The Company reports its operations through three segments: (i) North America Confectionery, (ii) North America Salty Snacks and (iii) International. This organizational structure aligns with how our CODM, Michele Buck, Chairman of the Board, President, and Chief Executive Officer, manages our business, including resource allocation and performance assessment, and further aligns with our product categories and the key markets we serve.

- **North America Confectionery** – This segment is responsible for our traditional chocolate and non-chocolate confectionery market position in the United States and Canada. This includes our business in chocolate and non-chocolate confectionery, gum and refreshment products, protein bars, spreads, snack bites and mixes, as well as pantry and food service lines. This segment also includes our retail operations, including Hershey's Chocolate World stores in Hershey, Pennsylvania; New York, New York; Las Vegas, Nevada; Niagara Falls (Ontario) and Singapore, as well as operations associated with licensing the use of certain of the Company's trademarks and products to third parties around the world.
- **North America Salty Snacks** – This segment is responsible for our salty snacking products in the United States. This includes ready-to-eat popcorn, baked and trans fat free snacks, pretzels and other snacks.
- **International** – International is a combination of all other operating segments that are not individually material, including those geographic regions where we operate outside of North America. We currently have operations and manufacture product in Mexico, Brazil, India and Malaysia, primarily for consumers in these regions, and also distribute and sell confectionery products in export markets of Asia, Latin America, Middle East, Europe, Africa and other regions.

For segment reporting purposes, the CODM uses "segment income" to evaluate segment performance and allocate resources, including considering budget-to-actual variances and prior year-to-actual variances on a monthly basis. Segment income excludes unallocated general corporate administrative expenses, unallocated mark-to-market gains and losses on commodity derivatives, business realignment and impairment charges, acquisition-related costs and other unusual gains or losses that are not part of our measurement of segment performance. These items of our operating profit are managed centrally at the corporate level and are excluded from the measure of segment income reviewed by the CODM as well as the measure of segment performance used for incentive compensation purposes.

As discussed in [Note 5](#), derivatives used to manage commodity price risk are not designated for hedge accounting treatment. These derivatives are recognized at fair market value with the resulting realized and unrealized (gains) losses recognized in unallocated derivative (gains) losses outside of the reporting segment results until the related inventory is sold, at which time the related gains and losses are reallocated to segment income. This enables us to align the derivative gains and losses with the underlying economic exposure being hedged and thereby eliminate the mark-to-market volatility within our reported segment income.

Certain manufacturing, warehousing, distribution and other activities supporting our global operations are integrated to maximize efficiency and productivity. As a result, assets and capital expenditures are not managed on a segment basis and are not included in the information reported to the CODM for the purpose of evaluating performance or allocating resources. We disclose depreciation and amortization that is generated by segment-specific assets, since these amounts are included within the measure of segment income reported to the CODM.



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Our segment net sales and earnings for the three months ended June 29, 2025 and June 30, 2024 were as follows:

For the three months ended June 29, 2025	North America Confectionery	North America Salty Snacks	International	Total
Net sales	\$ 2,085,468	\$ 315,519	\$ 213,731	\$ 2,614,718
Cost of sales	1,274,772	194,534	148,412	
SM&A expense	306,767	54,505	45,524	
Total segment income	\$ 503,929	\$ 66,480	\$ 19,795	\$ 590,204
Unallocated corporate expense (1)				181,527
Unallocated mark-to-market losses on commodity derivatives				200,727
Costs associated with business realignment activities (see Note 9)				15,139
Operating profit				\$ 192,811
Interest expense, net (see Note 4)				46,035
Other (income) expense, net (see Note 17)				(2,336)
Income before income taxes				\$ 149,112

For the three months ended June 30, 2024	North America Confectionery	North America Salty Snacks	International	Total
Net sales	\$ 1,579,826	\$ 289,894	\$ 204,760	\$ 2,074,480
Cost of sales	862,848	180,282	136,135	
SM&A expense	252,482	57,408	43,615	
Total segment income	\$ 464,496	\$ 52,204	\$ 25,010	\$ 541,710
Unallocated corporate expense (1)				161,518
Unallocated mark-to-market losses on commodity derivatives				53,371
Costs associated with business realignment activities (see Note 9)				39,000
Operating profit				\$ 287,821
Interest expense, net (see Note 4)				41,373
Other (income) expense, net (see Note 17)				574
Income before income taxes				\$ 245,874

- (1) Includes centrally-managed (a) corporate functional costs relating to legal, treasury, finance, and human resources, (b) expenses associated with the oversight and administration of our global operations, including warehousing, distribution and manufacturing, information systems and global shared services, (c) non-cash stock-based compensation expense, (d) acquisition and integration-related costs, and (e) other gains or losses that are not integral to segment performance.



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Our segment net sales and earnings for the six months ended June 29, 2025 and June 30, 2024 were as follows:

For the six months ended June 29, 2025	North America Confectionery	North America Salty Snacks	International	Total
Net sales	\$ 4,385,608	\$ 593,317	\$ 441,212	\$ 5,420,137
Cost of sales	2,589,848	375,172	302,396	
SM&A expense	595,457	109,812	90,295	
Total segment income	\$ 1,200,303	\$ 108,333	\$ 48,521	\$ 1,357,157
Unallocated corporate expense (1)				341,952
Unallocated mark-to-market losses on commodity derivatives				412,181
Costs associated with business realignment activities (see Note 9)				40,992
Operating profit				\$ 562,032
Interest expense, net (see Note 4)				90,657
Other (income) expense, net (see Note 17)				(1,391)
Income before income taxes				\$ 472,766

For the six months ended June 30, 2024	North America Confectionery	North America Salty Snacks	International	Total
Net sales	\$ 4,287,136	\$ 565,000	\$ 475,093	\$ 5,327,229
Cost of sales	2,291,239	364,028	316,067	
SM&A expense	583,205	110,062	91,266	
Total segment income	\$ 1,412,692	\$ 90,910	\$ 67,760	\$ 1,571,362
Unallocated corporate expense (1)				334,419
Unallocated mark-to-market gains on commodity derivatives				(164,644)
Costs associated with business realignment activities (see Note 9)				55,666
Operating profit				\$ 1,345,921
Interest expense, net (see Note 4)				81,195
Other (income) expense, net (see Note 17)				32,594
Income before income taxes				\$ 1,232,132

- (1) Includes centrally-managed (a) corporate functional costs relating to legal, treasury, finance, and human resources, (b) expenses associated with the oversight and administration of our global operations, including warehousing, distribution and manufacturing, information systems and global shared services, (c) non-cash stock-based compensation expense, (d) acquisition and integration-related costs, and (e) other gains or losses that are not integral to segment performance.



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Activity within the unallocated mark-to-market adjustment for commodity derivatives is as follows:

	Three Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Net losses (gains) on mark-to-market valuation of commodity derivative positions recognized in income	\$ 31,545	\$ 38,300	\$ 85,402	\$ (159,464)
Net gains (losses) on commodity derivative positions reclassified from unallocated to segment income	169,182	15,071	326,779	(5,180)
Net losses (gains) on mark-to-market valuation of commodity derivative positions recognized in unallocated derivative (gains) losses	<u>\$ 200,727</u>	<u>\$ 53,371</u>	<u>\$ 412,181</u>	<u>\$ (164,644)</u>

As of June 29, 2025, the cumulative amount of mark-to-market losses on commodity derivatives that have been recognized in our consolidated cost of sales and not yet allocated to reportable segments was \$29,683. Based on our forecasts of the timing of the recognition of the underlying hedged items, we expect to reclassify net pre-tax losses on commodity derivatives of \$1,949 to segment operating results in the next twelve months.

Depreciation and amortization expense included within segment income presented above is as follows:

	Three Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
North America Confectionery	\$ 72,787	\$ 63,984	\$ 142,560	\$ 126,405
North America Salty Snacks	22,327	19,856	44,173	39,699
International	6,713	6,128	12,898	12,199
Corporate	22,006	20,453	43,766	39,882
Total	<u>\$ 123,833</u>	<u>\$ 110,421</u>	<u>\$ 243,397</u>	<u>\$ 218,185</u>

Additional information regarding our net sales disaggregated by geographical region is as follows:

	Three Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Net sales:				
United States	\$ 2,285,230	\$ 1,778,467	\$ 4,752,984	\$ 4,632,899
All other countries	329,488	296,013	667,153	694,330
Total	<u>\$ 2,614,718</u>	<u>\$ 2,074,480</u>	<u>\$ 5,420,137</u>	<u>\$ 5,327,229</u>



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14. TREASURY STOCK ACTIVITY

A summary of our treasury stock activity is as follows:

	Six Months Ended June 29, 2025	
	Shares	Dollars
		In thousands
Shares issued for stock options and incentive compensation	(271,522)	\$ (11,298)

In May 2021, our Board of Directors approved a \$500 million share repurchase authorization, which was completed as of March 31, 2024. In December 2023, our Board of Directors approved an additional \$500 million share repurchase authorization. This program commenced after the existing May 2021 authorization was completed. As a result of the share repurchase authorization, approximately \$470 million remains available for repurchases under our December 2023 share repurchase authorization. We are authorized to purchase our outstanding shares in open market and privately negotiated transactions. The program has no expiration date and acquired shares of Common Stock will be held as treasury shares. Purchases under approved share repurchase authorizations are in addition to our practice of buying back shares sufficient to offset those issued under incentive compensation plans.

15. CONTINGENCIES

The Company is subject to certain legal proceedings and claims arising out of the ordinary course of our business, which cover a wide range of matters including trade regulation, product liability, advertising, contracts, environmental issues, patent and trademark matters, labor and employment matters, human and workplace rights matters and tax. While it is not feasible to predict or determine the outcome of such proceedings and claims with certainty, in our opinion, these matters, both individually and in the aggregate, are not expected to have a material effect on our financial condition, results of operations or cash flows.



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16. EARNINGS PER SHARE

We compute basic earnings per share for Common Stock and Class B common stock using the two-class method. The Class B common stock is convertible into Common Stock on a share-for-share basis at any time. The computation of diluted earnings per share for Common Stock assumes the conversion of Class B common stock using the if-converted method, while the diluted earnings per share of Class B common stock does not assume the conversion of those shares.

	Three Months Ended			
	June 29, 2025		June 30, 2024	
	Common Stock	Class B Common Stock	Common Stock	Class B Common Stock
Basic earnings per share:				
Numerator:				
Allocation of distributed earnings (cash dividends paid)	\$ 203,237	\$ 67,994	\$ 202,527	\$ 67,994
Allocation of undistributed earnings	(156,214)	(52,298)	(67,107)	(22,520)
Total earnings—basic	\$ 47,023	\$ 15,696	\$ 135,420	\$ 45,474
Denominator (shares in thousands):				
Total weighted-average shares—basic	148,247	54,614	147,893	54,614
Earnings Per Share—basic	\$ 0.32	\$ 0.29	\$ 0.92	\$ 0.83
Diluted earnings per share:				
Numerator:				
Allocation of total earnings used in basic computation	\$ 47,023	\$ 15,696	\$ 135,420	\$ 45,474
Reallocation of total earnings as a result of conversion of Class B common stock to Common stock	15,696	—	45,474	—
Reallocation of undistributed earnings	—	86	—	57
Total earnings—diluted	\$ 62,719	\$ 15,782	\$ 180,894	\$ 45,531
Denominator (shares in thousands):				
Number of shares used in basic computation	148,247	54,614	147,893	54,614
Weighted-average effect of dilutive securities:				
Conversion of Class B common stock to Common shares outstanding	54,614	—	54,614	—
Employee stock options	190	—	299	—
Performance and restricted stock units	137	—	201	—
Total weighted-average shares—diluted	203,188	54,614	203,007	54,614
Earnings Per Share—diluted	\$ 0.31	\$ 0.29	\$ 0.89	\$ 0.83

The earnings per share calculations for the three months ended June 29, 2025 and June 30, 2024 excluded 17 and 13 stock options (in thousands), respectively, that would have been antidilutive.



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	Six Months Ended			
	June 29, 2025		June 30, 2024	
	Common Stock	Class B Common Stock	Common Stock	Class B Common Stock
Basic earnings per share:				
Numerator:				
Allocation of distributed earnings (cash dividends paid)	\$ 406,837	\$ 135,988	\$ 407,938	\$ 135,988
Allocation of undistributed earnings	(191,695)	(64,208)	325,740	108,681
Total earnings—basic	\$ 215,142	\$ 71,780	\$ 733,678	\$ 244,669
Denominator (shares in thousands):				
Total weighted-average shares—basic	148,175	54,614	148,753	54,614
Earnings Per Share—basic	\$ 1.45	\$ 1.31	\$ 4.93	\$ 4.48
Diluted earnings per share:				
Numerator:				
Allocation of total earnings used in basic computation	\$ 215,142	\$ 71,780	\$ 733,678	\$ 244,669
Reallocation of total earnings as a result of conversion of Class B common stock to Common stock	71,780	—	244,669	—
Reallocation of undistributed earnings	—	123	—	(314)
Total earnings—diluted	\$ 286,922	\$ 71,903	\$ 978,347	\$ 244,355
Denominator (shares in thousands):				
Number of shares used in basic computation	148,175	54,614	148,753	54,614
Weighted-average effect of dilutive securities:				
Conversion of Class B common stock to Common shares outstanding	54,614	—	54,614	—
Employee stock options	193	—	308	—
Performance and restricted stock units	186	—	268	—
Total weighted-average shares—diluted	203,168	54,614	203,943	54,614
Earnings Per Share—diluted	\$ 1.41	\$ 1.32	\$ 4.80	\$ 4.47

The earnings per share calculations for the six months ended June 29, 2025 and June 30, 2024 excluded 27 and 13 stock options (in thousands), respectively, that would have been antidilutive.



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17. OTHER (INCOME) EXPENSE, NET

Other (income) expense, net reports certain gains and losses associated with activities not directly related to our core operations. A summary of the components of other (income) expense, net is as follows:

	Three Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Write-down of equity investments in partnerships qualifying for historic and renewable energy tax credits (see Note 8)	\$ —	\$ —	\$ —	\$ 31,391
Non-service cost components of net periodic benefit cost relating to pension and other post-retirement benefit plans (see Note 11)	1,317	597	2,637	1,235
Other (income) expense, net	(3,653)	(23)	(4,028)	(32)
Total	<u>\$ (2,336)</u>	<u>\$ 574</u>	<u>\$ (1,391)</u>	<u>\$ 32,594</u>



THE HERSHEY COMPANY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(amounts in thousands, except share data or if otherwise indicated)

18. SUPPLEMENTAL BALANCE SHEET INFORMATION

The components of certain asset accounts included within our Consolidated Balance Sheets are as follows:

	June 29, 2025	December 31, 2024
Inventories:		
Raw materials	\$ 905,447	\$ 477,592
Goods in process	331,479	204,674
Finished goods	1,289,677	990,785
Inventories at First In First Out	2,526,603	1,673,051
Adjustment to Last In First Out	(684,308)	(418,957)
Total inventories	<u>\$ 1,842,295</u>	<u>\$ 1,254,094</u>
Prepaid expenses and other:		
Prepaid expenses	\$ 136,709	\$ 269,792
Other current assets	713,984	704,423
Total prepaid expenses and other	<u>\$ 850,693</u>	<u>\$ 974,215</u>
Property, plant and equipment:		
Land	\$ 196,055	\$ 194,502
Buildings	2,051,578	1,991,937
Machinery and equipment	4,334,216	4,147,530
Construction in progress	350,840	478,842
Property, plant and equipment, gross	6,932,689	6,812,811
Accumulated depreciation	(3,490,495)	(3,353,958)
Property, plant and equipment, net	<u>\$ 3,442,194</u>	<u>\$ 3,458,853</u>
Other non-current assets:		
Pension	\$ 39,679	\$ 41,298
Capitalized software, net	355,164	367,087
Operating lease ROU assets	347,694	337,739
Investments in unconsolidated affiliates	204,143	212,928
Other non-current assets	164,653	152,815
Total other non-current assets	<u>\$ 1,111,333</u>	<u>\$ 1,111,867</u>



THE HERSHEY COMPANY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(amounts in thousands, except share data or if otherwise indicated)

The components of certain liability and stockholders' equity accounts included within our Consolidated Balance Sheets are as follows:

	June 29, 2025	December 31, 2024
Accounts payable:		
Accounts payable—trade	\$ 736,759	\$ 807,918
Supplier finance program obligations	461,743	215,122
Other	252,047	136,137
Total accounts payable	<u>\$ 1,450,549</u>	<u>\$ 1,159,177</u>
Accrued liabilities:		
Payroll, compensation and benefits	\$ 208,076	\$ 226,774
Advertising, promotion and product allowances	392,451	359,986
Operating lease liabilities	46,540	40,636
Other	228,907	179,945
Total accrued liabilities	<u>\$ 875,974</u>	<u>\$ 807,341</u>
Other long-term liabilities:		
Post-retirement benefits liabilities	\$ 84,227	\$ 87,006
Pension benefits liabilities	30,460	33,837
Operating lease liabilities	309,888	304,767
Other	227,580	262,649
Total other long-term liabilities	<u>\$ 652,155</u>	<u>\$ 688,259</u>
Accumulated other comprehensive loss:		
Foreign currency translation adjustments	\$ (146,197)	\$ (177,741)
Pension and post-retirement benefit plans, net of tax	(117,914)	(122,098)
Cash flow hedges, net of tax	(6,313)	(4,051)
Total accumulated other comprehensive loss	<u>\$ (270,424)</u>	<u>\$ (303,890)</u>



Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management’s Discussion and Analysis (“MD&A”) is intended to provide an understanding of Hershey’s financial condition, results of operations and cash flows by focusing on changes in certain key measures from year to year. This MD&A should be read in conjunction with our Unaudited Consolidated Financial Statements and accompanying notes included in this Quarterly Report on Form 10-Q for the quarterly period ended June 29, 2025 (“this Quarterly Report on Form 10-Q”). This discussion contains a number of forward-looking statements, all of which are based on current expectations. Actual results may differ materially. Refer to the Safe Harbor Statement below as well as the Risk Factors and other information contained in our 2024 Annual Report on Form 10-K for information concerning the key risks to achieving future performance goals.

The MD&A is organized in the following sections:

- [Overview](#)
- [Trends Affecting Our Business](#)
- [Consolidated Results of Operations](#)
- [Segment Results](#)
- [Liquidity and Capital Resources](#)
- [Safe Harbor Statement](#)

OVERVIEW

Hershey is a global confectionery leader known for making more moments of goodness through chocolate, sweets, mints and other great tasting snacks. We are the largest producer of quality chocolate in North America, a leading snack maker in the United States (“U.S.”) and a global leader in chocolate and non-chocolate confectionery. We market, sell and distribute our products under more than 90 brand names in approximately 70 countries worldwide.

Our principal product offerings include chocolate and non-chocolate confectionery products; gum and mint refreshment products and protein bars; pantry items, such as baking ingredients, toppings and beverages; and snack items such as spreads, bars, and snack bites and mixes, popcorn and pretzels.

Business Acquisitions

On March 31, 2025, we entered into a Merger Agreement to acquire LesserEvil, LLC, a privately held company that produces and sells organic popcorn and puffed snack products to retailers and distributors in the United States and Canada, which complements Hershey’s existing product portfolio. The Company expects the acquisition to close by the end of 2025, pending the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and satisfaction of other customary closing conditions.

On November 8, 2024, we completed the acquisition of the Sour Strips brand from Actual Candy, LLC. Sour Strips is an emerging sour candy brand and is available in a wide range of food distribution channels in the United States.



TRENDS AFFECTING OUR BUSINESS

Throughout the first six months of 2025, we saw positive consumer behavior shifts towards our products, as well as increased net sales; however, we continued to experience a dynamic macroeconomic environment, including continued price volatility related to select commodities, resulting in corresponding incremental costs and gross margin pressures, and net income declines. Despite specific actions taken to mitigate these gross margin pressures, higher prices for direct materials used to manufacture our products were, and continue to be, the primary incremental cost to our business (see [Consolidated Results of Operations](#) included in this MD&A). We utilize many exchange traded commodities for our business that are subject to price volatility, specifically cocoa products, which continued to experience elevated market prices compared to historical levels (see [Part I, Item 3 - Quantitative and Qualitative Disclosures about Market Risk](#) included in this Quarterly Report on Form 10-Q).

Furthermore, certain geopolitical events, specifically changes in global trade policies including recently announced tariffs on U.S. imports and the potential for additional tariffs, have increased global economic and political uncertainty. For the six months ended June 29, 2025, the imposition of tariffs on U.S. imports and retaliatory tariffs, did not have a material impact on our results of operations, commodity prices or supply availability. However, we are continuing to monitor the ongoing negotiations related to tariffs, specifically, goods imported into the U.S. from Canada, Mexico and other countries, as well as export markets, in which we have significant business operations, all of which may result in material adverse effects on our results of operations. The scope and length of tariffs, including their effects on the broader economy and our business, remain uncertain. These outcomes may be influenced by factors such as continued U.S. negotiations with impacted countries, retaliatory measures from other nations, possible tariff exemptions, public sentiment toward U.S. products and companies, and the domestic availability of lower-cost alternatives.

Additionally, with recent leadership changes at the U.S. Department of Health and Human Services and the U.S. Food and Drug Administration (“FDA”), as well as the Make America Healthy Again movement, the food industry is subject to increasing laws and regulations, including nutrition, food date labeling and traceability recordkeeping requirements, as well as changes in consumer expectations and behavior. For example, in April 2025, it was announced that the FDA intends to phase out the approved use of petroleum-based synthetic dyes in food products. As a result, the Company has announced the decision to remove all certified Food, Drug & Cosmetic colors from our great tasting snacks by the end of 2027, as a continued effort to ensure consumers have options to fit their lifestyle while maintaining trust and confidence in our products. This did not have a material impact on our consolidated results for the six months ended June 29, 2025, and based on the Company’s initial assessment, the estimated costs associated with this removal are not expected to have a material impact on our financial position, results of operations or liquidity.

As of June 29, 2025, we believe we have sufficient liquidity to satisfy our key strategic initiatives and other material cash requirements in both the short-term and in the long-term; however, we continue to evaluate and take action, as necessary, to preserve adequate liquidity and ensure that our business can operate effectively during the current economic environment. We continue to monitor our discretionary spending across the organization (see [Liquidity and Capital Resources](#) included in this MD&A).

Based on the length and severity of the fluctuating macroeconomic environment, including price volatility for our commodities, the possibility of a recession, changes in consumer shopping and consumption behavior, and changes in geopolitical events, including the imposition of tariffs and retaliatory tariffs, we may continue to experience increasing supply chain costs, higher inflation and other impacts to our business. We will continue to evaluate the nature and extent of these evolving impacts on our business, consolidated results of operations, segment results, liquidity and capital resources.



CONSOLIDATED RESULTS OF OPERATIONS

	Three Months Ended			Six Months Ended		
	June 29, 2025	June 30, 2024	Percent Change	June 29, 2025	June 30, 2024	Percent Change
<i>In millions of dollars except per share amounts</i>						
Net sales	\$ 2,614.7	\$ 2,074.5	26.0 %	\$ 5,420.1	\$ 5,327.2	1.7 %
Cost of sales	1,818.4	1,240.7	46.6 %	3,679.6	2,817.4	30.6 %
Gross profit	796.3	833.8	(4.5)%	1,740.5	2,509.8	(30.7)%
<i>Gross margin</i>	<i>30.5 %</i>	<i>40.2 %</i>		<i>32.1 %</i>	<i>47.1 %</i>	
Selling, marketing & administrative (“SM&A”) expenses	603.2	541.0	11.5 %	1,161.9	1,159.0	0.3 %
<i>SM&A expense as a percent of net sales</i>	<i>23.1 %</i>	<i>26.1 %</i>		<i>21.4 %</i>	<i>21.8 %</i>	
Business realignment activities	0.3	4.9	(94.8)%	16.6	4.9	236.8 %
Operating profit	192.8	287.9	(33.0)%	562.0	1,345.9	(58.2)%
<i>Operating profit margin</i>	<i>7.4 %</i>	<i>13.9 %</i>		<i>10.4 %</i>	<i>25.3 %</i>	
Interest expense, net	46.0	41.4	11.3 %	90.7	81.2	11.7 %
Other (income) expense, net	(2.3)	0.6	(507.0)%	(1.4)	32.6	(104.3)%
Provision for income taxes	86.4	65.0	33.0 %	185.8	253.8	(26.8)%
<i>Effective income tax rate</i>	<i>57.9%</i>	<i>26.4%</i>		<i>39.3%</i>	<i>20.6%</i>	
Net income	\$ 62.7	\$ 180.9	(65.3)%	\$ 286.9	\$ 978.3	(70.7)%
Net income per share—diluted	\$ 0.31	\$ 0.89	(65.2)%	\$ 1.41	\$ 4.80	(70.6)%

NOTE: Percentage changes may not compute directly as shown due to rounding of amounts presented above.

NM = not meaningful

Results of Operations - Second Quarter 2025 vs. Second Quarter 2024

Net Sales

Net sales were \$2,614.7 million in the second quarter of 2025 compared to \$2,074.5 million in the same period of 2024, an increase of \$540.2 million, or 26.0%. The net sales increase reflects a volume increase of approximately 21%, related to everyday core U.S. confection, as a result of planned inventory decreases in 2024 within the North America Confectionery and International segments after our ERP system implementation, which was completed in the beginning of the second quarter of 2024. Additionally, the timing of the Easter season in 2025 versus 2024, and higher Halloween seasonal orders in the second quarter of 2025, were favorable volume drivers. The net sales increase was further driven by favorable price realization of approximately 5% primarily related to higher list prices across the North America Confectionery and International segments. The net sales increase was partially offset by foreign currency exchange rates, which resulted in an unfavorable impact of less than 1%.

Key U.S. Marketplace Metrics

For the second quarter of 2025, our total U.S. retail takeaway increased 18.5% in the expanded multi-outlet combined plus convenience store channels (Circana MULO + C-Stores), which includes candy, mint, gum, salty snacks and grocery items. Our U.S. candy, mint and gum (“CMG”) consumer takeaway increased 21.8% and experienced a CMG market share increase of 90 basis points. Our Salty consumer takeaway increased 6.1% in the second quarter of 2025 and experienced a Salty market share increase of 26 basis points.

The CMG consumer takeaway and market share information reflects measured channels of distribution accounting for approximately 90% of our U.S. confectionery retail business. These channels of distribution primarily include food, drug, mass merchandisers, and convenience store channels, plus Wal-Mart Stores, Inc., partial dollar, club and military channels. These metrics are based on measured market scanned purchases as reported by Circana, the Company’s market insights and analytics provider, and provide a means to assess our retail takeaway and market position relative to the overall category.



Cost of Sales and Gross Margin

Cost of sales were \$1,818.4 million in the second quarter 2025 compared to \$1,240.7 million in the same period of 2024, an increase of \$577.7 million, or 46.6%. The increase was driven by \$592.0 million of higher costs, primarily due to unfavorable commodity costs from cocoa, as well as higher sales volume. The increase was partially offset by declines of \$14.3 million, primarily related to declines in business realignment expenses, \$6.8 million of favorable mark-to-market activity on our commodity derivative instruments intended to economically hedge future years' commodity purchases (See [Part I, Item 3 - Quantitative and Qualitative Disclosures About Market Risk](#) included in this Quarterly Report on Form 10-Q for more information), and favorable foreign exchange rates.

Gross margin was 30.5% in the second quarter of 2025 compared to 40.2% in the same period of 2024, a decrease of 970 basis points. The decrease was driven by unfavorable commodity costs and higher supply chain costs, partially offset by higher sales volume, favorable price realization, and favorable activity on our mark-to-market impact from commodity derivative instruments.

SM&A Expenses

SM&A expenses were \$603.2 million in the second quarter of 2025 compared to \$541.0 million in the same period of 2024, an increase of \$62.2 million, or 11.5%. Total advertising and related consumer marketing expenses increased 35.5% driven primarily by an increase in the North America Confectionery segment. SM&A expenses, excluding advertising and related consumer marketing, increased 2.2% in the second quarter of 2025 driven by higher compensation costs, partially offset by \$11.1 million of incremental business realignment costs.

Business Realignment Activities

We periodically undertake business realignment activities designed to increase our efficiency and focus our business in support of our key growth strategies. Excluding the portion recorded within Cost of Sales and SM&A expenses (as noted above), we recorded business realignment costs of \$0.3 million during the second quarter of 2025 versus \$4.9 million in the second quarter of 2024. The costs related to the AAA Initiative, which commenced in 2024, focused on leveraging new technology to improve supply chain and manufacturing-related spend, and optimize selling, general and administrative expenses. Costs associated with business realignment activities are classified in our Consolidated Statements of Income as described in [Note 9](#) to the Unaudited Consolidated Financial Statements.

Operating Profit and Operating Profit Margin

Operating profit was \$192.8 million in the second quarter of 2025 compared to \$287.9 million in the same period of 2024, a decrease of \$95.1 million, or 33.0%. The decrease was primarily due to lower gross profit and higher SM&A expenses, partially offset by lower business realignment expenses, as noted above. Operating profit margin decreased to 7.4% in 2025 from 13.9% in 2024 driven by the same factors noted above that resulted in lower gross margin for the period.

Interest Expense, Net

Net interest expense was \$46.0 million in the second quarter of 2025 compared to \$41.4 million in the same period of 2024, an increase of \$4.6 million, or 11.3%. The increase was primarily due to higher long-term debt balances in 2025, driven by the February 2025 debt issuance, versus 2024.

Other (Income) Expense, Net

Other (income) expense, net was net income of \$2.3 million in the second quarter of 2025 versus net expense of \$0.6 million in the second quarter of 2024, a net income increase of \$2.9 million, or 507.0%. The increase in net income was driven by a gain of \$3.6 million on a previously held investment in 2025 versus the second quarter of 2024, partially offset by an increase of \$0.7 million of non-service cost components of net periodic benefit cost relating to pension and other post-retirement benefit plans.



Income Taxes and Effective Tax Rate

The effective income tax rate was 57.9% for the second quarter of 2025 compared with 26.4% for the second quarter of 2024. Relative to the 21% statutory rate, the 2025 effective tax rate was primarily impacted by tax reserves, foreign rate differential and state taxes. Relative to the 21% statutory rate, the 2024 effective tax rate was primarily impacted by state taxes, tax reserves and unfavorable foreign rate differential, partially offset by the benefit of employee share-based payments.

Net Income and Earnings Per Share-diluted

Net income was \$62.7 million in the second quarter of 2025 compared to \$180.9 million in the same period of 2024, a decrease of \$118.2 million, or 65.3%. EPS-diluted was \$0.31 in the second quarter of 2025 compared to \$0.89 in the second quarter of 2024, a decrease of \$0.58, or 65.2%. The decrease in both net income and EPS-diluted was driven by lower gross profit, higher SM&A expenses, higher interest expense, and higher income taxes, partially offset by lower business realignment costs and lower other income and expenses.

Results of Operations - First Six Months 2025 vs. First Six Months 2024

Net Sales

Net sales were \$5,420.1 million in the first six months of 2025 compared to \$5,327.2 million during the same period of 2024, an increase of \$92.9 million, or 1.7%. The net sales increase was driven by favorable price realization of approximately 3% across our reportable segments. The net sales increase was partially offset by a volume decrease of approximately 1%, primarily driven by the North America Confectionery segment, as well as unfavorable foreign currency exchange impact of approximately 1%.

Key U.S. Marketplace Metrics

For the first six months of 2025, our total U.S. retail takeaway increased 4.4% in the expanded multi-outlet combined plus convenience store channels (IRI MULO + C-Stores), which includes candy, mint, gum, salty snacks and grocery items. Our U.S. CMG consumer takeaway increased 4.0% and experienced a CMG market share increase of 7 basis points. Our Salty consumer takeaway increased 8.0% and experienced a Salty market share increase of 31 basis points.

Cost of Sales and Gross Margin

Cost of sales were \$3,679.6 million in the first six months of 2025 compared to \$2,817.4 million in the same period of 2024, an increase of \$862.2 million, or 30.6%. The increase was driven by \$980.1 million of higher costs, primarily related to \$244.9 million of unfavorable mark-to-market activity on our commodity derivative instruments intended to economically hedge future years' commodity purchases (See [Part I, Item 3 - Quantitative and Qualitative Disclosures About Market Risk](#) included in this Quarterly Report on Form 10-Q for more information) and unfavorable commodity costs from cocoa. The increase was partially offset by \$118.6 million of lower costs, primarily driven by lower supply chain costs and lower business realignment costs.

Gross margin was 32.1% in the first six months of 2025 compared to 47.1% in the same period of 2024, a decrease of 1,500 basis points. The decrease was driven by higher commodity costs, unfavorable year-over-year mark-to-market impact from commodity derivative instruments, unfavorable product mix, and volume declines. The decrease was partially offset by lower supply chain costs and decreased business realignment costs.

SM&A Expenses

SM&A expenses were \$1,161.9 million in the first six months of 2025 compared to \$1,159.0 million in the same period of 2024, an increase of \$2.9 million, or 0.3%. Total advertising and related consumer marketing expenses increased 6.0%, driven by increases in the North America Confectionery and North America Salty Snacks segments. SM&A expenses, excluding advertising and related consumer marketing, decreased approximately 2.5% in the first six months of 2025 driven primarily by a decrease of \$15.7 million of incremental business realignment costs, partially offset by higher compensation costs.



Business Realignment Activities

We periodically undertake business realignment activities designed to increase our efficiency and focus our business in support of our key growth strategies. Excluding the portion recorded within Cost of Sales and SM&A expenses (as noted above), we recorded business realignment costs of \$16.6 million during the first six months of 2025 versus \$4.9 million in the first six months of 2024. The costs related to the AAA Initiative, which commenced in 2024, focused on leveraging new technology to improve supply chain and manufacturing-related spend, and optimize selling, general and administrative expenses. Costs associated with business realignment activities are classified in our Consolidated Statements of Income as described in [Note 9](#) to the Unaudited Consolidated Financial Statements.

Operating Profit and Operating Profit Margin

Operating profit was \$562.0 million in the first six months of 2025 compared to \$1,345.9 million in the same period of 2024, a decrease of \$783.9 million, or 58.2%. The decrease was predominantly due to lower gross profit, higher business realignment costs and higher SM&A expenses, as noted above. Operating profit margin decreased to 10.4% in the first six months of 2025 from 25.3% in the same period in 2024 driven by the same factors that resulted in lower gross margin for the period.

Interest Expense, Net

Net interest expense was \$90.7 million in the first six months of 2025 compared to \$81.2 million in the same period of 2024, an increase of \$9.5 million, or 11.7%. The increase was primarily due to higher long-term debt balances in 2025 versus 2024, driven by the February 2025 debt issuance, partially offset by lower short-term debt balances in 2025 versus 2024.

Other (Income) Expense, Net

Other (income) expense, net was a net income of \$1.4 million in the first six months of 2025 versus a net expense of \$32.6 million in the first six months of 2024, a net income increase of \$34.0 million, or 104.3%. The change was predominantly driven by no write-downs on equity investments qualifying for tax credits in the first six months of 2025 versus \$31.4 million of write-downs on equity investments qualifying for tax credits in the first six months of 2024. This was partially offset by an increase of \$1.4 million of non-service cost components of net periodic benefit costs relating to pension and other post-retirement benefit plans.

Income Taxes and Effective Tax Rate

Our effective income tax rate was 39.3% for the first six months of 2025 compared with 20.6% for the first six months of 2024. Relative to the 21% statutory rate, the 2025 effective tax rate was primarily impacted by tax reserves, foreign rate differential and state taxes. Relative to the 21% statutory rate, the 2024 effective tax rate was impacted by investment tax credits partially offset by state taxes.

Net Income and Earnings Per Share-diluted

Net income was \$286.9 million in the first six months of 2025 compared to \$978.3 million in the same period of 2024, a decrease of \$691.4 million, or 70.7%. EPS-diluted was \$1.41 in the first six months of 2025 compared to \$4.80 in the same period of 2024, a decrease of \$3.39, or 70.6%. The decrease in both net income and EPS-diluted was driven by lower gross profit, higher business realignment costs, and higher interest expense, partially offset by higher other income and lower income taxes.



SEGMENT RESULTS

The summary that follows provides a discussion of the results of operations of our three segments: North America Confectionery, North America Salty Snacks and International. For segment reporting purposes, we use “segment income” to evaluate segment performance and allocate resources. Segment income excludes unallocated general corporate administrative expenses, unallocated mark-to-market gains and losses on commodity derivatives, business realignment and impairment charges, acquisition-related costs and other unusual gains or losses that are not part of our measurement of segment performance. These items of our operating income are largely managed centrally at the corporate level and are excluded from the measure of segment income reviewed by our Chief Operating Decision Maker, Michele Buck, Chairman of the Board, President, and Chief Executive Officer, and used for resource allocation and internal management reporting and performance evaluation. Segment income and segment income margin, which are presented in the segment discussion that follows, are non-GAAP measures and do not purport to be alternatives to operating income as a measure of operating performance. We believe that these measures are useful to investors and other users of our financial information in evaluating ongoing operating profitability as well as in evaluating operating performance in relation to our competitors, as they exclude the activities that are not directly attributable to our ongoing segment operations. Refer to [Note 13](#) Segment Information in our audited consolidated financial statements for reconciliations of net sales for our reportable segments to consolidated total net sales and of segment operating income to consolidated income before taxes.

Our segment results, including a reconciliation to our consolidated results, were as follows:

	Three Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
In millions of dollars				
Net Sales:				
North America Confectionery	\$ 2,085.5	\$ 1,579.8	\$ 4,385.6	\$ 4,287.1
North America Salty Snacks	315.5	289.9	593.3	565.0
International	213.7	204.8	441.2	475.1
Total	\$ 2,614.7	\$ 2,074.5	\$ 5,420.1	\$ 5,327.2
Segment Income:				
North America Confectionery	\$ 503.9	\$ 464.5	\$ 1,200.3	\$ 1,412.7
North America Salty Snacks	66.5	52.2	108.3	90.9
International	19.8	25.0	48.5	67.8
Total segment income	590.2	541.7	1,357.2	1,571.4
Unallocated corporate expense (1)	181.5	161.5	342.0	334.4
Unallocated mark-to-market losses (gains) on commodity derivatives (2)	200.7	53.4	412.2	(164.6)
Costs associated with business realignment activities	15.1	39.0	41.0	55.7
Operating profit	192.8	287.8	562.0	1,345.9
Interest expense, net	46.0	41.4	90.7	81.2
Other (income) expense, net	(2.3)	0.6	(1.4)	32.6
Income before income taxes	\$ 149.1	\$ 245.8	\$ 472.8	\$ 1,232.1

- (1) Includes centrally-managed (a) corporate functional costs relating to legal, treasury, finance and human resources, (b) expenses associated with the oversight and administration of our global operations, including warehousing, distribution and manufacturing, information systems and global shared services, (c) non-cash stock-based compensation expense, (d) acquisition and integration-related costs and (e) other gains or losses that are not integral to segment performance.
- (2) Net losses (gains) on mark-to-market valuation of commodity derivative positions recognized in unallocated derivative losses (gains). See [Note 13](#) to the Unaudited Consolidated Financial Statements.

North America Confectionery

The North America Confectionery segment is responsible for our chocolate and non-chocolate confectionery market position in the United States and Canada. This includes developing and growing our business in chocolate and non-chocolate confectionery, gum and refreshment products, protein bars, spreads, snack bites and mixes, as well as pantry and food service lines. While a less significant component, this segment also includes our retail operations, including Hershey’s Chocolate World stores in Hershey, Pennsylvania; New York, New York; Las Vegas, Nevada; Niagara Falls (Ontario) and Singapore, as well as operations associated with licensing the use of certain trademarks and products to third parties around the world. North America Confectionery results, which accounted for 24.2% and 29.4% of our net sales for the three months ended June 29, 2025 and June 30, 2024, respectively, were as follows:

	Three Months Ended			Six Months Ended		
	June 29, 2025	June 30, 2024	Percent Change	June 29, 2025	June 30, 2024	Percent Change
In millions of dollars						
Net sales	\$ 2,085.5	\$ 1,579.8	32.0 %	\$ 4,385.6	\$ 4,287.1	2.3 %
Segment income	503.9	464.5	8.5 %	1,200.3	1,412.7	(15.0)%
Segment margin	24.2 %	29.4 %		27.4 %	33.0 %	

NOTE: Percentage changes may not compute directly as shown due to rounding of amounts presented above.

Results of Operations - Second Quarter 2025 vs. Second Quarter 2024

Net sales of our North America Confectionery segment were \$2,085.5 million in the second quarter of 2025 compared to \$1,579.8 million in the same period of 2024, an increase of \$505.7 million, or 32.0%. The increase was driven by volume increases of approximately 25%, primarily due to the planned inventory decreases in 2024 after our ERP system implementation, which was completed in the second quarter of 2024. Additionally, the timing of the Easter season in 2025 versus 2024, and higher Halloween seasonal orders in the second quarter of 2025, were favorable volume drivers. The increase was further driven by a favorable price realization of approximately 6%, primarily due to list price increases on certain products across our portfolio.

Our North America Confectionery segment income was \$503.9 million in the second quarter of 2025 compared to \$464.5 million in the same period of 2024, an increase of \$39.4 million, or 8.5%. The increase was predominantly due to volume increases and favorable price realization, as noted above, and net savings from the execution of our AAA Initiative, partially offset by higher advertising and related consumer marketing costs.

Results of Operations - First Six Months 2025 vs. First Six Months 2024

Net sales of our North America Confectionery segment were \$4,385.6 million in the first six months of 2025 compared to \$4,287.1 million in the same period of 2024, an increase of \$98.5 million, or 2.3%. The increase was driven by favorable price realization of approximately 4%, primarily driven by list price increases on certain products across our portfolio. The increase was partially offset by volume declines of approximately 2%, primarily driven by a decrease in everyday core U.S. confection.

Our North America Confectionery segment income was \$1,200.3 million in the first six months of 2025 compared to \$1,412.7 million the same period of 2024, a decrease of \$212.4 million or 15.0%. The decrease was primarily due to higher commodity costs, higher supply chain costs, volume declines and higher advertising and related consumer marketing costs. The decrease was partially offset by favorable price realization and net savings from the execution of our AAA Initiative.

North America Salty Snacks

The North America Salty Snacks segment is responsible for our grocery and snacks market positions, including our salty snacking products. North America Salty Snacks results, which accounted for 21.1% and 18.0% of our net sales for the three months ended June 29, 2025 and June 30, 2024, respectively, were as follows:

	Three Months Ended			Percent Change	Six Months Ended			Percent Change
	June 29, 2025	June 30, 2024			June 29, 2025	June 30, 2024		
In millions of dollars								
Net sales	\$ 315.5	\$ 289.9	8.8 %		\$ 593.3	\$ 565.0	5.0 %	
Segment income	66.5	52.2	27.4 %		108.3	90.9	19.2 %	
Segment margin	21.1 %	18.0 %			18.3 %	16.1 %		

NOTE: Percentage changes may not compute directly as shown due to rounding of amounts presented above.

Results of Operations - Second Quarter 2025 vs. Second Quarter 2024

Net sales of our North America Salty Snacks segment were \$315.5 million in the second quarter of 2025 compared to \$289.9 million in the same period of 2024, an increase of \$25.6 million, or 8.8%. The increase was predominantly due to favorable price realization of approximately 5%, primarily driven by promotion rates, as well as volume increases of approximately 4%, primarily driven by *Dot's Homestyle Pretzels*.

Our North America Salty Snacks segment income was \$66.5 million in the second quarter of 2025 compared to \$52.2 million in the same period of 2024, an increase of \$14.3 million, or 27.4%. The increase was primarily due to volume increases and favorable price realization and net savings from the execution of our AAA Initiative.

Results of Operations - First Six Months 2025 vs. First Six Months 2024

Net sales of our North America Salty Snacks segment were \$593.3 million in the first six months of 2025 compared to \$565.0 million the same period of 2024, an increase of \$28.3 million, or 5.0%. The increase reflects a favorable price realization of approximately 5% primarily driven by promotion rates. The increase was further driven by volume growth of approximately 4%, primarily related to *Dot's Homestyle Pretzels and SkinnyPop*.

Our North America Salty Snacks segment income was \$108.3 million in the first six months of 2025 compared to \$90.9 million the same period of 2024, an increase of \$17.4 million, or 19.2%. The increase was primarily due to volume increases and favorable price realization, as noted above, and lower supply chain costs. The increase was partially offset by higher advertising and related consumer marketing costs.

International

The International segment includes all other countries where we currently manufacture, import, market, sell or distribute chocolate and non-chocolate confectionery and other products. We currently have operations and manufacture product in Mexico, Brazil, India and Malaysia, primarily for consumers in these regions, and also distribute and sell confectionery products in export markets of Latin America, as well as Europe, Asia-Pacific ("APAC"), the Middle East and Africa ("MEA") and other regions. International results, which accounted for 9.3% and 12.2% of our net sales for the three months ended June 29, 2025 and June 30, 2024, respectively, were as follows:

	Three Months Ended			Percent Change	Six Months Ended			Percent Change
	June 29, 2025	June 30, 2024			June 29, 2025	June 30, 2024		
In millions of dollars								
Net sales	\$ 213.7	\$ 204.8	4.4 %		\$ 441.2	\$ 475.1	(7.1)%	
Segment income	19.8	25.0	(20.8)%		48.5	67.8	(28.4)%	
Segment margin	9.3 %	12.2 %			11.0 %	14.3 %		

NOTE: Percentage changes may not compute directly as shown due to rounding of amounts presented above.

Results of Operations - Second Quarter 2025 vs. Second Quarter 2024

Net sales of our International segment were \$213.7 million in the second quarter of 2025 compared to \$204.8 million in the same period of 2024, an increase of \$8.9 million, or 4.4%. The increase was due to volume increases of approximately 9%, primarily attributable to MEA, and World Travel Retail, as well as favorable price realization of approximately 1%, driven by Mexico, Brazil and Latin America. The increase was partially offset by unfavorable impact from foreign currency exchange rates of approximately 6%, driven by Mexico, Brazil and Latin America.

Our International segment generated income of \$19.8 million in the second quarter of 2025 compared to \$25.0 million in the second quarter of 2024, a decrease of \$5.2 million, or 20.8%, driven primarily by unfavorable foreign currency exchange rates, as well as increased commodity and supply chain costs, partially offset by volume increases, favorable price realization, and net savings from the execution of our AAA Initiative.

Results of Operations - First Six Months 2025 vs. First Six Months 2024

Net sales of our International segment were \$441.2 million in the first six months of 2025 compared to \$475.1 million the same period of 2024, a decrease of \$33.9 million, or 7.1%. The decrease was due to an unfavorable impact from foreign currency exchange rates of approximately 7%, driven by Mexico, Brazil and Latin America, and volume declines of approximately 1%, primarily attributable to APAC and India and Mexico, Brazil and Latin America. The decrease was partially offset by a favorable price realization of approximately 1%, driven by Mexico, Brazil and Latin America.

Our International segment generated income of \$48.5 million in the first six months of 2025 compared to \$67.8 million in the first six months of 2024, a decrease of \$19.3 million, or 28.4%, driven primarily by an unfavorable impact from foreign currency exchange rates, volume declines, higher supply chain costs, and increased commodity costs, partially offset by favorable price realization.

Unallocated Corporate Expense

Unallocated corporate expense includes centrally-managed (a) corporate functional costs relating to legal, treasury, finance and human resources, (b) expenses associated with the oversight and administration of our global operations, including warehousing, distribution and manufacturing, information systems and global shared services, (c) non-cash stock-based compensation expense, (d) acquisition and integration-related costs and (e) other gains or losses that are not integral to segment performance.

In the second quarter of 2025, unallocated corporate expense totaled \$181.5 million, as compared to \$161.5 million in the second quarter of 2024, an increase of \$20.0 million, or 12.4%. The increase was primarily driven by higher compensation and benefits costs, partially offset by decreased investments in capabilities and technology, as a result of the completion of the upgrade of the Company's ERP system across the enterprise in 2024, and lower acquisition and integration costs.

In the first six months of 2025, unallocated corporate expense totaled \$342.0 million, as compared to \$334.4 million in the first six months of 2024, an increase of \$7.6 million, or 2.3%. The increase was primarily driven by higher compensation and benefits costs, partially offset by lower investments in capabilities and technology, as a result of the completion of the upgrade of the Company's ERP system across the enterprise in 2024, as well as lower acquisition and integration costs.

LIQUIDITY AND CAPITAL RESOURCES

Historically, our primary source of liquidity has been cash generated from operations. Domestic seasonal working capital needs, which typically peak during the summer months, are generally met by utilizing cash on hand, bank borrowings or the issuance of commercial paper. Commercial paper may also be issued, from time to time, to finance ongoing business transactions, such as the repayment of long-term debt, business acquisitions and for other general corporate purposes.

At June 29, 2025, our cash and cash equivalents totaled \$0.9 billion, an increase of \$181.6 million compared to the 2024 year-end balance. Additional detail regarding the net uses of cash are outlined in the following discussion. Additionally, at June 29, 2025, we had outstanding short- and long-term debt totaling \$5.6 billion, of which \$303.0 million was classified as the current portion of long-term debt. Of the \$303.0 million, \$300 million of 3.200% Notes are due upon maturity on August 21, 2025. We believe we can satisfy these debt obligations with cash generated from our operations, issuing new debt, and/or by borrowing on our unsecured credit facility.

Approximately 70% of the balance of our cash and cash equivalents at June 29, 2025 was held by subsidiaries domiciled outside of the United States. A majority of our cash and cash equivalents balance is distributable to the United States without material tax implications, such as withholding tax. We intend to continue to reinvest the remainder of this balance outside of the United States for which there would be a material tax implication to distributing for the foreseeable future and, therefore, have not recognized additional tax expense on these earnings. We believe that our existing sources of liquidity are adequate to meet anticipated funding needs at comparable risk-based interest rates for the foreseeable future. Acquisition spending and/or share repurchases could potentially increase our debt. Operating cash flow and access to capital markets are expected to satisfy our various short- and long-term cash flow requirements, including acquisitions and capital expenditures.



Cash Flow Summary

The following table is derived from our Consolidated Statements of Cash Flows:

In millions of dollars	Six Months Ended	
	June 29, 2025	June 30, 2024
Net cash provided by (used in):		
Operating activities	\$ 508.9	\$ 894.7
Investing activities	(301.8)	(389.7)
Financing activities	(22.5)	(452.9)
Effect of exchange rate changes on cash and cash equivalents	(3.0)	13.0
Net change in cash and cash equivalents	\$ 181.6	\$ 65.1

Operating activities

We generated cash of \$508.9 million from operating activities in the first six months of 2025, a decrease of \$385.8 million compared to \$894.7 million in the same period of 2024. This decrease in net cash provided by operating activities was mainly driven by the following factors:

- Other assets and liabilities consumed cash of \$495.8 million in 2025, compared to \$94.9 million in 2024. This \$400.9 million fluctuation was primarily driven by the timing of certain prepaid expenses and other current assets.
- In the aggregate, select net working capital items, specifically, trade accounts receivable, inventory, accounts payable and accrued liabilities, generated cash of \$204.3 million in 2025, compared to consumed cash of \$141.2 million in 2024. This \$63.1 million fluctuation was mainly driven by a decrease in accounts payable and accrued liabilities due to the timing of vendor and supplier payments and a decrease in accounts receivable, partially offset by higher inventory levels.
- Net income adjusted for non-cash charges to operations (including depreciation, amortization, stock-based compensation, deferred income taxes, a write-down of equity investments, unrealized gains and losses on derivative contracts and other charges) resulted in \$20.0 million of lower cash flow in 2025 relative to 2024.
- The decrease in cash provided by operating activities was partially offset by the following net cash inflows:
 - Timing of income tax payments generated cash of \$162.8 million in 2025, compared to \$63.6 million in 2024. This \$99.2 million fluctuation was primarily due to the variance in actual tax expense for 2025 relative to the timing of quarterly estimated tax payments. We paid cash of \$65.5 million for income taxes during 2025 compared to \$165.5 million in the same period of 2024.

Investing activities

We used cash of \$301.8 million for investing activities in the first six months of 2025, a decrease of \$87.9 million compared to \$389.7 million in the same period of 2024. This decrease in net cash used in investing activities was mainly driven by the following factors:

- *Capital spending.* Capital expenditures, including capitalized software, primarily to support our ERP system implementation, capacity expansion, innovation and cost savings, were \$230.6 million in the first six months of 2025 compared to \$343.5 million in the same period of 2024. The decrease in our 2025 capital expenditures is largely driven by the wind down of our key strategic initiatives, including completion of the upgrade of a new ERP system across the enterprise in 2024. We expect 2025 capital expenditures, including capitalized software, to approximate \$425 million to \$450 million, as capital spending as a percentage of sales is expected to return to historical levels. We intend to use our existing cash and internally generated funds to meet our 2025 capital requirements.
- *Investments in partnerships qualifying for tax credits.* We make investments in partnership entities that in turn make equity investments in projects eligible to receive federal historic and renewable energy tax credits. We received payments of approximately \$9.0 million in the first six months of 2025, compared to investing \$46.1 million in the same period of 2024.



- *Intangible assets.* In the first six months of 2025, we purchased the Fulfil brand in North America for \$73.6 million.
- *Other investing activities.* In the first six months of 2025 and 2024, our other investing activities were minimal.

Financing activities

We used cash of \$22.5 million for financing activities in the first six months of 2025, a decrease of \$430.4 million compared to cash used of \$452.9 million in the same period of 2024. This decrease in net cash used in financing activities was mainly driven by the following factors:

- *Short-term borrowings, net.* In addition to utilizing cash on hand, we use short-term borrowings (commercial paper and bank borrowings) to fund seasonal working capital requirements and ongoing business needs. During the first six months of 2025, we used cash of \$1.2 billion to reduce short-term commercial paper borrowings and short-term foreign bank borrowings. During the first six months of 2024, we generated cash of \$610.0 million predominately through the issuance of short-term commercial paper, partially offset by a decrease in short-term foreign bank borrowings.
- *Long-term debt borrowings and repayments.* During the first six months of 2025, we issued \$500 million of 4.550% Notes due in February 2028, \$500 million of 4.750% Notes due in February 2030, \$500 million of 4.950% Notes due in February 2032 and \$500 million of 5.100% Notes due in February 2035 (together, the “2025 Notes”). Proceeds from the issuance of the 2025 Notes, net of discounts and issuance costs, totaled \$2.0 billion. Additionally, in June 2025, we repaid \$300 million of 0.900% Notes due upon maturity. During the first six months of 2024, we had no long-term debt borrowings or repayments activity.
- *Dividend payments.* Total dividend payments to holders of our Common Stock and Class B Common Stock were \$542.8 million during the first six months of 2025, a decrease of \$1.1 million compared to \$543.9 million in the same period of 2024. Details regarding our 2025 cash dividends paid to stockholders are as follows:

In millions of dollars except per share amounts	Quarter Ended	
	March 30, 2025	June 29, 2025
Dividends paid per share – Common stock	\$ 1.370	\$ 1.370
Dividends paid per share – Class B common stock	\$ 1.245	\$ 1.245
Total cash dividends paid	\$ 271.6	\$ 271.2
Declaration date	February 5, 2025	April 30, 2025
Record date	February 17, 2025	May 16, 2025
Payment date	March 14, 2025	June 16, 2025

- *Share repurchases.* We repurchase shares of Common Stock to offset the dilutive impact of treasury shares issued under our equity compensation plans. The value of these share repurchases in a given period varies based on the volume of stock options exercised and our market price. In addition, we periodically repurchase shares of Common Stock pursuant to Board-authorized programs intended to drive additional stockholder value. Details regarding our share repurchases are as follows:

In millions	Six Months Ended	
	June 29, 2025	June 30, 2024
Shares repurchased in the open market under pre-approved share repurchase programs (1)	—	400.0
Shares repurchased in the open market to replace Treasury Stock issued for stock options and incentive compensation	\$ —	\$ 94.2
Cash used for total share repurchases (excluding excise tax)	\$ —	\$ 494.2
Total shares repurchased under pre-approved share repurchase programs	—	2.0



(1) In May 2021, our Board of Directors approved a \$500 million share repurchase authorization, which was completed as of March 31, 2024. In December 2023, our Board of Directors approved an additional \$500 million share repurchase authorization. This program commenced after the existing May 2021 authorization was completed and is to be utilized at management's discretion. As a result of the share repurchase authorization, approximately \$470 million remains available for repurchases under our December 2023 share repurchase authorization. We are authorized to purchase our outstanding shares in open market and privately negotiated transactions. The program has no expiration date and acquired shares of Common Stock will be held as treasury shares. Purchases under approved share repurchase authorizations are in addition to our practice of buying back shares sufficient to offset those issued under incentive compensation plans.

- *Proceeds from exercised stock options and employee tax withholding.* During the first six months of 2025, we received \$6.9 million from employee exercises of stock options and paid \$16.2 million of employee taxes withheld from share-based awards. During the first six months of 2024, we received \$8.2 million from employee exercises of stock options and paid \$30.0 million of employee taxes withheld from share-based awards. Variances are driven primarily by the number of shares exercised and the share price at the date of grant.

Recent Accounting Pronouncements

Information on recently adopted and issued accounting standards is included in [Note 1](#) to the Unaudited Consolidated Financial Statements.

Critical Accounting Estimates

For information regarding the Company's critical accounting estimates, refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our 2024 Annual Report on Form 10-K. There have been no material changes to the Company's critical accounting estimates since December 31, 2024.



Safe Harbor Statement

We are subject to changing economic, competitive, regulatory and technological risks and uncertainties that could have a material impact on our business, financial condition or results of operations. In connection with the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, we note the following factors that, among others, could cause future results to differ materially from the forward-looking statements, expectations and assumptions that we have discussed directly or implied in this Quarterly Report on Form 10-Q. 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.

The factors that could cause our actual results to differ materially from the results projected in our forward-looking statements include, but are not limited to the following:

- Our Company’s reputation or brand image might be impacted as a result of issues, concerns or regulatory changes relating to the quality and safety of our products, ingredients or packaging, human and workplace rights, and other environmental, social or governance matters, which in turn could result in litigation or otherwise negatively impact our operating results;
- Disruption to our manufacturing operations or supply chain could impair our ability to produce or deliver finished products, resulting in a negative impact on our operating results;
- We might not be able to hire, engage and retain the talented global human capital we need to drive our growth strategies;
- Risks associated with climate change and other environmental impacts, and increased focus and evolving views of our customers, stockholders and other stakeholders on climate change issues, could negatively affect our business and operations;
- Increases in raw material and energy costs along with the availability of adequate supplies of raw materials could continue to affect future financial results;
- Price increases may not be sufficient to offset cost increases and maintain profitability or may result in sales volume declines associated with pricing elasticity;
- Market demand for new and existing products could decline;
- Increased marketplace competition could hurt our business;
- Our financial results may be adversely impacted by the failure to successfully execute or integrate acquisitions, divestitures and joint ventures;
- Our international operations may not achieve projected growth objectives, which could adversely impact our overall business and results of operations;
- We may not fully realize the expected cost savings and/or operating efficiencies associated with our strategic initiatives or restructuring programs, which may have an adverse impact on our business;
- Changes in governmental laws, regulations and policies, including taxes and tariffs, could increase our costs and liabilities or impact demand for our products;
- Political, economic and/or financial market conditions, including impacts on our business arising from the ongoing conflict between Russia and Ukraine, could negatively impact our financial results;



- Disruptions, failures or security breaches of our information technology infrastructure could have a negative impact on our operations;
- Complications with the design or implementation of our new enterprise resource planning system could adversely impact our business and operations; and
- Such other matters as discussed in our 2024 Annual Report on Form 10-K and our Quarterly Report on Form 10-Q for the quarter ending March 30, 2025, and this Quarterly Report on Form 10-Q, including Part II, Item 1A, "Risk Factors."

We undertake no obligation to publicly update or revise any forward-looking statements to reflect actual results, changes in expectations or events or circumstances after the date this Quarterly Report on Form 10-Q is filed.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

The total amount of short-term debt, net of cash, amounted to a net cash position of \$747 million and a net debt position of \$576 million, at June 29, 2025 and December 31, 2024, respectively. A hypothetical 100 basis point increase in interest rates applied to this variable-rate short-term debt as of June 29, 2025 would have changed interest income by approximately \$5.3 million for the first six months of 2025 versus a change to interest expense of \$7.0 million for 2024.

We consider our current risk related to market fluctuations in interest rates on our remaining debt portfolio, excluding fixed-rate debt converted to variable rates with fixed-to-floating instruments, to be minimal since this debt is largely long-term and fixed-rate in nature. Generally, the fair market value of fixed-rate debt will increase as interest rates fall and decrease as interest rates rise. A 100 basis point increase in market interest rates would decrease the fair value of our fixed-rate long-term debt at June 29, 2025 and December 31, 2024 by approximately \$264 million and \$169 million, respectively. However, since we currently have no plans to repurchase our outstanding fixed-rate instruments before their maturities, the impact of market interest rate fluctuations on our long-term debt does not affect our results of operations or financial position.

Foreign Currency Exchange Rate Risk

We are exposed to currency fluctuations related to manufacturing or selling products in currencies other than the U.S. dollar. We may enter into foreign currency forward exchange contracts to reduce fluctuations in our long or short currency positions relating primarily to purchase commitments or forecasted purchases for equipment, raw materials and finished goods denominated in foreign currencies.

The fair value of foreign currency forward exchange contracts represents the difference between the contracted and current market foreign currency exchange rates at the end of the period. We estimate the fair value of foreign currency forward exchange contracts on a quarterly basis by obtaining market quotes of spot and forward rates for contracts with similar terms, adjusted where necessary for maturity differences. The potential decline in fair value of foreign currency forward exchange contracts resulting from a hypothetical near-term adverse change in market rates of 10% was \$32.8 million as of June 29, 2025 and \$32.3 million as of December 31, 2024, generally offset by a reduction in foreign exchange associated with our transactional activities.

Commodities—Price Risk Management and Derivative Contracts

We use futures and options contracts and other commodity derivative instruments in combination with forward purchasing of cocoa products, sugar, corn products, certain dairy products, wheat products, natural gas and diesel fuel primarily to mitigate price volatility and provide visibility to future costs within our supply chain. Significant changes impacting our commodity price risk management since our 2024 Annual Report on Form 10-K are described below.



Cocoa Products

During the first six months of 2025, the average cocoa futures contract price was \$4.22 per pound, with a trading range of \$3.67 to \$4.89 per pound, based on the Intercontinental Exchange futures contract. This average cocoa futures contract price represents an increase of approximately 22% compared to the 2024 annual average of \$3.45 per pound.

The cocoa supply-demand outlook has improved considerably over the past year and a supply surplus is expected for the 2024/25 season following 3 consecutive seasons of supply deficit. Supply has benefited from a combination of more favorable weather conditions in Côte d'Ivoire and Ghana and the ongoing expansion of supply in the rest of the world. Production outside of Côte d'Ivoire and Ghana now accounts for more than half of Global supply. In contrast, the high prices of the past 2 years have negatively impacted demand for cocoa beans, with Global cocoa consumption falling by more than 7% over the period. The price outlook for cocoa remains uncertain due to significant liquidity and volatility events in the market, which may have an impact on our financial condition and results of operations.

Our costs for cocoa products will not necessarily reflect market price fluctuations because of our forward purchasing and hedging practices (including amount and duration thereof), premiums and discounts reflective of varying delivery times, and supply and demand for our specific varieties and grades of cocoa liquor, cocoa butter and cocoa powder. We generally hedge commodity price risks for 3- to 24-month periods. As a result, the average market prices are not necessarily indicative of our average costs.

Commodity Sensitivity Analysis

Our open commodity derivative contracts had a notional value of \$212.0 million as of June 29, 2025 and \$667.4 million as of December 31, 2024. At the end of the second quarter of 2025, the potential change in fair value of commodity derivative instruments, assuming a 10% decrease in the underlying commodity price, would have increased our net unrealized losses by \$54.5 million, generally offset by a reduction in the cost of the underlying commodity purchases.

For additional information about our market risks, see Item 7A under Part II of our 2024 Annual Report on Form 10-K.



Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We have established disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the “Exchange Act”)) designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Management, with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company’s disclosure controls and procedures as of June 29, 2025. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 29, 2025.

Changes in Internal Controls Over Financial Reporting

There have been no changes to the Company’s internal control over financial reporting during the quarter ended June 29, 2025, that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.



PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

Information on legal proceedings is included in [Note 15](#) to the Unaudited Consolidated Financial Statements.

Item 1A. Risk Factors.

When evaluating an investment in our Common Stock, investors should consider carefully, among other things, the risk factors previously disclosed in Part I, Item 1A, “Risk Factors,” of our 2024 Annual Report on Form 10-K (the “2024 Form 10-K”) and the information contained in this Quarterly Report on Form 10-Q and our other reports and registration statements filed with the SEC.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Issuer Purchases of Equity Securities

There were no purchases of our Common Stock made by or on behalf of Hershey, or any “affiliated purchaser” (as defined in Rule 10b-18(a)(3) under the Exchange Act) of Hershey, during the three months ended June 29, 2025.

During the three months ended June 29, 2025, no shares of Common Stock were purchased in open market transactions in connection with our standing authorization to buy back shares sufficient to offset those issued under incentive compensation plans, which authorization does not have a dollar or share limit and is not included in our share repurchase authorizations described in the following paragraph.

In May 2021, our Board of Directors approved a \$500 million share repurchase authorization, which was completed as of March 31, 2024. In December 2023, our Board of Directors approved an additional \$500 million share repurchase authorization. This program commenced after the existing May 2021 authorization was completed and is to be utilized at management’s discretion. As a result of the share repurchase authorization, approximately \$470 million remains available for repurchases under our December 2023 share repurchase authorization. We are authorized to purchase our outstanding shares in open market and privately negotiated transactions. The program has no expiration date and acquired shares of Common Stock will be held as treasury shares. Purchases under approved share repurchase authorizations are in addition to our practice of buying back shares sufficient to offset those issued under incentive compensation plans.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.



Item 5. Other Information.

Director and Executive Officer Trading

A portion of our directors’ and officers’ compensation is in the form of equity awards and, from time to time, they may engage in open-market transactions with respect to their Company securities for diversification or other personal reasons. All such transactions in Company securities by directors and officers must comply with the Company’s Insider Trading Policy, which requires that transactions be in accordance with applicable U.S. federal securities laws that prohibit trading while in possession of material nonpublic information. Rule 10b5-1 under the Exchange Act provides an affirmative defense that enables directors and officers to prearrange transactions in the Company’s securities in a manner that avoids concerns about initiating transactions while in possession of material nonpublic information.

The following table describes the contracts, instructions or written plans for the purchase or sale of securities adopted by our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) during the three months ended June 29, 2025, that are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). No other Rule 10b5-1 trading arrangements or “non-Rule 10b5–1 trading arrangements” (as defined by S-K Item 408(c)) were entered into or terminated by our directors or officers during such period.

Name and Title	Date of Adoption of 10b5-1 Plan	Duration of 10b5-1 Plan ⁽¹⁾	Aggregate Number of Securities to be Sold or Purchased
Christopher M. Scalia ⁽²⁾ Senior Vice President, Chief Human Resources Officer and Chief Transformation Officer	5/08/2025	5/8/2026	Sell 6,000 shares
Steven E. Voskuil Senior Vice President, Chief Financial Officer	5/20/2025	7/31/2026	Sell 18,000 shares

(1) The plan duration is until the date listed in this column or such earlier date upon the completion of all trades under the plan (or the expiration of the orders relating to such trades without execution) or the occurrence of such other termination events as specified in the plan.
(2) Mr. Scalia’s 10b5-1 Plan was subsequently terminated following his departure from the Company in July 2025.



Item 6. Exhibits.

The following exhibits are filed as part of this Quarterly Report on Form 10-Q:

Exhibit Number	Description
3.1	Restated Certificate of Incorporation, as amended by the Company's Stockholders on May 6, 2025. *
3.2	The Company's By-laws, as amended and restated as of March 4, 2025, are incorporated by reference from Exhibit 3.1 to the Company's Current Report on Form 8-K filed March 10, 2025.
10.1	Executive Employment Agreement, dated July 7, 2025, by and between The Hershey Company and Kirk Tanner, is incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed July 8, 2025. +
31.1	Certification of Michele G. Buck, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
31.2	Certification of Steven E. Voskuil, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
32.1	Certification of Michele G. Buck, Chief Executive Officer, and Steven E. Voskuil, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. **
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 29, 2025, formatted in Inline XBRL and contained in Exhibit 101.

* Filed herewith
** Furnished herewith
+ Management contract, compensatory plan or arrangement



SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE HERSHEY COMPANY (Registrant)

Date: July 30, 2025

/s/ Steven E. Voskuil

Steven E. Voskuil
Senior Vice President, Chief Financial Officer
(Principal Financial Officer)

Date: July 30, 2025

/s/ Jennifer L. McCalman

Jennifer L. McCalman
Vice President, Chief Accounting Officer
(Principal Accounting Officer)

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**CERTIFICATE OF AMENDMENT
OF
RESTATED CERTIFICATE OF INCORPORATION
OF
THE HERSHEY COMPANY**

The Hershey Company, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the “Corporation”), does hereby certify that:

1. The Board of Directors of the Corporation, at a meeting duly convened and held on March 4, 2025, adopted resolutions proposing and declaring it advisable and in the best interests of the Corporation that the Restated Certificate of Incorporation of the Corporation be amended as follows:

(a) The introductory language is stricken and the Amended and Restated Certificate of Incorporation now begins with Article First.

(b) Article Fourth, Section B.2.c. is amended in its entirety and replaced with the following:

c. *Vacancies.*

(1) Except as set forth in Article Fourth, Section B.2.c.(2) and (3) below, vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled:

(A) by a majority vote of the remaining directors then in office, even though less than a quorum;

(B) with respect to vacant directorships or newly created directorships electable by the holders of the Common Stock and the Class B Common Stock voting together without regard to class, by (x) the vote of a majority of the votes cast by the holders of the Common Stock and the Class B Common Stock, voting together without regard to class, at any meeting of the stockholders for the election or appointment of one or more director(s) at which a quorum is present or (y) the consent of a majority of the votes then entitled to be cast by the holders of the Common Stock and the Class B Common Stock, voting together without regard to class; or

(C) with respect to vacant directorships or newly created directorships electable by the holders of the Common Stock voting as a separate class, by (x) the vote of a majority of the votes cast by the holders of the Common Stock, voting separately as a class, at any meeting of the stockholders for the election or appointment of one or more director(s) at which a quorum is present or (y) the consent of a majority of the votes

then entitled to be cast by the holders of the Common Stock, voting separately as a class.

(2) Vacancies resulting from the removal of any director(s) pursuant to Article Fourth, Section B.2.d.(1) hereof shall be filled only by (A) the vote of a majority of the votes cast by the holders of the Common Stock and the Class B Common Stock, voting together without regard to class, at any meeting of the stockholders for the election or appointment of one or more director(s) at which a quorum is present or (B) the consent of a majority of the votes then entitled to be cast by the holders of the Common Stock and the Class B Common Stock, voting together without regard to class.

(3) Vacancies resulting from the removal of any director(s) pursuant to Article Fourth, Section B.2.d.(2) hereof shall be filled only by (A) the vote of a majority of the votes cast by the holders of the Common Stock, voting separately as a class, at any meeting of the stockholders for the election or appointment of one or more director(s) at which a quorum is present or (B) the consent of a majority of the votes then entitled to be cast by the holders of the Common Stock, voting separately as a class.

(c) Article Fourth, Section B.2.d. is amended by numbering the paragraph as follows:

d. *Removal.*

(1) Directors elected or electable (in the case of vacancies or newly created directorships filled by the remaining directors) by the holders of the Common Stock and the Class B Common Stock voting together without regard to class may be removed, with or without cause, only by the vote or consent of a majority of the votes then entitled to be cast by the holders of the Common Stock and Class B Common Stock, voting together without regard to class.

(2) Directors separately elected or electable (in the case of vacancies or newly created directorships filled by the remaining directors) by the holders of the Common Stock may be removed, with or without cause, only by the vote or consent of a majority of the votes then entitled to be cast by the holders of the Common Stock, voting separately as a class.

2. Thereafter, pursuant to resolution of the Board of Directors of the Corporation, an annual meeting of the stockholders of the Corporation was duly called and held on May 6, 2025, upon notice in accordance with Section 222 of the General Corporation law of the State of Delaware, at which meeting the necessary number of shares as required by statute were voted in favor of the foregoing amendments.

3. The foregoing amendments were duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be signed by Shayon T. Smith, Assistant Secretary, effective as of the 6th day of May, 2025.

THE HERSHEY COMPANY

By: /s/ Shayon T. Smith
Shayon T. Smith
Assistant Secretary

**CERTIFICATE OF AMENDMENT
OF
RESTATED CERTIFICATE OF INCORPORATION
OF
HERSHEY FOODS CORPORATION**

Hershey Foods Corporation (the “Corporation”), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify as follows:

1. The Board of Directors of the Corporation, at a meeting duly convened and held on February 15, 2005, adopted resolutions proposing and declaring it advisable and in the best interests of the Corporation that the Restated Certificate of Incorporation of the Corporation be amended as follows:

(a) Article First of the Restated Certificate of Incorporation is amended in its entirety by substituting in lieu thereof the following:

FIRST: Name.

The name of the Corporation is The Hershey Company.

(b) Article Fourth, the first two sentences of subparagraph A, subparagraph A1, and subparagraph A2 of the Restated Certificate of Incorporation are amended in their entirety by substituting in lieu thereof the following:

FOURTH: Capital Stock.

A. *Classes and Number of Shares.* The total number of shares of all classes of stock which the Corporation shall have authority to issue is 1,055,000,000 shares. The classes and the aggregate number of shares of stock of each class which the Corporation shall have authority to issue are as follows:

1. 900,000,000 shares of Common Stock, one dollar (\$1.00) par value (hereinafter the “Common Stock”).
2. 150,000,000 shares of Class B Common Stock, one dollar (\$1.00) par value (hereinafter the “Class B Common Stock”).

2. Thereafter, pursuant to resolution of the Board of Directors of the Corporation, an annual meeting of the stockholders of the Corporation was duly called and held on April 19, 2005, upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware, at which meeting the necessary number of shares as required by statute were voted in favor of the foregoing amendments.

3. The foregoing amendments were duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be signed by Richard H. Lenny, its Chairman, President and Chief Executive Officer, the 19th day of April 2005.

HERSHEY FOODS CORPORATION

By: /s/Richard H. Lenny
Richard H. Lenny,
Chairman, President and
Chief Executive Officer

**CERTIFICATE OF AMENDMENT
OF
RESTATED CERTIFICATE OF INCORPORATION
OF
HERSHEY FOODS CORPORATION**

Hershey Foods Corporation (the “Corporation”), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of the Corporation at a meeting duly convened and held on February 10, 1988, adopted resolutions proposing and declaring it advisable and in the best interests of the Corporation that Subparagraph D of the Fourth paragraph of the Restated Certificate of Incorporation of the Corporation be amended to read as follows:

“FOURTH: Capital Stock.

D. Issuance of the Common Stock and the Preferred Stock. The Board of Directors of the Corporation may from time to time authorize by resolution the issuance of any or all shares of the Common Stock and the Preferred Stock herein authorized in accordance with the terms and conditions set forth in this Restated Certificate of Incorporation for such purposes, in such amounts, to such persons, corporations, or entities, for such consideration, and in the case of the Preferred Stock, in one or more series, all as the Board of Directors in its discretion may determine and without any vote or other action by the stockholders, except as otherwise required by law, provided, however, that, subject to the provisions of subparagraph B.7 of this paragraph FOURTH, the approval of Hershey Trust Company (a Pennsylvania corporation), as Trustee for Milton Hershey School (a Pennsylvania not-for-profit corporation), under Deed of Trust dated November 15, 1909, or any successor to Hershey Trust Company as Trustee for Milton Hershey School, or Milton Hershey School, as appropriate, shall be obtained prior to the Board of Directors of the Corporation authorizing the issuance of any shares of the Common Stock or the Preferred Stock, or taking any other action, which would cause said Hershey Trust Company, successor Trustee, or Milton Hershey School to cease to be able at any time (either at a meeting of stockholders or by written consent) to cast a majority of the votes entitled to be cast with regard to any matter upon which the Class B Common Stock is entitled to vote either separately as a class or together with any other class. At any time shares of the Class B Common Stock are outstanding, the Board of Directors may issue shares of the Common Stock in the form of a distribution or distributions pursuant to a stock dividend on or split-up of the shares of the Common Stock only to the then holders of the outstanding shares of the Common Stock and in conjunction with and in the same ratio as a stock dividend on or split-up of the shares of the Class B Common Stock.”

SECOND: That thereafter, pursuant to resolution of the Board of Directors of the Corporation, an annual meeting of the stockholders of the Corporation was duly called and held on April 25, 1988, upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware, at which meeting the necessary number of shares as required by statute were voted in favor of the said amendment.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said Hershey Foods Corporation has caused this certificate to be signed by Richard A. Zimmerman, its Chairman and Chief Executive Officer, and attested by William Lehr, Jr., its Secretary, this 25th day of April, 1988.

ATTEST:

HERSHEY FOODS CORPORATION

By: /s/ William Lehr, Jr.
William Lehr, Jr.
Secretary

By: /s/ Richard A. Zimmerman
Richard A. Zimmerman
Chairman and Chief Executive Officer

(SEAL)

(10011)

**CERTIFICATE OF AMENDMENT
OF
RESTATED CERTIFICATE OF INCORPORATION
OF
HERSHEY FOODS CORPORATION**

Hershey Foods Corporation (the "Corporation"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify as follows:

1. The Board of Directors of the Corporation, at a meeting duly convened and held on February 11, 1987, adopted resolutions proposing and declaring it advisable and in the best interests of the Corporation that the Restated Certificate of Incorporation of the Corporation be amended as follows:

(a) The first two sentences of subparagraph A and the first sentence of subparagraph A1 of the Fourth Article of the Restated Certificate of Incorporation are amended by substituting in lieu thereof the following:

A. Classes and Number of Shares. The total number of shares of all classes of stock which the Corporation shall have authority to issue is 530,000,000 shares. The classes and the aggregate number of shares of stock of each class which the Corporation shall have authority to issue are as follows:

1. 450,000,000 shares of Common Stock, one dollar (\$1.00) par value (hereinafter the "Common Stock").

(b) The Sixth Article of the Restated Certificate of Incorporation is amended by re-lettering the current subparagraphs B and C of said Article to C and D, respectively, and adding a new subparagraph B as follows:

B. To the fullest extent permitted by the Delaware General Corporation Law as it presently exists or may be amended from time to time, no director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. Any repeal or modification of this provision shall not adversely affect any right or protection of a director of the Corporation in respect of any act or omission occurring prior to or at the time of such repeal or modification.

2. Thereafter, pursuant to resolution of the Board of Directors of the Corporation, an annual meeting of the stockholders of the Corporation was duly called and held on April 27, 1987, upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware, at which meeting the necessary number of shares as required by statute were voted in favor of the foregoing amendments.

3. The foregoing amendments were duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, Hershey Foods Corporation has caused this Certificate to be signed by Richard A. Zimmerman, its Chairman and Chief Executive Officer, and attested by William Lehr, Jr., its Secretary, the 27th day of April, 1987.

ATTEST:

HERSHEY FOODS CORPORATION

By: /s/ William Lehr, Jr.
William Lehr, Jr.
Secretary

By: /s/ Richard A. Zimmerman
Richard A. Zimmerman
Chairman and Chief Executive Officer

**RESTATED
CERTIFICATE OF INCORPORATION
OF
HERSHEY FOODS CORPORATION
(under Section 245 of the Delaware General Corporation Law)**

Hershey Foods Corporation (the “Corporation”) was originally incorporated as Hershey Chocolate Corporation. The Corporation’s original Certificate of Incorporation was filed with the Secretary of State of Delaware on October 24, 1927. This Restated Certificate of Incorporation was proposed to the stockholders of the Corporation by the Board of Directors on August 25, 1984, and duly adopted in accordance with the provisions of Sections 242 and 245 of the Delaware General Corporation Law, as amended, by an affirmative vote of the holders of at least a majority of all outstanding stock entitled to vote at a meeting of stockholders of the Corporation held at Hershey, Pennsylvania on October 9, 1984. The Restated Certificate of Incorporation as previously and herewith amended is hereby restated to read in its entirety as follows:

FIRST: Name.

The name of the Corporation is HERSHEY FOODS CORPORATION.

SECOND: Registered Office and Agent.

The address of the registered office of the Corporation in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: Purpose and Business.

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law and to conduct and promote any business in connection therewith.

FOURTH: Capital Stock.

A. *Classes and Number of Shares.* The total number of shares of all classes of stock which the Corporation shall have authority to issue is 230,000,000 shares. The classes and the aggregate number of shares of stock of each class which the Corporation shall have authority to issue are as follows:

1. 150,000,000 shares of Common Stock, one dollar (\$1.00) par value (hereinafter the “Common Stock”). Upon the filing of this Restated Certificate of Incorporation, each issued share of common stock without par value of the Corporation, including the 31,337,112 shares of said common stock without par value outstanding as of said filing date, and including also any shares of said common stock without par value held in treasury by the Corporation, shall, without any action on the part of the respective holders thereof, be reclassified as

and changed into one share of Common Stock, and the amount of capital represented by such shares of Common Stock in the aggregate shall be the same as the aggregate amount of capital represented by the shares of common stock without par value so reclassified and changed.

2. 75,000,000 shares of Class B Common Stock, one dollar (\$1.00) par value (hereinafter the “Class B Common Stock”).

3. 5,000,000 shares of Preferred Stock, one dollar (\$1.00) par value (hereinafter the “Preferred Stock”).

B. *Powers and Rights of the Common Stock and the Class B Common Stock.*

1. *Voting Rights and Powers.* With respect to all matters upon which stockholders are entitled to vote or to which stockholders are entitled to give consent, the holders of the outstanding shares of the Common Stock and the holders of any outstanding shares of the Class B Common Stock shall vote together without regard to class, and every holder of the outstanding shares of the Common Stock shall be entitled to cast thereon one (1) vote in person or by proxy for each share of the Common Stock standing in his name, and every holder of any outstanding shares of the Class B Common Stock shall be entitled to cast thereon ten (10) votes in person or by proxy for each share of the Class B Common Stock standing in his name, provided that at such time as shares of the Class B Common Stock become outstanding, holders of the Common Stock, voting separately as a class with each holder of the outstanding shares of the Common Stock being entitled to one (1) vote in person or by proxy for each share of the Common Stock standing in his name, shall have the right to elect that number of directors so that one-sixth (calculated to the nearest whole number, rounding a fractional number of five-tenths (.5) to the next highest whole number) of the total number of directors of the Corporation fixed from time to time by, or in the manner provided for in, the By-laws of the Corporation, shall have been elected by the holders of the Common Stock. With respect to any proposed amendment to this Restated Certificate of Incorporation which would increase or decrease the number of authorized shares of either the Common Stock or the Class B Common Stock, increase or decrease the par value of the shares of the Common Stock or the Class B Common Stock, or alter or change the powers, preferences, relative voting power or special rights of the shares of the Common Stock or the Class B Common Stock so as to affect them adversely, the approval of a majority of the votes entitled to be cast by the holders of the class affected by the proposed amendment, voting separately as a class, shall be obtained in addition to the approval of a majority of the votes entitled to be cast by the holders of the Common Stock and the Class B Common Stock voting together without regard to class as hereinbefore provided.

2. *Board of Directors*

a. *Number.* The Board of Directors shall consist of at least three members, at least one of whom shall be electable by the holders of the Common Stock voting separately as a class as hereinbefore provided.

b. *Standing and Term.* All directors, whether elected by the holders of both the Common Stock and the Class B Common Stock voting together or the Common Stock voting separately as a class, shall have

equal standing, serve terms of equal duration and have equal voting powers.

c. *Vacancies.* Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority vote of the remaining directors then in office, even though less than a quorum.

d. *Removal.* Directors elected or electable (in the case of vacancies or newly created directorships filled by the remaining directors) by the holders of the Common Stock and the Class B Common Stock voting together without regard to class may be removed, with or without cause, only by the vote or consent of a majority of the votes then entitled to be cast by the holders of the Common Stock and Class B Common Stock, voting together without regard to class. Directors separately elected or electable (in the case of vacancies or newly created directorships filled by the remaining directors) by the holders of the Common Stock may be removed, with or without cause, only by the vote or consent of a majority of the votes then entitled to be cast by the holders of the Common Stock, voting separately as a class.

e. *Common Stock Directorships Designation.* At the time shares of the Class B Common Stock shall first become outstanding, the Board of Directors shall designate one-sixth (calculated to the nearest whole number, rounding a fractional number of five-tenths (.5) to the next highest whole number) of the then authorized number of directorships as directorships to be elected by the separate class vote of the holders of the Common Stock at the next meeting of stockholders at which directors are to be elected. Any director filling such a designated directorship shall hold office until his successor is elected and qualified or until his earlier resignation, death or removal.

3. *Dividends and Distributions.*

a. *Cash Dividends.* At any time shares of the Class B Common Stock are outstanding, as and when cash dividends may be declared by the Board of Directors, the cash dividend payable on shares of the Common Stock shall in all cases be ten percent (10%) higher on a per share basis than the cash dividend payable on shares of the Class B Common Stock. For purposes of calculating the cash dividend to be paid on shares of the Common Stock and the Class B Common Stock, the amount of the cash dividend declared and payable on shares of the Common Stock, determined in accordance with this provision, may be rounded up to the next highest half cent or fraction thereof.

b. *Other Dividends and Distributions.* Each share of the Common Stock and each share of the Class B Common Stock shall be equal in respect of rights to dividends (other than cash) and distributions, when and as declared, in the form of stock or other property of the Corporation, except that in the case of dividends or other distributions payable in stock of the Corporation other than the Preferred Stock, including distributions pursuant to stock split-ups or divisions, which occur after the date shares of the Class B Common Stock are first issued by the Corporation, only shares of the Common Stock shall be distributed

with respect to the Common Stock and only shares of the Class B Common Stock shall be distributed with respect to the Class B Common Stock.

4. *Other Rights.* Except as otherwise required by the Delaware General Corporation Law or as otherwise provided in this Restated Certificate of Incorporation, each share of the Common Stock and each share of the Class B Common Stock shall have identical powers, preferences and rights, including rights in liquidation.

5. *Issuance of the Class B Common Stock.*

a. *Initial Issuance.* The Board of Directors may authorize by resolution the manner in which shares of the Class B Common Stock shall initially be issued and may set such terms and conditions as it deems appropriate or advisable with respect thereto, without any vote or other action by the stockholders, except as otherwise required by law. Such initial issuance shall only be to the then holders of the Common Stock.

b. *Subsequent Issuance.* Following initial issuance, the Board of Directors may only issue shares of the Class B Common Stock in the form of a distribution or distributions pursuant to a stock dividend on or split-up of the shares of the Class B Common Stock and only to the then holders of the outstanding shares of the Class B Common Stock in conjunction with and in the same ratio as a stock dividend on or split-up of the shares of the Common Stock.

6. *Conversion of the Class B Common Stock.* Each share of the Class B Common Stock may at any time be converted at the election of the holder thereof into one fully paid and nonassessable share of the Common Stock. Any holder of shares of the Class B Common Stock may elect to convert any or all of such shares at one time or at various times in such holder's discretion. Such right shall be exercised by the surrender of the certificate representing each share of the Class B Common Stock to be converted to the agent for the registration of transfer of shares of the Class B Common Stock at its office, or to the Corporation at its principal executive offices, accompanied by a written notice of the election by the holder thereof to convert and (if so required by the transfer agent or by the Corporation) by instruments of transfer, in form satisfactory to the transfer agent and to the Corporation, duly executed by such holder or his duly authorized attorney. The issuance of a certificate or certificates for shares of the Common Stock upon conversion of shares of the Class B Common Stock shall be made without charge for any stamp or other similar tax in respect of such issuance. However, if any such certificate or certificates is or are to be issued in a name other than that of the holder of the share or shares of the Class B Common Stock converted, the person or persons requesting the issuance thereof shall pay to the transfer agent or to the Corporation the amount of any tax which may be payable in respect of any such transfer, or shall establish to the satisfaction of the transfer agent or of the Corporation that such tax has been paid. As promptly as practicable after the surrender for conversion of a certificate or certificates representing shares of the Class B Common Stock and the payment of any tax as hereinbefore provided, the Corporation will deliver or cause to be delivered at the office of the transfer agent to, or upon the written order of, the holder of such certificate or certificates, a certificate or certificates representing the number of shares of the Common Stock issuable upon such conversion, issued in such name

or names as such holder may direct. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of the surrender of the certificate or certificates representing shares of the Class B Common Stock (if on such date the transfer books of the Corporation shall be closed, then immediately prior to the close of business on the first date thereafter that said books shall be open), and all rights of such holder arising from ownership of shares of the Class B Common Stock shall cease at such time, and the person or persons in whose name or names the certificate or certificates representing shares of the Common Stock are to be issued shall be treated for all purposes as having become the record holder or holders of such shares of the Common Stock at such time and shall have and may exercise all the rights and powers appertaining thereto. No adjustments in respect of past cash dividends shall be made upon the conversion of any share of the Class B Common Stock; provided, however, that if any shares of the Class B Common Stock shall be converted subsequent to the record date for the payment of a cash or stock dividend or other distribution on shares of the Class B Common Stock but prior to such payment, the registered holder of such shares at the close of business on such record date shall be entitled to receive the cash or stock dividend or other distribution payable to holders of the Common Stock. The Corporation shall at all times reserve and keep available, solely for the purpose of issue upon conversion of outstanding shares of the Class B Common Stock, such number of shares of the Common Stock as may be issuable upon the conversion of all such outstanding shares of the Class B Common Stock, provided, the Corporation may deliver shares of the Common Stock which have previously been exchanged for shares of the Class B Common Stock or which are held in the treasury of the Corporation for shares of the Class B Common Stock to be converted. If any shares of the Common Stock require registration with or approval of any governmental authority under any federal or state law before such shares of the Common Stock may be issued upon conversion, the Corporation will cause such shares to be duly registered or approved, as the case may be. The Corporation will endeavor to list shares of the Common Stock required to be delivered upon conversion prior to such delivery upon any national securities exchange or national market system on which the outstanding shares of the Common Stock may be listed at the time of such delivery. All shares of the Common Stock which may be issued upon conversion of shares of the Class B Common Stock will, upon issue, be fully paid and nonassessable.

7. *Duration of Class Rights and Powers.* At any time when:

a. Hershey Trust Company (a Pennsylvania corporation), as Trustee for Milton Hershey School (a Pennsylvania not-for-profit corporation) under Deed of Trust dated November 15, 1909, or any successor to Hershey Trust Company as Trustee for Milton Hershey School, or Milton Hershey School, ceases to hold (1) more than fifty percent (50%) of the outstanding shares of the Class B Common Stock at a time when shares of such class are outstanding and (2) at least fifteen percent (15%) of the total number of shares of the Common Stock and the Class B Common Stock outstanding; or

b. there shall be only shares of either the Common Stock or shares of the Class B Common Stock outstanding;

any shares of the Class B Common Stock which are then outstanding shall, without any action by the Board of Directors or the holder or holders thereof, automatically convert into and become for all purposes shares of the Common Stock, and the provisions of this Certificate of Incorporation which provide for different voting or cash dividend rights for the Common Stock and the Class B Common Stock shall not be of any effect. All shares of either or both the Common Stock or the Class B Common Stock which are then outstanding shall have equal and general voting power in the election of directors and in all other matters upon which stockholders of the Corporation are entitled to vote or give consent, even if at such time there shall have been fixed by the Board of Directors a record date for voting at any meeting of stockholders. If any cash dividends shall have been declared at such time but not paid, holders of the Class B Common Stock shall be entitled to the same cash dividend payable to holders of the Common Stock, and future cash dividends, as and when declared, shall be payable at the same rate for all shares of the one class of Common Stock then outstanding. The Board of Directors is hereby authorized to take such actions, consistent with the Delaware General Corporation Law, as it deems appropriate or advisable with respect to the replacement of certificates then outstanding evidencing ownership of the Class B Common Stock, or otherwise, in order to carry into effect the foregoing provisions.

C. *Preferred Stock.* The powers, preferences, rights, qualifications, limitations and restrictions pertaining to the Preferred Stock, or any series thereof, shall be such as may be fixed by the Board of Directors in its sole discretion, authority so to do being hereby expressly vested in such Board.

D. *Issuance of the Common Stock and the Preferred Stock.* The Board of Directors of the Corporation may from time to time authorize by resolution the issuance of any or all shares of the Common Stock and the Preferred Stock herein authorized in accordance with the terms and conditions set forth in this Restated Certificate of Incorporation for such purposes, in such amounts, to such persons, corporations, or entities, for such consideration, and in the case of the Preferred Stock, in one or more series, all as the Board of Directors in its discretion may determine and without any vote or other action by the stockholders, except as otherwise required by law. At any time shares of the Class B Common Stock are outstanding, the Board of Directors may issue shares of the Common Stock in the form of a distribution or distributions pursuant to a stock dividend on or split-up of the shares of the Common Stock only to the then holders of the outstanding shares of the Common Stock and in conjunction with and in the same ratio as a stock dividend on or split-up of the shares of the Class B Common Stock.

FIFTH: Term of Existence.

The Corporation is to have perpetual existence.

SIXTH: Management of the Business of the Corporation.

The following provisions are adopted for the management of the business and for the conduct of the affairs of the Corporation and for further creating, defining, limiting and regulating the powers of the Corporation, the directors and the stockholders:

A. The business and affairs of the Corporation shall be managed by or under the direction of its Board of Directors. The Board of Directors shall have and may exercise all the powers of the Corporation, without any action of or by the stockholders, except as otherwise provided by the Delaware General Corporation Law, this Restated Certificate of Incorporation or the By-laws.

B. The Board of Directors shall have and may exercise the power to adopt, amend or repeal the By-laws.

C. Elections of directors of the Corporation need not be by written ballot, except to the extent provided for in the By-laws.

SEVENTH: Amendment.

The Corporation reserves the right to amend, alter, change, add to or repeal any provision contained in this Restated Certificate of Incorporation, in the manner now or hereafter prescribed by the Delaware General Corporation Law, and all rights herein conferred on officers, directors and stockholders are granted subject to this reservation.

IN WITNESS WHEREOF, HERSHEY FOODS CORPORATION has caused this Restated Certificate of Incorporation to be executed by W. E. C. Dearden, its Chairman of the Board of Directors, to be attested to by W. Lehr, Jr., its Secretary, and its corporate seal to be affixed hereto this 9th day of October, 1984.

ATTEST:

HERSHEY FOODS CORPORATION

By: /s/ William Lehr, Jr.
William Lehr, Jr.
Secretary

By: /s/ W.E.C. Dearden
W.E.C. Dearden
Chairman of the Board of Directors

(Corporate Seal)

CERTIFICATION

I, Michele G. Buck, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Hershey Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MICHELE G. BUCK

Michele G. Buck
Chief Executive Officer
(Principal Executive Officer)
July 30, 2025



CERTIFICATION

I, Steven E. Voskuil, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Hershey Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ STEVEN E. VOSKUIL

Steven E. Voskuil
Chief Financial Officer
(Principal Financial Officer)
July 30, 2025



CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officers of The Hershey Company (the “Company”) hereby certify, to the best of their knowledge, that the Company’s Quarterly Report on Form 10-Q for the quarterly period ended June 29, 2025 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 30, 2025

/s/ MICHELE G. BUCK

Michele G. Buck
Chief Executive Officer
(Principal Executive Officer)

Date: July 30, 2025

/s/ STEVEN E. VOSKUIL

Steven E. Voskuil
Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

