



# Fourth Quarter and Full Year 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 fourth quarter and full year 2025 earnings results. Joining me on the call today are Howard Friedman, CEO, and BK Kelley, EVP and CFO. In addition, this morning at 8:30 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.

The Company has also posted presentation slides and additional supplemental financial information on our Investor Relations website. Lastly, I want to mention that we plan to file our 2025 10-K after the market closes today February, 12<sup>th</sup>.

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

### Howard Friedman

Good morning, everyone, and thank you, Trevor. I will start with a summary of our 2025 performance and follow with an update on the fourth quarter, after which BK will provide detailed financial commentary and 2026 guidance. Before we get started, I would like to thank all of our hardworking associates across the company for their dedication to Utz. While we navigated some headwinds in the fourth quarter, we made substantial progress on our long-term strategies during 2025.



2025 was a year of accelerating topline growth versus the category, strong Branded Salty Organic sales performance, and significant Adjusted Gross Margin and Adjusted EBITDA margin expansion. For the year, Organic Net sales grew 2.4% and Branded Salty Organic Net Sales grew 4.7% while the category was down 0.5% in Retail Sales dollars.

We gained volume share in Core Geographies, while Expansion Geographies continued to demonstrate the stretch of our brands, with both dollar and volume share gains. According to Circana MULO with Convenience for the 52 weeks ended December 28<sup>th</sup> 2025, our Expansion Geographies grew Retail sales by 7.8%.

Our supply chain transformation and consolidation were largely complete by year end, with substantial capital expenditure allocated to network consolidation, automation and modernization during both 2024 and 2025. Since 2022, we have reduced the number of major facilities from 16 to 7, including the expected closure of Grand Rapids.

Our productivity programs continue to deliver best-in-class results. We delivered 7% productivity in 2025, well above our goal of 6% of adjusted COGs, expanding Adjusted Gross Margins by 260 basis points and Adjusted EBITDA margin 80 basis points for the year. Note that our 6% of Adjusted COGs target was prior to the reclassification of Cost of Goods Sold that we announced on February 3<sup>rd</sup> via 8-K filing. BK will give more details on this change.

The productivity and efficiency programs continue to fund reinvestment in our brands and organizational capabilities, with marketing spending increasing 35% in 2025 on top of a nearly 70% increase in 2024. We plan to continue to increase marketing spending in 2026 to support our brands.

We also announced our expansion into the California market, with the purchase of Insignia's DSD routes and select assets in the State. We believe that California will be a key growth differentiator for the next several years. California shipments through the Insignia assets will begin later this month.

The balance sheet continues to improve, with strong fourth quarter cash flow performance and de-leverage to 3.4x versus 3.6x a year ago. You will hear a lot about free cash flow from BK on this call. We are focused on accelerating our free cash flow generation as our supply chain work progresses to a significantly less capital-intensive stage. We expect this strengthened free cash flow to allow us to further de-lever our balance sheet to longer-term desired levels and then, as appropriate, utilize our inaugural share buyback authorization of up to \$50 million dollars. This share buyback authorization is an important addition to our long-term capital allocation strategy.

Turning to our performance in the fourth quarter, our Net Sales result was below our expectations, despite strong Retail Sales growth. This was primarily due to inventory de-stocking that caused shipments to lag consumption in the second half of the quarter. Encouragingly, shipments normalized versus consumption as we exited the year, and these trends have continued so far during the first quarter of 2026. We also believe that retail inventory levels are beginning to normalize.



Net Sales growth was 0.4% in the fourth quarter, led by Branded Salty Snacks Organic Net Sales of 2.5%. Note, that as there were no acquisitions or divestitures impacting the fourth quarter, Organic Net Sales growth is equal to reported Net Sales growth. This marks our eighth consecutive quarter of growth in Branded Salty Snacks, which now represents 89% of our total Net Sales.

Net Sales were driven by a 0.5% increase in price versus a 0.1% decrease of volume/mix, as more acute pressures in our Core Geographies during the quarter, primarily related to SNAP delays and the government shutdown, in addition to weaker Partner Brands and Non-Salty volume/mix, impacted this metric. Branded Salty Organic Net Sales were driven by solid volume/mix growth of 2.1% and price of 0.4%. We were pleased with our positive price performance in the quarter, as we strategically implemented revenue management initiatives and managed our price gaps.

Affordability has consistently been an important part of our strategy at Utz, and we will continue to ensure we are offering a good value proposition to consumers. The price investments we made in 2025 and our enhanced capabilities in revenue management give us confidence that we can achieve our 2026 top and bottom-line guidance in the current Category environment through innovation, marketing, and our current promotional strategy. We also feel good about the distribution and shelf space gains planned for 2026.

Our innovation planned for 2026 is robust, and we are pleased to announce some exciting news. As we look to meet consumer needs and expand positive choices, we are launching Utz Protein pretzels and cheese curls in the second quarter of 2026. These products offer 8 to 10 grams of protein per serving and will allow the brand to participate in this growing trend.

Boulder Canyon will launch a new non-seed oil fats line with kettle chips cooked in beef tallow. The ability of Boulder Canyon to stretch into new product areas is encouraging and response from channel partners has been very positive. Boulder Canyon Classic Sea Salt cooked in Beef Tallow is expected to launch in the first quarter. We look forward to sampling these products for the investment community next week at the CAGNY conference.

Turning to our fourth quarter retail performance, we gained both dollar and volume share in the Salty Snacks category for the 13-week period ended December 28, 2025, as measured by Circana MULO with convenience. This marks our tenth consecutive quarter of share growth. 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 solid 3.5% dollar consumption growth in the quarter, led by 3.1% price per pound growth, compared to the category's 1.1% dollar growth. Our Power Four Brands increased 5.3% in Retail Sales dollars, driven by 3.8% price per pound. 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 2.5% in the fourth quarter.



Now turning to our Core geographies, where certain headwinds, primarily related to the SNAP payment delays and government shutdown caused more pressure on our business versus the category. Despite this, we continued to gain dollar share in our Power Four Brands within the Core. Total Company Retail Sales dollars in Core geographies increased 0.5%, with Power Four Brands leading at 1.8% versus the Total Salty Category up 1.1%. Total Company Retail volume decreased by 2.4%, while Power Four Brands performed modestly better with a 1.7% volume decline versus the category's 0.2% volume increase. While Boulder Canyon was the leading growth driver in Core markets, we also saw dollar and volume share growth in Utz cheese and Golden Flake pork rinds.

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 7.3%, which significantly outpaced the Salty Snack category growth of 1.1% 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 3.2% in our Expansion Geographies vs. 6.7% in our Core markets illustrates the opportunity ahead. This quarter saw four of our expansion markets exceed 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, was 5.8% year over year. We believe this demonstrates that some of our larger expansion markets are continuing to show healthy growth well above the category.

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 +11.3% vs. a sub-category decrease of 0.2%. Our performance was largely driven by strong Boulder Canyon® growth
- In Tortilla Chips, our Retail Sales declined 3.9% vs. a sub-category increase of 1.1%. Our sales performance came in lower than the sub-category primarily due to softness in On The Border, but we were encouraged by the improvement in trends versus the third quarter
- In Pretzels across our total portfolio, our Retail Sales increased 1%, which was lower than the sub-category increase of 6.4%, but our Utz® branded pretzels grew by 7%, ahead of the sub-category
- In Cheese Snacks, our Retail Sales increased 3.6%, vs. a sub-category increase of 2.2%. Utz® branded cheese snacks' growth of 6.6% outpaced the sub-category
- In the Pork Rinds category, we significantly outperformed the market with Retail Sales growth of 7.9%, compared to a 2.3% decline 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 29% and 140% in the fourth quarter, respectively. Consumers are continuing to connect with the brand and are appreciating its better-for-you attributes and great taste.

With Boulder Canyon's ACV currently at 59% 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 already awarded for 2026 and the innovation pipeline, including our tallow launch, gives us confidence in Boulder Canyon's continued growth trajectory.

On the marketing front, we increased investment significantly in the quarter, with marketing up 72% year-over-year. As I mentioned before, we have increased full year 2025 marketing spend by 35% on top of a nearly 70% 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 December 28, 2025, versus the comparable prior year period, our:

- Household penetration has increased 164 basis points to 50.2%;
- Buyers have increased by 2.6 million to 65.7 million; and
- Buyer repeat rates increased by 80 basis points to 70.2%.

Our fourth quarter and full year performance underscores the effectiveness of our approach in a more dynamic macro backdrop – focusing on advantaged growth through Branded Salty Snacks, our Power Four Brands, and our Expansion Geographies. We continue to believe that these initiatives will allow us to outperform the category during the mid and long-term.

With that, I'll turn it over to BK, who will walk you through our financial results and 2026 guidance in more detail.

### **BK Kelley**

Thank you, Howard, and good morning everyone.

In the fourth quarter, our Net Sales increase of 0.4% was led by price growth of 0.5%. This was partially offset by lower volume/mix of 0.1%, which was impacted by the headwinds Howard described earlier. We delivered Branded Salty Snacks Organic Net Sales growth of 2.5% led by volume/mix growth of 2.1%. Organic Net Sales in our Non-Branded and Non-Salty Snacks declined 14.8%. We believe this segment was also impacted by the headwinds experienced in our Branded Salty segment.

I will briefly touch on the reclassification of certain expenses from SD&A, now called SG&A, to Cost of Goods Sold beginning in Q4 of 2025, which we announced February 3<sup>rd</sup> via an 8-K filing. We believe that including delivery and other certain distribution costs related to our DSD network in Cost of Goods sold better reflects our business and how we manage our network productivity and efficiency programs. This had no impact on EBITDA, Adjusted EBITDA, Net Income, and Adjusted Net Income. We believe our go-forward Adjusted



SG&A expenses are a better reflection of corporate costs, in addition to marketing and selling. Importantly, as we look forward, our productivity guidance will assume this higher base of Cost of Goods Sold.

We delivered strong margin performance with Adjusted EBITDA up 17.5%, Adjusted Earnings Per Share rising 18.2%, and Adjusted Gross Profit Margin expansion of 560 basis points. Our productivity initiatives drove these gains, allowing us to offset other supply chain costs and inflation and fund our continued SG&A investments.

Adjusted EBITDA margin expanded by 260 basis points to 18.2%. Productivity savings contributed 620 basis points to Adjusted EBITDA margin expansion and pricing contributed 30 basis points. This was partially offset by 70 basis points from volume/mix, 200 basis points of increased supply chain costs and inflation, 80 basis points of higher marketing spend, and 40 basis points of selling, general and administrative expenses.

Adjusted SG&A Expense increased 18.9% versus the prior year quarter, or 280 basis points as a percentage of Net Sales. This increase was largely driven by planned investments in marketing, selling, and capabilities.

Our supply chain transformation has largely concluded with the accelerated capital expenditures in 2024 and 2025, in addition to the expected closure of the Grand Rapids facility this year. We executed on our plan to sell Grand Rapids in the fourth quarter, and we are pleased with the outcome. To allow for increased flexibility and in partnership with the new owner, we have decided to lease the facility and operate a single production line with limited staff for the remainder of 2026 until we exit. Our cost savings expectations have not changed, and we expect to fully realize the remaining expected savings in the first quarter as planned.

While our transformation costs remained meaningful in the fourth quarter, we believe that they will substantially normalize in 2026. I will go into more detail on our expected restructuring and transformation costs later.

Turning to cash flow and the balance sheet, cash provided by operations for the fifty-two weeks ended December 28, 2025, was \$112.2 million, as we executed on the three strategic areas we outlined on the third quarter call – 1) working capital initiatives to improve cash conversion, 2) maximizing our seasonal release of cash, and 3) real estate sales including Grand Rapids. Capital Expenditures were \$102.8 million and reflected increased spending to support our supply chain transformation and modernization initiatives. We paid \$37.7 million in dividends and distributions to shareholders during 2025.

Regarding the balance sheet, cash on hand was \$120.4 million as of fiscal year end. Liquidity, including access to our revolver, remained strong at \$240.1 million, giving us ample financial flexibility. Net Debt at quarter-end was \$741.8 million and our Net Leverage Ratio was 3.4 times trailing twelve months Adjusted EBITDA of \$216.5 million.

Now turning to our outlook for 2026, where we have introduced some new guidance metrics. 2026 also benefits from a 53<sup>rd</sup> week in the fourth quarter, and we have quantified the impact of the extra week where appropriate.



We have operated in a dynamic category environment during the past two years, and we are proud of our progress. It remains a top priority to deliver consistent and predictable Adjusted EBITDA growth in a variety of category outcomes. Accelerating free cash flow to allow for de-leverage and capital allocation flexibility has also become a priority.

For 2026, we expect Organic Net Sales growth of 2% to 3%, which assumes a flat category at the midpoint. While the category is off to a solid start in 2026 and we are encouraged by recent trends, consumer purchasing ahead of winter storms and the Super Bowl have provided some benefit and we would like to see the positive trend sustain for a longer period before taking a more constructive category view. We believe this is a prudently conservative approach given the relatively soft category of the past two years. This Organic Net Sales metric excludes the 53<sup>rd</sup> week and we expect an approximate \$20 million dollar benefit to reported sales in the fourth quarter as a result of the 53<sup>rd</sup> week.

From a sales phasing perspective, and excluding the 53<sup>rd</sup> week benefit, we would expect sales split about equally between first half and second half, with the first and fourth quarters exhibiting the strongest year-over-year growth trends.

Volume/mix and price should both be positive and contribute to 2026 growth as we lap bonus bags and continue to benefit from revenue management initiatives. Recall, we made targeted price investments throughout 2025. Related to lapping bonus bags; in the first quarter of 2026, we would expect to see a positive impact on price of approximately 3-points, offset by a similar negative 3-point impact on volume/mix from this promotion.

As it relates to Non-Branded and Non-Salty pieces of our portfolio, we would expect declines to moderate somewhat from 2025, with the first half being weaker than the second half.

Moving to Adjusted EBITDA, we expect 2026 growth of 5% to 8%. This range assumes solid Adjusted EBITDA margin expansion. The 53<sup>rd</sup> week is included in the Adjusted EBITDA range. The 53<sup>rd</sup> week is expected to benefit fourth quarter Adjusted EBITDA by approximately \$3 million dollars. Included in our Adjusted EBITDA guidance is \$4 million to \$6 million of investment in our California expansion, which we expect to be more heavily weighted in the first half.

Productivity is expected to be approximately 4% of our Adjusted Cost of Goods Sold base, which is larger versus our previous guidance framework due to the reclassification of shipping and distribution costs. We anticipate the strongest productivity benefits in the first half of 2026, driven by projects launched in 2025, and normalization as we progress through the year.

From a phasing perspective, and excluding the \$3 million benefit in the fourth quarter from the 53<sup>rd</sup> week, we expect Adjusted EBITDA weighting to be more aligned with historical averages after a more second half weighted year in 2025 due to productivity phasing. We expect approximately 46% of Adjusted EBITDA in the first half, with the highest year-over-year growth rate in the second quarter. As a reminder, the toughest growth comparisons are in the fourth quarter.



Turning to Adjusted EPS, we expect Adjusted EPS growth to be below Adjusted EBITDA growth in 2026, due to higher depreciation and amortization, interest expense and a modestly higher tax rate. I will go into the drivers of these three factors shortly. Adjusted EPS is expected to decline between 3% and 6%. The combination of these three items is expected to impact Adjusted EPS by approximately 12 cents versus 2025 at the midpoint of our guidance ranges. The 53<sup>rd</sup> week is included in the Adjusted EPS range and should benefit fourth quarter Adjusted EPS by approximately 2 cents. Long term, we would expect Adjusted EPS to grow in-line with Adjusted EBITDA. Also note that our current Adjusted EPS guidance assumes no paydown of our Term Loan B or share buybacks.

We expect depreciation and amortization of approximately \$93 million to \$97 million, a step-up of approximately \$13 million from 2025, as all capital projects will be in service for the entirety of fiscal year 2026. Interest expense is expected in the range of \$47 million to \$49 million, which primarily reflects higher costs associated with our new Term Loan B swap. Lastly, we expect an Effective Normalized Tax Rate of approximately 17% to 19%, an increase from 15.9% in 2025, as we were able to take advantage of some discrete tax benefits last year.

I would like to spend a moment on depreciation and amortization, as the company's supply chain consolidation and transformation have caused significant movement in this metric. Going back to 2022, the company reported approximately \$87 million in depreciation and amortization. As we divested brands and plants, D&A declined to as low as \$70 million in 2024. The capital required, above \$200 million spread over 2024 and 2025, to insource this production and modernize our remaining facilities, has resulted in the expected \$93 to \$97 million run rate. We expect more modest increases in depreciation and amortization going forward.

As we look forward, cash conversion and free cash flow will take on increased importance as we look to further deleverage and opportunistically return capital to shareholders. We expect capital expenditures to decline from \$102.8 million in 2025 to a range of \$60 million to \$65 million in 2026. We believe this reflects a meaningful step towards a more normal cadence of capital expenditure but expect to lower spending again in 2027 towards our longer term run rate.

Transformation, restructuring and other frictional costs related to our supply chain consolidation, modernization and corporate initiatives were elevated in 2024 and 2025. These costs are expected to substantially normalize in 2026. We expect cash supply chain and corporate restructuring and transformation costs to decline to approximately \$30 million to \$35 million in 2026, a significant reduction versus 2025. These costs should decline further in 2027. The combined benefit to our free cash flow generation potential from reduced capital expenditure and normalized transformation and restructuring costs should be meaningful. We also plan to introduce new reconciliation tables of GAAP to Non-GAAP in the first quarter of 2026 to allow for enhanced presentation of our supply chain and corporate transformation and restructuring costs so you can track our progress on this metric.

We are also introducing Adjusted Free Cash Flow guidance, and we believe that our free cash flow generation potential allows us to prioritize debt paydown and opportunistically buyback shares over time on the \$50 million authorization Howard mentioned earlier. The Adjusted Free Cash Flow metric represents cash flow from operations less capital expenditures plus net sales of property and equipment. Given our capital



expenditure and facility consolidation is what has allowed us to consistently divest excess real estate and equipment, we think including these sales in our Adjusted Free Cash Flow metric reflects how we manage our capital expenditure decisions. In 2026, we expect Adjusted Free Cash Flow to be between \$60 million and \$80 million, which represents just about 70% conversion of expected Adjusted Net Income at the midpoint. As capex and transformation costs normalize further, we would expect Adjusted Net Income to convert at an 80%-90% rate to Adjusted Free Cash Flow. The further decline of capital expenditures and cash transformation and restructuring costs should allow the business to generate Adjusted Free Cash Flow of more than \$100 million in 2027 and beyond.

Finally, as it relates to the Balance Sheet, we expect to reach between 3.0x – 3.2x leverage by year end. Deleveraging will remain our clear priority. Any buyback activity will not impact our ability to end the year in this range. Longer term, we would expect the business to de-lever by approximately 0.3x to 0.4x per year, while allowing for some flexibility in capital allocation.

It is important to remember that our business builds working capital in the first half and releases it in the second half and there is a seasonal pattern to leverage. We would expect 2026 to follow typical patterns, with the highest leverage point of the year being in the first quarter and declining thereafter. We would also expect leverage to exhibit year on year improvement each quarter.

Our 2026 guidance reflects our approach to a dynamic operating environment – deliver Organic Net Sales growth of 2% to 3%, while assuming Salty Snacks category at flat, grow Adjusted EBITDA consistently and predictably fueled by productivity, and convert our profits into free cash flow to fund our capital allocation priorities.

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

### **Howard Friedman**

Thank you, BK.

I am proud of our full year results and how we have executed well despite certain category and macro headwinds. Our playbook remains the same – grow profitably above the category driven by our Branded Salty segment and Expansion Geographies, expand margins, and reinvest in our business, fueled by productivity.

We believe we can deliver consistent, predictable growth with our model, while also generating significant free cash flow. Normalizing capital expenditures and transformation costs give us controllable levers to improve returns and accelerate capital allocation, led by the priority of deleveraging, while still driving towards our growth aspirations.

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