



Second Quarter 2025 Earnings Results Prepared Remarks Utz Brands, Inc.

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CORPORATE PARTICIPANTS

Trevor Martin, Senior Vice President, Investor Relations
Howard Friedman, Chief Executive Officer
Bill Kelley, EVP and Chief Financial Officer

PRESENTATION

Trevor Martin

Good morning and thank you for joining us today for our pre-recorded discussion of our second quarter 2025 earnings results. Joining me on the call today are Howard Friedman, CEO, and Bill Kelley, EVP and CFO. In addition, this morning at 9:30 a.m. Eastern Time, we will host a live question-and-answer session which you can access via webcast on our Investor Relations website.

Please note that some of our comments today will contain forward-looking statements based on our current view of our business and actual future results may differ materially. Please see the forward-looking statement disclaimer in the earnings materials and our recent SEC filings, which identify the principal risks and uncertainties that could affect future performance.

Today, we will discuss certain adjusted or non-GAAP financial measures, which are described in more detail in this morning's earnings materials. Reconciliations of non-GAAP financial measures and other associated disclosures are contained in our earnings materials and posted on our Investor Relations website.

Finally, the Company has also posted presentation slides and additional supplemental financial information on our Investor Relations website.

And now, I'd like to turn the call over to Howard.

Howard Friedman

Good morning, everyone, and thank you, Trevor. It's great to have you have you on the team.

I will start with a business update and review of the second quarter, then will turn it over to Bill to walk through the financials. As previously announced, Bill Kelley joined us as CFO in May. His leadership and experience have already proven to be a tremendous asset as he brings new thinking and new approaches to Utz, and we are happy to have him on board.

We delivered a strong second quarter on the top-line, with Net Sales growth of 2.9%, led by Branded Salty Snacks growth of 5.4%. Note that as there were no acquisitions or divestitures impacting the second quarter,



Organic Net Sales growth is equal to reported Net Sales growth. This marks our sixth consecutive quarter of growth in Branded Salty Snacks, and an improved mix shift as our Branded Salty Snacks portfolio has now grown to 88% of our total Net Sales. Marking our eighth consecutive quarter of volume share growth, we gained both dollar and volume share in the Salty Snacks category for the 13-week period ended June 29, 2025, as measured by Circana MULO+ with convenience, driven by the momentum of our Power Four Brands. Our strong consumption results reflect significant growth of Boulder Canyon®, strong gains of our Power Four Brands in our Expansion Geographies, and targeted promotional investments.

We're actively responding to evolving consumer preferences through our marketing approach. Our strong performance in non-measured channels- including e-commerce, natural, hard discount, and dollar- reflects our ability to meet different consumer needs and price points in all channels through our branded portfolio. We continue to support this momentum through strategic marketing investments and targeted promotions.

As part of our continued supply chain transformation, we are announcing the next phase of our manufacturing network optimization. We have made the decision to consolidate our plant network from eight primary locations to seven, with the closure of our facility in Grand Rapids, Michigan. While it is never easy to close a plant, we believe this allows us to consolidate volume into our larger facilities and improve our transportation efficiency. While this strategic action required some accelerated capital spending in 2025, it will help position the business for long-term growth, margin improvement and continued geographic expansion. The action will contribute to our previously provided productivity target of ~6% of Adjusted COGS for 2025. We are grateful for the contributions of our associates and will be supporting them in transitioning to other roles. We expect to complete this work by early 2026.

Turning to our consumption results in the quarter, we gained both dollar and volume share in measured channels as we outpaced the Salty Snacks category. Total dollar consumption growth was 3.3% in the quarter, driven by 4.3% volume growth. This compares to the category down 1.5% in the period. We are proud of our significant outgrowth in the second quarter. Consumption growth was driven by our Power Four Brands which increased 5.7% in Retail Sales dollars, driven by 6.3% volume gains. Our growth was led by Boulder Canyon® in our Core and by both distribution gains and higher velocities in our Expansion Geographies of our Power Four Brands. Our reinvestment decisions remain disciplined and focused on delivering both short-term consumer benefits and sustained growth in brand awareness.

Now turning to our Core geographies, in the second quarter of 2025, we gained dollar and volume share relative to the total Salty Snacks category across the total Company and with our Power Four Brands. Retail volume for the total Company increased 0.4%, and Power Four Brands grew even stronger at 2.0%, outpacing the category decline of 1.8%. Total Company Retail Sales in our Core declined 1.6%, with Power Four Brands down 0.1%, compared to the Total Salty Category decline of 1.8% in the quarter. We focused on promotional optimization to maintain our price gaps versus competition, primarily in Potato Chips.

In our Expansion Geographies, we drove both value and volume share for the eighth consecutive quarter for the total Company and our Power Four Brands. Our 10.1% Retail Sales growth easily outpaced the Salty Snack category decline of 1.3% in these markets, fueled by continued distribution gains and higher velocities across



our portfolio. We saw strong dollar growth in key parts of our portfolio, including across Utz®, Boulder Canyon® Potato Chips and Golden Flake® Pork Rinds.

To support this momentum, we further increased our investments in several demand-creating activities, including brand marketing, enhancements to our Direct-Store Delivery infrastructure, and point-of-sale investment to drive in-store visibility.

Our Expansion Geographies now represent 45% of total Company Retail Sales, based on Circana data, up from 41% two years ago. We continue executing our proven expansion playbook, leveraging our hybrid distribution model that offers customers a choice between Direct-to-Warehouse or Direct-Store Delivery service. Combined with targeted marketing investments and strong retailer partnerships, this approach has continued to accelerate market penetration and drive sustainable growth in new territories. We believe there is substantial white space ahead in our westward expansion, as we have an average market share of 3.0% in our Expansion Geographies vs. 6.6% in our Core. In the second quarter, we grew both Retail Sales dollars and share in all our tracked Expansion Geographies, highlighting the go-forward opportunity we see.

Another recent example of our success in expansion markets is the strong performance of two regions of the Midwest. In the second quarter, Illinois and Michigan grew Retail Sales 9% and 16.5% respectively. This further validates our ability to drive meaningful growth beyond the Core. UTZ Brands Inc. now holds a 4.2% share in Illinois and 3.0% in Michigan, with more potential ahead.

From a sub-category perspective, our measured channel share gains for the total Company were led by Potato Chips, Cheese Snacks, and Pork:

- In Potato Chips, our total Retail Sales grew +8.2% vs. a sub-category decline of 3.0%. Our performance was largely driven by strong Boulder Canyon® growth in the Club, Food and Natural channels.
- In Tortilla Chips, our Retail Sales declined 4.4% vs. a sub-category decline of 1.8%. Our sales performance came in lower than the sub-category primarily due to lapping strong activities last year in Club and the South Central region.
- In Pretzels across our total portfolio, our Retail Sales declined 1.8%, which was lower than the sub-category increase of 3.8%, but our UTZ branded pretzels grew at the same level as the sub-category, driven primarily by expanded distribution and increased promo support resulting in stronger velocities.
- In Cheese Snacks, our Retail Sales increased 15.2%, vs. an overall sub-category increase of 0.5%. Our outperformance was driven by a 3% increase in number of stores and 12% increase in the dollars per store velocity.
- In Pork Rinds, our Retail Sales were up 10.9% vs. 2.6% for the sub-category, driven by velocity growth across all channels: Food, Mass and C-stores



Our Boulder Canyon® brand continues to outperform and gain share, both in the Natural and Conventional channels, with growth of 48% and 226%, respectively. Consumers are connecting with the brand and are appreciating its better-for-you attributes and bold flavor profile. To share a few stats with you:

- Boulder Canyon® has the #1 selling Salty Snack SKU in the Natural Channel over latest 4 weeks, 13 weeks, YTD and 52 weeks.
- It is also the #1 Potato Chip brand in Total U.S. Natural Channel year to date.

We're seeing Boulder Canyon's momentum spread across channels, supported by distribution expansion, product innovation, and improved velocities.

Our innovation strategy continues to deliver results as we develop products tailored to specific channel opportunities and consumer needs. This quarter showcases how we're leveraging our brands' unique strengths across different retail formats.

Starting with our small format expansion, we've introduced Boulder Canyon® 2oz single-serve bags that are designed to meet the needs of health-conscious consumers looking for convenience with a premium, better-for-you brand. In the club channel, we're expanding our large format offerings with top performing UTZ items in 15 oz packaging, including new Utz® Dill Pickle flavored potato chips.

Perhaps most exciting is the expansion of our foodservice partnership with Potbelly, where we've created exclusive Hot Pepper flavored potato chips under our Zapp's® brand. This collaboration brings together Potbelly's cult-favorite hot peppers with Zapp's distinctive kettle-style cooking process and bold flavor expertise. The partnership demonstrates our ability to create custom solutions that extend beloved restaurant flavors into portable snack formats, opening new avenues for growth in the foodservice channel.

These innovations reflect our strategic approach to channel-specific product development, allowing us to maximize our brand awareness while meeting the unique needs of different retail environments and consumer occasions.

Now moving to Marketing. Our spend is up 44% year-over-year, reflecting our commitment to building stronger connections with our consumers as we aim to build our business overnight and brands over time.

This strategic focus is generating meaningful progress across key consumer panel metrics, demonstrating the strength of our consumer-loved portfolio. For the 52-week period ended June 15, 2025 versus the comparable prior year period, our:

- Household penetration has increased 220 basis points to an all-time high of 50.0%;
- Buyers have increased by 3.4 million to 65.3 million; and
- While buyer repeat rates decreased slightly by 20 basis points to 69.6%, this was expected given the significant increase in both buyers and household penetration during Q2 and reflects the quality of our products



Broader category panel dynamics remain robust, with household penetration continuing its upward trajectory. We maintain our conviction that the Salty Snacks category will remain among the most attractive categories in Food, underpinned by consistent consumer investment and disciplined competitive behavior.

These results demonstrate how our strategic positioning is delivering growth even in a challenging category environment. Our geographic expansion strategy continues to unlock substantial margin opportunities, while focused investments in our Power Four Brands are generating strong returns through enhanced distribution reach and accelerating volume performance. This combination of expanding our footprint with targeted brand support is creating momentum that drives both revenue growth and margin improvement well into the future.

With that, I'll turn it over to Bill, who will walk you through our financial results in more detail. Bill, over to you.

Bill Kelley

Thank you, Howard, and good morning everyone.

I am pleased to be speaking with you today on my first earnings call as CFO. I was drawn to Utz by the Company's impressive track record of expanding into new markets while staying true to what makes the brand special. I'm energized by the opportunities ahead and I have already thoroughly enjoyed working alongside Howard and our leadership team to build on this strong foundation and deliver results.

In the second quarter, our Net Sales increase of 2.9% was led by volume/mix growth of 3.9% or 3.1% excluding a 0.8 percentage point volume/mix benefit from the bonus pack program carry-over in April. This was partially offset by lower pricing of 1.0%, 0.8 percentage points of which was due to the bonus packs. This program was completed as expected and had a neutral impact on Net Sales in the second quarter. We were pleased to deliver Branded Salty Snacks Net Sales growth of 5.4% led by volume/mix growth of 6.9%. Our Non-Branded and Non-Salty Snacks Net Sales declined 11.8% due to softer Partner Brand and Dips & Salsa trends as we continued to carefully manage these low-margin components of our business.

Adjusted EBITDA decreased 2.0% and Adjusted Earnings Per Share decreased 10.5%. Despite this, we achieved significant Adjusted Gross Profit Margin expansion of 220 basis points, reflecting the continued strength of our productivity programs as our manufacturing and procurement projects delivered strong results. This margin expansion enabled us to make strategic investments in our future growth.

The decline in Adjusted EBITDA margin by 70 basis points to 13.3% was caused by our deliberate decision to reinvest productivity gains into our brands and capabilities to support long-term growth. This includes investments in Expansion Geographies, which require upfront SD&A investments as we scale, along with distribution costs as we ramp up in these Expansion Geographies. Productivity and supply chain contributed 370 basis points to Adjusted EBITDA margin expansion. This was offset by 90 basis points of price/mix, 70 basis points of increased supply chain costs, 70 basis points of higher marketing spend, and 210 basis points of selling and administrative expenses. While we experienced some modest discrete cost pressures during the quarter, our productivity programs remain firmly on track, and we see significant opportunity in the back half of the year to mitigate these pressures. This quarter's results reflect our commitment to balancing near-term



profitability with investments that we believe will drive sustainable growth and margin expansion over time, and we are pleased with the returns on our geographic expansion, consumer marketing activities and how our innovation is resonating with consumers.

Adjusted SD&A Expense increased 15.1% versus the prior year quarter, or 280 basis points as a percentage of Net Sales. This increase was largely driven by 131 basis points of planned investments in marketing, selling, product and brand, 71 basis points of DSD network investments related to geographic expansion and other support, 58 basis points of higher healthcare costs and other inflation, and 20 basis points of investments in capabilities. As a self-insured plan for our employees, we bear the costs of the plan directly, which is generally more cost effective but leads to unpredictability in our claim portfolio on a year-over-year basis.

Our supply chain transformation continues to deliver meaningful results as we build the infrastructure needed to support our planned growth trajectory. In addition to the strategic facility consolidation Howard discussed, this quarter marks several additional key milestones in our multi-year investment program across manufacturing, packaging, and distribution.

At our Hanover, Pennsylvania facility, we've successfully commissioned a new potato chip line that increases our site capacity by 20%. This expansion became fully operational in June and provides critical additional capacity to meet anticipated growing demand, particularly in our Expansion Geographies. Complementing this manufacturing investment, we've also implemented new automation capabilities in Hanover, including central palletizing. By early next year, product will be palletized and transferred via conveyer directly to our brand new distribution center through automated equipment. These automation investments should enhance both our efficiency and throughput. These initiatives are essential to meeting expected consumer demand.

On the distribution front, we completed the transition to insourced warehousing at our Birmingham, Alabama facility in the second quarter. This strategic move, which shifted operations from our previous provider, gives us greater control over our distribution network and improved service levels in key southeastern markets.

These targeted investments continue to generate strong productivity savings that we reinvest across our business to fuel growth and margin expansion. We remain on track to deliver approximately 6% productivity savings in 2025, keeping up the momentum of accelerating savings from 1% of Adjusted COGS in 2020 to 6% of Adjusted COGS in 2024. We look forward to these significant investments in automation ramping through the back-half.

Turning to cash flow and the balance sheet, cash used in operations in the first half was \$3.9 million reflecting the use of working capital consistent with typical seasonality as well as quarterly pacing of certain uses of cash. Capital Expenditures were \$65.7 million in the first half and reflect spending primarily related to the aforementioned investments in our manufacturing plants to support our productivity and network optimization initiatives. Our capex spend in the second quarter was higher than our normal pacing as we concluded several investments, partially in preparation for the upcoming facility transition. Through the first two quarters, we have deployed nearly two thirds of our current \$100 million capex expectation versus less than half through the second quarter last year, which we believe will result in accelerated second half productivity. Finishing up cash flow, we have paid \$20.1 million in dividends and distributions to shareholders year-to-date.



Turning to the balance sheet, cash on hand was \$54.6 million and our liquidity, including access to our revolver, remained strong at \$171 million, giving us ample financial flexibility. Net Debt at quarter-end was \$826.3 million and our Net Leverage Ratio was 4.1 times trailing twelve months Normalized Adjusted EBITDA of \$200.9 million.

Now turning to our outlook. Today, we are updating our 2025 outlook to reflect stronger top-line trends through the first half and confidence in our growth drivers. We now expect Organic Net Sales growth of 2.5% or better, an increase compared to our prior guidance of low-single digit growth. We believe the performance of our Power Four brands and Expansion Geographies in the first half sets us up for a good second half.

We are tightening our Adjusted EBITDA guidance range to 7% to 10% growth, compared to 6% to 10% previously, reflecting our confidence in the top-line trajectory, as well as accelerated capex spend to unlock second half productivity. Given the unusual phasing of investments, capex, and productivity in 2025, it is appropriate to give additional color on quarterly Adjusted EBITDA progression in the second half. We expect third quarter Adjusted EBITDA to be a few million dollars lower than fourth quarter Adjusted EBITDA. This is due to the size and scale of productivity projects launched this year, in addition to certain cost efficiencies ramping further into the fourth quarter, including the facility closure.

On a separate note, we continue to watch the tariff environment closely. While we still believe that tariffs will have a modest and manageable impact on the business given our sourcing is primarily domestic, the situation is dynamic and assumes the current tariff rates.

We are lowering our Adjusted EPS guidance to 7% to 10% growth, compared to the prior expectation of 10% to 15%, due to higher interest expense and higher depreciation and amortization related to capex to support our network optimization and facility consolidation efforts.

We continue to expect an Effective Normalized Tax Rate of between 17% to 19%. We now expect interest expense of approximately \$46 million versus \$43 million previously, due to accelerated capex and timing of working capital, which impacted first half cash flows and borrowings. Capital expenditures are now expected to be \$100 million, the high end of the previously provided \$90 to \$100 million range, with the majority focused on building increased manufacturing network capacity and delivering accelerated productivity savings. Finally, we continue to expect our Net Leverage Ratio to approach 3x at fiscal year-end 2025.

Howard Friedman

Thank you, Bill.

As we close today's call, I'm pleased with our performance as we move through the year. We believe we are executing well against our December 2023 Investor Day commitments, with our second quarter results demonstrating the strength of our strategy in action – delivering volume growth while making strategic investments for the future. The strong performance we've seen has carried into solid momentum through the summer months.



Looking ahead, we are confident about our updated outlook, with our productivity programs enabling both margin expansion and strategic reinvestment in growth. Our disciplined approach to portfolio management continues to shift our mix toward higher margin Branded Salty Snacks.

On behalf of our entire Utz team, thank you for your continued support as we work to deliver flavorful, quality snacks to more consumers across the country.