



Third 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
BK 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 third quarter 2025 earnings results. Joining me on the call today are Howard Friedman, CEO, and BK 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. I'll kick off today's call with our third quarter business update, after which BK will provide detailed financial commentary. Before we get started, I would like to thank all of our hardworking associates across the country for their dedication to Utz. The results we have achieved this year are indicative of your commitment and hard work.

To start, I want to touch on some exciting news. We completed the acquisition of Insignia International's direct store delivery assets, which represents a major step in our westward expansion strategy and unlocks significant opportunities in California.



This acquisition gives us established DSD routes across California and strengthens our Midwest presence through Insignia's distribution infrastructure. California represents the largest Salty Snack market in the U.S. at \$4.1 billion in Retail Sales, yet we currently generate about \$79 million there – representing just 1.9% market share. When you compare that to our expansion market average of 3.0% share, or Florida where we've achieved 4.3% share, you can see the substantial white space opportunity ahead of us. We look forward to beginning the rollout of our brands on these new routes in early 2026 and expect our California expansion initiative to help sustain our above-category Organic Net Sales growth.

Our top-line performance remained strong this quarter, with Net Sales growth of 3.4%, led by Branded Salty Snacks Organic Net Sales of 5.8%. Note, that as there were no acquisitions or divestitures impacting the third quarter, Organic Net Sales growth is equal to reported Net Sales growth. This marks our seventh consecutive quarter of growth in Branded Salty Snacks, and an improved mix shift as our Branded Salty Snacks portfolio now represents 89% of our total Net Sales.

Marking our ninth consecutive quarter of share growth, we gained both dollar and volume share in the Salty Snacks category for the 13-week period ended September 28, 2025, as measured by Circana MULO with convenience. Our performance was again driven by the momentum of our Power Four Brands. Our strong consumption results reflect sustained momentum of Boulder Canyon®, strong gains in Expansion Geographies, including from Utz, our largest brand, and targeted promotional investments.

We posted 4.8% dollar consumption growth in the quarter, driven by 3.0% volume growth, compared to the category's 0.2% dollar decline. Our Power Four Brands increased 7.1% in Retail Sales dollars, driven by 4.4% volume gains. We believe that Circana MULO plus Convenience captures approximately 85% of our reported Branded Salty Snacks Organic Net Sales. As we mentioned, Branded Salty Snacks Organic Net Sales grew 5.8% in the third quarter.

Now turning to our Core geographies, we captured both dollar and volume share relative to the Salty Snacks category. Total Company Retail Sales dollars in Core geographies increased 1.7%, with Power Four Brands leading at 3.1% versus the flat Total Salty Category performance. Total Company Retail volume increased by 1.1%, while Power Four Brands performed even better at 2.0%, outpacing the category's 1.0% volume decline. While Boulder Canyon was the leading growth driver in Core markets, we also saw dollar and volume share growth in Zapp's potato chips, Utz pretzels, and Utz cheese.

Momentum in our Expansion Geographies continued this quarter, with the total Company and our Power Four Brands capturing both dollar and volume share. We achieved strong total Company Retail Sales growth of 9.2%, which significantly outpaced the Salty Snack category decline of 0.3% in these markets, driven by ongoing distribution gains and higher velocities. Brands contributing to our growth in Expansion Markets included Utz®, Boulder Canyon® and Golden Flake® Pork Rinds.

Our Expansion Geographies represent 45% of total Company Retail Sales per Circana data, reflecting our sustained progress. We believe the growth runway remains substantial, as our average market share of 3.0% in our Expansion markets vs. 6.6% in our Core markets illustrates the opportunity ahead. This quarter saw four of our expansion markets exceeding 4% market share - Florida, Illinois, Colorado, and Missouri. The average



growth of these four markets on a 52-week basis, according to Circana MULO with convenience, averages 6.4% year over year. We believe this demonstrates that some of our larger expansion markets are continuing to show healthy growth well above the category.

The California investment I discussed earlier represents an acceleration of our Westward expansion strategy. California's scale as the nation's largest Salty Snack market, representing approximately 10% of national consumption, creates a unique opportunity to apply our Expansion playbook in a larger market. We are confident that the acquisition of Insignia's DSD assets provides the foundational infrastructure to accelerate growth in a market where our current 1.9% share sits well below our expansion market average, reinforcing the significant white space opportunity that lies ahead.

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

- In Potato Chips, our total Retail Sales grew +16.7% vs. a sub-category decline of 1.7%. Our performance was largely driven by strong Boulder Canyon® growth and Utz potato chips in expansion geographies.
- In Tortilla Chips, our Retail Sales declined 7.4% vs. a sub-category decline of 0.7%. Our sales performance came in lower than the sub-category primarily due to softness in On The Border. We believe we have isolated the issues impacting the brand and are actively addressing them.
- In Pretzels across our total portfolio, our Retail Sales declined 0.6%, which was lower than the sub-category increase of 3.3%, but our Utz® branded pretzels grew by 3.4%, slightly ahead of the sub-category.
- In Cheese Snacks, our Retail Sales decreased 1.3%, vs. a sub-category increase of 0.2%. Utz® branded cheese snacks' growth of 2.1% outpaced the category, but was offset by declines in other brands.
- In the Pork Rinds category, we significantly outperformed the market with Retail Sales growth of 12.8%, compared to just 3.3% for the overall subcategory. This strong performance was driven by Golden Flake® velocity gains.

Our Boulder Canyon® brand continues to outperform and gain share, both in the Natural and Conventional channels, with growth of 35% and 201% in the third quarter, respectively. We believe consumers are connecting with the brand and are appreciating its better-for-you attributes and great taste. 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.



With Boulder Canyon's ACV currently at 53% according to Circana MULO with convenience, versus some of our larger brands near 80%, we believe there remains significant growth potential ahead. Shelf space gains awarded for 2026 make us confident in Boulder Canyon's continued growth trajectory.

On the marketing front, we increased investment year-over-year in the quarter. We also made the decision to allocate some incremental dollars to retail media. Retail media spend in the third quarter increased 37% versus last year. Our commitment to higher levels of marketing investment remains, as we have increased YTD marketing spend by nearly 30% on top of a 68% increase in full year 2024. We believe our household penetration statistics continue to support our investment in a more meaningful share of voice. For the 52-week period ended September 28, 2025, versus the comparable prior year period, our:

- Household penetration has increased 167 basis points to 50.0%;
- Buyers have increased by 2.6 million to 65.3 million; and
- Buyer repeat rates increased by 60 basis points to 70.1%.

We're also advancing our commitment to quality and transparency by planning to eliminate all FD&C colors from our entire product portfolio by the end of 2027. Today, approximately 80% of our products are already free of these artificial colors. This initiative aligns with consumer preferences for cleaner, simpler ingredients while maintaining the authentic flavors our customers love.

Our third quarter performance underscores the effectiveness of our approach – focusing on advantaged growth through Branded Salty Snacks, our Power Four Brands, and Expansion Geographies. The westward growth initiative, highlighted by today's California expansion announcement, exemplifies how we're building scale in high-value markets. Our sustained investment in the Power Four Brands continues to yield compelling results, with meaningful share capture across both core and expansion territories. We continue to believe that these initiatives will allow us to outperform the category over the medium and long-term.

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

BK Kelley

Thank you, Howard, and good morning everyone.

In the third quarter, our Net Sales increase of 3.4% was led by volume/mix growth of 4.5%. This was partially offset by lower pricing of 1.1%, which was in line with our expectations. We were pleased to deliver Branded Salty Snacks Organic Net Sales growth of 5.8% led by volume/mix growth of 7.0%. Organic Net Sales in our Non-Branded and Non-Salty Snacks declined 13.1%. We made the intentional decision in Q3 to right-size our partner brand portfolio in certain regions, as we continue to emphasize our Branded Salty business.

We delivered strong margin performance with Adjusted EBITDA up 11.7%, Adjusted Earnings Per Share rising 9.5%, and Adjusted Gross Profit Margin expansion of 210 basis points. Our productivity initiatives drove these gains, allowing us to offset other supply chain costs and inflation and fund our continued SD&A investments.



Adjusted EBITDA margin expanded by 120 basis points to 16.0%. Productivity savings contributed 480 basis points to Adjusted EBITDA margin expansion and volume/mix contributed 30 basis points. This was partially offset by 80 basis points from price, 280 basis points of increased supply chain costs and inflation, 10 basis points of higher marketing spend, and 20 basis points of selling, distribution and administrative expenses. We did experience some modest supply chain inflation in the quarter, attributable to some transient factors related to this season's potato crop in our regions and certain tariff policy changes. The crop of potatoes we source near the East coast had some weather-related challenges during the summer, but we have largely seen these headwinds normalize during the Fall.

Adjusted SD&A Expense increased 5.7% versus the prior-year quarter, or 50 basis points as a percentage of Net Sales. This increase was largely driven by planned investments in marketing, selling, and capabilities, partially offset by a decrease in delivery costs. In the quarter, we pursued other efficiency measures and productivity initiatives within SD&A. We are confident that our model gives us ample flexibility to pursue productivity and efficiency in both COGs and SD&A to offset inflation, fund reinvestment, and drive margin expansion. We have a number of initiatives underway — especially in technology — aimed at enhancing how the organization operates, driving greater efficiency, productivity, and long-term capability.

Our supply chain transformation will largely conclude with closure of the Grand Rapids, Michigan manufacturing facility by early 2026. We are confident that the initiatives we highlighted last quarter are progressing well, with significant automation like central palletizing added to our largest facilities in Hanover, Pennsylvania. We believe that our network of seven main facilities will serve our needs well into the future, with room for growth. While capital expenditures and transformation costs associated with consolidating our network during the past two years have been meaningful, we expect these investments will deliver a modernized asset base and a structurally improved cost position. During the quarter, we incurred certain one-time costs tied to our supply chain transformation — as we prepared to divest Grand Rapids, consolidated production into other facilities, launched major automation projects, and continued progress on our King's Mountain, North Carolina build-out.

We remain on track to deliver on our productivity target of approximately 6% of Adjusted COGS for 2025, as our supply chain investments continue to generate meaningful productivity.

Turning to cash flow and the balance sheet, cash provided by operations for the thirty-nine weeks ended September 28, 2025, was \$47.3 million, as we began to realize our seasonal working capital release. Capital Expenditures year-to-date were \$89.2 million and reflect spending to support our supply chain transformation and modernization initiatives. We have paid \$28.8 million in dividends and distributions to shareholders year-to-date.

Regarding the balance sheet, cash on hand was \$57.7 million. Liquidity, including access to our revolver, remained strong at \$197.7 million, giving us ample financial flexibility. Net Debt at quarter-end was \$807.9 million and our Net Leverage Ratio was 3.9 times trailing twelve months Normalized Adjusted EBITDA of \$207.2 million. We made progress from the second quarter, with leverage declining sequentially. I will go into more detail on our de-leveraging plans shortly.



Now turning to our outlook. Today, we are updating our 2025 outlook that we discussed on our second quarter earnings call in July. We now expect Organic Net Sales growth of approximately 3.0%, compared to the prior expectation of 2.5% or better, reflecting year-to-date outperformance.

We are reiterating our Adjusted EBITDA guidance of 7% to 10% growth and our Adjusted EPS guidance of 7% to 10% growth. As a reminder, we expect fourth-quarter Adjusted EBITDA to exceed third-quarter levels by a few million dollars, reflecting the scale and impact of productivity initiatives launched this year and the continued ramp of cost efficiencies into Q4.

We continue to expect an Effective Normalized Tax Rate of between 17% to 19% and interest expense of approximately \$46 million. We continue to expect capital expenditures to be \$100 million, with the majority focused on our supply chain transformation and delivering accelerated productivity savings.

The financial impact of the Insignia DSD acquisition is included in our 2025 outlook and does not have a meaningful impact on our 2025 financials or balance sheet.

As I mentioned previously, our Net Leverage Ratio was 3.9 times at the end of the third quarter, and we remain confident in approaching 3.0 times at fiscal year-end 2025. We are focused on the cash flow generation potential of the business and have several initiatives in process that should help us achieve our year-end leverage targets. I will be very specific on this. First, we have working capital initiatives underway that we believe should improve our seasonal release in the fourth quarter. Second, the EBITDA growth expected based on our full year guidance will contribute to de-leveraging. Third, we plan to divest excess real estate as part of our supply chain consolidation and modernization, with the most notable assets being the Grand Rapids facility and several buildings in Hanover. We have received indications of interest in these properties and believe this process will be completed by year end. These planned real estate sales, enabled by our supply chain work, will serve to partially offset some of the capital spending and transformation costs we have experienced this year. Fourth, we believe our cash business transformation costs related to supply chain are largely behind us, and will start to dissipate in Q4, more fully normalizing as we enter 2026.

As we are approaching year end, I'd like to give some other preliminary commentary about 2026. Our free cash flow will be a key focus for us going forward. While Organic Net Sales growth and margin expansion remain important, I believe there is significant opportunity to improve free cash flow and returns on invested capital as we exit peak capex and complete our supply chain transformation. Currently, we expect capital expenditures to come down meaningfully from the \$100 million we'll spend this year to a preliminary range of between \$60 and \$70 million in 2026. Additionally, we have started working to further optimize our 2026 capital plans, with the aim of giving us more flexibility in an uneven category backdrop and improving free cash flow. We would also expect leverage to be below 3x towards the end of 2026. We look forward to sharing more on this in February.

With our supply chain transformation winding down, we expect our productivity program to normalize from the 6% of Adjusted COGS we've achieved for two consecutive years to a still best-in-class 3% to 4% range, as we move beyond this peak investment and project phase. We believe 2026 will remain at or above the high-end of the 3-4% range due to the benefits of projects completed in the second half of 2025, including the



Grand Rapids closure. As I mentioned earlier, we are also looking at other efficiency initiatives across the organization, with the aim of working more productively, enabled by technology.

As it relates to our California expansion, we do anticipate that we will make some incremental investments in 2026 to support a successful result and generate early top-line momentum in this key market.

Looking ahead, we plan to provide our detailed 2026 guidance in February, which will include more specifics around the long-term free cash flow generation capabilities of the business.

With that, I'll turn it back to Howard for closing remarks.

Howard Friedman

Thank you, BK.

I am proud of our third quarter results and the momentum we continue to build across our business. We believe our consistent execution is paying off, with another quarter of strong volume growth and progress that positions us well for sustained success. The Insignia acquisition exemplifies our disciplined approach to growth, particularly in high-opportunity markets like California.

Our productivity initiatives are driving meaningful margin expansion that we're partially reinvesting to fuel long-term growth, while delivering on our goals. With the supply chain transformation largely behind us, BK walked you through some new elements of our story that we are excited about, including improving free cash flow generation and harvesting returns from the significant capex cycle of the past two years.

As we head into the final quarter of 2025, we remain focused on executing our proven playbook: strengthening our Power Four Brands, expanding our geographic footprint, and delivering exceptional value to consumers and shareholders.

On behalf of everyone at Utz, I want to thank you for your ongoing confidence in our team as we continue bringing our beloved snacks to new markets and new consumers nationwide.