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 30, 2026
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: 001-00652

UNIVERSAL CORPORATION
(Exact name of registrant as specified in its charter)

Virginia	54-0414210
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

9201 Forest Hill Avenue, Richmond, Virginia 23235
(Address of principal executive offices) (Zip Code)

804-359-9311
(Registrant's telephone number, including area code)

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, no par value	UVV	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 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 definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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 ☑

As of August 3, 2026, the total number of shares of common stock outstanding was 24,899,257.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

UNIVERSAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(in thousands, except share and per share data)

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025
	(Unaudited)	
Sales and other operating revenues	$ 523,779	$ 593,762
Costs and expenses		
Cost of goods sold	440,691	479,635
Selling, general and administrative expenses	80,792	79,192
Restructuring and impairment costs	—	1,122
Operating income	2,296	33,813
Equity in pretax earnings (loss) of unconsolidated affiliates	510	2,435
Other non-operating income (expense)	91	586
Interest income	741	647
Interest expense	16,507	17,777
Income (loss) before income taxes and other items	(12,869)	19,704
Income taxes	(4,519)	5,337
Net income (loss)	(8,350)	14,367
Less: net (income) loss attributable to noncontrolling interests in subsidiaries	3,334	(5,870)
Net income (loss) attributable to Universal Corporation	$ (5,016)	$ 8,497
Earnings per share:		
Basic	$ (0.20)	$ 0.34
Diluted	$ (0.20)	$ 0.34
Weighted average common shares outstanding:		
Basic	25,081,430	24,999,570
Diluted	25,081,430	25,131,857
Total comprehensive income (loss), net of income taxes	$ (9,424)	$ 23,102
Less: comprehensive (income) loss attributable to noncontrolling interests	3,424	(5,893)
Comprehensive income (loss) attributable to Universal Corporation	$ (6,000)	$ 17,209
Dividends declared per common share	$ 0.83	$ 0.82

See accompanying notes.

UNIVERSAL CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands of dollars, except share data)

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	March 31, 2026
ASSETS			
Current assets			
Cash and cash equivalents	$ 173,593	$ 178,435	$ 62,178
Accounts receivable, net	348,036	424,157	563,864
Advances to suppliers, net	102,880	79,154	177,222
Accounts receivable—unconsolidated affiliates	104,518	127,701	12,300
Inventories—at lower of cost or net realizable value:			
Tobacco	1,165,542	1,219,769	832,360
Other	206,658	205,036	203,537
Prepaid income taxes	34,116	22,715	22,958
Other current assets	104,583	89,360	97,278
Total current assets	2,239,926	2,346,327	1,971,697
Property, plant and equipment			
Land	26,414	26,266	26,249
Buildings	333,702	337,290	333,416
Machinery and equipment	768,886	739,899	759,654
	1,129,002	1,103,455	1,119,319
Less accumulated depreciation	(752,384)	(728,180)	(746,365)
	376,618	375,275	372,954
Other assets			
Operating lease right-of-use assets	35,134	38,428	37,272
Goodwill, net	172,679	213,864	172,695
Other intangibles, net	46,593	55,237	48,604
Investments in unconsolidated affiliates	81,243	87,988	82,287
Deferred income taxes	18,565	20,461	15,636
Pension asset	16,496	13,006	16,542
Other noncurrent assets	48,213	38,721	49,080
	418,923	467,705	422,116
Total assets	$ 3,035,467	$ 3,189,307	$ 2,766,767

See accompanying notes.

UNIVERSAL CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands of dollars, except share data)

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	March 31, 2026
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Notes payable and overdrafts	$ 567,011	$ 621,275	$ 287,564
Accounts payable	90,976	119,803	90,139
Accounts payable—unconsolidated affiliates	255	76	510
Customer advances and deposits	3,531	4,557	3,376
Accrued compensation	25,079	22,577	33,234
Income taxes payable	12,946	15,528	17,643
Current portion of operating lease liabilities	10,471	11,233	11,172
Accrued expenses and other current liabilities	160,667	147,639	120,603
Total current liabilities	870,936	942,688	564,241
Long-term debt	616,869	618,057	616,727
Pensions and other postretirement benefits	35,434	36,307	35,471
Long-term operating lease liabilities	22,858	24,945	24,359
Other long-term liabilities	26,253	26,032	24,925
Deferred income taxes	40,223	41,689	39,920
Total liabilities	1,612,573	1,689,718	1,305,643
Shareholders' equity			
Universal Corporation:			
Preferred stock:			
Series A Junior Participating Preferred Stock, no par value, 500,000 shares authorized, none issued or outstanding	—	—	—
Common stock, no par value, 100,000,000 shares authorized 24,938,259 shares issued and outstanding at June 30, 2026 (24,807,613 at June 30, 2025 and 24,923,496 at March 31, 2026)	353,899	355,498	351,523
Retained earnings	1,109,026	1,174,758	1,136,989
Accumulated other comprehensive loss	(74,096)	(71,339)	(73,112)
Total Universal Corporation shareholders' equity	1,388,829	1,458,917	1,415,400
Noncontrolling interests in subsidiaries	34,065	40,672	45,724
Total shareholders' equity	1,422,894	1,499,589	1,461,124
Total liabilities and shareholders' equity	$ 3,035,467	$ 3,189,307	$ 2,766,767

See accompanying notes.

UNIVERSAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of dollars)

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (8,350)	$ 14,367
Adjustments to reconcile net income (loss) to net cash used by operating activities:		
Depreciation and amortization	12,760	13,582
Net provision for losses (recoveries) on advances to suppliers	1,752	52
Inventory writedowns	1,624	1,469
Stock-based compensation expense	5,378	7,575
Foreign currency remeasurement (gain) loss, net	2,821	(2,362)
Foreign currency exchange contracts	1,250	(6,162)
Deferred income taxes	(3,013)	(3,259)
Equity in net loss (income) of unconsolidated affiliates, net of dividends	(200)	(1,943)
Restructuring and impairment costs	—	1,122
Restructuring payments	—	(2,669)
Other, net	348	(43)
Changes in operating assets and liabilities, net:		
Accounts and notes receivable	194,398	169,177
Inventories	(338,573)	(419,123)
Other assets	(7,711)	627
Accounts payable	2,763	16,678
Accrued expenses and other current liabilities	33,177	5,879
Income taxes	(15,790)	(548)
Customer advances and deposits	247	478
Net cash used by operating activities	(117,119)	(205,103)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(15,926)	(12,053)
Proceeds from sale of property, plant and equipment	281	143
Net cash used by investing activities	(15,645)	(11,910)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of short-term debt, net	278,220	165,861
Dividends paid to noncontrolling interests	(8,235)	(7,203)
Repurchase of common stock	(2,746)	—
Dividends paid on common stock	(20,437)	(20,020)
Other	(2,504)	(4,016)
Net cash provided by financing activities	244,298	134,622
Effect of exchange rate changes on cash, restricted cash and cash equivalents	(119)	711
Net increase (decrease) in cash, restricted cash and cash equivalents	111,415	(81,680)
Cash, restricted cash and cash equivalents at beginning of year	62,178	260,115
Cash, restricted cash and cash equivalents at end of period	$ 173,593	$ 178,435

See accompanying notes.

NOTE 1. BASIS OF PRESENTATION

Universal Corporation, which together with its subsidiaries is referred to herein as “Universal” or the “Company,” is a global business-to-business agri-products supplier to consumer product manufacturers. The Company is the leading global leaf tobacco supplier and provides high-quality plant-based ingredients to food and beverage end markets. Because of the seasonal nature of the Company’s business, the results of operations for any fiscal quarter will not necessarily be indicative of results to be expected for other quarters or a full fiscal year. All adjustments necessary to state fairly the results for the period have been included and were of a normal recurring nature. This Quarterly Report on Form 10-Q should be read in conjunction with the financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended March 31, 2026.

Accounting Pronouncements to be Adopted in Future Years

In November 2024, the Financial Accounting Standards Board issued Accounting Standards Update No. 2024-03, “Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40) - Disaggregation of Income Statement Expenses” (“ASU 2024-03”). ASU 2024-03 requires additional disclosures about certain types of costs and expenses. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026 and for interim periods beginning after December 15, 2027, although early adoption is permitted. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

NOTE 2. RESTRUCTURING AND IMPAIRMENT COSTS

Universal regularly reviews its business for opportunities to realize efficiencies, reduce costs, and realign its operations in response to business changes. Restructuring and impairment costs are periodically incurred in connection with those activities.

Tobacco Operations

In fiscal year 2025, the Company began consolidating its European sheet tobacco operations into the Company's facility in the Netherlands, by initiating a wind-down of activities at its sheet facility in Germany. During the three months ended June 30, 2025, the Company recognized $1 million of impairment costs related to the consolidation of the sheet tobacco operations. The Company also incurred $0.1 million of termination and impairment costs in other areas of the Tobacco Operations segment in the three months ended June 30, 2025.

There were no restructuring and impairment costs recognized in the three months ended June 30, 2026.

A summary of the restructuring and impairment costs recorded for the three months ended June 30, 2025 follows:

(in thousands)	Three Months Ended June 30, 2025
Restructuring costs:	
Employee termination benefits	$ 122
Other	—
Total restructuring costs	122
Impairment costs:	
Property, plant and equipment	1,000
Total impairment costs	1,000
Total restructuring and impairment costs	$ 1,122

NOTE 3. REVENUE FROM CONTRACTS WITH CUSTOMERS

The majority of the Company’s consolidated revenue consists of sales of processed leaf tobacco to customers. The Company also earns revenue from processing leaf tobacco owned by customers and from various other services provided to customers. Additionally, the Company has fruit and vegetable processing operations, as well as flavor and extract services that provide customers with a range of food ingredient products. Payment terms with customers vary depending on customer creditworthiness, product types, services provided, and other factors. Contract durations and payment terms for all revenue categories generally do not exceed one year. Therefore, the Company has applied a practical expedient to not adjust the transaction price for the effects of financing components, as the Company expects that the period from the time the revenue for a transaction is recognized to the time the customer pays for the related good or service transferred will be one year or less. Below is a description of the major revenue-generating categories from contracts with customers.

Tobacco Sales

The majority of the Company's business involves purchasing leaf tobacco from farmers in the regions where it is grown, processing and packing the tobacco in its factories, and then transferring ownership and control of the tobacco to customers. On a much smaller basis, the Company also sources processed tobacco from third-party suppliers for resale to customers. The contracts for tobacco sales with customers create a performance obligation to transfer tobacco to the customer. Transaction prices for the sale of tobacco are primarily based on negotiated fixed prices, but the Company does have a small number of cost-plus contracts with certain customers. Cost-plus arrangements provide the Company reimbursement of the cost to purchase and process the tobacco, plus a contractually agreed-upon profit margin. The Company utilizes the most likely amount methodology under the accounting guidance to recognize revenue for cost-plus arrangements with customers. Shipping and handling costs under tobacco sales contracts with customers are treated as fulfillment costs and included in the transaction price. Under agreements with certain customers, the Company will act as the importer of record, incurring various additional costs associated with the import activity, including tariffs, and applying for drawback of those costs when possible. When the agreement with the customer provides for the reimbursement of those fees, the reimbursement is included in the transaction price. Taxes assessed by government authorities on the sale of leaf tobacco products are excluded from the transaction price. At the point in time that the customer obtains control over the tobacco, which is typically aligned with physical shipment under the contractual terms with the customer, the Company completes its performance obligation and recognizes the revenue for the sale.

Ingredient Sales

The Company has diversified operations through acquisition of established companies that offer customers a wide range of both liquid and dehydrated fruit and vegetable ingredient products, flavors, and botanical extracts. These operations procure raw materials from domestic and international growers and suppliers and through a variety of processing steps including sorting, cleaning, pressing, mixing, extracting, and blending to manufacture finished goods utilized in both human and pet food. The contracts for food ingredients with customers create a performance obligation to transfer the manufactured finished goods to the customer. Transaction prices for the sale of food ingredients are primarily based on negotiated fixed prices, but the Company does have cost-plus contracts with certain customers. The Company utilizes the most likely amount methodology under the accounting guidance to recognize revenue for cost-plus arrangements with customers. At the point in time that the customer obtains control over the finished product, which is typically aligned with physical shipment under the contractual terms with the customer, the Company completes its performance obligation and recognizes the revenue for the sale.

Processing Revenue

Processing and packing of customer-owned tobacco and ingredients is a short-duration process. Processing charges are primarily based on negotiated fixed prices per unit of weight processed. Under normal operating conditions, customer-owned raw materials that are placed into the production line exits as processed and packed product and is then later transported to customer-designated transfer locations. The revenue for these services is recognized when the performance obligation is satisfied, which is generally when processing is completed. The Company's operating history and contract analyses indicate that customer requirements for processed tobacco and food ingredients products are consistently met upon completion of processing.

Other Sales and Revenue from Contracts with Customers

From time to time, the Company enters into various arrangements with customers to provide other value-added services that may include blending, chemical and physical testing of products, storage, logistics, sorting, and tobacco cutting services for select manufacturers. These other arrangements and operations are a much smaller portion of the Company's business, and are separate and distinct contractual agreements from the Company's tobacco and food ingredients sales or third-party processing arrangements with customers. The transaction prices and timing of revenue recognition of these items are determined by the specifics of each contract.

Disaggregation of Revenue from Contracts with Customers

The following table disaggregates the Company's revenue by significant revenue-generating category:

(in thousands of dollars)	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025
Tobacco sales	$ 395,727	$ 457,873
Ingredient sales	82,252	84,943
Processing revenue	31,449	30,768
Other sales and revenue from contracts with customers	10,829	19,057
Total revenue from contracts with customers	520,257	592,641
Other operating sales and revenues	3,522	1,121
Consolidated sales and other operating revenues	$ 523,779	$ 593,762

Other operating sales and revenue consists principally of interest on advances to tobacco suppliers and dividend income from unconsolidated affiliates.

NOTE 4. OTHER CONTINGENT LIABILITIES AND OTHER MATTERS

Other Contingent Liabilities

Other Contingent Liabilities (Letters of credit)

The Company had other contingent liabilities totaling approximately $1 million at June 30, 2026, primarily related to outstanding letters of credit.

Other Legal and Tax Matters

Various subsidiaries of the Company are involved in litigation and tax examinations incidental to their business activities. While the outcome of these matters cannot be predicted with certainty, management is vigorously defending the matters and does not currently expect that any of them will have a material adverse effect on the Company's business, results of operations, or financial position. However, should one or more of these matters be resolved in a manner adverse to management's current expectation, the effect on the Company's results of operations for a particular fiscal reporting period could be material.

Advances to Suppliers

In many sourcing regions where the Company operates, it provides agronomy services and seasonal advances of seed, seedlings, fertilizer, and other supplies to tobacco farmers for crop production, or makes seasonal cash advances to farmers for the procurement of those inputs. These advances are short term, are repaid upon delivery of tobacco to the Company, and are reported in advances to suppliers in the consolidated balance sheets. In several regions, the Company has made long-term advances to tobacco farmers to finance curing barns and other farm infrastructure. In some years, due to low crop yields and other factors, individual farmers may not deliver sufficient volumes of tobacco to fully repay their seasonal advances, and the Company may extend repayment of those advances into future crop years. The long-term portion of advances is included in other noncurrent assets in the consolidated balance sheets. Both the current and the long-term portions of advances to suppliers are reported net of allowances recorded when the Company determines that amounts outstanding are not likely to be collected. Short-term and long-term advances to suppliers totaled $120 million at June 30, 2026, $98 million at June 30, 2025, and $196 million at March 31, 2026. The related valuation allowances totaled $16 million at June 30, 2026, $18 million at June 30, 2025, and $16 million at March 31, 2026, and were estimated based on the Company's historical loss information and crop projections. The allowances were increased by net provisions of $1.8 million and $0.1 million in the three-month periods ended June 30, 2026 and 2025, respectively. These net provisions are included in selling, general, and administrative expenses in the consolidated statements of income. Interest on advances is recognized in earnings as it is earned.

Recoverable Value-Added Tax Credits

In many foreign countries, the Company's local operating subsidiaries pay significant amounts of valued added tax ("VAT") on purchases of unprocessed and processed tobacco, crop inputs, packing materials, and various other goods and services. In some countries, VAT is a national tax, and in other countries it is assessed at the state level. Items subject to VAT vary from jurisdiction to jurisdiction, as do the rates at which the tax is assessed. When tobacco is sold to customers in the country of origin, the operating subsidiaries generally collect VAT on those sales. The subsidiaries are normally permitted to offset their VAT payments against the collections and remit only the incremental VAT collections to the tax authorities. When tobacco is sold for export, VAT is normally not assessed. In countries where tobacco sales are predominately for export markets, VAT collections generated on downstream sales are often not sufficient to fully offset the subsidiaries' VAT payments. In those situations, unused VAT credits can accumulate. Some jurisdictions have procedures that allow companies to apply for refunds of unused VAT credits from the tax authorities, but the refund process often takes an extended period of time and it is not uncommon for refund applications to be challenged or rejected in part on technical grounds. Other jurisdictions may permit companies to sell or transfer unused VAT credits to third parties in private transactions, although approval for such transactions must normally be obtained from the tax authorities, limits on the amounts that can be transferred may be imposed, and the proceeds realized may be heavily discounted from the face value of the credits. Due to these factors, local operating subsidiaries in some countries can accumulate significant balances of VAT credits over time. The Company reviews these balances on a regular basis and records valuation allowances on the credits to reflect amounts that are not expected to be recovered, as well as discounts anticipated on credits that are expected to be sold or transferred. At June 30, 2026, the aggregate balance of recoverable tax credits held by the Company's subsidiaries totaled approximately $80 million, $78 million at June 30, 2025, and $66 million at March 31, 2026. The related valuation allowances totaled approximately $23 million at June 30, 2026, $21 million at June 30, 2025, and $22 million at March 31, 2026. The net balances are reported in other current assets and other noncurrent assets in the consolidated balance sheets.

Stock Repurchase Program

On November 7, 2024, the Company's Board of Directors approved a stock repurchase program for the purchase of up to $100 million in common stock in open market or privately negotiated transactions at prices not exceeding prevailing market rates through November 15, 2026, subject to market conditions and other factors. The program had $97 million of remaining capacity for repurchases of common stock at June 30, 2026.

Trade Receivable Sales

During the second quarter of fiscal year 2026, the Company entered into an agreement to sell certain trade receivables, at its discretion, to a third-party financial institution at a discount. The transactions have no recourse and qualify as a true sale, meaning upon receipt of the settlement amount, the associated receivable is removed from the balance sheet and the discount is recognized as an expense in selling, general, and administrative expense on the consolidated statements of income. During the three months ended June 30, 2026, the Company sold $52.9 million of receivables and recorded discounts of $0.6 million.

NOTE 5. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings (loss) per share:

	Three Months Ended June 30,	
(in thousands, except share and per share data)	**2026**	**2025**
Basic Earnings (Loss) Per Share		
Numerator for basic earnings (loss) per share		
Net income (loss) attributable to Universal Corporation	$ (5,016)	$ 8,497
Denominator for basic earnings (loss) per share		
Weighted average shares outstanding	25,081,430	24,999,570
Basic earnings (loss) per share	$ (0.20)	$ 0.34
Diluted Earnings (Loss) Per Share		
Numerator for diluted earnings (loss) per share		
Net income (loss) attributable to Universal Corporation	$ (5,016)	$ 8,497
Denominator for diluted earnings (loss) per share:		
Weighted average shares outstanding	25,081,430	24,999,570
Effect of dilutive securities		
Employee and outside director share-based awards	—	132,287
Denominator for diluted earnings (loss) per share	25,081,430	25,131,857
Diluted earnings (loss) per share	$ (0.20)	$ 0.34

NOTE 6. INCOME TAXES

The Company operates in the United States and many foreign countries and is subject to the tax laws of many jurisdictions. Changes in tax laws, including modifications to dividend withholding tax laws, or the interpretation of tax laws can affect the Company’s earnings, as can the resolution of pending and contested tax issues.

In various countries in which the Company operates, legislation has been enacted incorporating the Organisation for Economic Co-operation and Development’s Global Anti-Base Erosion Pillar Two model rules establishing a 15% global minimum tax. The estimated tax impact of such legislation has been included in the provision for income taxes and is not material. This is treated as a period cost and does not have any additional deferred taxes related to these new laws.

Three months ended June 30, 2026

The Company's consolidated effective income tax rate for the three months ended June 30, 2026 was 35.1%.

Three months ended June 30, 2025

The Company's consolidated effective income tax rate for the three a months ended June 30, 2025 was 27.1%.

The Company’s consolidated effective tax rate is affected by various factors, including the mix and timing of domestic and foreign earnings, discrete items, and the effect of exchange rate changes on taxes.

NOTE 7. GOODWILL AND OTHER INTANGIBLES

The Company's changes in goodwill at June 30, 2026 and 2025 consisted of the following:

(in thousands of dollars)	Three Months Ended June 30, 2026	2025
Balance at beginning of fiscal year	$ 172,695	$ 213,840
Foreign currency translation adjustment	(16)	24
Balance at end of period	$ 172,679	$ 213,864

The Company's intangible assets primarily consist of capitalized customer-related intangibles, trade names, proprietary developed technology and noncompetition agreements. The Company's intangible assets subject to amortization consisted of the following at June 30, 2026 and 2025 and at March 31, 2026:

(in thousands, except useful life)		June 30, 2026		
	Useful Life (years)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Customer relationships	11 — 13	$ 86,500	$ (42,818)	$ 43,682
Trade names	5	11,100	(11,100)	—
Developed technology	13	9,300	(6,444)	2,856
Noncompetition agreements	4	4,000	(4,000)	—
Other	5	709	(654)	55
Total intangible assets		$ 111,609	$ (65,016)	$ 46,593

		June 30, 2025		
	Useful Life (years)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Customer relationships	11 — 13	$ 86,500	$ (35,087)	$ 51,413
Trade names	5	11,100	(10,710)	390
Developed technology	13	9,300	(6,098)	3,202
Noncompetition agreements	4	4,000	(3,813)	187
Other	5	866	(821)	45
Total intangible assets		$ 111,766	$ (56,529)	$ 55,237

		March 31, 2026		
	Useful Life (years)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Customer relationships	11 — 13	$ 86,500	$ (40,885)	$ 45,615
Trade names	5	11,100	(11,100)	—
Developed technology	13	9,300	(6,358)	2,942
Noncompetition agreements	4	4,000	(4,000)	—
Other	5	694	(647)	47
Total intangible assets		$ 111,594	$ (62,990)	$ 48,604

Intangible assets are amortized on a straight-line basis over the asset's estimated useful economic life, as noted above.

The Company's amortization expense for intangible assets for the three months ended June 30, 2026 and 2025 was:

(in thousands of dollars)	Three Months Ended June 30, 2026	2025
Amortization Expense	$ 2,026	$ 2,663

Amortization expense for the developed technology intangible asset is recorded in cost of goods sold in the consolidated statements of income. The amortization expense for other intangible assets is recorded in selling, general, and administrative expenses in the consolidated statements of income.

As of June 30, 2026, the expected future amortization expense for intangible assets was as follows:

Fiscal Year (in thousands of dollars)		
2027 (excluding the three months ended June 30, 2026)	$	6,081
2028		8,109
2029		8,077
2030		8,077
2031 and thereafter		16,249
Total expected future amortization expense	$	46,593

NOTE 8. DERIVATIVES AND HEDGING ACTIVITIES

Universal is exposed to various risks in its worldwide operations and uses derivative financial instruments to manage two specific types of risks – interest rate risk and foreign currency exchange rate risk. Interest rate risk has been managed by entering into interest rate swap agreements, and foreign currency exchange rate risk has been managed by entering into forward and option foreign currency exchange contracts. However, the Company's policy also permits other types of derivative instruments. In addition, foreign currency exchange rate risk is also managed through strategies that do not involve derivative instruments, such as using local borrowings and other approaches to minimize net monetary positions in non-functional currencies. The disclosures below provide additional information about the Company's hedging strategies, the derivative instruments used, and the effects of these activities on the consolidated statements of income and comprehensive income and the consolidated balance sheets. In the consolidated statements of cash flows, the cash flows associated with all of these activities are reported in net cash provided (used) by operating activities.

Cash Flow Hedging Strategy for Interest Rate Risk

In December 2025, the Company entered into receive-floating/pay-fixed interest rate swap agreements that were designated and qualify as hedges of the exposure to changes in interest payment cash flows created by fluctuations in variable interest rates on two outstanding non-amortizing bank term loans that were funded as part of a new bank credit facility in December 2025. Although no significant ineffectiveness is expected with this hedging strategy, the effectiveness of the interest rate swaps is evaluated on a quarterly basis. At June 30, 2026, the total notional amount of the interest rate swaps was $310 million, which corresponded to a portion of the aggregate outstanding balance of the term loans.

Previously, the Company entered into receive-floating/pay-fixed interest rate swap agreements in December 2022 that were designated and qualified as cash flow hedges for two non-amortizing bank loans that were repaid concurrent with the entry into the Company's new bank credit facility in December 2025. Those swap agreements, which had an aggregate notional amount of $310 million, corresponding to a portion of the principal balance on the repaid loans, were terminated concurrent with the inception of the new swap agreements. The fair value of the previous swap agreements, approximately $1.0 million, was paid to the counterparties in December 2025 upon termination and is being amortized from accumulated other comprehensive loss into earnings as interest expense through the original maturity dates of those agreements.

Cash Flow Hedging Strategy for Foreign Currency Exchange Rate Risk Related to Sales of Crop Inputs, Forecast Purchases of Tobacco, and Related Processing Costs

The majority of the tobacco production in most countries outside the United States where Universal operates is sold in export markets at prices denominated in U.S. dollars. However, sales of crop inputs (such as seeds and fertilizers) to farmers, purchases of tobacco from farmers, and most processing costs (such as labor and energy) in those countries are usually denominated in the local currency. Changes in exchange rates between the U.S. dollar and the local currencies where tobacco is grown and processed affect the ultimate U.S. dollar sales of crop inputs and cost of processed tobacco. From time to time, the Company enters into forward and option contracts to buy U.S. dollars and sell the local currency at future dates that coincide with the sale of crop inputs to farmers. In the case of forecast purchases of tobacco and the related processing costs, the Company enters into forward and option contracts to sell U.S. dollars and buy the local currency at future dates that coincide with the expected timing of a portion of the tobacco purchases and processing costs. These strategies offset the variability of future U.S. dollar cash flows for sales of crop inputs, tobacco purchases, and processing costs for the foreign currency notional amount hedged. These hedging strategies have been used mainly for tobacco purchases, processing costs, and sales of crop inputs in Brazil. Additionally, the Company from time to time hedges a portion of the forecasted local currency-denominated operating costs in Brazil and Mexico by entering into derivative contracts to buy the local currencies and sell the U.S. dollar.

The aggregate U.S. dollar notional amounts of forward and option contracts entered into for these purposes during the three-month periods in fiscal years 2027 and 2026 was as follows:

	Three Months Ended June 30,	
(in millions of dollars)	2026	2025
Tobacco purchases	$ 82.1	$ 42.2
Processing costs	14.6	8.3
Operating costs	12.4	—
Total	$ 109.1	$ 50.5

Fluctuations in exchange rates and in the amount and timing of fixed-price orders from customers for their purchases from individual crop years routinely cause variations in the U.S. dollar notional amount of forward contracts entered into from one year to the next. Contracts related to tobacco purchases and crop input sales were designated and qualified as hedges of the future cash flows associated with the forecast purchases of tobacco. As a result, changes in fair values of the forward contracts have been recognized in comprehensive income as they occurred, but only recognized in earnings as a component of cost of goods sold upon sale of the related tobacco to third-party customers. The Company de-designates ineffective tobacco purchases and crop input sales hedges to selling, general, and administrative expense when the forecasted tobacco purchases or crop input sales are no longer expected to occur.

The table below presents the expected timing of when the remaining accumulated other comprehensive gains and losses as of June 30, 2026 for cash flows hedges of tobacco purchases and crop input sales are expected to be recognized in earnings.

Hedging Program	Crop Year	Geographic Location(s)	Fiscal Year Earnings
Tobacco purchases	2027	Brazil	2028
Tobacco purchases	2026	Brazil	2027
Crop input sales	2027	Brazil	2028
Crop input sales	2026	Brazil	2027

Forward contracts related to processing and operating costs have not been designated as hedges, and gains and losses on those contracts have been recognized in earnings on a mark-to-market basis.

Hedging Strategy for Foreign Currency Exchange Rate Risk Related to Net Local Currency Monetary Assets and Liabilities of Foreign Subsidiaries

Most of the Company's foreign subsidiaries transact the majority of their sales in U.S. dollars and finance the majority of their operating requirements with U.S. dollar borrowings, and therefore use the U.S. dollar as their functional currency. These subsidiaries normally have certain monetary assets and liabilities on their balance sheets that are denominated in the local currency. Those assets and liabilities can include cash and cash equivalents, accounts receivable and accounts payable, advances to farmers and suppliers, deferred income tax assets and liabilities, recoverable value-added taxes, operating lease liabilities, and other items. Net monetary assets and liabilities denominated in the local currency are remeasured into U.S. dollars each reporting period, generating gains and losses that the Company records in earnings as a component of selling, general, and administrative expenses. The level of net monetary assets or liabilities denominated in the local currency normally fluctuates throughout the year based on the operating cycle, but it is most common for monetary assets to exceed monetary liabilities, sometimes by a significant amount. When this situation exists and the local currency weakens against the U.S. dollar, remeasurement losses are generated. Conversely, remeasurement gains are generated on a net monetary asset position when the local currency strengthens against the U.S. dollar. To manage a portion of its exposure to currency remeasurement gains and losses, the Company enters into forward contracts to buy or sell the local currency at future dates coinciding with expected changes in the overall net local currency monetary asset position of the subsidiary. Gains and losses on the forward contracts are recorded in earnings as a component of selling, general, and administrative expenses for each reporting period as they occur, and thus directly offset the related remeasurement losses or gains in the consolidated statements of income for the notional amount hedged. The Company does not designate these contracts as hedges for accounting purposes. The contracts are generally arranged to hedge the subsidiary's projected exposure to currency remeasurement risk for specified periods of time, and new contracts are entered as necessary throughout the year to replace previous contracts as they mature. The Company is currently using forward currency contracts to manage its exposure to currency remeasurement risk in Brazil. The total notional amounts of contracts outstanding at June 30, 2026 and 2025, and March 31, 2026, were approximately $31.4 million, $29.1 million, and $24.2 million, respectively. To further mitigate currency remeasurement exposure, the Company's foreign subsidiaries may utilize short-term local currency financing during certain periods. This strategy, while not involving the use of derivative instruments, is intended to minimize the subsidiary's net monetary position by financing a portion of the local currency monetary assets with local currency monetary liabilities, thus hedging a portion of the overall position.

Several of the Company's foreign subsidiaries transact the majority of their sales and finance the majority of their operating requirements in their local currency, and therefore use their respective local currencies as the functional currency for reporting purposes. From time to time, these subsidiaries sell tobacco to customers in transactions that are not denominated in the functional currency. In those situations, the subsidiaries routinely enter into forward exchange contracts to offset currency risk for the period of time that a fixed-price order and the related trade account receivable are outstanding with the customer. The contracts are not designated as hedges for accounting purposes.

Effect of Derivative Financial Instruments on the Consolidated Statements of Income

The table below outlines the effects of the Company's use of derivative financial instruments on the consolidated statements of income:

	Three Months Ended June 30,	
(in thousands of dollars)	**2026**	**2025**
Cash Flow Hedges - Interest Rate Swap Agreements		
Derivative		
Effective Portion of Hedge		
Gain (loss) recorded in accumulated other comprehensive loss	$ 4,131	$ (1,693)
Gain (loss) reclassified from accumulated other comprehensive loss into earnings	$ 70	$ 692
Gain on terminated interest rate swaps amortized from accumulated other comprehensive loss into earnings	$ (98)	$ 688
Location of gain (loss) reclassified from accumulated other comprehensive loss into earnings	Interest expense	
Ineffective Portion of Hedge		
Gain (loss) recognized in earnings	$ —	$ —
Location of gain (loss) recognized in earnings	Selling, general and administrative expenses	
Hedged Item		
Description of hedged item	Floating rate interest payments on term loans	
Cash Flow Hedges - Foreign Currency Exchange Contracts		
Derivative		
Effective Portion of Hedge		
Gain (loss) recorded in accumulated other comprehensive loss	$ (2,930)	$ 952
Gain (loss) reclassified from accumulated other comprehensive loss into earnings	$ (96)	$ (212)
Location of gain (loss) reclassified from accumulated other comprehensive loss into earnings	Cost of goods sold	
Ineffective Portion and Early De-designation of Hedges		
Gain (loss) recognized in earnings	$ —	$ —
Location of gain (loss) recognized in earnings	Selling, general and administrative expenses	
Hedged Item		
Description of hedged item	Forecast purchases of tobacco and sales of crop inputs in Brazil	
Derivatives Not Designated as Hedges - Foreign Currency Exchange Contracts		
Gain (loss) recognized in earnings	$ (281)	$ 830
Location of gain (loss) recognized in earnings	Selling, general and administrative expenses	

For the interest rate swap agreements, the effective portion of the gain or loss on the derivative is recorded in accumulated other comprehensive loss and any ineffective portion is recorded in selling, general and administrative expenses.

For the forward foreign currency exchange contracts designated as cash flow hedges of tobacco purchases and the crop input sales in Brazil, a net hedge loss of approximately $4.1 million remained in accumulated other comprehensive loss at June 30, 2026. That balance reflects gains and losses on contracts related to the 2027 and 2026 Brazil crop, and the 2027 and 2026 Brazil crop input sales, less the amounts reclassified to earnings related to tobacco sold through June 30, 2026. Based on the hedging strategy, as the gain or loss is recognized in earnings, it is expected to be offset by a change in the direct cost for the tobacco or by a change in sales prices if the strategy has been mandated by the customer. Generally, margins on the sale of the tobacco will not be significantly affected.

Effect of Derivative Financial Instruments on the Consolidated Balance Sheets

The table below outlines the effects of the Company's derivative financial instruments on the consolidated balance sheets at June 30, 2026 and 2025, and March 31, 2026:

	Derivatives in a Fair Value Asset Position				Derivatives in a Fair Value Liability Position			
	Balance Sheet Location	Fair Value as of			Balance Sheet Location	Fair Value as of		
(in thousands of dollars)		June 30, 2026	June 30, 2025	March 31, 2026		June 30, 2026	June 30, 2025	March 31, 2026
Derivatives Designated as Hedging Instruments								
Interest rate swap agreements	Other non-current assets	$ 5,014	$ —	$ 953	Other long-term liabilities	$ —	$ 602	$ —
Foreign currency exchange contracts	Other current assets	—	1,840	307	Accounts payable and accrued expenses	3,026	1,297	321
Total		$ 5,014	$ 1,840	$ 1,260		$ 3,026	$ 1,899	$ 321
Derivatives Not Designated as Hedging Instruments								
Foreign currency exchange contracts	Other current assets	$ 144	$ 947	$ 458	Accounts payable and accrued expenses	$ 1,196	$ 634	$ 273
Total		$ 144	$ 947	$ 458		$ 1,196	$ 634	$ 273

Substantially all of the Company's foreign exchange derivative instruments are subject to master netting arrangements whereby the right to offset occurs in the event of default by a participating party. The Company has elected to present these contracts on a gross basis in the consolidated balance sheets.

NOTE 9. FAIR VALUE MEASUREMENTS

Universal measures certain financial and nonfinancial assets and liabilities at fair value based on applicable accounting guidance. The financial assets and liabilities measured at fair value include money market funds, trading securities associated with deferred compensation plans, interest rate swap agreements, and forward foreign currency exchange contracts. The application of the fair value guidance to nonfinancial assets and liabilities primarily includes the determination of fair values for goodwill and long-lived assets when indicators of potential impairment are present.

Under the accounting guidance, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework for measuring fair value is based on a fair value hierarchy that distinguishes between observable inputs and unobservable inputs. Observable inputs are based on market data obtained from independent sources. Unobservable inputs require the Company to make its own assumptions about the value placed on an asset or liability by market participants because little or no market data exists.

There are three levels within the fair value hierarchy:

Level	Description
1	quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the reporting date;
2	quoted prices in active markets for similar assets or liabilities, or quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability; and
3	unobservable inputs for the asset or liability.

As permitted under the accounting guidance, the Company uses net asset value per share ("NAV") as a practical expedient to measure the fair value of its money market funds. The fair values for those funds are presented under the heading "NAV" in the tables that follow in this disclosure. In measuring the fair value of liabilities, the Company considers the risk of non-performance in determining fair value. Universal has not elected to report at fair value any financial instruments or any other assets or liabilities that are not required to be reported at fair value under current accounting guidance.

Recurring Fair Value Measurements

At June 30, 2026 and 2025, and at March 31, 2026, the Company had certain financial assets and financial liabilities that were required to be measured and reported at fair value on a recurring basis. These assets and liabilities are listed in the tables below and are classified based on how their values were determined under the fair value hierarchy or the NAV practical expedient:

	June 30, 2026				
		Fair Value Hierarchy			
(in thousands of dollars)	NAV	Level 1	Level 2	Level 3	Total
Assets					
Money market funds	$ 13	$ —	$ —	$ —	$ 13
Trading securities associated with deferred compensation plans	—	13,007	—	—	13,007
Interest rate swap agreements	—	—	5,014	—	5,014
Foreign currency exchange contracts	—	—	144	—	144
Total financial assets measured and reported at fair value	$ 13	$ 13,007	$ 5,158	$ —	$ 18,178
Liabilities					
Foreign currency exchange contracts	$ —	$ —	$ 4,222	$ —	$ 4,222
Total financial liabilities measured and reported at fair value	$ —	$ —	$ 4,222	$ —	$ 4,222

	June 30, 2025				
		Fair Value Hierarchy			
(in thousands of dollars)	NAV	Level 1	Level 2	Level 3	Total
Assets					
Money market funds	$ 149	$ —	$ —	$ —	$ 149
Trading securities associated with deferred compensation plans	—	12,078	—	—	12,078
Foreign currency exchange contracts	—	—	2,787	—	2,787
Total financial assets measured and reported at fair value	$ 149	$ 12,078	$ 2,787	$ —	$ 15,014
Liabilities					
Interest rate swap agreements	$ —	$ —	$ 602	$ —	$ 602
Foreign currency exchange contracts	—	—	1,931	—	1,931
Total financial liabilities measured and reported at fair value	$ —	$ —	$ 2,533	$ —	$ 2,533

(in thousands of dollars)	March 31, 2026				
		Fair Value Hierarchy			
	NAV	Level 1	Level 2	Level 3	Total
Assets					
Money market funds	$ 10	$ —	$ —	$ —	$ 10
Trading securities associated with deferred compensation plans	—	11,630	—	—	11,630
Interest rate swap agreements	—	—	953	—	953
Foreign currency exchange contracts	—	—	765	—	765
Total financial assets measured and reported at fair value	$ 10	$ 11,630	$ 1,718	$ —	$ 13,358
Liabilities					
Foreign currency exchange contracts	$ —	$ —	$ 594	$ —	$ 594
Total financial liabilities measured and reported at fair value	$ —	$ —	$ 594	$ —	$ 594

Money market funds

The fair value of money market funds, which are reported in cash and cash equivalents in the consolidated balance sheets, is based on NAV, which is the amount at which the funds are redeemable and is used as a practical expedient for fair value. These funds are not classified in the fair value hierarchy, but are disclosed as part of the fair value table above.

Trading securities associated with deferred compensation plans

Trading securities represent mutual fund investments that are matched to employee deferred compensation obligations. These investments are bought and sold as employees defer compensation, receive distributions, or make changes in the funds underlying their accounts. Quoted market prices (Level 1) are used to determine the fair values of the mutual funds.

Interest rate swap agreements

The fair values of interest rate swap agreements are determined based on dealer quotes using a discounted cash flow model matched to the contractual terms of each instrument. Since inputs to the model are observable and significant judgment is not required in determining the fair values, interest rate swaps are classified within Level 2 of the fair value hierarchy.

Foreign currency exchange contracts

The fair values of forward and option foreign currency exchange contracts are also determined based on dealer quotes using a discounted cash flow model matched to the contractual terms of each instrument. Since inputs to the model are observable and significant judgment is not required in determining the fair values, forward and option foreign currency exchange contracts are classified within Level 2 of the fair value hierarchy.

Long-term Debt

The following table summarizes the fair and carrying value of the Company's long-term debt, and if applicable any current portion, at each of the balance sheet dates June 30, 2026, and 2025 and March 31, 2026:

(in millions of dollars)	June 30, 2026	June 30, 2025	March 31, 2026
Fair market value of long term obligations	$ 613	$ 618	$ 615
Carrying value of long term obligations	$ 620	$ 620	$ 620

The Company estimates the fair value of its long-term debt using Level 2 inputs which are based upon quoted market prices for the same or similar obligations or on calculations that are based on the current interest rates available to the Company for debt of similar terms and maturities.

Nonrecurring Fair Value Measurements

Assets and liabilities that are measured at fair value on a nonrecurring basis primarily relate to long-lived assets, right-of-use operating lease assets and liabilities, goodwill and intangibles, and other current and noncurrent assets. These assets and liabilities fair values are also evaluated for impairment when potential indicators of impairment exist. Accordingly, the nonrecurring measurement of the fair value of these assets and liabilities are classified within Level 3 of the fair value hierarchy.

Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events, changes in business conditions, or other circumstances provide an indication that such assets may be impaired.

NOTE 10. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

The Company sponsors several defined benefit pension plans covering eligible U.S. salaried employees and certain foreign and other employee groups. These plans provide retirement benefits based primarily on employee compensation and years of service. The Company also sponsors defined benefit plans that provide postretirement health and life insurance benefits for eligible U.S. employees attaining specific age and service levels, although postretirement life insurance is no longer provided for active employees.

The components of the Company's net periodic benefit cost were as follows:

	Pension Benefits		Other Postretirement Benefits	
	Three Months Ended June 30,		Three Months Ended June 30,	
(in thousands of dollars)	2026	2025	2026	2025
Service cost	$ 1,403	$ 1,252	$ 16	$ 17
Interest cost	2,350	2,267	266	262
Expected return on plan assets	(2,871)	(3,027)	(7)	(11)
Net amortization and deferral	323	83	(152)	(160)
Net periodic benefit cost	$ 1,205	$ 575	$ 123	$ 108

During the three months ended June 30, 2026, the Company made contributions of approximately $0.6 million to its pension plans. Additional contributions of $2.8 million are expected during the remaining nine months of fiscal year 2027.

NOTE 11. STOCK-BASED COMPENSATION

Under the Company's 2023 Stock Incentive Plan ("Plan") directors, officers, and employees of the Company may receive grants and awards of common stock, restricted stock, restricted stock units ("RSUs"), performance share units ("PSUs"), stock appreciation rights, incentive stock options, and non-qualified stock options. With the exception of new hires and promotions, the Company's practice is to award grants of stock-based compensation to officers on an annual basis at the first regularly-scheduled meeting of the Compensation and Human Resources Committee of the Board of Directors (the "Compensation Committee") in the fiscal year following the public release of the Company's financial results for the prior fiscal year. In recent years, the Compensation Committee has awarded only grants of RSUs and PSUs. Awards of restricted stock, RSUs, and PSUs are currently outstanding.

RSUs awarded to officers and employees generally vest 3 years after the grant date. After vesting RSUs are paid out in shares of common stock. Under the terms of the RSU awards, grantees receive dividend equivalents in the form of additional RSUs that vest and are paid out on the same date as the original RSU grant. The PSUs vest at the end of a performance period of 3 years that begins with the year of the grant, are paid out in shares of common stock shortly after the vesting date, and do not carry rights to dividends or dividend equivalents prior to vesting. Shares ultimately paid out under PSU grants are dependent on the achievement of predetermined performance measures established by the Compensation Committee and can range from zero to 150% of the stated award. The Company's outside directors receive RSUs following the annual meeting of shareholders. RSUs awarded to outside directors vest 1 year after the grant date. Restricted shares vest upon the individual's retirement from service as a director.

During the three-month periods ended June 30, 2026 and 2025, the Company issued the following stock-based awards, representing the regular annual grants to officers and outside directors of the Company:

	Three Months Ended June 30,	
	2026	2025
RSUs:		
Number granted	93,352	83,795
Grant date fair value	$ 53.78	$ 65.39
PSUs:		
Number granted	58,285	50,295
Grant date fair value	$ 44.93	$ 56.05

Fair value expense for stock-based compensation is recognized ratably over the period from grant date to the earlier of (1) the vesting date of the award or (2) the date the grantee is eligible to retire without forfeiting the award. For employees who are already eligible to retire at the date an award is granted, the total fair value of the award is recognized as expense at the date of grant. The Company accounts for forfeitures of stock-based awards as they occur. For the three-month periods ended June 30, 2026 and 2025, the Company recorded total stock-based compensation expense of approximately $5.4 million and $7.6 million, respectively. The Company expects to recognize stock-based compensation expense of approximately $2.6 million during the remaining nine months of fiscal year 2027.

NOTE 12. OPERATING SEGMENTS

Management regularly evaluates the Company's global business activities, including product and service offerings to its customers, as well as senior management's operational and financial responsibilities. Assessments include an analysis of how its Chief Operating Decision Maker ("CODM") measures business performance and allocates resources. As a result of this analysis, senior management has determined the Company conducts operations across two reportable operating segments, Tobacco Operations and Ingredients Operations.

The Tobacco Operations segment activities involve contracting, procuring, processing, packing, storing, and shipping leaf tobacco for sale to, or for the account of, manufacturers of consumer tobacco products throughout the world. Through various operating subsidiaries located in tobacco-growing countries around the world and significant ownership interests in unconsolidated affiliates, the Company processes and/or sells flue-cured and burley tobaccos, dark air-cured tobaccos, and oriental tobaccos. Flue-cured, burley, and oriental tobaccos are used principally in the manufacture of cigarettes, and dark air-cured tobaccos are used mainly in the manufacture of cigars, pipe tobacco, and smokeless tobacco products. Some of these tobacco types are also used in the manufacture of next generation tobacco products that are intended to provide consumers with an alternative to traditional combustible products. The Tobacco Operations segment also provides physical and chemical product testing for tobacco customers. A substantial portion of the Company's Tobacco Operations' revenues are derived from sales to a limited number of large, multinational cigarette and cigar manufacturers.

The Ingredients Operations segment provides its customers with a broad variety of plant-based ingredients for both human and pet consumption. The Ingredients Operations segment utilizes a variety of value-added manufacturing processes converting raw materials into a wide spectrum of fruit and vegetable juices, concentrates, dehydrated products, botanical extracts, and flavorings. Customers for the Ingredients Operations segment include large multinational food and beverage companies, smaller independent manufacturers, and retail organizations. FruitSmart, Inc. ("FruitSmart"), Silva International, Inc. ("Silva"), and Shank's Extracts, LLC d/b/a Universal Ingredients–Shank's ("Universal Ingredients–Shank's") are the primary operations for the Ingredients Operations segment. FruitSmart supplies a broad set of juices, concentrates, pomaces, purees, fruit fibers, seeds, seed powders, and other value-added products to food, beverage, and flavor companies throughout the United States and internationally. Silva procures dehydrated vegetables, fruits, and herbs from around the world and specializes in processing natural materials into custom designed dehydrated vegetable and fruit-based ingredients for a variety of end products. Universal Ingredients–Shank's offers a diversified portfolio of botanical extracts, distillates, natural flavors, and color for industrial and private label customers worldwide, and is known for their significant vanilla expertise. Universal Ingredients–Shank's is also equipped to offer customers custom bottling and packaging for their products.

Universal incurs corporate overhead expenses related to senior management, sales, finance, legal, and other functions that are centralized at its corporate headquarters, as well as functions performed at several sales and administrative offices around the world. These overhead expenses are currently allocated to the reportable operating segments, generally on the basis of projected annual financial and operational performance, including volumes planned to be purchased and/or processed.

Management believes this method of allocation is currently representative of the value of the related services provided to the operating segments. The CODM, which has been identified as a group comprised of the Company's Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer, currently evaluates the performance of the operating segments based on operating income after allocated overhead expenses, plus equity in the pretax earnings of unconsolidated affiliates ("Segment Operating Income"). The CODM also uses Segment Operating Income for planning, forecasting, and allocating capital and other resources to the operating segments.

Reportable segment data as of, or for, each period presented in the consolidated statements of income and comprehensive income, the consolidated balance sheets, and the consolidated statements of cash flows is as follows:

	Three Months Ended June 30, 2026			**Three Months Ended June 30, 2025**		
	Tobacco Operations	Ingredients Operations	Consolidated	Tobacco Operations	Ingredients Operations	Consolidated
Sales and other operating revenues	$ 437,128	$ 86,651	$ 523,779	$ 504,696	$ 89,066	$ 593,762
Cost of goods sold	(367,087)	(73,604)	(440,691)	(407,867)	(71,768)	(479,635)
Selling, general and administrative expenses	(46,064)	(10,521)	(56,585)	(44,754)	(12,037)	(56,791)
Corporate overhead allocated to the segments	(21,021)	(3,186)	(24,207)	(18,840)	(3,561)	(22,401)
Equity in pretax earnings (loss) of unconsolidated affiliates(1)	510	—	510	2,435	—	2,435
Segment operating income (loss)	3,466	(660)	2,806	35,670	1,700	37,370
Deduct: Equity in pretax (earnings) loss of unconsolidated affiliates(1)			(510)			(2,435)
Restructuring and impairment costs (2)			—			(1,122)
Consolidated operating income			$ 2,296			$ 33,813

(1) Equity in pretax earnings (loss) of unconsolidated affiliates is included in segment operating income (Tobacco Operations), but is reported below consolidated operating income and excluded from that total in the consolidated statements of income and comprehensive income.

(2) Restructuring and impairment costs are excluded from segment operating income, but are included in consolidated operating income in the consolidated statements of income and comprehensive income. See Note 2 for additional information.

	Segment Assets			**Accounts Receivable, net**		
	June 30, 2026	**June 30, 2025**	**March 31, 2026**	**June 30, 2026**	**June 30, 2025**	**March 31, 2026**
Tobacco Operations	$ 2,563,429	$ 2,652,407	$ 2,300,491	$ 296,659	$ 366,317	$ 508,247
Ingredients Operations	472,038	536,900	466,276	51,377	57,840	55,617
Consolidated total	$ 3,035,467	$ 3,189,307	$ 2,766,767	$ 348,036	$ 424,157	$ 563,864

	Goodwill, net			**Intangibles, net**		
	June 30, 2026	**June 30, 2025**	**March 31, 2026**	**June 30, 2026**	**June 30, 2025**	**March 31, 2026**
Tobacco Operations	$ 97,672	$ 97,796	$ 97,688	$ 55	$ 45	$ 47
Ingredients Operations	75,007	116,068	75,007	46,538	55,192	48,557
Consolidated total	$ 172,679	$ 213,864	$ 172,695	$ 46,593	$ 55,237	$ 48,604

	Capital Expenditures		**Depreciation and Amortization**	
	Three Months Ended June 30,		**Three Months Ended June 30,**	
	2026	**2025**	**2026**	**2025**
Tobacco Operations	$ 12,535	$ 7,402	$ 7,667	$ 8,216
Ingredients Operations	3,391	4,651	5,093	5,366
Consolidated total	$ 15,926	$ 12,053	$ 12,760	$ 13,582

NOTE 13. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table summarizes the changes in the accumulated balances for each component of accumulated other comprehensive income (loss) attributable to the Company for the three months ended June 30, 2026 and 2025:

	Three Months Ended June 30,	
(in thousands of dollars)	**2026**	**2025**
Foreign currency translation:		
Balance at beginning of year	$ (37,114)	$ (42,639)
Other comprehensive income (loss) attributable to Universal Corporation:		
Net gain (loss) on foreign currency translation	(1,366)	8,503
Less: Net (gain) loss on foreign currency translation attributable to noncontrolling interests	90	(23)
Other comprehensive income (loss) attributable to Universal Corporation, net of income taxes	(1,276)	8,480
Balance at end of period	$ (38,390)	$ (34,159)
Foreign currency hedge:		
Balance at beginning of year	$ (1,078)	$ (4,914)
Other comprehensive income (loss) attributable to Universal Corporation:		
Net gain (loss) on derivative instruments (net of tax (expense) benefit of $683 and $(659))	(3,008)	3,381
Reclassification of (gain) loss to earnings (net of tax expense (benefit) of $(29) and $54) (1)	123	(524)
Other comprehensive income (loss) attributable to Universal Corporation, net of income taxes	(2,885)	2,857
Balance at end of period	$ (3,963)	$ (2,057)
Interest rate hedge:		
Balance at beginning of year	$ 44	$ 2,834
Other comprehensive income (loss) attributable to Universal Corporation:		
Net gain (loss) on derivative instruments (net of tax (expense) benefit of $(1,088) and $446)	3,044	(1,247)
Reclassification of (gain) loss to earnings (net of tax expense (benefit) of $(7) and $363) (2)	20	(1,017)
Other comprehensive income (loss) attributable to Universal Corporation, net of income taxes	3,064	(2,264)
Balance at end of period	$ 3,108	$ 570
Pension and other postretirement benefit plans:		
Balance at beginning of year	$ (34,964)	$ (35,332)
Other comprehensive income (loss) attributable to Universal Corporation:		
Amortization included in earnings (net of tax expense (benefit) of $(44) and $38)(3)	113	(361)
Other comprehensive income (loss) attributable to Universal Corporation, net of income taxes	113	(361)
Balance at end of period	$ (34,851)	$ (35,693)
Total accumulated other comprehensive loss at end of period	$ (74,096)	$ (71,339)

(1) Gain (loss) on foreign currency cash flow hedges related to forecast purchases of tobacco and crop input sales is reclassified from accumulated other comprehensive income (loss) to cost of goods sold when the tobacco is sold to customers. See Note 8 for additional information.

(2) Gain (loss) on interest rate cash flow hedges is reclassified from accumulated other comprehensive income (loss) to interest expense when the related interest payments are made on the underlying debt, or as amortized to interest expense over the period to original maturity for terminated swap agreements. See Note 8 for additional information.

(3) This accumulated other comprehensive income (loss) component is included in the computation of net periodic benefit cost. See Note 10 for additional information.

NOTE 14. CHANGES IN SHAREHOLDERS' EQUITY AND NONCONTROLLING INTERESTS IN SUBSIDIARIES

A reconciliation of the changes in Universal Corporation shareholders' equity and noncontrolling interests in subsidiaries for the three months ended June 30, 2026 and 2025 is as follows:

	Three Months Ended June 30, 2026			Three Months Ended June 30, 2025		
(in thousands of dollars)	**Universal Corporation**	**Non-controlling Interests**	**Total**	**Universal Corporation**	**Non-controlling Interests**	**Total**
Balance at beginning of three-month period	$ 1,415,400	$ 45,724	$ 1,461,124	$ 1,458,556	$ 41,982	$ 1,500,538
Changes in common stock						
Repurchase of common stock	(723)	—	(723)	—	—	—
Accrual of stock-based compensation	5,378	—	5,378	7,575	—	7,575
Withholding of shares from stock-based compensation for grantee income taxes	(2,504)	—	(2,504)	(4,017)	—	(4,017)
Dividend equivalents on RSUs	225	—	225	314	—	314
Changes in retained earnings						
Net income (loss)	(5,016)	(3,334)	(8,350)	8,497	5,870	14,367
Cash dividends declared						
Common stock	(20,699)	—	(20,699)	(20,406)	—	(20,406)
Repurchase of common stock	(2,023)	—	(2,023)	—	—	—
Dividend equivalents on RSUs	(225)	—	(225)	(314)	—	(314)
Other comprehensive income (loss)	(984)	(90)	(1,074)	8,712	23	8,735
Other changes in noncontrolling interests						
Dividends paid to noncontrolling shareholders	—	(8,235)	(8,235)	—	(7,203)	(7,203)
Balance at end of period	$ 1,388,829	$ 34,065	$ 1,422,894	$ 1,458,917	$ 40,672	$ 1,499,589

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless the context otherwise requires, the terms "we," "our," "us," or "Universal" or the "Company" refer to Universal Corporation together with its subsidiaries. This Quarterly Report on Form 10-Q ("Form 10-Q") and the following "Management's Discussion and Analysis of Financial Condition and Results of Operations" contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Among other things, these statements relate to the Company's financial condition, results of operation, and future business plans, operations, opportunities, and prospects. In addition, the Company and its representatives may from time to time make written or oral forward-looking statements, including statements contained in other filings with the Securities and Exchange Commission (the "SEC") and in reports to shareholders. These forward-looking statements are generally identified by the use of words such as we "expect," "believe," "anticipate," "could," "should," "may," "plan," "will," "predict," "estimate," and similar expressions or words of similar import. These forward-looking statements are based upon management's current knowledge and assumptions about future events and involve risks and uncertainties that could cause actual results, performance, or achievements to be materially different from any anticipated results, prospects, performance, or achievements expressed or implied by such forward-looking statements. Such risks and uncertainties include, but are not limited to: product purchased not meeting quality and quantity requirements; reliance on a few large customers; anticipated levels of demand for and supply of our products and services; tobacco growing conditions and customer requirements; major shifts in customer requirements for leaf tobacco; higher inflation rates, tariffs and other pressures on costs; weather and other conditions; exposure to certain legal, regulatory and financial risks related to climate change; industry-specific risks related to our plant-based ingredients businesses; disruption of our supply chain for our plant-based ingredients; success in pursuing strategic investments or acquisitions and integration of new businesses and the impact of these new businesses on future results; our ability to maintain effective information technology systems and safeguard confidential information; our inability to attract, develop, retain, motivate, and maintain good relationships with our workforce; our dependence on a seasonal workforce; epidemics, pandemics or similar widespread public health concerns; government efforts to regulate the production and consumption of tobacco products; government actions on the sourcing of leaf tobacco; economic and political conditions in the countries in which we and our customers operate, including the ongoing impacts from international conflicts; sustainability considerations from governments and other stakeholders; changes in tax laws in the countries where we do business; failure of our customers or suppliers to repay extensions of credit; changes in exchange rates; changes in interest rates; and low investment performance by our defined benefit pension plan assets and changes in pension plan valuation assumptions. For a further description of factors that may cause actual results to differ materially from such forward-looking statements, see Item 1A, "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended March 31, 2026 (the "2026 Form 10-K"). We caution investors not to place undue reliance on any forward-looking statements as these statements speak only as of the date when made, and we undertake no obligation to update any forward-looking statements made in this report, except as required by law. This Form 10-Q should be read in conjunction with our 2026 Form 10-K.

Amounts described as net income (loss) and earnings (loss) per diluted share in the following discussion are attributable to Universal Corporation and exclude earnings related to non-controlling interests in subsidiaries. References to adjusted operating income (loss), adjusted net income (loss) attributable to Universal Corporation, adjusted diluted earnings (loss) per share, and the total for segment operating income (loss) are references to non-GAAP financial measures. These measures are not financial measures calculated in accordance with generally accepted accounting principles ("GAAP") and should not be considered as substitutes for operating income (loss), net income (loss) attributable to Universal Corporation, diluted earnings (loss) per share, cash from operating activities or any other operating or financial performance measure calculated in accordance with GAAP, and may not be comparable to similarly-titled measures reported by other companies. Reconciliations of adjusted operating income (loss) to consolidated operating (income), adjusted net income (loss) attributable to Universal Corporation to consolidated net income (loss) attributable to Universal Corporation and adjusted diluted earnings (loss) per share to diluted earnings (loss) per share are provided in Other Items below. In addition, we have provided a reconciliation of the total for segment operating income (loss) to consolidated operating income (loss) in Note 12. "Operating Segments" to the consolidated financial statements. Management evaluates the consolidated Company and segment performance excluding certain significant charges or credits. We believe these non-GAAP financial measures, which exclude items that we believe are not indicative of our core operating results, can provide investors with important information that is useful in understanding our business results and trends. References to net debt, net capitalization, and net debt to net capitalization ratio are also references to non-GAAP financial measures. These measures are not financial measures calculated in accordance with GAAP and should not be considered substitutes for total debt, total capitalization, total debt to total capitalization ratio, or any other operating or financial performance measures calculated in accordance with GAAP, and may not be comparable to similarly-titled measures reported by other companies. Reconciliations of net debt to total debt and net capitalization to total capitalization are provided in Other Items below. We believe these non-GAAP measures are meaningful indicators of liquidity and financial position.

Results of Operations

Overview

We are starting fiscal year 2027 with confidence in the long-term strategic direction of our company. We are focused on creating sustainable value through disciplined execution across our businesses. In tobacco, we believe that our long-standing market expertise and measured approach position us well to navigate current oversupply conditions, make prudent buying decisions, and be a trusted, full-service partner to our customers. In ingredients, we are leveraging our platform growth investments and focusing on improving commercial execution, facility utilization, and financial and operational efficiencies. We expect certain of our improvement efforts to continue through fiscal year 2028.

Our results for the quarter ended June 30, 2026, reflected the expected timing and market dynamics in our tobacco business, in comparison to our first quarter fiscal year 2026 results, which we believe were exceptional. Purchasing activity was slower as we and our customers evaluated green tobacco price trends amid oversupply conditions in flue-cured and burley markets and monitored potential weather impacts on next season's crops. We are pleased with our current customer indications and commitments, and we expect customer demand to remain consistent with our fiscal year 2027 sales plan. In our ingredients business, in the quarter ended June 30, 2026, revenue was down slightly, in comparison to the quarter ended June 30, 2025, and results continued to be negatively affected by persistent consumer market headwinds, high fixed costs at our expanded Lancaster facility, and longer-than-anticipated product development cycles. We continued to implement our initiatives to strengthen the ingredients platform for long-term success, which include enhancements to leadership, systems, operational capabilities, and commercial execution. During the fiscal quarter ended June 30, 2026, our liquidity position remained strong, and our debt levels were down, compared to the quarter ended June 30, 2025, due to reduced working capital usage, driven by tobacco crop purchase timing and lower green tobacco prices.

FINANCIAL HIGHLIGHTS

	Three Months Ended June 30,		Change
(in millions of dollars, except per share data)	**2026**	**2025**	**%**
Consolidated Results			
Sales and other operating revenue	$ 523.8	$ 593.8	(12)%
Cost of goods sold	$ 440.7	$ 479.6	(8)%
Gross profit margin percentage	15.9 %	19.2 %	-330 bps
Selling, general and administrative expenses	$ 80.8	$ 79.2	2 %
Restructuring and impairment costs	$ —	$ 1.1	(100)%
Operating income	$ 2.3	$ 33.8	(93)%
Adjusted operating income (non-GAAP)*	$ 2.3	$ 34.9	(93)%
Net income (loss) attributable to Universal Corporation	$ (5.0)	$ 8.5	(159)%
Adjusted net income (loss) attributable to Universal Corporation (non-GAAP)*	$ (5.0)	$ 9.6	(152)%
Diluted earnings (loss) per share	$ (0.20)	$ 0.34	(159)%
Adjusted diluted earnings (loss) per share (non-GAAP)*	$ (0.20)	$ 0.38	(153)%
Segment Results			
Tobacco operations sales and other operating revenues	$ 437.1	$ 504.7	(13)%
Tobacco operations operating income	$ 3.5	$ 35.7	(90)%
Ingredients operations sales and other operating revenues	$ 86.7	$ 89.1	(3)%
Ingredients operations operating income (loss)	$ (0.7)	$ 1.7	(139)%

*See Reconciliation of Certain Non-GAAP Financial Measures in Other Items below.

Quarter Ended June 30, 2026, compared to Quarter Ended June 30, 2025

Consolidated Results

Revenue decreased by 12%, or $70.0 million, in the quarter ended June 30, 2026, compared to the quarter ended June 30, 2025, primarily driven by lower tobacco sales volumes, down 9%, and tobacco sales prices, down 6%.

Operating income decreased by 93%, or $31.5 million, in the quarter ended June 30, 2026, compared to the quarter ended June 30, 2025, on a less favorable product mix and lower sales volumes in the Tobacco Operations segment and continued market headwinds and high fixed costs in the Ingredients Operations segment.

Selling, general, and administrative expenses were up by 2%, or $1.6 million, primarily due to unfavorable foreign currency comparisons of $4.8 million and lower recoveries on advances to suppliers of $1.7 million, partially offset by lower compensation costs of $3.0 million and lower legal and professional fees of $1.2 million in the quarter ended June 30, 2026, compared to the quarter ended June 30, 2025.

Adjusted operating income was down by $32.6 million and adjusted net income attributable to Universal Corporation was down by $14.6 million in the quarter ended June 30, 2026, compared to the quarter ended June 30, 2025, largely on on a less favorable product mix and lower sales volumes in the Tobacco Operations segment and continued market headwinds and high fixed costs in the Ingredients Operations segment.

Tobacco Operations Segment

Our first fiscal quarter is historically a slow quarter for our tobacco business. Revenue decreased by 13%, or $67.6 million, for the quarter ended June 30, 2026, compared to the quarter ended June 30, 2025, primarily on a 9% decrease in tobacco sales volumes due to lower sales of carryover crop tobacco and a 6% decrease in tobacco sales prices due to product mix and lower green tobacco prices. Operating income for the Tobacco Operations segment decreased by 90%, or $32.2 million, for the first quarter of fiscal year 2027, compared to the first quarter of fiscal year 2026, on a less favorable product mix in Asia and lower sales of carryover crop tobacco. Selling, general, and administrative expenses were higher by $1.3 million for the segment mainly due to unfavorable foreign currency comparisons of $4.4 million and lower recoveries on advances to suppliers of $1.7 million, partially offset by lower legal and professional fees of $2.3 million in the quarter ended June 30, 2026, compared to the quarter ended June 30, 2025. Corporate overhead costs allocated to the segment were $2.2 million higher in the quarter ended June 30, 2026, compared to the quarter ended June 30, 2025, due to a higher percentage allocation of the actual corporate overhead costs to the segment. The allocation of corporate overhead costs is based on projected annual financial and operational performance.

Ingredients Operations Segment

Revenue for the Ingredients Operations segment decreased by 3%, or $2.4 million, for the quarter ended June 30, 2026, compared to the quarter ended June 30, 2025, as sales of certain products were negatively impacted by market headwinds. Operating income for the segment decreased by 139%, or $2.4 million, on product mix and high fixed costs as well as inventory write-downs of $1.4 million. Market headwinds included persistent weakness in the consumer-packaged-goods industry, supply restraints, particularly tight apple markets in the Pacific Northwest, inflationary pressures, and tariff volatility. Selling, general, and administrative expenses were lower by $1.5 million for the segment mainly due to lower compensation costs of $0.8 million and lower intangibles amortization expense of $0.6 million in the quarter ended June 30, 2026, compared to the quarter ended June 30, 2025. Corporate overhead costs allocated to the segment were $0.4 million lower in the quarter ended June 30, 2026, compared to the quarter ended June 30, 2025, due to a lower percentage allocation of the actual corporate overhead costs to the segment. The allocation of corporate overhead costs is based on projected annual financial and operational performance.

Additional Items

Cost of goods sold decreased by 8%, or $38.9 million, in the quarter ended June 30, 2026, compared to the quarter ended June 30, 2025, largely on lower tobacco sales volumes and green tobacco prices.

Interest expense was down by 7%, or $1.3 million, in the quarter ended June 30, 2026, compared to the quarter ended June 30, 2025, on lower debt balances.

Restructuring and impairment costs of $1.1 million in the quarter ended June 30, 2025.

The consolidated effective tax rate for the three months ended June 30, 2026, was 35%. The consolidated tax rate for the three months ended June 30, 2025, was 27%. The consolidated effective tax rate for the three months ended June 30, 2026, was higher than the consolidated tax rate for the three months ended June 30, 2025, due to various factors, including the mix and timing of domestic and foreign earnings, discrete items including increased withholding taxes on undistributed earnings in Brazil, and the tax deductibility of certain items.

Sustainability

Universal continues to strengthen the foundation of its business through investments in environmental, health, and safety capabilities that support long-term sustainability and operational resilience. Recent initiatives include the implementation of an enhanced global safety management software platform and a comprehensive Global EHS Management System. The new systems improve visibility across operations, support greater consistency and accountability, and strengthen the Company's approach to risk management across its global footprint. By reinforcing a culture of safety, transparency, and continuous improvement, these investments help position Universal for long-term success.

Other Items

Reconciliation of Certain Non-GAAP Financial Measures:

The following tables set forth certain non-recurring items included in reported results to reconcile adjusted operating income to consolidated operating income and adjusted net income (loss) attributable to Universal Corporation to net income (loss) attributable to Universal Corporation:

Adjusted Operating Income Reconciliation

	Three Months Ended June 30,	
(in thousands)	**2026**	**2025**
As Reported: Consolidated operating income	$ 2,296	$ 33,813
Restructuring and impairment costs[1]	—	1,122
As Adjusted operating income (non-GAAP)	$ 2,296	$ 34,935

Adjusted Net Income (Loss) Attributable to Universal Corporation and Adjusted Diluted Earnings (Loss) Per Share Reconciliation

(in thousands except for per share amounts)	Three Months Ended June 30,	
	2026	**2025**
As Reported: Net income (loss) attributable to Universal Corporation	$ (5,016)	$ 8,497
Restructuring and impairment costs[1]	—	1,122
Total of non-GAAP adjustments to income (loss) before income taxes	—	1,122
Non-GAAP adjustments to income taxes		
Income tax benefit from restructuring and impairment costs[1][2]	—	(35)
Total of income tax impacts for non-GAAP adjustments to income (loss) before income taxes	—	(35)
As adjusted: Net income (loss) attributable to Universal Corporation (non-GAAP)	$ (5,016)	$ 9,584
As reported: Diluted earnings (loss) per share	$ (0.20)	$ 0.34
As adjusted: Diluted earnings (loss) per share (non-GAAP)	$ (0.20)	$ 0.38

(1) Restructuring and impairment costs are included in Consolidated operating income in the consolidated statements of income, but excluded for purposes of Adjusted operating income, Adjusted net income (loss) available to Universal Corporation, and Adjusted diluted earnings (loss) per share.

(2) The income tax effect of non-GAAP adjustments was determined based on the timing and nature of the specific non-GAAP adjustments and their relevant jurisdictional income tax rates (foreign, state, and local) and the applicable U.S. federal income tax rates. The Company considers current and deferred income tax rates to calculate the impact to income taxes for the non-GAAP adjustments.

The following table reconciles total debt to net debt and net capitalization:

Net Debt and Net Capitalization Reconciliation

(in thousands)	June 30, 2026	June 30, 2025	March 31, 2026
Add: Notes payable and overdrafts	$ 567,011	$ 621,275	$ 287,564
Add: Long-term obligations	616,869	618,057	616,727
Add: Current portion of long-term obligations	—	—	—
Total Debt	1,183,880	1,239,332	904,291
Add: Customer advances and deposits	3,531	4,557	3,376
Less: Cash and cash equivalents	173,593	178,435	62,178
Net Debt (non-GAAP)	$ 1,013,818	$ 1,065,454	$ 845,489
Add: Total Universal Corporation shareholders' equity	1,388,829	1,458,917	1,415,400
Net Capitalization (non-GAAP)	$ 2,402,647	$ 2,524,371	$ 2,260,889
Net Debt/Net Capitalization (non-GAAP)	42 %	42 %	37 %

Liquidity and Capital Resources

Overview

Our liquidity and operating capital resource requirements are predominantly short term in nature and primarily relate to working capital for tobacco crop purchases. Working capital needs are seasonal within each geographic region. The geographic dispersion and the timing of working capital needs permit us to predict our general level of cash requirements, although tobacco crop sizes, prices paid to farmers, shipment and delivery timing, and currency fluctuations affect requirements each year. Peak working capital requirements are generally reached during the first and second fiscal quarters. Each geographic area follows a cycle of buying, processing, and shipping tobacco to customers, and in many regions, we also provide agricultural materials to farmers during the growing season. The timing of the elements of each cycle is influenced by such factors as local weather conditions and individual customer shipping requirements, which may change the level or the duration of crop financing. Despite a predominance of short-term needs, we maintain a portion of our total debt as long-term to reduce liquidity risk. We also periodically have large cash balances that we utilize to meet our working capital requirements.

Our first fiscal quarter is typically a period of significant working capital investment in Africa and South America as farmers deliver tobacco crops. For the quarter ended June 30, 2026, working capital investment remained significant, but was lower than in the quarter ended June 30, 2025, primarily due to an oversupply of tobacco, particularly flue-cured and burley tobacco, in the global market. As a result of these market conditions, green tobacco purchases were slower and green tobacco prices were lower than in the prior-year quarter, reducing our working capital requirements. We funded these requirements through a combination of cash on hand, short-term borrowings, customer advances, accounts receivable factoring, and operating cash flows.

Operating Activities

Net cash used by our operations was $117.1 million during the quarter ended June 30, 2026. That amount was $88.0 million lower than during the same period in fiscal year 2026, primarily on lower working capital requirements. Tobacco inventory levels at June 30, 2026, were down $54.2 million, compared to June 30, 2025 levels, on slower green tobacco purchases and lower green tobacco prices. We generally do not purchase material quantities of tobacco on a speculative basis, and we target committed inventory levels of 80% or more of total tobacco inventory. Our level of committed inventory percentages is influenced by timing of farmer deliveries of new crops, as well as the receipt of customer orders. In addition, when we contract directly with tobacco farmers, we are often obligated to buy all stalk positions, which may contain less marketable leaf styles. As of June 30, 2026, our uncommitted tobacco inventories were $275.1 million, or about 24% of total tobacco inventory, compared to $222.3 million, or about 27% of our tobacco inventory as of March 31, 2026, and $134.7 million, or about 11% of our tobacco inventory as of June 30, 2025. Uncommitted tobacco levels as a percentage of total tobacco inventory came down from March 31, 2026 levels in the quarter ended June 30, 2026, but remained elevated due to delayed customer purchase commitments. We expect our uncommitted tobacco inventory levels to be within our range of 20% or less of total tobacco inventory during fiscal year 2027.

Our balance sheet accounts reflected seasonal patterns in the quarter ended June 30, 2026, on deliveries of tobacco crops by farmers in Africa and South America. Accounts receivable decreased by $215.8 million from March 31, 2026 levels on collections on receivables, partially offset by tobacco crop shipments. Advances to suppliers were $102.9 million at June 30, 2026, a reduction of $74.3 million from March 31, 2026, as tobacco crops were delivered in payment on some of those balances, net of new balances for upcoming tobacco crops. Accounts receivable--unconsolidated affiliates increased by $92.2 million from March 31, 2026 levels, on tobacco crop purchases. Notes payable and overdrafts were up $279.4 million from March 31, 2026 levels on seasonal working capital needs.

Accounts receivable were $76.1 million lower in the quarter ended June 30, 2026, compared to the quarter ended June 30, 2025, on lower sales of carryover crop tobacco. Advances to suppliers were $23.7 million higher and accounts payable were $28.8 million lower at June 30, 2026, compared to June 30, 2025, largely on slower purchases of green tobacco. Accounts receivable--unconsolidated affiliates were $23.2 million lower as of June 30, 2026, compared to the same period in the prior fiscal year, on the timing of tobacco shipments. Notes payable and overdrafts were down $54.3 million as of June 30, 2026, compared to June 30, 2025, due to lower working capital requirements.

Investing Activities

Our capital allocation strategy focuses on four strategic priorities: strengthening and investing for growth in our leaf tobacco business; increasing our strong dividend; exploring growth opportunities for our ingredients business; and returning excess capital to our shareholders. In deciding where to invest capital resources, we look for opportunities where we believe we can earn an adequate return as well as leverage our assets and expertise or enhance our farmer base. Our capital expenditures are generally limited to those that add value, replace or maintain equipment, increase efficiency, or position us for future growth. During the quarters ended June 30, 2026 and 2025, we invested approximately $15.9 million and $12.1 million, respectively, in our property, plant and equipment. Depreciation expense was approximately $11.0 million for each of the quarters ended June 30, 2026 and 2025. Typically, our capital expenditures for maintenance projects are less than $30 million per fiscal year. In addition, from time to time, we undertake projects that require capital expenditures when we identify opportunities to improve efficiencies, invest in sustainability projects, add value for our customers, and position ourselves for future growth. We currently expect to spend approximately $55 to $65 million over the next twelve months on capital projects for maintenance of our facilities and other investments to grow and improve our businesses.

Our Board of Directors approved our current share repurchase program in November 2024. The program authorizes the purchase of up to $100 million of our common stock through November 15, 2026. Under the current authorization, we may purchase shares from time to time on the open market or in privately negotiated transactions at prices not exceeding prevailing market rates. Repurchases of shares under the repurchase program may vary based on management discretion, as well as changes in cash flow generation and availability. During the three months ended June 30, 2026, we purchased 51,741 shares of common stock at an aggregate cost of $2.7 million (average price per share $53.06). As of June 30, 2026, our available authorization under our current share repurchase program was $97.3 million.

Financing Activities

At June 30, 2026, we had $1.2 billion in total debt outstanding, a decrease of $55.5 million compared to June 30, 2025. We consider the sum of notes payable and overdrafts, long-term debt (including any current portion), and customer advances and deposits, less cash, cash equivalents, and short-term investments on our balance sheet to be our net debt. We also consider our net debt plus shareholders' equity to be our net capitalization. Net debt decreased by $51.6 million to $1.0 billion at June 30, 2026, compared to June 30, 2025. Net debt as a percentage of net capitalization was 42% at June 30, 2026, flat with 42% at June 30, 2025, and up from 37% at March 31, 2026.

As of June 30, 2026, we had $174 million in cash and cash equivalents, $635 million available under our committed revolving credit facility that will mature in December 2030, and we, together with our consolidated affiliates, had approximately $279 million in available, uncommitted credit lines. The financial covenants under our committed revolving credit facility require us to maintain certain levels of tangible net worth and observe restrictions on debt levels. Based on our June 30, 2026 financial statements, we were in compliance with all financial covenants of our debt agreements as of June 30, 2026. We have no long-term debt maturing until fiscal year 2031.

Our seasonal working capital requirements for our tobacco business typically increase significantly between March and September and decline after mid-fiscal year. Available capital resources from our cash balances, committed revolving credit facility, and uncommitted credit lines are expected to exceed our normal working capital needs and currently anticipated capital expenditure requirements over the next twelve months and beyond.

Derivatives

From time to time, we use interest rate swap agreements to manage our exposure to changes in interest rates. At June 30, 2026, the fair value of our outstanding interest rate swap agreements was an asset of about $5.0 million, and the notional amount swapped was $310 million. We entered into these agreements to eliminate the variability of cash flows in the interest payments on a portion of our variable-rate term loans. Under the swap agreements we receive variable rate interest and pay fixed rate interest. The swaps are accounted for as cash flow hedges.

We also use derivative instruments from time to time to hedge certain foreign currency exposures, primarily related to forecasted purchases of tobacco, related processing costs, and crop input sales, as well as our net monetary balance sheet exposures in local currency. We generally account for our hedges of forecasted tobacco purchases as cash flow hedges. As of June 30, 2026, the fair value of our open hedges for forecasted tobacco purchases and crop inputs was a net liability of approximately $3.0 million. We had forward contracts outstanding that were not designated as hedges, and the fair value of those contracts was a net liability of approximately $1.1 million as of June 30, 2026.

Critical Accounting Estimates

A summary of our critical accounting policies is included in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our 2025 Form 10-K. Our critical accounting policies have not changed from those reported in the 2026 Form 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to the Company's market risk during the three months ended June 30, 2026. For a discussion of the Company's exposure to market risk, refer to the Company's market risk disclosures set forth in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" of the 2026 Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in reports filed by the Company under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to the Company’s management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. The Company’s Chief Executive Officer and Chief Financial Officer evaluated, with the participation of the Company’s management, the effectiveness of the Company’s disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)), as of the end of the period covered by this Form 10-Q. Based on this evaluation, the Company’s management, including its Chief Executive Officer and Chief Financial Officer, concluded that the Company’s disclosure controls and procedures were effective.

There were no changes in the Company’s internal control over financial reporting that occurred during the Company’s fiscal quarter ended June 30, 2026 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

Other Legal Matters

Some of our subsidiaries are involved in litigation or legal matters incidental to their business activities. While the outcome of these matters cannot be predicted with certainty, we are vigorously defending them and do not currently expect that any of them will have a material adverse effect on our business or financial position. However, should one or more of these matters be resolved in a manner adverse to our current expectation, the effect on our results of operations for a particular fiscal reporting period could be material.

ITEM 1A. RISK FACTORS

There are no material changes to the risk factors previously disclosed in our 2026 Form 10-K. In evaluating our risks, readers should carefully consider the risk factors discussed in our 2026 Form 10-K, which could materially affect our business, financial condition or operating results, in addition to the other information set forth in this Form 10-Q and in our other filings with the SEC.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY

The following table sets forth repurchased shares of our common stock during the three-month period ended June 30, 2026:

Period (1)	Total Number of Shares Repurchased	Average Price Paid Per Share (2)	Total Number of Shares Repurchased as Part of Publicly Announced Plans or Programs (3)	Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (3)
April 1-30, 2026	—	$ —	—	$ 100,000,000
May 1-31, 2026	—	—	—	100,000,000
June 1-30, 2026	51,741	53.06	51,741	97,254,583
Total	51,741	$ 53.06	51,741	$ 97,254,583

(1) Repurchases are based on the date the shares were traded. This presentation differs from the consolidated statement of cash flows, where the cost of share repurchases is based on the date the transactions were settled.

(2) Amounts listed for average price paid per share include broker commissions paid in the transactions.

(3) On November 7, 2024, the Company's Board of Directors, approved a stock repurchase program for the purchase of up to $100 million in common stock in open market or privately negotiated transactions through November 15, 2026, subject to market conditions and other factors. The program had $97 million of remaining capacity for repurchases of common stock at June 30, 2026.

Our current dividend policy anticipates the payment of quarterly dividends in the future. However, the declaration and payment of dividends to holders of common stock is at the discretion of the Board of Directors and will be dependent upon our future earnings, financial condition, and capital requirements. Under certain provisions of our credit facilities, we must meet financial covenants relating to minimum tangible net worth and maximum levels of debt. If we were not in compliance with them, these financial covenants could restrict our ability to pay dividends. We were in compliance with all such covenants at June 30, 2026.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Arrangements

During the three months ended June 30, 2026, none of our directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended) adopted or terminated a Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933, as amended).

ITEM 6. EXHIBITS

31.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*

31.2 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*

32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350.*

32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.*

101 Interactive Data File (submitted electronically herewith).*

101.INS 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 XBRL Taxonomy Extension Schema Document 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document 101.DEF XBRL Taxonomy Extension Definition Linkbase Document 101.LAB XBRL Taxonomy Extension Label Linkbase Document 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document In accordance with Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section and shall not be part of any registration or other document filed under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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*Filed herewith

SIGNATURES

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

	UNIVERSAL CORPORATION
	(Registrant)
Date: August 5, 2026	/s/ Steven S. Diel
	Steven S. Diel, Senior Vice President and Chief Financial Officer (Principal Financial Officer)
Date: August 5, 2026	/s/ Scott J. Bleicher
	Scott J. Bleicher, Vice President and Controller (Principal Accounting Officer)