



First Quarter 2023 Earnings Pre-Recorded Management Discussion

May 3, 2023

Please view the following prepared management remarks together with our Quarterly Report on Form 10-Q, the earnings release that accompanies these remarks, the related presentation slides, and the non-GAAP information that accompanies these remarks, which includes a discussion of non-GAAP financial measures and reconciliations of non-GAAP financial measures to the comparable GAAP financial measures. The related earnings release and presentation slides and accompanying non-GAAP information are available on our website at ir.kraftheinzcompany.com under News & Events > Events & Webcasts, or directly at ir.kraftheinzcompany.com/events-and-webcasts.

We also invite you to listen to our live question-and-answer webcast with Kraft Heinz management which will begin today at 9:00 a.m. Eastern Time and will be available on our website at ir.kraftheinzcompany.com under News & Events > Events & Webcasts, or directly at ir.kraftheinzcompany.com/events-and-webcasts.

Forward-Looking Statements

The following remarks include a number of forward-looking statements as defined under U.S. federal securities laws, including, but not limited to, statements, estimates, and projections relating to our business and long-term strategy; our ambitions, goals, targets, and commitments; our activities, efforts, initiatives, plans, and programs, and our investments in such activities, efforts, initiatives, plans, and programs; and projected or expected timing, results, achievement, and impacts. Words such as “aim,” “anticipate,” “aspire,” “believe,” “could,” “estimate,” “expect,” “guidance,” “intend,” “may,” “might,” “outlook,” “plan,” “predict,” “project,” “seek,” “will,” “would,” and variations of such words and similar future or conditional expressions are intended to identify forward-looking statements. These statements are based on management’s beliefs, expectations, estimates, and projections at the time they are made and are not guarantees of future performance. Such statements are subject to a number of risks and uncertainties, many of which are difficult to predict and beyond our control, which could cause actual results to differ materially from those indicated in the forward-looking statements. For additional, important information regarding such risks and uncertainties, please see our related earnings release, which accompanies this presentation, and the risk factors set forth in Kraft Heinz’s filings with the U.S. Securities and Exchange Commission, including our most recently filed Annual Report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. We disclaim and do not undertake any obligation to update, revise, or withdraw any forward-looking statement in this presentation, except as required by applicable law or regulation.

Non-GAAP Financial Measures

These remarks contain non-GAAP financial measures, including Organic Net Sales, Adjusted EBITDA, Constant Currency Adjusted EBITDA, Adjusted Gross Profit, Adjusted Gross Profit Margin, Adjusted EPS, Free Cash Flow, Free Cash Flow Conversion, and Net Leverage. These non-GAAP financial measures may differ from similarly titled non-GAAP financial measures presented by other companies. These measures are not substitutes for their comparable financial measures prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and should be viewed in addition to, and not as an alternative for, the GAAP results in these remarks.

These non-GAAP financial measures assist management in comparing the Company’s performance on a consistent basis for purposes of business decision-making by removing the impact of certain items that management believes do not directly reflect the Company’s underlying operations.

Q1 2023 Earnings Pre-Recorded Management Discussion

Slide 1

ANNE-MARIE MEGELA, HEAD OF GLOBAL INVESTOR RELATIONS

Hello. This is Anne-Marie Megela, Head of Global Investor Relations at The Kraft Heinz Company. I'd like to welcome you to our first quarter 2023 business update.

Slide 2

During the following remarks, we will make forward-looking statements regarding our expectations for the future, including related to our business plans and expectations, strategy, efforts and investments, and related timing and expected impacts. These statements are based on how we see things today, and actual results may differ materially due to risks and uncertainties. Please see the cautionary statements and risk factors contained in today's earnings release, which accompanies these remarks, as well as our most recent 10-K, 10-Q, and 8-K filings for more information regarding these risks and uncertainties.

Additionally, we will refer to non-GAAP financial measures, which exclude certain items from our financial results reported in accordance with GAAP. Please refer to today's earnings release and the non-GAAP information available on our website at ir.kraftheinzcompany.com under News & Events for a discussion of our non-GAAP financial measures and reconciliations to the comparable GAAP financial measures.

Slide 3

Today, our Chief Executive Officer and Board Chair, Miguel Patricio, will provide an update on our overall business performance. And Andre Maciel, our Global Chief Financial Officer, will provide a financial review of the first quarter and will discuss our 2023 outlook.

We have also scheduled a separate, live question-and-answer session with analysts.

You can access our earnings release, supplemental materials, and audio of our question-and-answer session at ir.kraftheinzcompany.com. A replay of the question-and-answer session will be available following the event through the same website.

With that, I will turn it over to Miguel.

MIGUEL PATRICIO, CHIEF EXECUTIVE OFFICER AND BOARD CHAIR

Thank you, Anne-Marie.

And thank you all for joining us today. I am very pleased to share with you that 2023 is off to a great start for Kraft Heinz.

Slide 4

We saw strong growth on both the top and bottom line, and this growth is coming from all three pillars: Foodservice, Emerging Markets, and US Retail GROW Platforms. We are also unlocking efficiencies in our variable costs and continuing reinvestment in our brands to improve profits... and profitability.

We're building product solutions that offer value and accessibility for our consumers. At the same time, we are increasing investments in transformational drivers across marketing, R&D and technology.

We now believe 2023 will be even better than originally thought and we are raising both our Adjusted EBITDA and Adjusted EPS expectations.

As you can see, our strategy is working as we continue advancing our transformation. While we are still on our journey, we are beginning to see signs of greatness emerge. It's not yet time to declare victory, but we are becoming the type of company we know we can be.

Slide 5

Organic Net Sales grew 9.4% versus Q1 2022, with strength from both our North America and International Zones.

This top line growth, along with gross margin expansion, partially offset by continued reinvestment in the business, drove Constant Currency Adjusted EBITDA growth of 11.9% versus the prior year. This includes a 40 basis point negative net impact from divestitures and acquisitions.

Adjusted EPS grew at an even faster pace of 13.3% primarily driven by our Adjusted EBITDA performance.

Slide 6

Our Adjusted Gross Profit Margin of 32.8% expanded approximately 130 basis points compared to the first quarter of 2022 and 60 basis points compared to the 4th quarter of 2022.

Our new pricing is taking hold, our teams continued to unlock variable cost efficiencies, and the rate of inflation has moderated.

Slide 7

Now, let's dive deeper into the drivers of our top line growth.

Slide 8

Remember, each pillar is expected to contribute approximately one third of total top-line growth. Foodservice grew nearly 30%, Emerging Markets grew 23%, and our GROW platforms in the U.S., led by Taste Elevation and Easy Meals, grew 8% in the quarter.

Let's start with Foodservice.

Slide 9

North America Foodservice grew over 25%, while International Foodservice grew over 35%, and we gained share across both markets.

Foodservice is truly a global business, and we're leveraging our scale to support our customers while tailoring for local execution.

Slide 10

Let's start with International.

One of the key drivers of growth is our Chef-Led Model. We have over 30 chefs dedicated to International Foodservice, and we bring them into our conversations with customers, where they can listen to our customer's needs in a different way and co-create menu concepts fit for their specific products.

And it's driving results. In the first quarter, our Chef-Led Model drove growth in the QSR channel of over 45% versus prior year across the zone.

We are also leveraging successful local insights to scale up across multiple markets. Heinz Selection is our brand platform for independent burger houses to drive distribution and consistent execution in this growing segment. We launched it three years ago in one market...and it worked, so we scaled it.

We are now in 18 markets, or an increase of almost 30% versus the end of last year, with 251 outlets in total.

This momentum and our winning strategy is why we're confident that we'll continue growing our International Foodservice business and continue to outpace the industry.

Slide 11

In North America Foodservice, we're driving volume growth in the categories where we have a right to win, leveraging the power of our iconic brands, such as *Heinz*, *Philadelphia*, and *Kraft Mac & Cheese*. In the first quarter, cases sold on our core SKUs were up 20% versus last year.

We are also focusing on our largest customers, our distributors. They account for almost 80% of our foodservice sales in North America. Specifically, we have been successfully increasing distribution through mutually beneficial joint business plans. For example, we are selling-in additional formats to our distributors, such as *Heinz Ketchup Dip & Squeeze*, and we're expanding penetration of adjacent categories including *A1* steak sauce and *Grey Poupon* mustard for those distributors that already carry ketchup. We're also launching innovation such as our *Kraft Deluxe Mayo*, which was created by chefs, for chefs. It handles heat and cold in a way that no other mayo out there does, and it tastes great. And our strategy is working, with distribution increasing over 4% year-over-year.

Slide 12

We are also entering new channels. Keep in mind that restaurants and bars only account for about half of the 1.3 million foodservice locations in the U.S. We have a tremendous opportunity in areas like the 25-billion-dollar education segment and the 30-billion-dollar travel & leisure segment.

A great example of this is our recently announced upcoming launch of *Lunchables* in schools. We reformulated the product to be compliant with the school lunch program to compete in this untapped channel.

And you have likely seen more Kraft Heinz products such as *P3*, *Lunchables*, and *Philly* cream cheese cups as you walk through the airport recently – that's not a coincidence.

We also recently launched KH Direct, our B2B e-commerce platform, to deliver products direct to foodservice customers. We are currently testing a subscription model for KH Direct in the Miami market.

All of these channels represent a meaningful growth opportunity for the second half of the year and beyond.

Slide 13

Now let's turn to our next pillar of growth, Emerging Markets.

Slide 14

The first quarter was yet another quarter of double-digit growth, growing 23% versus the prior year and faster than the total international zone. Notably, we grew volume 3.7%.

Our growth is being accelerated by our sustainable and repeatable go-to-market model. We are currently working through implementation in additional markets such as Indonesia, and plan to have the model in place in 90% of our emerging markets business by the end of the year.

With this outsized growth, Emerging Markets is becoming a larger part of the business. In the first quarter, it represented approximately 44% of the International Zone's Organic Net Sales.

Slide 15

As our Emerging Markets business grows, it is important to emphasize that while gaining distribution through the implementation of our go-to-market model is critical for growth, so too is continuing to strengthen our portfolio through innovation that's relevant to consumers. In China, we recently launched *Master's* Organic Soy Sauce. And in Brazil, we are launching *Hemmer's* premium selection of pasta sauce.

It is equally important to support our brands and connect with consumers through disruptive marketing.

For example, Kraft Heinz recently joined the debate on whether ketchup belongs on pizza... we think YES by the way. Our Heizzola campaign took our pizza, featuring crusts infused with Heinz Ketchup, to Naples, the birthplace of pizza. The results? Everyone loved it, and this campaign was scaled to markets throughout LATAM and Europe.

You can expect to see a lot more disruptive marketing coming your way.

We began implementing our Go-to-Market model back in 2019. Net sales have grown every year, driven by countries such as Brazil, Turkey, Mexico, and Poland. And by

focusing on mix and efficiencies, we are improving our margins. For example, our Adjusted EBITDA Margin in the first quarter increased approximately 160 basis points.

Slide 16

Let's now turn to our final pillar of growth, GROW Platforms in U.S. Retail.

Slide 17

Our North America Zone grew 6.7% compared to the first quarter of 2022. This was driven by pricing, partially offset by a 30-basis point impact from the cheese powder divestiture.

Our GROW Platforms in the U.S grew more, at 8.1%. As you know, our GROW platforms represent the most attractive areas of our business, with higher category growth and higher gross margins than the Kraft Heinz average. They represent about two thirds of our North America business.

Slide 18

And within GROW, Taste Elevation and Easy Meals are expected to drive the bulk of future profitable growth. As you may recall, these are the platforms that we highlighted at CAGNY.

Both grew significantly faster than the rest of the U.S. retail business. Taste Elevation at approximately 15% and Easy Meals at approximately 13%.

Slide 19

Looking to service, we continued to make progress on our supply chain recovery. For the U.S., case fill rate finished the first quarter in the mid-90s. There is still work to do in certain categories such as cold cuts, but as upstream supply constraints ease, and labor concerns improve, we continue to move toward our goal of the high 90s. In fact, 86% of our U.S. volume is already at or above 97% CFR.

Slide 20

In terms of market share, in the first quarter, we lost 30 points on a mix-adjusted basis in total. However, within our priority platforms, Taste Elevation and Easy Meals, where we have been making investments and expect most our growth to come from, we gained share alongside private label. Our share gain was sourced from branded competition.

Our share losses in Q1 were concentrated in Cold Cuts, Cream Cheese, and Kids Single Serve Beverages. In fact, those 3 categories drove more than 40% of our share loss in the first quarter.

We expect gradual year-to-go share improvement coming from sustainable, profitable commercial strategies, in addition to solving our remaining supply challenges.

Slide 21

Specifically, there are 4 actions that we are taking to drive share.

First, we are executing our Joint Business Plans with key customers to drive shelf space and merchandising. In these Joint Business Plans, which have already been signed, we have agreed on a set of common objectives and KPIs with our retail partners so that we win together.

Next, we plan to increase our marketing investments by double digits, focusing on our GROW platforms.

Third, we plan to ramp up our Innovation delivery throughout the year.

And finally, we are working through solves for our remaining supply constraints.

We will be selective about where to compete to protect profitability. We do not want to simply chase share, but rather invest purposefully in the areas most-aligned with our strategy. And for U.S. retail, that's primarily our GROW platforms.

Let me give you more details on what we are doing.

Slide 22

First, we plan to gain our fair share of shelf space. On Mac & Cheese, we are focusing on increasing feature and display for our Liquids portfolio. *Kraft* Mac & Cheese Deluxe and *Velveeta* Shells & Cheese have higher revenue and profitability per unit, and also offer consumers a premium taste and gooeyness that provide a sense of comfort.

Our Joint Business Plans also provide for us to earn quality merchandising, or merchandising that includes feature and display, for key windows. For example, for cream cheese around the holidays.

And we are working to expand distribution of formats that create expandable consumption, such as *Lunchables* 5-pack that is lunchbox ready, Philly soft 2-packs, and

Capri Sun Variety Packs. In fact, we have the largest number of displays for *Capri Sun* ever, planned for this summer.

Slide 23

Second, we intend to increase marketing spend double digits. Two brands where we are focusing investment to drive share are *Philadelphia* and *Kraft Mac & Cheese*. On cream cheese, we are focusing on *Philly's* "one-of-a-kind" point of difference, as well as our recently launched plant-based *Philadelphia*. On Mac & Cheese, once again we are focusing on our Liquids portfolio and will reinforce the brand values of comfort and indulgence.

We expect these incremental investments in cream cheese and mac & cheese to stabilize share in both categories by the end of the second quarter.

Slide 24

Next, we continue to focus on innovation, both disruption and extension. As we progress through the year, we expect a significant ramp-up in innovation.

From a disruption perspective, we have *HomeBake*, where consumers can cook main dishes, veggies, and sides, all together, in just 30 minutes – all at 425 degrees, to make a delicious meal.

Next, we have *NotMayo*. We launched *NotMayo* in the first quarter regionally, leveraging the power of our partnership with NotCo. We plan to scale the product nationally later this year. Our latest consumer data shows that *NotMayo* is phenomenal versus what is in the market!

And later this year, we plan to introduce Crispy Microwavable 'Grilled Cheesies' sandwiches that are ready in just 60 seconds.

In addition, we are excited to launch consumer-driven line extensions to drive incremental sales. First, turn up the heat with *Heinz Spicy Ketchup*, including three varieties each featuring a different pepper.

Next, we are introducing *Country Time* lemonade in a pouch.

And finally, we are taking the IHOP Coffee brand nationally into the Dry Coffee category featuring roasts and K-Cup pods.

Slide 25

Our fourth avenue to drive share is by addressing the remaining issues with our supply chain.

On Cold Cuts, we entered the quarter with low inventory levels due to previous supply constraints, and throughout last year we experienced labor shortages at one of our key plants. This issue has been resolved, and we are now improving plant efficiencies and rebuilding inventory to fully service the business. We expect recovery in this category by the end of Q3.

For frozen potatoes, in a year with a bad potato crop, we have been able to leverage our scale and new partnership with Simplot to give us more access to potatoes, and we gained share in the first quarter. We decided to pull up the timing of planned downtime for capital improvements from the third quarter into the second quarter. This will position us to fully support our potatoes business in the second half.

Slide 26

So, through our joint business plans, incremental investments in marketing, an accelerated pace of innovation, and working through remaining supply constraints, we expect to drive gradual share improvement as we move through the year.

Slide 27

As we continue to advance our transformation, we are becoming the company we know we can be. Let me tell you more about what we are doing.

Slide 28

Our teams have made incredible advancements across innovation, disruptive marketing, sales and supply chain to build scalable, sustainable solutions that drive profitable growth. We could not have accomplished what we have without our talented people.

So let's dive in

Slide 29

First, innovation. At CAGNY, you saw how we are approaching innovation in an entirely new way, with cross-functional dedicated teams that use agile ways of working and partnerships to develop better products, faster. And this innovation is also fueling our entry into new, attractive categories.

Last month, we launched *Just Spices* in the U.S. and are elevating the overall cooking experience for American families. With our majority interest in German-based *Just Spices*, we are bringing together this high-quality product, data and direct-to-consumer capabilities with Kraft Heinz's scale and brand loyalty to disrupt the U.S. spice category.

We also recently launched *Tingly Ted's*, a new hot sauce, and brand, created in collaboration with world renowned musician Ed Sheeran. The initial launch was in the UK, and we now have listings confirmed across Europe, Australia/New Zealand and North America.

In the UK, we introduced *Heinz* pasta sauces for the first time and recently announced that *Heinz* and Absolut teamed up to create a limited-edition tomato vodka pasta sauce. This collaboration brings together the expertise of *Heinz* in creating pasta sauces with the magic of Absolut Vodka to further intensify the flavor.

And the results of our new innovation strategy are already being recognized. This year, we were named to Fast Company's 2023 list of Most Innovative Companies in consumer goods, in particular for the great work done through our joint venture with NotCo. Here, we are elevating the plant-based space by leveraging Artificial Intelligence to develop great-tasting products quicker than ever before. And we're just getting started.

Slide 30

In disruptive marketing, we're moving at the speed of culture and driving substantial earned media growth. In the first quarter alone, we had 7.5 billion earned media impressions, an increase of 150% versus the first quarter of last year. And our total consumer engagement grew 24% across activations.

Driving this success are activations like the ketchup boat guy. He survived on nothing but ketchup and spices while adrift on a boat. Our internal agency team, the Kitchen, created what became the most successful earned media campaign for Heinz ever, generating 3.3 billion media impressions with paid media spend of only 10 thousand dollars.

And our *Lunchables'* upcoming entrance into schools drove the news cycle and prompted school administrators to take notice. The announcement garnered 1.4 billion earned media impressions with 99% positive or neutral sentiment and cost nearly nothing to execute.

Slide 31

And last, but definitely not least, we are transforming our organization through the power of artificial intelligence, particularly in Sales and Supply Chain. This is possible through our partnership with Microsoft.

Our sales organization has been elevated through the power of Insights 2 Action. This tool provides real-time A.I.-powered recommendations to drive wins for both customers and Kraft Heinz. And we are already seeing the joint wins materialize. We have gained additional distribution in several categories based on these recommendations, while driving incremental sales for our customers.

From a supply chain perspective, we have rolled out a proprietary AI-powered platform that shifts our supply chain management from being reactive to proactive. The entire platform was built in-house, and as a matter of fact, just last week, we filed a U.S. patent application for this powerful tool.

We have already started to see results, with more cases being shipped per day, at a pace of an additional \$30 million dollars in net sales a year. At the same time, there has been a 42% reduction in operator alerts as we prevent issues from arising in the first place. And this is just the beginning of what data and technology can do for our business.

Slide 32

As you can see, we had a very strong quarter.

We delivered profitable growth, coming from all 3 pillars of growth: Foodservice, Emerging Markets and U.S. Retail GROW platforms. And we expect our future growth to be driven equally by all three of these pillars.

As we drive top line and unlock variable cost efficiencies, we are increasing SG&A by double digits, with investments in Marketing, R&D and Technology, in order to accelerate future profitable growth.

With that, let me pass it to Andre who will give you more details on our financial results.

ANDRE MACIEL, GLOBAL CHIEF FINANCIAL OFFICER

Slide 33

Thank you, Miguel. From a financial perspective, we had a very strong quarter, building on the momentum we saw at the end of 2022. Let's take a look at the details.

Slide 34

We delivered strong topline and bottom-line performance across the company.

For total Kraft Heinz, Organic Net Sales grew 9.4% versus the prior year, driven by strong price realization from our most recent pricing actions in February, as well as the carryover impact of pricing from last year. Volume was down 5.3% as we began to see increased elasticities in the first quarter, which was anticipated. On average, elasticities were still 30% to 40% below historical levels.

In North America, we grew organic net sales 6.7%, and in International, we grew more, at 18.1%.

We grew Constant Currency Adjusted EBITDA 11.9%, with 14.1% growth in North America, and 12.7% in International. Currency negatively impacted Adjusted EBITDA in the quarter by 1.6 percentage points, and in the International zone, we were negatively impacted by an approximately \$20 million dollar impact from Cyclone Gabrielle that hit New Zealand in February. This was the worst storm to hit the region in decades and caused severe flooding around the country. I am pleased to say that our employees are all safe and that our Hastings plant is now up and running with the business recovering.

Slide 35

We generated almost \$1.5 billion dollars of Adjusted EBITDA in the first quarter. The year-over-year growth of 10.3% was driven primarily by pricing and gross efficiencies, more than offsetting inflation. Adjusted Gross Profit Margin expanded as we recover from last year's lag between pricing flow-through and inflation. Our margin expansion also funded investments in Marketing, R&D and Technology, consistent with what we outlined in our long-term growth algorithm. We expect to see double digit growth in marketing spend this year.

Slide 36

We are very pleased with our Adjusted Gross Profit Margin performance in the first quarter, which grew approximately 130 basis points versus last year. Pricing and supply chain efficiencies actualized favorable to our plan, while commodity costs are coming down a bit faster than anticipated.

In terms of Adjusted EPS, we grew approximately 13% versus Q1 2022, driven by our strong Adjusted EBITDA performance. Below-the-line impacts were minimal, with a one

cent positive impact from reduced interest expense, and one-cent negative impact each from the effective tax rate and the non-cash pension and post-retirement medical benefits.

Free Cash Flow Conversion was 26% in the quarter. Even though Q1 tends to be seasonally low, there is more work to be done, particularly on reducing inventory levels. We are actively working on this, and I will provide more details in a few minutes.

Slide 37

Now, switching gears into the topic of our transformation. As we continue on our journey to accelerate profitable growth, we continue to generate efficiencies to allow us to reinvest in the business. Let me walk you through what we are doing.

Slide 38

Let's start with revenue management. This encompasses pricing strategy, price pack architecture, mix management and promotional optimization, and we are evolving in all these areas.

We have significantly improved our ROIs on promotional activity, executing fewer, better promotions. We have reduced our volume sold on promotion in the U.S. by 12% versus Q1 2019, compared to an 8% reduction by branded competition. And our ROIs have improved 15 percentage points versus the same period. We expect they will continue to improve as a function of our new tools and ways of working.

We have purposely rationalized a large number of SKUs to drive efficiency and profitability, while optimizing our promotional strategy and cutting low-ROI promos. While these initiatives have driven overall volume declines, as you can see, our base volumes continue to be healthy, up 2% versus 2019.

We have been disciplined on promotions. Year-to-go, we still expect promotional activity to ramp up due to supply chain recovery, but this will be done in a selective way. Even with this additional spend, we expect volumes sold on promotion for the rest of the year to decline high single digits relative to 2019 levels.

Slide 39

In Supply Chain, we have announced a gross efficiency target of \$2.5 billion dollars by 2027, freeing up on average \$500 million dollars per year. We are on track to deliver this

target in 2023 as we continue to optimize our supply chain through digital investments and the modernization of our assets.

This efficiency, along with slightly moderating inflation and improving service levels, is leading to a gradual reduction in cost levels. On a full-year basis, we are still expecting high-single digit inflation, with low double digits in the first half of the year, and now, mid-single digits in the second half of the year. The timing will be a function of hedges rolling off and new contracts coming in place.

Slide 40

Now, let's discuss working capital efficiencies, our third funding source, and where we have the most work to do, particularly in inventory management. We prioritized accelerating service level recovery in Q1 and now we are taking actions to reduce inventory levels.

First, we are rebalancing our network. Now that service levels have normalized across most categories, we can begin to focus on efficient production and distribution and ensure that inventory is in the right place within our network.

Second, we plan to reduce our inventory buffers. We had been operating at higher-than-normal levels within the pandemic, and now will return to pre-pandemic inventory policies.

And we continue to implement our plan to improve demand forecast accuracy leveraging KH Hive, our proprietary demand planning solution created in partnership with o9. Miguel spoke to you about the exciting A.I.-powered tools that are accelerating our transformation, this is another example.

Throughout the past year, we've seen significant improvement in forecast accuracy, driven by KH Hive. Our Distribution Forecast Accuracy is up 10 percentage points year-over-year in Q1 and up 5 percentage points versus Q4 2022. We are seeing a similar trend in Production Forecast Accuracy, with a 6-percentage point improvement year-over-year and 4 percentage points quarter over quarter.

As the Machine Learning models ingest more data, they become smarter and generate more accurate signals. This gives us reasons to believe that our improvement will continue throughout the year.

Slide 41

As we look ahead for the remainder of the year, we still expect Organic Net Sales growth of 4 to 6% versus 2022, above our long-term algorithm of 2 to 3%. Growth is anticipated to be price-driven, with the continued assumption that elasticity will increase closer to historical levels.

We are now increasing our expectation for Adjusted Gross Profit Margin to expand 125 to 175 basis points, compared to our prior expectation of 50 to 100 basis points. This increase is driven by accelerated price execution, which is now 95% implemented, slightly lower inflation expectations, and better variable cost efficiencies.

This enhanced Adjusted Gross Profit Margin allows us to further increase our investments across Marketing, R&D and Technology in 2023. Our SG&A is now expected to increase by double-digit percent versus prior year. As we outlined in our long-term algorithm, we are accelerating investments for growth, while preserving our top tier Adjusted EBITDA margin.

Speaking of which, Constant Currency Adjusted EBITDA is now expected to grow between 4 to 6%, or 6 to 8% when excluding the impact from lapping the 53rd week in 2022. Based on current foreign exchange rates, we expect a half a percentage point headwind from currency.

As we think about some of the phasing, there are a couple of considerations. We expect our Organic Net Sales growth rate to moderate to mid-single digits, as we lap pricing actions from the prior year, exiting the year closer to our long-term algorithm. We anticipate our Adjusted EBITDA margin to remain relatively flat to Q1 levels, with an expansion in Q4 due to seasonality.

We now expect Adjusted EPS to be in the range of \$2.83 to \$2.91. Our outlook now contemplates an effective tax rate on Adjusted EPS of 19% to 21%. It also includes a currency headwind of approximately \$0.02 at current FX rates, and in-line with previous expectations, approximately a \$0.04 negative impact from non-cash pension and post-retirement benefits and a negative \$0.06 impact from lapping the 53rd week in 2022.

Slide 42

As you can see, we had very strong performance in the quarter. Organic Net Sales, Adjusted EBITDA, and Adjusted EPS all grew faster than our long-term algorithm. Our Adjusted Gross Profit Margin expanded both sequentially and versus the prior year,

allowing us to continue to invest for growth. As a result, we are raising our guidance for Constant Currency Adjusted EBITDA and Adjusted EPS. With that, let me turn it over to Miguel for some closing comments.

MIGUEL PATRICIO, CHIEF EXECUTIVE OFFICER AND BOARD CHAIR

Slide 43

Thanks, Andre. I am very proud of the Kraft Heinz team for the results we delivered in the first quarter. They demonstrate that our strategy is working, not only generating strong top-line growth, but improving gross margins that are allowing us to reinvest in the business. And those investments are transforming our company across every function... marketing, sales, and supply chain among others. We are still on our journey to greatness, but we are beginning to see signs that we are becoming the company I know we can be.

Thank you for your time, and for your interest in Kraft Heinz.

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