



Laird Superfood, Inc. (LSF)

Q1 FY2026 Earnings Call Transcript

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Call Summary

Laird Superfood delivered 20% YoY revenue growth in Q1 2026, reaching \$13.9M, driven by wholesale strength and initial Navitas contribution. Two major acquisitions (Navitas Organics in March 2026 and Terrasoul Superfoods in April 2026) were completed, expanding product reach and operational scale. Management guided for FY26 net sales of \$138M–\$148M and adjusted EBITDA of \$8M–\$12M, with margin improvement expected as integration synergies are realized.

Call Participants

Trevor Rousseau — *Controller and Head of Investor Relations*

Jason Vieth — *President and Chief Executive Officer*

Anya Hamill — *Chief Financial Officer*

Analysts

Eric Des Lauriers — *Craig-Hallum Capital Group*

Nicholas Sherwood — *Maxim Group*

George Kelly — *ROTH Capital Partners*

Prepared Remarks

Operator 0:00:00

I will now hand the conference over to Trevor Rousseau, Head of Investor Relations. Trevor, please go ahead.

Trevor Rousseau — Controller and Head of Investor Relations 0:00:07

Thank you and good afternoon. Welcome to Laird Superfood's 1st quarter 2026 earnings conference call and webcast. On today's call are Jason Vieth, Laird Superfood's President and Chief Executive Officer, and Anya Hamill, our Chief Financial Officer. By now, everyone should have access to our earnings release, which was filed today after market close. It's available on the investor relations section of our website at lairdsuperfood.com. Before we begin, please note that during this call, management may make forward-looking statements within the context of federal securities laws. These statements are based on management's current expectations and involve risks and uncertainties that could cause actual results to differ materially from those described. Please refer to today's press release and other filings with the SEC for a detailed discussion of these risks and uncertainties. With that, I'll turn the call over to Jason.

Jason Vieth — President and CEO 0:01:03

Good afternoon, everyone, and thank you for joining us on today's call to discuss Laird Superfood's first quarter 2026 financial results. I'm Jason Vieth, President and Chief Executive Officer. With me today is Anya Hamill, our Chief Financial Officer. We issued our earnings press release and filed our Form 10-Q after market close today, and both are available on our investor relations website. The first quarter of 2026 marked a transformative milestone for Laird Superfood. On March 12th, we completed the acquisition of Navitas Organics, one of the most trusted and established names in the premium organic superfood category. Founded in 2003, Navitas brings high-quality organic superfoods with strong presence across natural and conventional grocery, club, and e-commerce channels. We acquired Navitas to expand our product portfolio, broaden our distribution reach, and accelerate our strategy of building a scaled positive nutrition platform.

[0:02:11] Just weeks after quarter end, on April 21st, we closed the acquisition of Terrasoul Superfoods. Terrasoul is a vertically integrated branded superfoods platform offering nuts, seeds, dried fruits, powders, baking ingredients, and functional beverage mix-ins. It sources globally, processes and packages in-house, and distributes through e-commerce, food service, and retail channels. This acquisition further expands our product assortment, strengthens our supply chain capabilities, and broadens our footprint across multiple channels. Both transactions were funded through our partnership with Nexus Capital Management. The initial \$50 million Series A preferred stock issuance in March funded the Navitas acquisition, and the subsequent \$60 million issuance in April funded the Terrasoul acquisition. These investments not only provided the capital to execute, but also brought strategic expertise as we build a larger, more diversified superfood company.

[0:03:20] Following these transactions, Nexus now holds approximately 73.8% of our common stock on a fully diluted as-converted basis, and we are operating as a controlled company under NYSE American rules. Strategically, these moves are about creating a comprehensive superfood platform that can compete more effectively in a rapidly evolving category. Consumers continue to shift toward clean, minimally processed functional foods with recognizable ingredients. By combining Laird's functional coffee solutions and performance focus, Navitas' premium organic superfood leadership, and Terrasoul's vertically integrated ingredient expertise, we are building a differentiated portfolio that spans daily use products, functional beverages, and broad superfood ingredients. As we have stated previously, these two acquisitions represent just the beginning of our roll-up strategy in the superfoods and positive nutrition space, and we expect to make additional acquisitions in the years to come as we continue to scale the platform.

[0:04:27] Through these transactions, we have created a much stronger enterprise that is positioned to generate positive EBITDA and cash flow in the future. Given these improvements, we expect to use our balance sheet to attain some combination of debt and equity financing to support those future acquisitions. We are already executing our integration playbook across the three businesses. For Navitas, which was with us for the final 19 days of the quarter, we are laser focused on aligning supply chain, finance, and commercial operations, while also preserving the brand's authentic identity and strong consumer relationships. The early contribution from Navitas in both e-commerce and wholesale channels validates the strategic fit. We have already integrated the Navitas organization into Laird Superfood, and I'm pleased to report that we are attaining the expected synergies across the combined organization.

[0:05:24] Our team is now focused on delivering the COGS, distribution, and brokerage savings that we had planned for the second half of this year and beyond. With Terrasoul now part of the family, we are applying the same disciplined approach, leveraging shared capabilities in sourcing, co-manufacturing optimization, and omni-channel distribution to drive efficiencies and accelerate growth. The addition of Terrasoul is particularly meaningful. Its vertical integration provides greater control over quality and cost, while its broad product line in nuts, seeds, and powders complements our existing offerings and opens new doors in food service and ingredient channels. At the same time, Terrasoul delivers to Laird Superfood an enhanced online marketplace capability, which we believe will greatly benefit our entire business in the future.

[0:06:19] Together, these two acquisitions significantly increase our overall scale, which we believe will improve our ability to invest in innovation, expand our consumer awareness and distribution footprint, and deliver better economics over time. Looking forward, we are confident that this platform positions us to capture a larger share of the growing positive nutrition market. We will continue to focus on driving repeat usage, expanding our customer base across both e-commerce and wholesale, optimizing our supply chain, and delivering innovative new products that align with consumer demand for functional clean label solutions. With regards to Q1, I am pleased to report that all of our brands achieved growth well in excess of the industry.

[0:07:07] Anya Hamill will share more details in a moment, but I can proudly report that our Q1 company growth was 20% versus last year, driven by the wholesale channel and our Amazon platform, and including more than 2 weeks of Navitas Organics post-acquisition. Even as we integrate two businesses, our supply chain continues to perform remarkably well. While we hit some margin pressure in Q1 related to inventory

that was costed at higher commodity prices and with tariffs, we expect that to mitigate as we move forward through the balance of the year since the commodity prices have already come down and tariffs are now removed from our products. I would be remiss if I did not mention that we are also leveraging AI in a very aggressive fashion and across our entire business.

[0:07:56] We now have AI supporting our team in forecasting, planning, and execution activities across all of our functions, including supply chain, finance, and marketing. We are already reaping the benefits of this technology in the organization as we transition the Navitas business to the Laird team with very little incremental headcount. I also want to share that we are making important shifts in our commercial engine. I am pleased to announce that Andy Judd has returned to the company to lead our marketing efforts. Andy was most recently at Poppi, where he led the marketing activities as the brand rapidly scaled to more than \$500 million in revenue and to an eventual sale to Pepsi. Under Andy's leadership, we will be pivoting more work in-house to drive greater efficiency, creativity, and speed to market.

[0:08:47] This transition will involve some near-term ramp-up investment, but we are confident that it will deliver both better ROI and stronger brand storytelling and consumer activation across our portfolio. On the sales side, we are bringing in new leadership to accelerate our wholesale momentum, particularly in conventional grocery and club, where we see substantial runway. We'll be able to share more on that appointment during our next call. While the near term will involve integration costs and complexity, we are energized by the strategic position that we have built and the long-term value creation opportunity ahead for our customers, our team, and our shareholders. I'll now turn the call over to Anya to provide greater detail on the first quarter financial results. Anya?

Anya Hamill — Chief Financial Officer 0:09:37

Thank you, Jason, and good afternoon, everyone. I will now provide additional detail on our first quarter 2026 financial results. As Jason highlighted, Q1 was a foundational quarter for our platform. I will walk you through what drove our Q1 results and then spend some time on how we're thinking about the full year picture for the combined three-brand business. Net sales for the first quarter of 2026 were \$13.9 million, up 20% compared to \$11.7 million in the first quarter of 2025. Navitas Organics contributed \$1.6 million of net sales in the quarter, representing its first partial period contribution following the March 12th close. Wholesale was again the primary growth engine, growing 37% year-over-year to \$7.5 million and representing 54% of total net sales.

[0:10:39] This was driven by the addition of Navitas wholesale revenues as well as continued distribution expansion, product assortment wins in grocery and club, and strong velocities at shelf. Our e-commerce channel grew 4% to \$6.5 million or 46% of total net sales, driven by the addition of Navitas e-commerce revenues and continued strength on Amazon.com, partially offset by softness in Laird's direct-to-consumer channel. Gross margin in the first quarter was 33.3% compared to 41.9% in the prior year period, a contraction of 8.6 percentage points. I want to give you a clear breakdown of what drove this. Approximately 3.2 percentage points of the contraction was driven by a timing-related inventory cost and benefit in the first quarter of 2025 that did not recur in 2026.

[0:11:43] This was a prior year item, not a reflection of current period performance. The remaining approximately 5.4 percentage points reflects a combination of unfavorable channel and product mix, inflationary commodity costs, particularly in coffee, and the impact of import tariffs on certain input costs. These are real pressures that we are actively managing. The total operating expenses were \$7.7 million in Q1 of 2026, compared to \$5.1 million in the prior year period. An increase of 50%, which I will explain, was largely driven by one-time acquisition costs. General and administrative expenses increased by 73% to \$3.9 million. The increase was driven primarily by \$1.3 million of Navitas acquisition and integration-related professional fees, which are one time in nature, as well as planned increases in personnel costs as we build the team to support a scaled multi-brand platform.

[0:12:49] Sales and marketing expenses increased 33% to \$3.8 million, driven by higher media spend, agency fees, and increased selling costs on higher sales volume. GAAP net income for first quarter of 2026 was \$1.8 million or \$0.12 per basic share, compared to a net loss of \$0.2 million in the prior year period. I want to be transparent about what drove this. The GAAP net income figure includes \$4.7 million discrete non-recurring income tax benefit resulting from the release of a deferred tax valuation allowance acquired in the connection with Navitas transaction. This reflects the recognition of deferred tax liabilities assumed in the acquisition, a one-time accounting benefit, not a reflection of operating performance.

[0:13:42] Stripping out that non-recurring item and looking at adjusted EBITDA, which we believe is a better representation of our underlying business performance, Q1 2026 adjusted EBITDA was a \$1.1 million loss, compared to positive \$0.4 million in the prior year period. The year-over-year decline reflects the gross margin pressures that I described earlier, such as commodity cost, tariffs, and unfavorable product and channel mix, as well as higher marketing and selling investments to support our growth strategy. As we integrate Navitas and Terrasoul and begin to realize procurement and operational synergies, we expect our adjusted EBITDA to improve meaningfully through the balance of the year. Turning to the balance sheet. As of March 31, 2026, we had \$10.5 million of cash equivalents and restricted cash, and no outstanding debt.

[0:14:42] Net working capital was \$25.7 million, up from \$11.1 million at the year-end 2025, reflecting the inclusion of Navitas working capital acquired in the transaction. Inventory increased to \$17.3 million from \$7.8 million at year-end 2025, reflecting the addition of Navitas inventory. Cash used in operating activities was \$3.8 million in Q1 of 2026, compared to \$1.3 million in the prior year period. The increase was driven primarily by payment of Navitas acquisition-related cost and changes in net working capital related to timing of receivables collections and payables. I also want to give you an important post-quarter data point on liquidity. On April 21st, we completed Terrasoul acquisition for \$48 million, funded by the \$60 million subsequent issuance of Series A preferred stock to our Nexus Capital Management partners.

[0:15:49] After funding the acquisition, the remaining proceeds are available to support the payment of certain liabilities related to the acquisition, as well as combined enterprise working capital needs. As of April 30th, 2026, the combined company had approximately \$24 million of cash and restricted cash. We believe this provides a solid liquidity position as we execute our integration plans. Now turning to 2026 outlook, let me walk you through our 2026 guidance for the combined platform. For fiscal year 2026, the company expects consolidated net sales in the range of \$138 million–\$148 million, reflecting full year of Laird Superfood and the post-acquisition contributions of Navitas and Terrasoul. Adjusted EBITDA is expected to be in the range

of \$8 million–\$12 million for fiscal 2026, reflecting full year of Laird Superfood and the post-acquisition contributions of Navitas and Terrasoul businesses, driven by top line growth and early synergy realization.

[0:17:04] Adjusted EBITDA excludes transaction and integration costs, which are one time in nature. I want to reiterate one more time that this guidance does not include the periods of 2026 that we did not own each of the Navitas and Terrasoul businesses. We will provide updated guidance as integration milestones are achieved and our visibility improves. We also want to help dimensionalize how the entire business is growing in 2026, but that is difficult given that Terrasoul has not yet been audited on the GAAP principles.

[0:17:42] For illustrative purposes only, on a pro forma full year basis, as if Navitas and Terrasoul were acquired on January 1, 2026, aggregating all three businesses and comparing 2026 to 2025 using the same accounting methodology as each company utilized in 2025, we would expect full year 2026 net sales to grow in the range of 8%–12%. In closing, first quarter was a transitional quarter by design. We absorbed the cost of building the platform, acquisition fees, working capital investment, and integration spending, while continuing to deliver healthy top line growth. Our focus for the balance of the year is clear. Integrate effectively, capture synergies across procurement and operations, continue to grow the top line across all three brands, and convert that growth into meaningful adjusted EBITDA improvement. With that, I'll turn the call back to Jason.

Jason Vieth — President and CEO 0:18:50

Thank you, Anya. 2026 will go down as another pivotal year of transformation for Laird Superfood. With the successful acquisitions of Navitas Organics and Terrasoul Superfoods now complete, we have significantly expanded our scale, diversified our portfolio, and strengthened our position in the fast-growing positive nutrition category. We've brought together three strong, complementary brands with leading positions across functional beverage, premium organic superfoods made with close-to-the-earth, minimally processed ingredients, creating a powerful platform that is far greater than the sum of its parts. While the near term includes integration costs and some associated margin pressure, the long-term opportunity is clear and compelling. We are building a scaled, diversified superfood company with improved economics, stronger innovation capabilities, and multiple levers for sustainable growth. We remain confident in our ability to deliver positive EBITDA and cash flow as we execute our roll-up strategy and continue to pursue additional strategic acquisitions.

[0:20:00] I want to thank our entire team for their tremendous work and dedication during this transformative period, our new partners at Nexus Capital for their strategic support, and all of you for your continued interest in Laird Superfood. We look forward to updating you on our progress throughout the remainder of 2026. Thank you again for joining us today. This concludes our call. Operator, we are now open for questions.

Questions and Answers

Operator 0:20:28

Thank you. We will now begin the question and answer session. If you would like to ask a question, please press star 1 to raise your hand. To withdraw your question, please press star 1 again. We ask that you pick up your handset when asking a question to allow for optimum sound quality. If you are muted locally, please remember to unmute your device. Please stand by while we compile the Q&A roster. Your first question comes from the line of Eric Des Lauriers with Craig-Hallum Capital Group. Your line is open. Please go ahead.

Eric Des Lauriers — Craig-Hallum Capital Group 0:21:04

Great. Thank you for taking my questions. Congrats on another acquisition here and the strong integration so far. My first question here is just on Terrasoul. Just wondering if you could please expand on the vertical integration capabilities specifically. You mentioned greater controls on quality and cost and then opening up new channels and food service and ingredients. Just wondering if you could expand on that a bit for us. Thanks.

Jason Vieth — President and CEO 0:21:32

Hey, Eric. Great question. Thank you. It's nice to hear from you. Yeah, you know what? We're really excited about this Terrasoul acquisition. This is really a full circle moment for us at Laird Superfood because when I first came here 4 years ago, we were self-manufactured. We had a facility up in Oregon, and we were distributing out of it, and we were just very subscale and not ready to be undertaking those activities. We ultimately had to shut that down, move to a co-pack 3PL outsourced manufacturing and distribution system. Frankly, that's what saved the company at the time. We were able to flip gross margins from 15% to over 40% and to really take control of our business.

[0:22:22] That was a move that, you know, we undertook just around three years ago now. To come full circle and to this position, as I mentioned, where we are with Terrasoul, we're really excited because what it really is indicating from our perspective is that we now have the manufacturing scale and size of business that warrants having our own facility. The operators that were running Terrasoul, the owner, Dennis Botts and his team were doing a fantastic job at the size that they already were. They were operating pretty much, I think actually everything being produced inside of Terrasoul, in fact, producing for other brands at different times as well in order to achieve scale and cost benefits.

[0:23:07] Now with the addition of Navitas and Laird and the opportunity to bring those brands into Terrasoul to capture that vertical integration capability that they've built, I think is really exciting for us. At this point, the Terrasoul facility is running really well, but it's not fully utilized. It's currently running really, just 1 shift throughout the week. There's opportunity over time to add additional shifts, but also to add additional lines to the shift that's there. In Terrasoul, we have a group of very efficient and proficient operators that really know how to run these particular products, which are very similar, as you know, to the Navitas and the Laird

products. We're not going to jump into that too quickly. We have a lot on our plate right now just integrating the Navitas business.

[0:23:54] Our, our integration strategy is essentially to integrate Navitas while we let Terrasoul operate on its own, in its own facility. As we bring Navitas in, get that tucked in fully over the next couple of months, we'll put in place that plan to start looking at Navitas, and Laird into Terrasoul as well. We'll take it in steps. We're gonna do it very thoughtfully. We've seen others that have made messes of acquisitions. I've done a lot of acquisitions over the years, WhiteWave, Sovos, et cetera. I've seen the good and the bad.

[0:24:26] We're gonna be very careful and thoughtful, and we have a really great team down there that I think will be able to handle once we make that transition. Just to flesh that out a little bit more. They are producing out of that facility, as I mentioned. They're also distributing out of that. In the distribution, they're distributing to Amazon, to other online marketplaces, to food service operators, and to a smaller retail business as well. We, you know, in Terrasoul, we have operators that really understand how to run omni-channel manufacturing and distribution. We're really excited and optimistic about what that'll look like as we combine the businesses, not only from a cost perspective, but enabling new capabilities as well.

[0:25:12] Regarding the channels, you asked about the channels, I'll hit that. Terrasoul is a really interesting business and very complementary to the other 2 brands that we already had in the portfolio. Terrasoul has a much larger food service component than either of the other 2 businesses. With that, we pick up over 3,000 distribution points that are being drop shipped out of the facility and right now are servicing Terrasoul to those product sites or to those consumer sites. As we go forward, we obviously have 2 more brands with very complementary and interesting products for that same channel. We're really excited about what that can look like.

[0:25:51] Those are, you know, those are facilities we don't currently get to, retail facilities that we don't currently service in the other two brands, so it's completely additive to our existing footprint. We also, with Terrasoul acquisition, we also get a very proficient Amazon and marketplace operator that I think will help us to bring our other two brands to an even greater height in that, in those channels as well. We would tell you that it fits really, really well with the other two businesses. There is some crossover in product.

[0:26:24] Not as much as you would expect, but very similar products that are made the same way with the same type of equipment in the same type of facility that get distributed on the same trucks, but to different locations and with an additive online capability that we're really gonna harness as well.

Eric Des Lauriers — Craig-Hallum Capital Group 0:26:42

Awesome. That's great color and all, really great to hear. Looking forward to what you guys can do with that over the coming quarters here. Then just overall on M&A, you mentioned, you know, you guys are still active, you know, not stopping here. Of course, you're gonna have some integration time. Just wondering if you could kind of give us a high level sort of outlook here. How should we think about overall pacing of acquisitions? Is it sort of, you know, 1 or 2 a year or just any sort of framing on either timing or size of acquisitions would be helpful. Thank you.

Jason Vieth — President and CEO 0:27:22

Yeah, Eric, you know, this is I'll just say this is not a strategy that is set in, you know, fully set concrete at this point. We are, we're still working through that and really assessing not only what our appetite is, but what our aptitude is for being able to integrate and continue to move, obviously keeping an eye on the existing businesses. We'll learn more as we work our way through Navitas and then Terrasoul. But I think you're pretty safe if you say 1 to 2 per year. But again, you know, like I mentioned last time around when we completed Navitas and I was asked, "Would you do another one this year?" We would.

[0:27:59] I, you know, if the right property became available over the course of the, you know, the 2026 calendar year or any time in the next year, would we make a third? I think we would, we would absolutely look at it. You know, we would need, obviously, we would need to be able to buy it right, buy it at the right price and believe that there's a nice synergy play or accretive play to the business that we have today. We, I would say we have a nice muscle in this space that we're, that we've, that we're developing, and we're proving out here with Navitas right now.

[0:28:34] We have really great partners over at Nexus that help support that acquisitive strategy that we have. This is going to be a roll-up. We're going to continue to add additional brands, but we're going to be very thoughtful in the brands that we add. They're going to fit into this health and wellness space as close to the earth as we possibly can get. You know, minimally processed, real food type of type of brands. Those don't, you know, when they come available, we want to make sure that we're ready to take a hard look at those.

[0:29:07] I think 1 to 2 is pretty safe assumption, but in this particular case where we've already done 2, maybe you could kick off, start that year anew right now and say 1 to 2 in the next year might be a goal for us.

Eric Des Lauriers — Craig-Hallum Capital Group 0:29:22

That's very helpful. Excited to see what's to come with you guys and, congrats again.

Jason Vieth — President and CEO 0:29:27

Thanks, Eric.

Operator 0:29:29

Your next question comes from the line of Nicholas Sherwood with Maxim Group. Your line is open. Please go ahead.

Nicholas Sherwood — Maxim Group 0:29:37

Hi, thank you for taking my questions. I'm kind of thinking about how are you gonna be managing and facilitating the best practices, you know, across the 3 organizations? You know, how you're sharing the e-commerce and logistics specialties from Terrasoul versus, you know, maybe some of the more, the wholesale specialties at Navitas, and just making sure that lines of communication are clear.

Jason Vieth — President and CEO 0:30:00

Yeah, it's a great question. You know, the reality is, we're still very, in terms of the organizational size, we're still a very small and nimble organization. We're leveraging AI very heavily. You heard me say that in the pre-record. We're leveraging AI very heavily, and it's really amazing how we're able to add on, you know, and really double our business with very few required additional resources. I think that's gonna continue to be the case as we go forward. Terrasoul is different for us because it is its own manufacturing facility. We need to have an organization down there that's leading that facility.

[0:30:36] You don't have the same capability with that as you have, with, you know, the same opportunity, I should say, as you have with Navitas, in terms of, being able to really consolidate. As we go forward and we make additional acquisitions and we fit more manufacturing into Terrasoul and we fit more brands into the overall "Holdco", I think that you'll see that we can continue to stay very nimble, very small. As a result, we don't have a lot of communication barriers, between the companies. What we've done thus far is we've integrated, the Navitas folks, that ultimately were gonna stay with the business. They're working side by side with our team. You know, it's, we don't have all the same geographical benefit.

[0:31:24] We do have teams split between California, Oregon, and Colorado at this point. There are a few others, but we certainly are able to leverage the online tools that became available during the COVID time really effectively. I would say that the teams are really well integrated already. They understand the swim lanes. Responsibilities have been set very clearly. As I mentioned, we brought on a new wholesale leader that will be joining in the next couple of weeks and more than wholesale, a sales leader that'll be joining in the next couple of weeks that we'll be able to talk about.

[0:31:59] We brought on Andy Judd to run marketing, and each one of those two leaders is obviously going to be setting up the right processes and controls across the entire system to make sure that from a commercial perspective, we're coming to market with all three brands. Jared Larkin, who leads our supply chain, doing the same thing across the entire supply chain. What was an outsourced supply chain now has a very large plant that's, you know, producing, by far our largest producer and is producing over 50% of all of the unit volume. He needs to stay very close with that team and make sure that they're fully integrated. It's really not a challenge.

[0:32:39] I think we were built to be able to do that, by virtue of having a couple of locations already. We're not siloed. We're a very flat organization. I think we're going to see that that's not a problem at all.

Nicholas Sherwood — Maxim Group 0:32:53

Okay, perfect. I appreciate that detail. Thinking about the food service opportunity, what sort of food service locations should we be thinking about? We're talking about fast casual restaurants, hospital cafeterias, university dining halls, airlines, you know. How should we sort of frame that new part of the business?

Jason Vieth — President and CEO 0:33:11

Yeah, I love that question. That is very early development for us. By virtue of these three brands, we think we have an opportunity in all of those channels. However, we will be prioritizing those and obviously with somewhat limited resource or relatively limited resource, making sure that we prioritize and attack them appropriately. To start, Terrasoul has a tremendous business that they've already built out in think of it as kind of that health and wellness oriented space. Juice shops in particular, we'll be looking at all of the coffee shops with the Laird line up, but also all of the great products that Terrasoul and Navitas bring to the same operators.

[0:33:51] We think that portion where health and wellness really lives in a strong way is a great opportunity. You hit it on the head. I mean, hospitals, if you've spent any time in a hospital, it's one of the biggest, you know, kind of quagmires, I think. We try and send people that are sick to the hospital to get healthy and they don't eat well, and neither does anyone that goes in to see them. I think that that is a really great opportunity for us, again, with those lesser processed, close to the earth foods, that we think we can get after over the next couple of years. C&U is really important as well.

[0:34:25] You really have an opportunity to get to the younger generation that's proving they care a lot more about health and wellness than anyone my age did at that age. We'll be prioritizing all of those. We already have the capability that I mentioned with Terrasoul to be able to drop ship directly to location that we think creates a real competitive advantage for that entire channel.

Nicholas Sherwood — Maxim Group 0:34:47

Thank you for taking my questions. I will return to the queue.

Operator 0:34:52

Your next question comes from the line of George Kelly with ROTH Capital Partners. Your line is open. Please go ahead.

George Kelly — ROTH Capital Partners 0:35:01

Hey, everyone. Thanks for taking my questions. A few for you. First, maybe a follow-up to one of the prior questions about your M&A pipeline. Curious where you think there's still opportunity, or maybe it's within your product portfolio or capabilities. Where else might it make sense to look for future M&A?

Jason Vieth — President and CEO 0:35:27

Great. Hey, George. Always a pleasure to take your questions. You know, this is a good one. We are looking, you know, we have a view towards additional brands that fit really nicely into this portfolio that we're building in the superfood space. Exactly as you said, also, looking at various capabilities that we can leverage to take our existing brands to new locations. That's, you know, Terrasoul really checked both of those for us, to be honest. The capability, really, we were interested because of the products, we realized really this incredible set of capabilities that I've been talking about today was there as well. When you get the two for one, you get even more excited. I think you're exactly right.

[0:36:14] We'll be looking at both of those areas as we go forward. Our focus is domestic. You know, looking at the U.S., maybe North America in general, but the U.S. as really our geographic kind of hub or main location. I think within that, the product space, you know, the brands that are bringing new products, especially in those two areas that we've already highlighted in the 10-Q, those being coffee solutions and functional foods. There are a tremendous amount of brands that are in that space that are, let's say, \$40 to \$80 million, give or take, you know, 10% or 20% to that. Which is kind of the sweet spot of where we wanna be looking.

[0:36:58] I wouldn't say we wouldn't look at something larger that can anchor the portfolio, but we really believe, you know, if we can take a handful of 50, 60, \$70 million brands and take them up to \$100 million and then \$150 million and beyond, you build a portfolio of those in the healthy food space, we'll have a really unique portfolio of products here. That's kind of the strategy on the product side. Capability-wise, you know, I just mentioned this food service space and our interest in getting there.

[0:37:27] If we found a particular product that was able to take us into a channel, for instance, food service, but into a channel where it could bring real leverage that we could utilize for the other brands, I think that would be something we'd really need to look at as well. You know, if you're gonna do that, I think we don't wanna buy a brokerage, really what you want is you want a product that's been proven into that space. That's where you get yourself back to another Terrasoul type of acquisition, which is really the sweet spot. We would love to do, you know, five more "Terrasouls", to be honest with you.

George Kelly — ROTH Capital Partners 0:38:03

Okay. Okay. That's helpful. Other questions just around your guide, the full year guide. Well, I know the first half is just a little messy because you're doing these acquisitions and they're layering in. If we look at the back half, what's baked into your guide, is it fair to say that you'll be doing like a low 30s% gross margin and around a 10% EBITDA margin in the back half of the year? That's the first part. Second part of the question is,

if I'm ballpark with those ranges, are there a lot of synergies that are not sort of fully baked into those numbers? They're longer term synergies, maybe they'll be more fully realized in 2027. Is that a fair statement? If you could cover those two questions, that'd be great.

Anya Hamill — Chief Financial Officer 0:38:59

Hi, George. This is Anya. Thanks for the question. I'll kick it off, especially around margin, and then Jason jump in. You know, yes, in terms of the gross margin, we certainly have acceleration planned then for the balance of the year to be, you know, in the range that probably low to mid-30s. And there's really 4 drivers to that acceleration. 1 is the top line build that we're anticipating from new distribution, reduced promotional spend, as well as slotting charges that we incurred in Q1 for this new distribution. You know, there's some commodity favorabilities as well. In Q1, we're still going through higher cost commodities that were purchased last year with tariffs.

[0:39:51] You know, the channel mix and product mix becomes more favorable in the balance of the year as well as tariff refunds that are anticipated. Of course the fourth driver is addition of Terrasoul. That wasn't reported in our Q1 numbers since we didn't complete the acquisition until, you know, Q2. Early synergy realization, to your point, is that we're early in the acquisition. You know, we feel like we are on track with our synergies expectation. It won't be a full year this year, it'll be partial. You know, we are, we feel good about it, like I mentioned, on track, and that will be reflected in the back half numbers as well.

George Kelly — ROTH Capital Partners 0:40:42

Maybe just to follow up; is the a ten-ish % EBITDA margin in the back half realistic?

Anya Hamill — Chief Financial Officer 0:40:52

I think that's a little high, especially, you know, with just putting those businesses together. I think that's maybe mid-single digits would be more appropriate.

Jason Vieth — President and CEO 0:41:07

I think high single digits. George, the way I think about it is, we expect to be a double-digit EBITDA business, but we need to get through the full synergy play. Exactly as you asked, there are synergies that we won't get to in 2026. You know, moving the production into the Terrasoul facility is a great example, as I was talking about previously. We know that there are dollars that will be in play, quite a lot of dollars that will be in play when we do that. That's staged for beyond 2026 or maybe to start later in 2026 and then to bleed into 2027.

[0:41:43] I think that you're-- it would be a little bit aggressive to expect that we're gonna be all the way to 10% plus EBITDA in the back half of the year. We'd love to, it doesn't mean we won't be pushing for it. I think it

would be a little bit aggressive just because the timing of some of these synergies, as we work our way through the integration just won't allow us to get all the way there.

George Kelly — ROTH Capital Partners 0:42:05

Okay. Okay. All right. I appreciate that follow-up. Thanks.

Jason Vieth — President and CEO 0:42:11

Great.

Operator 0:42:34

There are no further questions at this time. I will now turn the call back to Jason for closing remarks.

Jason Vieth — President and CEO 0:42:41

Great. Thank you. Thanks to all of you for joining us again today and for your continued interest in the company. We appreciate your time and all the thoughtful questions that came at us again today, and we look forward to updating you on our progress next quarter, where we'll have even more to share on the Navitas and Terrasoul acquisitions. This concludes our earnings call. Have a great day.

Operator 0:43:05

This concludes today's call. Thank you for attending. You may now disconnect.