



## Utz Brands Reports Record Second Quarter Net Sales

**Hanover, PA –August 11, 2022** – Utz Brands, Inc. (NYSE: UTZ) (“Utz” or the “Company”), a leading U.S. manufacturer of branded salty snacks, today reported financial results for the Company’s fiscal second quarter ended July 3, 2022.

### 2Q’22 Highlights:

- Net Sales increased 17.5% year-over-year to \$350.1 million
- Organic Net Sales increased 13.6% year-over-year
- GAAP Net Income of \$2.5 million vs. \$16.2 million in the year-ago period
- Adjusted EBITDA increased 18.2% year-over-year to \$42.2 million
- The Company is raising its full-year fiscal 2022 Net Sales and Adjusted EBITDA outlook

“We are pleased with our second quarter results as we continued our sales momentum, drove market share gains, and delivered double digit Adjusted EBITDA growth,” said Dylan Lissette, Chief Executive Officer of Utz. “While the operating environment continues to be challenging, our team is executing well against our multi-faceted growth strategies, and we are raising our full-year sales outlook. In addition, we continue to expect that our pricing actions and productivity programs will offset cost inflation in the second half of the year. Importantly, visibility into our cost structure is improving, and based on these factors, we are also raising our Adjusted EBITDA outlook for fiscal 2022.”

### Second Quarter 2022 Financial Highlights

	13-Weeks Ended		
	July 3, 2022	July 4, 2021	% Change
<i>(in \$millions, except per share amounts)</i>			
Net Sales	\$ 350.1	\$ 297.9	17.5 %
Organic Net Sales	338.4	297.9	13.6 %
Gross Profit	111.5	95.6	16.7 %
Adjusted Gross Profit	126.0	105.4	19.6 %
Adjusted Gross Profit Margin	36.0 %	35.4 %	63 bps
Net Income	2.5	16.2	nm
Adjusted Net Income	18.4	19.0	(3.3) %
Adjusted EBITDA	42.2	35.7	18.2 %
Adjusted EBITDA Margin	12.1 %	12.0 %	7 bps
Adjusted Earnings Per Share	\$ 0.13	\$ 0.13	— %

Note: See description of Non-GAAP financial measures and reconciliations of GAAP measures to Non-GAAP adjusted measures in the tables that accompany this release.

## Second Quarter Growth Highlights

For the 13-week period ended July 3, 2022, the Company's retail sales as measured by IRI MULO-C increased 16.0% versus the prior-year period, as compared to Salty Snack Category growth of 14.8%. The Company's Power Brands' retail sales increased 17.3% versus the prior-year period. Power Brands' sales growth versus the prior-year period was led by Utz®, ON THE BORDER®, Zapp's®, TORTIYAHS!®, Hawaiian®, TGI Fridays®, and Boulder Canyon®. The Company's Foundation Brands increased 7.7%. Retail sales increased double digits across all three Geographies: Core, Emerging, and Expansion.

### IRI Retail Sales Growth Summary

<i>(in \$millions)</i>	Last 13-Weeks Ended July 3, 2022	
	YoY Change	% of Sales
<b>Total Retail Sales Growth<sup>(1)</sup></b>		
Salty Snack Category	14.8 %	
Utz	16.0 %	
Power Brands	17.3 %	87 %
Foundation Brands <sup>(2)</sup>	7.7 %	13 %
<b>Sales by Geography Growth<sup>(1)</sup></b>		
<b>Core</b>		
Salty Snack Category	15.3 %	
Utz	17.4 %	61 %
Power Brands	18.8 %	60 %
<b>Emerging</b>		
Salty Snack Category	14.6 %	
Utz	15.4 %	23 %
Power Brands	16.3 %	25 %
<b>Expansion</b>		
Salty Snack Category	13.9 %	
Utz	12.7 %	16 %
Power Brands	13.6 %	15 %

(1) IRI Total US MULO-C, on a pro forma basis.

(2) IRI does not include certain Partner Brands and Private Label sales that are not assigned to Utz Brands.

## **Fiscal Year 2022 Outlook**

For fiscal 2022, the Company is raising its total net sales growth outlook from 10-13% to 13-15%, and its Organic Net Sales growth outlook from 8-10% to 10-12%. This improved outlook for net sales growth reflects the Company's year-to-date performance and continued strong consumer demand.

The Company continues to expect gross input cost inflation in the mid-to-high-teens and the Company has been taking inflation-justified pricing actions this year to help offset these cost increases. As the benefits of the Company's pricing actions and productivity programs continue to build, the Company expects to offset higher inflation in fiscal 2022. As a result of these actions, combined with its improved outlook for sales, the Company is increasing its fiscal 2022 Adjusted EBITDA outlook from modest growth to 2-5% growth.

Additionally, in fiscal 2022, the Company continues to expect capital expenditures of approximately \$50 million, excluding the impact of the Kings Mountain transaction. In accordance with Generally Accepted Accounting Principles ("GAAP"), the \$38.4 million purchase of the Kings Mountain facility has been booked on the Company's Statement of Cash Flows as a capital expenditure and not as an acquisition. The transaction was funded with approximately \$10.4 million in cash and \$28.0 million of proceeds from the issuance and sale of 2.1 million shares of the Company's Class A Common Stock to affiliates of Benestar Brands in a private placement pursuant to Section 4(a)(2) of the Securities Act of 1933.

Finally, the Company continues to expect an effective tax rate of approximately 20% (normalized GAAP basis tax expense, which excludes one-time items) and net leverage at year-end fiscal 2022 to be consistent with year-end fiscal 2021.

With respect to projected fiscal 2022 Adjusted EBITDA, a quantitative reconciliation is not available without unreasonable efforts due to the high variability, complexity, and low visibility with respect to certain items, which are excluded from Adjusted EBITDA. We expect the variability of these items to have a potentially unpredictable, and potentially significant, impact on our future financial results.

## **Second Quarter 2022 Financial Results**

See the description of the Non-GAAP financial measures mentioned in this press release and reconciliations of the Non-GAAP adjusted measures to the GAAP measures in the tables that accompany this press release. In addition, see the description of the periods representing the Predecessor and Successor periods in the Company's Annual Report on Form 10-K for the fiscal year ended, January 2, 2022.

Net sales in the quarter increased 17.5% to \$350.1 million compared to \$297.9 million in the second quarter of 2021. The increase in net sales was driven by Organic Net Sales growth of 13.6% and acquisitions of 5.1%, partially offset by the Company's continued shift to independent operators ("IO") and the resulting increase in sales discounts that impacted net sales growth by (1.2%). Organic Net Sales growth was driven by favorable price/mix of 13.0% and volume gains of 0.6%. The organic volume growth in the quarter was consistent with the Company's expectations, as price elasticity was negligible, and growth was primarily impacted by SKU rationalization focused on strategic reductions in private label and certain partner brands.

Gross profit increased 16.7% to \$111.5 million, or 31.9% as a percentage of net sales, compared to Gross Profit of \$95.6 million, or 32.1% as a percentage of net sales, in the prior year period. Adjusted Gross Profit increased 19.6% to \$126.0 million, or 36.0% as a percentage of net sales, compared to Adjusted Gross Profit of \$105.4 million, or 35.4% as a percentage of net sales, in the prior year period. The increase in Adjusted Gross Profit as a percentage of net sales was

primarily driven by higher net price realization, improved mix, and ongoing benefits from the Company's productivity programs. These benefits were partially offset by higher commodity, transportation, and labor inflation, which are collectively the result of industry-wide supply chain challenges. Additionally, the Company estimates that the continued shift to independent operators impacted Adjusted Gross Margins by approximately 120 basis points, but with offsetting benefits in Selling, Distribution, and Administrative ("SD&A") expense.

The Company reported net income of \$2.5 million compared to \$16.2 million in the prior year period. Adjusted Net Income in the second quarter of 2022 decreased (3.3)% to \$18.4 million compared to Adjusted Net Income of \$19.0 million in the prior year period. The decline in Adjusted Net Income was primarily due to an increase in net interest expense and Core Depreciation and Amortization expense.

Adjusted EBITDA increased 18.2% to \$42.2 million, or 12.1% as a percentage of net sales, compared to Adjusted EBITDA of \$35.7 million, or 12.0% as a percentage of net sales, in the prior year period. The modest increase in Adjusted EBITDA margin was driven by higher Adjusted Gross Profit, partially offset by higher Adjusted SD&A expenses, both versus the prior-year period.

### **Balance Sheet and Cash Flow Highlights**

- As of July 3, 2022
  - Cash on hand of \$20.1 million and \$82.8 million was available under the Company's revolving credit facility, providing liquidity of approximately \$103 million.
  - Net debt of \$891.3 million resulting in a Pro Forma Net Leverage ratio of 5.1x based on Normalized Adjusted EBITDA of \$174.9 million.
- For the 26-weeks ended July 3, 2022
  - Cash flow used in operations of \$(26.3) million.
    - Fiscal 1Q'22 cash impact of \$23.0 million resulting from the buyout of multiple third-party direct-store-delivery ("DSD") rights that were treated as contract termination costs and booked as an expense on the income statement in adherence to GAAP. As such, these buyouts were not booked as investing activities and impacted cash flow from operations.
    - Excluding the buyout of third-party DSD rights, cash used in operations was \$(3.3) million and continues to reflect the seasonal use of working capital.
  - Capital expenditures of \$60.3 million.
    - In accordance with GAAP, the \$38.4 million purchase of the Kings Mountain facility has been booked on the Company's Statement of Cash Flows as a capital expenditure and not as an acquisition. The transaction was funded with approximately \$10.4 million in cash and \$28.0 million of proceeds from the issuance and sale of 2.1 million shares of the Company's Class A Common Stock to affiliates of Benestar Brands.
    - Excluding the purchase of the King Mountain facility, capital expenditures were \$21.9 million.

## **Conference Call and Webcast Presentation**

The Company will host a conference call to discuss these results today at 8:30 a.m. Eastern Time. Please visit the “Events & Presentations” section of Utz’s Investor Relations website at <https://investors.utzsnacks.com/> to access the live listen-only webcast and presentation. Participants can also dial in over the phone by calling 1 (888) 510-2008. The Event Plus passcode is 1774171. The Company has also posted presentation slides and additional supplemental financial information, which are available now on Utz’s Investor Relations website.

A replay will be archived online and is also available telephonically approximately two hours after the call concludes through Thursday, August 18, 2022, by dialing 1-800-770-2030, and entering confirmation code 1774171.

## **About Utz Brands, Inc.**

Utz Brands, Inc. (NYSE: UTZ) manufactures a diverse portfolio of savory snacks through popular brands including Utz®, ON THE BORDER® Chips & Dips, Golden Flake®, Zapp’s®, Good Health®, Boulder Canyon®, Hawaiian Brand®, and TORTIYAHS!®, among others.

After a century with strong family heritage, Utz continues to have a passion for exciting and delighting consumers with delicious snack foods made from top-quality ingredients. Utz’s products are distributed nationally through grocery, mass merchandisers, club, convenience, drug, and other channels. Based in Hanover, Pennsylvania, Utz has multiple manufacturing facilities located across the U.S. to serve our growing customer base. For more information, please visit [www.utzsnacks.com](http://www.utzsnacks.com) or call 1-800-FOR-SNAX.

Investors and others should note that Utz announces material financial information to its investors using its investor relations website (<https://investors.utzsnacks.com/investors/default.aspx>), U.S. Securities and Exchange Commission (the “Commission”) filings, press releases, public conference calls, and webcasts. Utz uses these channels, as well as social media, to communicate with our stockholders and the public about the Company, the Company’s products and other issues. It is possible that the information that Utz posts on social media could be deemed to be material information. Therefore, Utz encourages investors, the media, and others interested in the Company to review the information posted on the social media channels listed on Utz’s investor relations website.

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## Forward-Looking Statements

This press release includes certain statements made herein that are not historical facts but are “forward-looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, as amended. The forward-looking statements generally are accompanied by or include, without limitation, statements such as “will”, “expect”, “intends”, “goal” or other similar words, phrases or expressions. These forward-looking statements include the expected effects from the COVID-19 pandemic, future plans for Utz Brands, Inc. (the “Company”), the estimated or anticipated future results and benefits of the Company’s future plans and operations, future capital structure, future opportunities for the Company, the effect of inflation of other supply chain disruptions, and other statements that are not historical facts. These statements are based on the current expectations of the Company’s management and are not predictions of actual performance. These statements are subject to a number of risks and uncertainties and the Company’s business and actual results may differ materially. Factors that may cause such differences include, but are not limited to: the risk that recently completed business combinations and other acquisitions recently completed by the Company (collectively, the “Business Combinations”) disrupt plans and operations; the ability to recognize the anticipated benefits of such Business Combinations, which may be affected by, among other things, competition and the ability of the Company to grow and manage growth profitably and retain its key employees; the outcome of any legal proceedings that may be instituted against the Company following the consummation of such Business Combinations; changes in applicable law or regulations; costs related to the Business Combinations; the ability of the Company to maintain the listing of the Company’s Class A Common Stock on the New York Stock Exchange; the inability of the Company to develop and maintain effective internal controls; the risk that the Company’s gross profit margins may be adversely impacted by a variety of factors, including variations in raw materials pricing, retail customer requirements and mix, sales velocities and required promotional support; changes in consumers’ loyalty to the Company’s brands due to factors beyond the Company’s control; changes in demand for the Company’s products affected by changes in consumer preferences and tastes or if the Company is unable to innovate or market its products effectively; costs associated with building brand loyalty and interest in the Company’s products, which may be affected by the Company’s competitors’ actions that result in the Company’s products not suitably differentiated from the products of competitors; fluctuations in results of operations of the Company from quarter to quarter because of changes in promotional activities; the possibility that the Company may be adversely affected by other economic, business or competitive factors; and other risks and uncertainties set forth in the section entitled “Risk Factors” and “Forward-Looking Statements” in the Company’s Annual Report on Form 10-K filed with the Commission, for the fiscal year ended January 2, 2022 and other reports filed by the Company with the Commission. In addition, forward-looking statements provide the Company’s expectations, plans or forecasts of future events and views as of the date of this communication. These forward-looking statements should not be relied upon as representing the Company’s assessments as of any date subsequent to the date of this communication. The Company cautions investors not to place undue reliance upon any forward-looking statements, which speak only as of the date made. The Company does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based, except as otherwise required by law.

## Non-GAAP Financial Measures:

Utz uses non-GAAP financial information and believes it is useful to investors as it provides additional information to facilitate comparisons of historical operating results, identify trends in our underlying operating results and provides additional insight and transparency on how we evaluate the business. We use non-GAAP financial measures to budget, make operating and strategic decisions, and evaluate our performance. These non-GAAP financial measures do not represent financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing financial results. Therefore, these measures should not be considered in isolation or as an alternative to net income, cash flows from operations or other measures of profitability, liquidity or performance under GAAP. You should be aware that the presentation of these measures may not be comparable to similarly titled measures used by other companies.

Management believes that non-GAAP financial measures should be considered as supplements to the GAAP reported measures, should not be considered replacements for, or superior to, the GAAP measures and may not be comparable to similarly named measures used by other companies. We believe that these non-GAAP measures of financial results provide useful information to investors regarding certain financial and business trends relating to the financial condition and results of operations of the Company to date and that the presentation of non-GAAP financial measures is useful to investors in the evaluation of our operating performance compared to other companies in the salty snack industry, as similar measures are commonly used by the companies in this industry. These non-GAAP financial measures are subject to inherent limitations as they reflect the exercise of judgments by management about which expense and income are excluded or included in determining these non-GAAP financial measures. The non-GAAP financial measures are not recognized in accordance with GAAP and should not be viewed as an alternative to GAAP measures of performance.

Utz uses the following non-GAAP financial measures in its financial communications, and in the future could use others:

- Organic Net Sales
- Adjusted Gross Profit
- Adjusted Gross Profit as % of Net Sales (Adjusted Gross Profit Margin)
- Adjusted Selling, Distribution, and Administrative Expense
- Adjusted Selling, Distribution, and Administrative Expense as % of Net Sales
- Adjusted Net Income
- Adjusted Earnings Per Share
- EBITDA
- Adjusted EBITDA
- Adjusted EBITDA as % of Net Sales (Adjusted EBITDA Margin)
- Normalized Adjusted EBITDA
- Net Leverage Ratio

**Organic Net Sales** is defined as net sales excluding the impact of acquisitions and excluding the impact of Independent Operator route conversions.

**Adjusted Gross Profit** represents Gross Profit excluding Depreciation and Amortization expense, a non-cash item. In addition, Adjusted Gross Profit excludes the impact of costs that fall within the categories of non-cash adjustments and non-recurring items such as those related to stock-based compensation, hedging and purchase commitments adjustments, asset impairments, acquisition, and integration costs, business transformation initiatives, and financing-related costs.

Adjusted Gross Profit is one of the key performance indicators that our management uses to evaluate operating performance. We also report Adjusted Gross Profit as a percentage of Net Sales as an additional measure for investors to evaluate our Adjusted Gross Profit margins on Net Sales.

**Adjusted Selling, Distribution, and Administrative Expense** is defined as all Selling, Distribution, and Administrative expense excluding Depreciation and Amortization expense, a non-cash item. In addition, Adjusted Selling, Distribution, and Administrative Expenses exclude the impact of costs that fall within the categories of non-cash adjustments and non-recurring items such as those related to stock-based compensation, hedging and purchase commitments adjustments, asset impairments, acquisition and integration costs, business transformation initiatives, and financing-related costs. We also report Adjusted Selling, Distribution, and Administrative Expense as a percentage of Net Sales as an additional measure for investors to evaluate our Adjusted Selling, Distribution, and Administrative margin on Net Sales.

**Adjusted Net Income** is defined as Net Income excluding the additional Depreciation and Amortization expense, a non-cash item, related to the Business Combination with Collier Creek Holdings and the acquisitions of Kennedy Endeavors, Kitchen Cooked, Inventure, Golden Flake, and Truco Enterprises. In addition, Adjusted Net Income is also adjusted to exclude deferred financing fees, interest income, and expense relating to IO loans and certain non-cash items, such as those related to stock-based compensation, hedging, and purchase commitments adjustments, asset impairments, acquisition and integration costs, business transformation initiatives, remeasurement of warrant liabilities and financing-related costs. Lastly, Adjusted Net Income normalizes the income tax provision to account for the above-mentioned adjustments.

**Adjusted Earnings Per Share** is defined as Adjusted Net Income (as defined, herein) divided by the weighted average shares outstanding for each period on a fully diluted basis, assuming the Private Placement Warrants are net settled and the Shares of Class V Common Stock held by Continuing Members is converted to Class A Common Stock.

**EBITDA** is defined as Net Income before Interest, Income Taxes, and Depreciation and Amortization.

**Adjusted EBITDA** is defined as EBITDA further adjusted to exclude certain non-cash items, such as stock-based compensation, hedging and purchase commitments adjustments, and asset impairments; acquisition and integration costs; business transformation initiatives; and financing-related costs. Adjusted EBITDA is one of the key performance indicators we use in evaluating our operating performance and in making financial, operating, and planning decisions. We believe Adjusted EBITDA is useful to the users of this release and financial information contained in the release in the evaluation of Utz's operating performance compared to other companies in the salty snack industry, as similar measures are commonly used by companies in this industry. We have historically reported an Adjusted EBITDA metric to investors and banks for covenant compliance. We also provide in this release, Adjusted EBITDA as a percentage of Net Sales, as an additional measure for readers to evaluate our Adjusted EBITDA margins on Net Sales.

**Normalized Adjusted EBITDA** is defined as Adjusted EBITDA after giving effect to pre-acquisition Adjusted EBITDA of the Festida Foods and R.W. Garcia acquisitions, and the buyout of Clem and J&D Snacks, along with adjustments for estimated unrealized cost synergies related to the acquisition of Truco Enterprises, Vitner's, Festida Foods, R.W. Garcia, and the buyouts and contract terminations of Clem and J&D Snacks.

**Net Leverage Ratio** is defined as Normalized Adjusted EBITDA divided by Net Debt. Net Debt is defined as Gross Debt less Cash and Cash Equivalents.



Management believes that the non-GAAP financial measures are meaningful to investors because they increase transparency and assists investors to understand and analyze our ongoing operational performance. The financial measures are shown as supplemental disclosures in this release because they are widely used by the investment community for analysis and comparative evaluation. They also provide additional metrics to evaluate the Company's operations and, when considered with both the GAAP results and the reconciliation to the most comparable GAAP measures, provide a more complete understanding of the Company's business than could be obtained absent this disclosure. The non-GAAP measures are not and should not be considered an alternative to the most comparable GAAP measures or any other figure calculated in accordance with GAAP, or as an indicator of operating performance. The Company's calculation of the non-GAAP financial measures may differ from methods used by other companies. Management believes that the non-GAAP measures are important to have an understanding of the Company's overall operating results in the periods presented. The non-GAAP financial measures are not recognized in accordance with GAAP and should not be viewed as an alternative to GAAP measures of performance. As new events or circumstances arise, these definitions could change. When the definitions change, we will provide the updated definitions and present the related non-GAAP historical results on a comparable basis.

# Utz Brands, Inc.

## CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

For the thirteen weeks ended July 3, 2022 and July 4, 2021

(In thousands, except share information)

(Unaudited)

	Thirteen weeks ended July 3, 2022	Thirteen weeks ended July 4, 2021
<b>Net sales</b>	\$ 350,147	\$ 297,919
<b>Cost of goods sold</b>	238,618	202,359
Gross profit	111,529	95,560
<b>Selling, distribution, and administrative expenses</b>		
Selling and distribution	68,796	64,439
Administrative	38,816	29,041
Total selling, distribution, and administrative expenses	107,612	93,480
<b>Gain on sale of assets, net</b>	1,375	2,289
Income from operations	5,292	4,369
<b>Other (expense) income</b>		
Interest expense	(10,727)	(7,896)
Other (expense) income	(645)	758
Gain on remeasurement of warrant liability	5,760	19,368
Other (expense) income, net	(5,612)	12,230
Income (loss) before taxes	(320)	16,599
<b>Income tax (benefit) expense</b>	(2,865)	420
Net income	2,545	16,179
Net loss attributable to noncontrolling interest	634	1,400
Net income attributable to controlling interest	\$ 3,179	\$ 17,579
<b>Earnings per Class A Common stock: (in dollars)</b>		
Basic	\$ 0.04	\$ 0.22
Diluted	\$ 0.04	\$ 0.21
<b>Weighted-average shares of Class A Common stock outstanding</b>		
Basic	80,171,174	76,500,488
Diluted	81,510,936	81,732,056
<b>Net income</b>	\$ 2,545	\$ 16,179
<b>Other comprehensive income:</b>		
Change in fair value of interest rate swap	3,011	607
<b>Comprehensive income</b>	5,556	16,786
Net comprehensive (income) loss attributable to noncontrolling interest	(647)	1,400
Net comprehensive income attributable to controlling interest	\$ 4,909	\$ 18,186

# Utz Brands, Inc.

## CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

For the twenty-six weeks ended July 3, 2022 and July 4, 2021

(In thousands, except share information)

(Unaudited)

	Twenty-six weeks ended July 3, 2022	Twenty-six weeks ended July 4, 2021
<b>Net sales</b>	\$ 690,914	\$ 567,101
<b>Cost of goods sold</b>	475,578	376,300
Gross profit	215,336	190,801
<b>Selling, distribution, and administrative expenses</b>		
Selling and distribution	156,906	121,167
Administrative	77,367	58,974
Total selling, distribution, and administrative expenses	234,273	180,141
<b>Gain on sale of assets, net</b>	1,742	3,008
(Loss) income from operations	(17,195)	13,668
<b>Other (expense) income</b>		
Interest expense	(19,830)	(18,757)
Other (expense) income	(125)	1,476
Gain (loss) on remeasurement of warrant liability	7,704	(2,133)
Other (expense) income, net	(12,251)	(19,414)
Loss before taxes	(29,446)	(5,746)
<b>Income tax (benefit) expense</b>	(93)	1,424
Net loss	(29,353)	(7,170)
Net loss attributable to noncontrolling interest	14,962	2,220
Net loss attributable to controlling interest	\$ (14,391)	\$ (4,950)
<b>Loss per Class A Common stock: (in dollars)</b>		
Basic	\$ (0.18)	\$ (0.07)
Diluted	\$ (0.18)	\$ (0.07)
<b>Weighted-average shares of Class A Common stock outstanding</b>		
Basic	79,371,789	76,213,746
Diluted	79,371,789	76,213,746
<b>Net loss</b>	\$ (29,353)	\$ (7,170)
<b>Other comprehensive income:</b>		
Change in fair value of interest rate swap	30,820	1,429
<b>Comprehensive income (loss)</b>	1,467	(5,741)
Net comprehensive loss attributable to noncontrolling interest	1,715	2,220
Net comprehensive income (loss) attributable to controlling interest	\$ 3,182	\$ (3,521)

**Utz Brands, Inc.**  
**CONSOLIDATED BALANCE SHEETS**  
**July 3, 2022 and January 2, 2022**  
(In thousands)

	As of July 3, 2022	As of January 2, 2022
	(Unaudited)	
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 20,133	\$ 41,898
Accounts receivable, less allowance of \$1,844 and \$1,391, respectively	152,061	131,388
Inventories	99,545	79,517
Prepaid expenses and other assets	21,660	18,395
Current portion of notes receivable	6,424	6,706
Total current assets	<u>299,823</u>	<u>277,904</u>
<b>Non-current Assets</b>		
Property, plant and equipment, net	338,039	303,807
Goodwill	915,490	915,438
Intangible assets, net	1,120,154	1,142,509
Non-current portion of notes receivable	19,326	20,725
Other assets	81,821	55,963
Total non-current assets	<u>2,474,830</u>	<u>2,438,442</u>
Total assets	<u><u>\$ 2,774,653</u></u>	<u><u>\$ 2,716,346</u></u>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Current portion of term debt	\$ 14,255	\$ 11,414
Current portion of other notes payable	13,214	9,957
Accounts payable	95,906	95,369
Accrued expenses and other	65,819	71,280
Total current liabilities	<u>189,194</u>	<u>188,020</u>
Non-current portion of term debt and revolving credit facility	877,066	830,548
Non-current portion of other notes payable	24,115	24,709
Non-current accrued expenses and other	61,714	55,838
Non-current warrant liability	38,520	46,224
Deferred tax liability	135,917	136,334
Total non-current liabilities	<u>1,137,332</u>	<u>1,093,653</u>
Total liabilities	<u>1,326,526</u>	<u>1,281,673</u>
<b>Commitments and Contingencies</b>		
<b>Equity</b>		
Shares of Class A Common Stock, \$0.0001 par value; 1,000,000,000 shares authorized; 80,812,835 and 77,644,645 shares issued and outstanding as of July 3, 2022 and January 2, 2022, respectively.	8	8
Shares of Class V Common Stock, \$0.0001 par value; 61,249,000 shares authorized; 59,349,000 shares issued and outstanding as of July 3, 2022 and January 2, 2022.	6	6
Additional paid-in capital	939,575	912,574
Accumulated deficit	(259,593)	(236,598)
Accumulated other comprehensive income	21,288	3,715
Total stockholders' equity	<u>701,284</u>	<u>679,705</u>
Noncontrolling interest	746,843	754,968
Total equity	<u>1,448,127</u>	<u>1,434,673</u>
Total liabilities and equity	<u><u>\$ 2,774,653</u></u>	<u><u>\$ 2,716,346</u></u>

# Utz Brands, Inc.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the twenty-six weeks ended July 3, 2022 and July 4, 2021

(In thousands)

(Unaudited)

	<b>Twenty-six weeks ended July 3, 2022</b>	<b>Twenty-six weeks ended July 4, 2021</b>
<b>Cash flows from operating activities</b>		
Net loss	\$ (29,353)	\$
Adjustments to reconcile net loss to net cash used in operating activities:		
Impairment and other charges	3,319	
Depreciation and amortization	44,564	38,55
(Gain) loss on remeasurement of warrant liability	(7,704)	2,13
Gain on sale of assets	(1,742)	(3,00)
Share-based compensation	5,779	6,63
Deferred taxes	(977)	1,22
Deferred financing costs	703	3,16
Changes in assets and liabilities:		
Accounts receivable, net	(20,673)	(21,30)
Inventories	(20,029)	(6,73)
Prepaid expenses and other assets	(5,415)	(8,22)
Accounts payable and accrued expenses and other	5,260	(5,32)
Net cash used in operating activities	<u>(26,268)</u>	<u>(4)</u>
<b>Cash flows from investing activities</b>		
Acquisitions, net of cash acquired	(75)	(66,63)
Purchases of property and equipment	(60,278)	(10,82)
Purchases of intangibles	—	(1,20)
Proceeds from sale of property and equipment	2,551	1,49
Proceeds from sale of routes	12,383	3,80
Proceeds from the sale of IO notes	5,017	7,92
Proceeds from insurance claims for capital investments	2,000	
Notes receivable, net	(8,849)	(5,10)
Net cash used in investing activities	<u>(47,251)</u>	<u>(70,54)</u>
<b>Cash flows from financing activities</b>		
Line of credit borrowings, net	29,824	
Borrowings on term debt and notes payable	28,873	808,00
Repayments on term debt and notes payable	(13,618)	(786,55)
Payment of debt issuance cost	(265)	(9,08)
Payments of tax withholding requirements for employee stock awards	(6,217)	
Exercised warrants	—	57,23
Proceeds from issuance of shares	28,000	
Dividends	(8,433)	(8,08)
Distribution to noncontrolling interest	(6,410)	(11,00)
Net cash provided by financing activities	<u>51,754</u>	<u>50,50</u>
Net decrease in cash and cash equivalents	<u>(21,765)</u>	<u>(20,08)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>41,898</u>	<u>46,83</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 20,133</u>	<u>\$</u>

## Reconciliation of Non-GAAP Financial Measures to Reported Financial Measures

### Net Sales and Organic Net Sales

<i>(dollars in millions)</i>	13-Weeks Ended			26-Weeks Ended		
	July 3, 2022	July 4, 2021	Change	July 3, 2022	July 4, 2021	Change
<b>Net Sales as Reported</b>	\$ 350.1	\$ 297.9	17.5 %	\$ 690.9	\$ 567.1	21.8 %
Impact of Acquisitions	(15.3)			(34.8)		
Impact of IO Conversions	3.6			7.1		
<b>Organic Net Sales</b>	<b>\$ 338.4</b>	<b>\$ 297.9</b>	<b>13.6 %</b>	<b>\$ 663.2</b>	<b>\$ 567.1</b>	<b>16.9 %</b>

(1) Organic Net Sales excludes the Impact of Acquisitions and the Impact of IO Conversions that took place after Q1 2021, except for the impact of Vitner's, which was acquired on February 8, 2021.

### Gross Profit and Adjusted Gross Profit

<i>(dollars in millions)</i>	13-Weeks Ended		26-Weeks Ended	
	July 3, 2022	July 4, 2021	July 3, 2022	July 4, 2021
<b>Gross Profit</b>	\$ 111.5	\$ 95.6	\$ 215.3	\$ 190.8
Depreciation and Amortization	10.9	8.0	21.5	16.2
Non-Cash, Non-recurring adjustments	3.6	1.8	4.9	3.0
<b>Adjusted Gross Profit</b>	<b>\$ 126.0</b>	<b>\$ 105.4</b>	<b>\$ 241.7</b>	<b>\$ 210.0</b>
Adjusted Gross Profit as a % of Net Sales	36.0 %	35.4 %	35.0 %	37.0 %

### Adjusted Selling, Distribution, and Administrative Expense

<i>(dollars in millions)</i>	13-Weeks Ended		26-Weeks Ended	
	July 3, 2022	July 4, 2021	July 3, 2022	July 4, 2021
<b>Selling, Distribution, and Administrative Expense - Incl Depreciation and Amortization</b>	\$ 107.6	\$ 93.5	\$ 234.3	\$ 180.1
Depreciation and Amortization in SD&A Expense	(11.5)	(11.1)	(23.1)	(22.4)
Non-Cash, and/or Non-recurring Adjustments	(12.3)	(10.1)	(48.3)	(18.2)
<b>Adjusted Selling, Distribution, and Administrative Expense</b>	<b>\$ 83.8</b>	<b>\$ 72.3</b>	<b>\$ 162.9</b>	<b>\$ 139.5</b>
Adjusted SD&A Expense as a % of Net Sales	23.9 %	24.3 %	23.6 %	24.6 %

## Adjusted Net Income

<i>(dollars in millions, except per share data)</i>	13-Weeks Ended		26-Weeks Ended	
	July 3, 2022	July 4, 2021	July 3, 2022	July 4, 2021
<b>Net Income (Loss)</b>	\$ 2.5	\$ 16.2	\$ (29.4)	\$ (7.2)
Income Tax (Benefit) Expense	(2.9)	0.4	(0.1)	1.4
<b>(Loss) Income Before Taxes</b>	<b>(0.4)</b>	<b>16.6</b>	<b>(29.5)</b>	<b>(5.8)</b>
Deferred Financing Fees	0.4	0.3	0.7	3.0
Acquisition Step-Up Depreciation and Amortization	13.2	12.7	26.4	25.5
Certain Non-Cash Adjustments	4.8	2.8	8.3	7.0
Acquisition and Integration	7.2	6.1	36.0	8.0
Business and Transformation Initiatives	3.6	2.4	7.9	5.7
Financing-Related Costs	0.1	0.6	0.2	0.6
(Gain) Loss on Remeasurement of Warrant Liability	(5.8)	(19.4)	(7.7)	2.1
<b>Other Non-Cash and/or Non-Recurring Adjustments</b>	<b>23.5</b>	<b>5.5</b>	<b>71.8</b>	<b>51.9</b>
<b>Adjusted Earnings before Taxes</b>	<b>23.1</b>	<b>22.1</b>	<b>42.3</b>	<b>46.1</b>
Taxes on Earnings as Reported	2.9	(0.4)	0.1	(1.4)
Income Tax Adjustments <sup>(1)</sup>	(7.6)	(2.7)	(8.7)	(6.7)
Adjusted Taxes on Earnings	(4.7)	(3.1)	(8.6)	(8.1)
<b>Adjusted Net Income</b>	<b>\$ 18.4</b>	<b>\$ 19.0</b>	<b>\$ 33.7</b>	<b>\$ 38.0</b>
Average Weighted Basic Shares Outstanding	139.5	136.8	138.7	136.6
Fully Diluted Shares on an As-Converted Basis	140.9	142.0	140.4	142.3
<b>Adjusted Earnings Per Share</b>	<b>\$ 0.13</b>	<b>\$ 0.13</b>	<b>\$ 0.24</b>	<b>\$ 0.27</b>

(1) Income Tax Rate Adjustment calculated as (Loss) Income before taxes plus (i) Acquisition, Step-Up Depreciation and Amortization and (ii) Other Non-Cash and/or Non-Recurring Adjustments, multiplied by a normalized GAAP effective tax rate, minus the actual tax provision recorded in the Consolidated Statement of Operations and Comprehensive Loss. The normalized GAAP effective tax rate excludes one-time items such as the impact of tax rate changes on deferred taxes and changes in valuation allowances.

## Depreciation & Amortization

<i>(dollars in millions)</i>	13-Weeks Ended		26-Weeks Ended	
	July 3, 2022	July 4, 2021	July 3, 2022	July 4, 2021
Core D&A - Non-Acquisition-related included in Gross Profit	\$ 6.8	\$ 4.4	\$ 13.3	\$ 8.9
Step-Up D&A - Transaction-related included in Gross Profit	4.1	3.6	8.2	7.3
<b>Depreciation &amp; Amortization - included in Gross Profit</b>	<b>10.9</b>	<b>8.0</b>	<b>21.5</b>	<b>16.2</b>
Core D&A - Non-Acquisition-related included in SD&A Expense	2.4	2.0	4.9	4.2
Step-Up D&A - Transaction-related included in SD&A Expense	9.1	9.1	18.2	18.2
<b>Depreciation &amp; Amortization - included in SD&amp;A Expense</b>	<b>11.5</b>	<b>11.1</b>	<b>23.1</b>	<b>22.4</b>
<b>Depreciation &amp; Amortization - Total</b>	<b>\$ 22.4</b>	<b>\$ 19.1</b>	<b>\$ 44.6</b>	<b>\$ 38.6</b>
Core Depreciation and Amortization	\$ 9.2	\$ 6.4	\$ 18.2	\$ 13.1
Step-Up Depreciation and Amortization	13.2	12.7	26.4	25.5
<b>Total Depreciation and Amortization</b>	<b>\$ 22.4</b>	<b>\$ 19.1</b>	<b>\$ 44.6</b>	<b>\$ 38.6</b>

## EBITDA and Adjusted EBITDA

<i>(dollars in millions)</i>	13-Weeks Ended		26-Weeks Ended	
	July 3, 2022	July 4, 2021	July 3, 2022	July 4, 2021
<b>Net Income (Loss)</b>	\$ 2.5	\$ 16.2	\$ (29.4)	\$ (7.2)
Plus non-GAAP adjustments:				
Income Tax (Benefit) Expense	(2.9)	0.4	(0.1)	1.4
Depreciation and Amortization	22.4	19.1	44.6	38.6
Interest Expense, Net	10.7	7.9	19.8	18.8
Interest Income (IO loans) <sup>(1)</sup>	(0.4)	(0.4)	(0.9)	(1.3)
<b>EBITDA</b>	<b>32.3</b>	<b>43.2</b>	<b>34.0</b>	<b>50.3</b>
Certain Non-Cash Adjustments <sup>(2)</sup>	4.8	2.8	8.3	7.0
Acquisition and Integration <sup>(3)</sup>	7.2	6.1	36.0	8.0
Business Transformation Initiatives <sup>(4)</sup>	3.6	2.4	7.9	5.7
Financing-Related Costs <sup>(5)</sup>	0.1	0.6	0.2	0.6
(Gain) Loss on Remeasurement of Warrant Liabilities <sup>(6)</sup>	(5.8)	(19.4)	(7.7)	2.1
<b>Adjusted EBITDA</b>	<b>\$ 42.2</b>	<b>\$ 35.7</b>	<b>\$ 78.7</b>	<b>\$ 73.7</b>
<b>Adjusted EBITDA as a % of Net Sales</b>	<b>12.1 %</b>	<b>12.0 %</b>	<b>11.4 %</b>	<b>13.0 %</b>

(1) Interest Income from IO Loans refers to Interest Income that we earn from IO notes receivable that have resulted from our initiatives to transition from RSP distribution to IO distribution ("Business Transformation Initiatives"). There is a notes payable recorded that mirrors most of the IO notes receivable, and the interest expense associated with the notes payable is part of the Interest Expense, Net adjustment.

(2) Certain Non-Cash Adjustments are comprised primarily of the following:

Incentive programs and other non-cash adjustments – For the thirteen weeks ended July 3, 2022 and July 4, 2021, the Company incurred \$3.3 million and \$2.7 million, respectively, of share-based compensation and compensation expense associated with the employee stock purchase plan. The thirteen and twenty-six weeks ended July 3, 2022 also includes \$1.5 million of unrealized purchase commitment losses. For the twenty-six weeks ended July 3, 2022 and July 4, 2021, the Company incurred \$4.8 million and \$5.6 million, respectively, of share-based compensation and compensation expense associated with the employee stock purchase plan. During the twenty-six weeks ended July 3, 2022, the Company recorded an impairment of \$2.0 million related to the termination of distribution agreements.

(3) Adjustment for Acquisition and Integration Costs – This is comprised of consulting, transaction services, and legal fees incurred for acquisitions and certain potential acquisitions. The majority of charges are related to the buyout of multiple distributors, which was accounted for as a contract termination resulting in expense of \$23.0 million for the twenty-six weeks ended July 3, 2022 as well as other integration costs. During the thirteen and twenty-six weeks ended July 3, 2022, we incurred incremental costs of \$6.2 million and \$12.0 million, respectively, for the integration of Truco, R.W. Garcia, Kings Mountain, and costs to evaluate other potential acquisitions, as well as, \$1.0 million for the incremental Tax Receivable Agreement Liability associated with the Business Combination. Acquisition and Integration costs incurred primarily for the Vitner's acquisition, the Truco acquisition, and related integration expenditures were \$1.9 million and \$3.9 million for the thirteen and twenty-six weeks ended July 4, 2021, respectively, as well as \$4.1 million related to distributor buyouts which was accounted for as contract terminations for the thirteen and twenty-six weeks ended July 4, 2021.

(4) Business Transformation Initiatives Adjustment – This adjustment is related to consultancy, professional, and legal fees incurred for specific initiatives and structural changes to the business that do not reflect the cost of normal business operations. In addition, gains and losses realized from the sale of distribution rights to IOs and the subsequent disposal of trucks, severance costs associated with the elimination of RSP positions, and ERP transition costs fall into this category. The Company incurred such costs of \$3.6 million and \$2.4 million for the thirteen weeks ended July 3, 2022 and July 4, 2021, respectively, and \$6.3 million and \$5.7 million for the twenty-six weeks ended July 3, 2022 and July 4, 2021, respectively.

(5) Financing-Related Costs – These costs include adjustments for various items related to raising debt and equity capital or debt extinguishment costs.

(6) Gains and losses related to the changes in the remeasurement of warrant liabilities are not expected to be settled in cash, and when exercised would result in a cash inflow to the Company with the Warrants converting to Class A Common Stock with the liability being extinguished and the fair value of the Warrants at the time of exercise being recorded as an increase to equity.

## Normalized Adjusted EBITDA

<i>(dollars in millions)</i>	FY 2021					FY 2022		
	Q1	Q2	Q3	Q4	FY 2021	Q1	Q2	TTM
<b>Adjusted EBITDA</b>	\$ 37.9	\$ 35.7	\$ 44.8	\$ 37.7	\$ 156.1	\$ 36.5	\$ 42.2	\$ 161.2
Pre-Acquisition Adjusted EBITDA <sup>(1)</sup>	3.6	3.0	2.0	1.6	10.2	0.2	—	3.8
Acquisition Synergies <sup>(2)</sup>	3.1	3.1	2.6	2.5	11.3	2.4	2.4	9.9
<b>Normalized Adjusted EBITDA</b>	<b>\$ 44.6</b>	<b>\$ 41.8</b>	<b>\$ 49.4</b>	<b>\$ 41.8</b>	<b>\$ 177.6</b>	<b>\$ 39.1</b>	<b>\$ 44.6</b>	<b>\$ 174.9</b>

(1) Pre-Acquisition Adjusted EBITDA - This adjustment represents the Adjusted EBITDA of acquired companies, Festida Foods and R.W. Garcia, prior to the acquisition date, as well as from the buyout date of Clem and J&D Snacks.

(2) Represents identified integration-related cost savings expected to be realized from the elimination of certain procurement, manufacturing, and logistics as well as selling, distribution, and administrative expenses, in connection with the acquisitions of Truco Enterprises, Vitner's, Festida Foods, R.W. Garcia, and the buyouts of Clem and J&D Snacks.



## Net Debt and Leverage Ratio

<i>(dollars in millions)</i>	<b>As of July 3, 2022</b>	
Term Loan	\$	783.3
ABL Facility		65.8
Capital Leases <sup>(1)</sup>		57.6
Deferred Purchase Price		4.7
<b>Gross Debt<sup>(2)</sup></b>		<b>911.4</b>
Cash and Cash Equivalents		20.1
<b>Total Net Debt</b>	<b>\$</b>	<b>891.3</b>
Last 52-Weeks Normalized Adjusted EBITDA	\$	174.9
<b>Net Leverage Ratio</b>		<b>5.1x</b>

(1) Capital Leases include equipment term loans and excludes the impact of step-up accounting.

(2) Excludes amounts related to guarantees on IO loans which are collateralized by routes. We have the ability to recover substantially all of the outstanding loan value in the event of a default scenario, which is uncommon.