NEWS RELEASE

# Utz Brands Reports First Quarter 2021 Financial Results

5/13/2021

## The Company Reaffirms FY 2021 Outlook

HANOVER, Pa.--(BUSINESS WIRE)-- 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 first quarter ended April 4, 2021.

“In the first quarter, we continued to execute against our value creation strategies to position the Company for long-term success,” said Dylan Lissette, Chief Executive Officer of Utz. “Even as we lapped significant out-performance versus the category in the early weeks of the COVID-19 pandemic last year, we are pleased with our Power Brands’ sales momentum and the continued growth in our Emerging and Expansion geographies. In addition, we successfully went live on our ERP implementation that will better enable our platform to scale, and we continued to make strategic acquisitions with our recently announced definitive agreement to acquire Festida Foods and our previously announced acquisition of Vitner’s, which closed on February 8, 2021. Looking ahead, we remain on track to deliver our targets for the full year.”

## First Quarter 2021 Financial Highlights

| (in $millions) | Quarter Ended March 29, 2020 (Predecessor) | Quarter Ended April 4, 2021 (Successor) | % Change |
|---|---|---|---|
| Net Sales | $ 228.0 | $ 269.2 | 18.0% |
| Pro Forma Net Sales(1,2) | 275.2 | 269.2 | (2.2)% |
| Gross Profit | 80.0 | 95.2 | 19.0% |
| Adjusted Gross Profit(2) | 85.3 | 104.5 | 22.5% |
| Adjusted Gross Profit Margin(2) | 37.4% | 38.8% | +140bps |

| | | | |
|---|---|---|---|
| Net Income (Loss) | 1.7 | (23.3) | nm |
| Adjusted Net Income(2) | 11.5 | 19.0 | 65.2% |
| Adjusted EBITDA(2) | 29.2 | 37.9 | 29.8% |
| Adjusted EBITDA Margin(2) | 12.8% | 14.1% | +130bps |

(1) Pro Forma Net Sales assumes the Company owned H.K. Anderson and Truco Enterprises on the first day of fiscal 2020, and that the Company owned Vitner's on the first day of fiscal February 2020. Pro Forma Net Sales are on an estimated comparable 13-week basis.
(2) See description of Non-GAAP financial measures and reconciliations of GAAP measures to Non-GAAP adjusted measures in the tables that accompany this release.

## First Quarter Growth Highlights

For the 13-week period ended April 4, 2021, the Company's retail sales as measured by IRI MULO-C increased 5.9% on a two-year CAGR basis, consistent with Salty Snack category growth of 6.0% for the same period.

For the 13-week period ended April 4, 2021, the Company's Power Brands' retail sales increased 7.6% on a two-year CAGR basis, increasing to nearly 87% of sales versus approximately 84% in the same period in 2019. Power Brand sales growth during the two-year period was led by Utz®, ON THE BORDER®, Zapp's®, TORTIYAHS!, Golden Flake® Pork Skins, Boulder Canyon®, Hawaiian®, TGI Fridays® and Herdez®. As expected, the two-year CAGR retail sales decline of 4.3% in Foundation Brands reflects the Company's continued strategy to focus its resources on its Power Brands.

## IRI Retail Sales Growth Summary(1)

| | Last 13-Weeks Ended April 4, 2021 | |
|---|---|---|
| (in $millions) | YoY Change | 2-Year CAGR |
| Total Retail Sales Growth(1) | | |
| Salty Snack Category | 1.7% | 6.0% |
| Utz | (2.3)% | 5.9% |
| Power Brands | (1.1)% | 7.6% |
| Foundation Brands(2) | (10.8)% | (4.3)% |
| Sales by Geography Growth(1) | | |
| Core | | |
| Salty Snack Category | (0.6)% | 4.9% |
| Utz | (6.4)% | 3.3% |
| Power Brands | (5.5)% | 4.5% |
| Expansion | | |
| Salty Snack Category | 3.7% | 6.8% |
| Utz | 1.7% | 9.1% |
| Power Brands | 4.3% | 12.3% |
| Emerging | | |
| Salty Snack Category | 2.1% | 6.5% |
| Utz | 1.8% | 8.3% |

| | | |
|---|---|---|
| Power Brands | 2.6% | 9.7% |

(1) IRI Custom Panel, Total US MULO + C, on a pro forma basis.
(2) IRI does not include Partner Brands and Private Label retail sales.

## First Quarter 2021 Financial Results

See description of Non-GAAP financial measures mentioned in this press release and reconciliations of GAAP measures to Non-GAAP adjusted measures in the tables that accompany this release. In addition, see description of the periods representing the Predecessor and Successor periods in the Company's Form 10-Q for the fiscal quarter ended, April 4, 2021.

Net sales in the quarter increased 18.0% to $269.2 million compared to $228.0 in the first quarter of 2020. The increase in net sales was driven by acquisitions of +21.5% and favorable price/mix of +1.9%. Partially offsetting these factors were volume declines of (4.7%) due to transitory events, namely pantry loading at the onset of the COVID-19 pandemic and the February 2021 snowstorms. The Company estimates the February snowstorms negatively impacted its net sales growth rate in the quarter by 200 to 300 basis points. In addition, the Company’s continued shift to independent operators (“IO”) and the resulting increase in sales discounts impacted net sales by (0.6%).

Pro Forma Net Sales decreased 2.2% to $269.2 million as compared to Pro Forma Net Sales of $275.2 million in the first quarter of 2020, as the Company lapped the impact from COVID-19 on its first quarter 2020 results. The year over year Pro Forma Net Sales growth rate assumes the Company owned H.K. Anderson and Truco Enterprises on the first day of fiscal 2020, and that the Company owned Vitner’s on the first day of fiscal February 2020.

Pro Forma Net Sales increased 4.3% on a two-year CAGR basis. The Pro Forma Net Sales two-year CAGR assumes the Company owned Kennedy Endeavors, Kitchen Cooked, H.K. Anderson and Truco Enterprises on the first day of fiscal 2019, and that the Company owned Vitner’s on the first day of fiscal February 2019.

Gross profit was $95.2 million, or 35.4% as a percentage of net sales. Adjusted Gross Profit increased 22.5% to $104.5 million, or 38.8% as a percentage of net sales, compared to Adjusted Gross Profit of $85.3 million, or 37.4% 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 improved price/mix.

In the first quarter of 2021 the Company reported a net loss of $(23.3) million, compared to net income of $1.7 million in the prior year period. The net loss during the first quarter of 2021 was primarily driven by the loss on remeasurement of warrant liabilities consistent with the accounting guidance recently announced by the Securities and Exchange Commission (the “SEC”) for warrants issued by special purpose acquisition companies and increased depreciation and amortization related to the Business Combination and acquisitions, as well as one-time expenses incurred as a result of the debt refinancing in January 2021. Adjusted Net Income in the first quarter of 2021 increased 65.2% to $19.0 million compared to Adjusted Net Income of $11.5 million in the prior year period.

Adjusted EBITDA increased 29.8% to $37.9 million, or 14.1% as a percentage of net sales, compared to Adjusted EBITDA of $29.2 million, or 12.8% as a percentage of net sales, in the prior year period. The increase in Adjusted EBITDA margin was primarily driven by the Company's acquisition of Truco given the strong margin profile of the acquired business.

## First Quarter 2021 Balance Sheet and Cash Flow Highlights

- $181 million in cash from the exercise of the public warrants and forward purchase warrants during the fourth quarter of 2020 and first quarter of 2021, simplifying the Company's capital structure.
- Placed a new $720 million Term Loan B due 2028 that extended the maturity profile by over three years and reset certain credit agreement terms, providing increased financial flexibility.
- Repaid in full the outstanding balance on the $490 million Bridge Credit Facility used to fund the acquisition of Truco Enterprises and certain rights to the ON THE BORDER® brand.
- Net debt of $739.2 million as of April 4, 2021 resulting in a Pro Forma Net Leverage ratio of 4.0x based on Normalized Further Adjusted EBITDA of $186.0 million.
- Capital expenditures of $2.1 million in the first quarter, and this is expected to accelerate throughout the year to support the Company's productivity initiatives.

## Fiscal Year 2021 Outlook

For the 52-week fiscal year ending January 2, 2022, the Company is reaffirming its full-year outlook previously provided on March 18, 2021. The Company's full-year outlook excludes the impact of the pending acquisition of Festida Foods, which is expected to close in the second quarter of 2021.

- Net sales consistent with 2020 Pro Forma Net Sales of $1.16B(1 ) with modest organic sales growth year over year. The Company's projected pro forma two-year CAGR for fiscal 2020 and 2021 of approximately 6% is above the Company's long-term growth outlook of 3 – 4%.
- Adjusted EBITDA of $180 – $190 million (2) versus 2020 Further Adjusted EBITDA of $181 million(3), delivering a margin of approximately 16%.
- Adjusted Earnings Per Share of $0.70 – $0.75, which excludes step-up depreciation & amortization ("D&A"), stock compensation expense, and non-recurring items. This assumes fully diluted shares on an as-converted basis of approximately 142 million.

In addition to the risks and uncertainties identified under "Forward-Looking Statements," the Company's 2021 guidance is estimated based on the following assumptions, all unchanged versus the previous outlook unless noted below:

- Funded $25 million Vitner's acquisition in February 2021 with balance sheet cash
- Expecting 200 – 250 Independent Route ("IO") conversions
- Core D&A of $25 – $27 million and now expect step-up D&A of $50 – $53 million (comprised of approximately 40% cost of goods sold and 60% SG&A expense)
- Capital expenditures of $30 – $40 million in order to drive productivity efforts
- Commodity inflation of approximately 4%
- Productivity of approximately 2% of cost of goods sold
- Cash interest expense of approximately $30 million(4)
- Effective cash tax rate of 23.0 - 25.0% (% of pre-tax book income)
- Net leverage ratio of approximately 3.5x by end of 2021(5)

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Note: Pro Forma Net Sales, Adjusted EBITDA, Further Adjusted EBITDA, and Adjusted EPS are non-GAAP financial measures. See appendix for reconciliation of non-GAAP financial measures to most directly comparable GAAP measures.
(1) 2020 Pro Forma Net Sales includes $1.14 billion of pro forma net sales on a 52-week comparison basis as defined in the reconciliation tables that accompany this press release, and also assumes $20 million of net sales for Vitner's to align with the expectation for FY 2021 (11 months of results from operating and SKU rationalization activity). The Company's 2021 pro forma net sales growth rate outlook is inclusive of the impact from the conversion of employee-serviced DSD routes to independent operator-serviced routes.
(2) Assumes $48 – $52 million from the acquisitions of Truco Enterprises, H.K. Anderson and Vitner's. Assumes $2 million contribution to Adjusted EBITDA from Truco synergies and excludes approximately $5 million of unrealized cost synergies expected to occur in 2022 and beyond.
(3) 2020 Further Adjusted EBITDA includes $179 million of Further Adjusted EBITDA on a 52-week comparison basis as defined in the reconciliation tables that accompany this press release and also includes $2 million for Vitner's Adjusted EBITDA to align with the expectation for FY 2021 (11 months of results from operating and SKU rationalization activity).
(4) Excludes amortization of deferred financing fees, interest expense related to loans to independent operators that we guarantee, and interest income. Includes $250M notional interest rate hedge that fixes 1-month LIBOR at 1.339%.
(5) Includes unrealized cost synergies of approximately $5 million from acquisitions.

For the purpose of the Company's fiscal 2021 outlook, the Company has assumed (i) the macroeconomic environment continues as it has for the last several months and (ii) there is no significant change on the Company from the impact of COVID-19.

With respect to projected fiscal year 2021 Adjusted EBITDA and Adjusted Earnings Per Share, 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, and which are excluded from Adjusted Earnings per Share. We expect the variability of these items to have a potentially unpredictable, and potentially significant, impact on our future financial results.

## 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. Investors can also dial in over the phone by calling (833) 670-0764 from the North America and (343) 761-2595 internationally. 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, May 20, 2021, by dialing (800) 585-8367 from North America, or (416) 621-4642 from international locations, and entering confirmation code 7745628.

## 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 nearly 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 merchant, club, convenience, drug and other channels. Based in Hanover, Pennsylvania, Utz operates fourteen facilities located in Pennsylvania, Alabama, Arizona, Illinois, Indiana, Louisiana, Washington, and Massachusetts. For more information, please visit **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**), SEC 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.

## Forward-Looking Statements

This press release includes certain statements made herein 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 outbreakpandemic, future plans for Utz Brands, Inc. (the "Company")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, 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 the recently completed business combination with Collier Creek Holdings 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 inability 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 U.S. Securities and Exchange CommissionSEC, as amended (the "Commission") for the fiscal year ended January 3, 2021 and other reports filed by the Company with the CommissionSEC. 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. Except as required by law, the Company undertakes no obligation to update such statements to reflect events or circumstances arising after such date, and cautions investors not to place undue reliance on any such forward-looking statements. 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:

- Pro Forma Net Sales
- Adjusted Gross Profit
- Adjusted Gross Profit as % of Net Sales (Adjusted Gross Profit Margin)
- Pro Forma Gross Profit
- Pro Forma Adjusted Gross Profit
- Adjusted Selling, General and Administrative Expense
- Adjusted Selling, General and Administrative Expense as % of Net Sales
- Adjusted Net Income
- EBITDA
- Adjusted EBITDA
- Adjusted EBITDA as % of Net Sales (Adjusted EBITDA Margin)
- Further Adjusted EBITDA
- Further Adjusted EBITDA as % of Pro Forma Net Sales (Further Adjusted EBITDA Margin)
- Normalized Further Adjusted EBITDA

Pro Forma Net Sales is defined as Net Sales including the historical net sales relating to the pre-acquisition periods of H.K. Anderson, Truco Enterprises and Vitner's acquisitions.

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.

Pro Forma Gross Profit is defined as Gross Profit including the historical Gross Profit relating to the pre-acquisition periods of H.K. Anderson, Truco Enterprises and Vitner's acquisitions.

Pro Forma Adjusted Gross Profit is defined as Adjusted Gross Profit including the historical Adjusted Gross Profit relating to the pre-acquisition periods of H.K. Anderson, Truco Enterprises and Vitner's acquisitions.

Adjusted Selling, General and Administrative Expense is defined as all Selling, General and Administrative expense excluding Depreciation and Amortization expense, a non cash item. In addition, Adjusted Selling, General 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, General and Administrative Expense as a percentage of Net Sales as an additional measure for investors to evaluate our Adjusted Selling, General 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 acquisition 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, and financing-related costs. Lastly, Adjusted Net Income normalizes the income tax provision to account for the above-mentioned adjustments.

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.

Further Adjusted EBITDA is defined as Adjusted EBITDA after giving effect to pre-acquisition Adjusted EBITDA of H.K. Anderson, Truco Enterprises and Vitner's. We also report Further Adjusted EBITDA as a percentage of Pro Forma Net Sales as an additional measure to evaluate our Further Adjusted EBITDA margins on Pro Forma Net Sales. This definition does not include adjustments for estimated unrealized cost synergies, estimated unrealized public company costs or trade spend normalization, as reflected in Normalized Further Adjusted EBITDA.

Normalized Further Adjusted EBITDA is defined as Further Adjusted EBITDA including adjustments for estimated unrealized cost synergies related to the acquisition of H.K. Anderson, Truco Enterprises and Vitner's. In addition, Normalized Further Adjusted EBITDA also adjusts for estimated unrealized public company costs, and a one-time trade spend normalization adjustment at the end of 2019.

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.

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Utz Brands, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the thirteen weeks ended April 4, 2021 (Successor) and March 29, 2020 (Predecessor)
(In thousands, except share information)
(Unaudited)

| | Successor | Predecessor |
|---|---|---|
| | Thirteen weeks | Thirteen weeks ended |

| | Three Months ended April 4, 2021 | | Three Months ended March 29, 2020 | |
|---|---|---|---|---|
| Net sales | $ | 269,182 | $ | 228,029 |
| Cost of goods sold | | 173,941 | | 148,015 |
| Gross profit | | 95,241 | | 80,014 |
| Selling, general and administrative expenses | | | | |
| Selling | | 56,728 | | 48,333 |
| General and administrative | | 29,933 | | 19,940 |
| Total selling, general and administrative expenses | | 86,661 | | 68,273 |
| Gain on sale of assets | | | | |
| Gain on disposal of property, plant and equipment | | 297 | | 68 |
| Gain on sale of routes, net | | 422 | | 404 |
| Total gain on sale of assets | | 719 | | 472 |
| Income from operations | | 9,299 | | 12,213 |
| Other (expense) income | | | | |
| Interest expense | | (10,861) | | (9,643) |
| Other income | | 718 | | 580 |
| Loss on remeasurement of warrant liability | | (21,501) | | — |
| Other (expense) income, net | | (31,644) | | (9,063) |
| (Loss) income before taxes | | (22,345) | | 3,150 |
| Income tax expense | | 1,004 | | 1,458 |
| Net (loss) income | | (23,349) | | 1,692 |
| Net loss attributable to noncontrolling interest | | 820 | | — |
| Net (loss) income attributable to controlling interest | $ | (22,529) | $ | 1,692 |
| Earnings per Class A Common stock: (in dollars) | | | | |
| Basic & diluted | $ | (0.30) | | |
| Weighted-average shares of Class A Common stock outstanding | | | | |
| Basic & diluted | | 75,927,005 | | |
| Other comprehensive income (loss): | | | | |
| Interest rate swap | $ | 822 | $ | (7,208) |
| Comprehensive loss | $ | (21,707) | $ | (5,516) |

Utz Brands, Inc.
CONSOLIDATED BALANCE SHEETS
April 4, 2021 and January 3, 2021
(In thousands)

| | As of April 4, 2021 (Unaudited) | | As of January 3, 2021 (as restated) (Unaudited) | |
|---|---|---|---|---|
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | $ | 4,020 | $ | 46,831 |
| Accounts receivable, less allowance of $739 and $239, respectively | | 130,599 | | 118,305 |
| Inventories | | 67,584 | | 59,810 |
| Prepaid expenses and other assets | | 12,276 | | 11,573 |
| Current portion of notes receivable | | 5,918 | | 7,666 |
| Total current assets | | 220,397 | | 244,185 |
| Non-current Assets | | | | |
| Property, plant and equipment, net | | 262,999 | | 270,416 |
| Goodwill | | 880,063 | | 862,183 |
| Intangible assets, net | | 1,167,268 | | 1,171,709 |
| Non-current portion of notes receivable | | 22,348 | | 20,000 |
| Other assets | | 14,160 | | 15,671 |
| Total non-current assets | | 2,346,838 | | 2,339,979 |
| Total assets | $ | 2,567,235 | $ | 2,584,164 |
| LIABILITIES AND EQUITY | | | | |
| Current Liabilities | | | | |
| Current portion of term debt | $ | 7,500 | $ | 469 |
| Current portion of other notes payable | | 8,142 | | 9,018 |
| Accounts payable | | 64,214 | | 57,254 |
| Accrued expenses and other | | 49,585 | | 80,788 |
| Current warrant liability | | — | | 52,580 |
| Total current liabilities | | 129,441 | | 200,109 |
| Non-current portion of term debt and revolving credit facility | | 718,443 | | 778,000 |
| Non-current portion of other notes payable | | 25,418 | | 24,564 |
| Non-current accrued expenses and other | | 37,483 | | 37,771 |
| Deferred tax liability | | 74,847 | | 73,786 |
| Non-current warrant liability | | 104,400 | | 85,032 |
| Total non-current liabilities | | 960,591 | | 999,153 |
| Total liabilities | | 1,090,032 | | 1,199,262 |

| | | |
|---|---|---|
| Commitments and Contingencies | | |
| Equity | | |
| Shares of Class A Common Stock, $0.0001 par value; 1,000,000,000 shares authorized; 76,481,833 and 71,094,714 shares issued and outstanding as of April 4, 2021 and January 3, 2021, respectively. | 7 | 7 |
| Shares of Class V Common Stock, $0.0001 par value; 61,249,000 shares authorized; 60,349,000 shares issued and outstanding as of April 4, 2021 and January 3, 2021. | 6 | 6 |
| Additional paid-in capital | 941,003 | 793,461 |
| Accumulated deficit | (264,019) | (241,490) |
| Accumulated other comprehensive income | 1,746 | 924 |
| Total stockholders' equity | 678,743 | 552,908 |
| Noncontrolling interest | 798,460 | 831,994 |
| Total equity | 1,477,203 | 1,384,902 |
| Total liabilities and equity | $2,567,235 | $2,584,164 |

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Utz Brands, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the thirteen weeks ended April 4, 2021 (Successor) and March 29, 2020 (Predecessor)
(In thousands)
(Unaudited)

| | Successor | Predecessor |
|---|---|---|
| | Thirteen weeks ended April 4, 2021 | Thirteen weeks ended March 29, 2020 |
| Cash flows from operating activities | | |
| Net (loss) income | $ (23,349) | $ 1,692 |
| Adjustments to reconcile net (loss) income to net cash used in operating activities: | | |
| Depreciation and amortization | 19,407 | 8,912 |
| Loss on remeasurement of warrant liability | 21,501 | — |
| Gain on disposal of property and equipment | (297) | (68) |
| Gain on sale of routes | (422) | (404) |
| Stock based compensation | 2,883 | — |
| Deferred taxes | 1,061 | 975 |
| Deferred financing costs | 2,870 | 653 |
| Changes in assets and liabilities: | | |
| Accounts receivable, net | (11,176) | (15,374) |
| Inventories | (7,040) | 2,676 |
| Prepaid expenses and other assets | 866 | (618) |
| Accounts payable and accrued expenses and other | (19,487) | (1,217) |
| Net cash used in operating activities | (13,183) | (2,773) |
| Cash flows from investing activities | | |
| Acquisitions, net of cash acquired | (25,189) | (8,789) |
| Purchases of property and equipment | (2,134) | (3,556) |
| Purchases of intangibles | (1,200) | (650) |
| Proceeds from sale of property and equipment | 391 | 152 |
| Proceeds from sale of routes | 1,450 | 1,159 |
| Proceeds from the sale of IO notes | 2,295 | — |
| Notes receivable, net | (924) | (2,780) |
| Net cash used in investing activities | (25,311) | (14,464) |
| Cash flows from financing activities | | |
| Line of credit borrowings, net | 15,000 | 10,000 |
| Borrowings on term debt and notes payable | 720,000 | 2,650 |
| Repayments on term debt and notes payable | (783,735) | (2,178) |
| Payment of debt issuance cost | (8,372) | — |
| Exercised warrants | 57,232 | — |
| Dividends | (4,261) | — |
| Distributions to members | — | (2,657) |
| Distribution to noncontrolling interest | (181) | — |
| Net cash (used in) provided by financing activities | (4,317) | 7,815 |
| Net decrease in cash and cash equivalents | (42,811) | (9,422) |
| Cash and cash equivalents at beginning of period | 46,831 | 15,053 |
| Cash and cash equivalents at end of period | $ 4,020 | $ 5,631 |

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

### Net Sales and Pro Forma Net Sales

| (dollars in millions) | 13-Weeks Ended April 4, 2021 | 13-Weeks Ended March 29, 2020 |
|---|---|---|
| Net Sales | $ 269.2 | $ 228.0 |
| HKA Pre-Acquisition Net Sales | — | 2.3 |
| Vitner's Pre-Acquisition Net Sales | — | 3.9 |
| Truco Pre-Acquisition Net Sales | — | 41.0 |
| Pro Forma Net Sales | $ 269.2 | $ 275.2 |

## Gross Profit, Adjusted Gross Profit, Pro Forma Gross Profit and Pro Forma Adjusted Gross Profit

| (dollars in millions) | 13-Weeks Ended April 4, 2021 | 13-Weeks Ended March 29, 2020 |
|---|---|---|
| Gross Profit | $ 95.2 | $ 80.0 |
| Depreciation and Amortization | 8.1 | 5.3 |
| Non-Cash, non-recurring adjustments | 1.2 | — |
| Adjusted Gross Profit | 104.5 | 85.3 |
| Adjusted Gross Profit as a % of Net Sales | 38.8% | 37.4% |
| Depreciation and Amortization - COGS | (8.1) | (5.3) |
| HKA Pre-Acquisition Gross Profit | — | 0.3 |
| Vitner's Pre-Acquisition Gross Profit | — | 1.9 |
| Truco Pre-Acquisition Gross Profit | — | 16.4 |
| Pro Forma Gross Profit | 96.4 | 98.6 |
| Depreciation and Amortization - COGS | 8.1 | 5.3 |
| Pro Forma Adjusted Gross Profit | $ 104.5 | $ 103.9 |
| Pro Forma Adjusted Gross Profit as a % of Pro Forma Net Sales | 38.8% | 37.8% |

## Adjusted Selling, General and Administrative Expense

| (dollars in millions) | 13-Weeks Ended April 4, 2021 | 13-Weeks Ended March 29, 2020 |
|---|---|---|
| Selling, General and Administrative Expense - Incl Depreciation and Amortization | $ 86.7 | $ 68.3 |
| Depreciation and Amortization in SG&A Expense | (11.3) | (3.6) |
| Non-Cash, and/or Non-recurring Adjustments | (8.2) | (7.7) |
| Adjusted Selling, General and Administrative Expense | 67.2 | 57.0 |
| Vitner's Pre-Acquisition SG&A Expense | — | 1.5 |
| Truco Pre-Acquisition SG&A Expense | — | 6.8 |
| Pro Forma Adjusted SG&A Expense | $ 67.2 | $ 65.3 |
| Pro Forma Adjusted Selling, General and Administrative Expense as % of Pro Forma Net Sales | 25.0% | 23.7% |

## Adjusted Net Income

| (dollars in millions, except per share data) | 13-Weeks Ended April 4, 2021 | 13-Weeks Ended March 29, 2020 |
|---|---|---|
| Net (Loss) Income | $ (23.3) | $ 1.7 |
| Deferred Financing Fees | 2.7 | 0.8 |
| Depreciation and Amortization | 19.4 | 8.9 |
| Non-Acquisition Related Depreciation and Amortization | (6.7) | (6.4) |
| Acquisition Step-Up Depreciation and Amortization: | 12.7 | 2.5 |
| Certain Non-Cash Adjustments | 4.2 | 1.1 |
| Acquisition and Integration | 1.9 | 5.2 |
| Business and Transformation Initiatives | 3.3 | 1.6 |
| Financing-Related Costs | — | 0.1 |
| Loss on Remeasurement of Warrant Liability | 21.5 | — |
| Other Non-Cash and/or Non-Recurring Adjustments | 30.9 | 8.0 |
| Income Tax-Rate Adjustment(1) | (4.0) | (1.5) |
| Adjusted Net Income | $ 19.0 | $ 11.5 |
| | | |
| Basic Shares Outstanding | 136.3 | |
| Fully Diluted Shares on an As-Converted Basis | 142.0 | |
| Adjusted Earnings Per Share | $ 0.13 | |

(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 an effective cash tax rate, minus the actual tax provision recorded in the Consolidated Statement of Operations and Comprehensive Income (Loss). The effective cash tax rate includes corporate income tax payments plus non-resident withholding and tax distributions, which are considered equivalent to tax.

## Depreciation & Amortization

| (dollars in millions) | 13-Weeks Ended April 4, 2021 | 13-Weeks Ended March 29, 2020 |
|---|---|---|
| Core D&A - Non-Acquisition-related included in Gross Profit | $ 4.5 | $ 4.4 |
| Step-Up D&A - Transaction-related included in Gross Profit | 3.6 | 0.9 |
| Depreciation & Amortization - included in Gross Profit | 8.1 | 5.3 |
| | | |
| Core D&A - Non-Acquisition-related included in SG&A Expense | 2.2 | 2.0 |
| Step-Up D&A - Transaction-related included in SG&A Expense | 9.1 | 1.6 |
| Depreciation & Amortization - included in SG&A Expense | 11.3 | 3.6 |
| | | |
| Depreciation & Amortization - Total | $ 19.4 | $ 8.9 |
| | | |
| Core Depreciation and Amortization | $ 6.7 | $ 6.4 |
| Step-Up Depreciation and Amortization | 12.7 | 2.5 |
| Total Depreciation and Amortization | $ 19.4 | $ 8.9 |

## EBITDA, Adjusted EBITDA and Further Adjusted EBITDA

| (dollars in millions) | 13-Weeks Ended April 4, 2021 | 13-Weeks Ended March 29, 2020 |
|---|---|---|
| Net (Loss) Income | $ (23.3) | $ 1.7 |
| Plus non-GAAP adjustments: | | |
| Income Tax (Benefit) or Expense | 1.0 | 1.5 |
| Depreciation and Amortization | 19.4 | 8.9 |
| Interest Expense, Net | 10.9 | 9.6 |
| Interest Income (IO loans)(1) | (1.0) | (0.5) |
| EBITDA | 7.0 | 21.2 |

| | | |
|---|---|---|
| Certain Non-Cash Adjustments(2) | 4.2 | 1.1 |
| Acquisition and Integration(3) | 1.9 | 5.2 |
| Business Transformation Initiatives(4) | 3.3 | 1.6 |
| Financing-Related Costs(5) | — | 0.1 |
| Loss on Remeasurement of Warrant Liabilities(6) | 21.5 | — |
| Adjusted EBITDA | 37.9 | 29.2 |
| Adjusted EBITDA as a % of Net Sales | 14.1% | 12.8% |
| HKA Pre-Acquisition Adjusted EBITDA(7) | — | 0.3 |
| Vitner's Pre-Acquisition Adjusted EBITDA(7) | — | 0.4 |
| Truco Pre-Acquisition Adjusted EBITDA(7) | — | 9.7 |
| Further Adjusted EBITDA | $ 37.9 | $ 39.6 |
| Further Adjusted EBITDA as % of Pro Forma Net Sales | 14.1% | 14.4% |

(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 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 – Utz Quality Foods, LLC, our wholly-owned subsidiary, established the 2018 Long-Term Incentive Plan (the "2018 LTIP") for employees in February 2018. The Company recorded expense of $0.8 million for thirteen weeks ended March 29, 2020 (Predecessor). Expenses incurred for the 2018 LTIP are non-operational in nature and are expected to decline upon the vesting of the remaining phantom units from fiscal year 2018 and fiscal year 2019 at the end of fiscal year 2021. The phantom units under the 2018 LTIP were converted into the 2020 LTIP RSUs as part of the Business Combination. For the thirteen weeks ended April 4, 2021 (Successor), the Company incurred $2.9 million of share based compensation under the 2020 LTIP.

Purchase Commitments and Other Adjustments – We have purchased commitments for specific quantities at fixed prices for certain of our products' key ingredients. To facilitate comparisons of our underlying operating results, this adjustment was made to remove the volatility of purchase commitment related gains and losses. For the thirteen weeks ended April 4, 2021 (Successor) we recorded a loss of $0.0 million compared to a benefit of $0.3 million for thirteen weeks ended March 29, 2020 (Predecessor).

(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 costs incurred for the Vitner's acquisition, the Truco acquisition, the Kitchen Cooked acquisition, and related integration expenditures where we incurred costs of $1.9 million and $5.2 million for the thirteen weeks ended April 4, 2021 (Successor) and the thirteen weeks ended March 29, 2020 (Predecessor), respectively.

(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, certain Rice/Lissette family-related costs incurred but not part of normal business operations, and gains realized from the sale of distribution rights to IOs and the subsequent disposal of trucks, and ERP transition costs, offset by severance costs associated with the elimination of RSP positions, fall into this category. The Company incurred such costs of $3.3 million and $1.6 million for the thirteen weeks ended April 4, 2021 (Successor) and the thirteen weeks ended March 29, 2020, respectively.

(5) Financing-Related Costs – These costs include adjustments for various items related to raising debt and preferred equity capital or debt extinguishment costs. The Company incurred expensed of $0.1 million for the thirteen weeks ended March 29, 2020 (Predecessor).

(6) Losses (or gains) related to the changes in the remeasurement of warrant liabilities are not expected to be settled in cash, and if/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.

(7) Pre-Acquisition Adjusted EBITDA – This adjustment represents the adjusted EBITDA of acquired companies prior to the acquisition date.

## Normalized / Further Adjusted EBITDA

| | FY 2020 | | | | | FY 2021 | |
|---|---|---|---|---|---|---|---|
| (dollars in millions) | Q1 | Q2 | Q3 | Q4 | FY 2020 | Q1 | TTM |
| Further Adjusted EBITDA | $39.6 | $49.7 | $52.1 | $40.2 | $181.6 | $37.9 | $179.9 |
| Acquisition Synergies(1) | 2.9 | 2.6 | 2.0 | 1.5 | 9.0 | 1.3 | 7.4 |
| Public Company Costs(2) | (0.8) | (0.7) | (0.6) | — | (2.1) | — | (1.3) |
| Normalized Further Adjusted EBITDA | $41.7 | $51.6 | $53.5 | $41.7 | $188.5 | $39.2 | $186.0 |

(1) Represents identified integration-related cost savings expected to be realized from the elimination of certain procurement, manufacturing, and logistics as well as selling, general and administrative expenses in connection with the acquisition of Conagra Snacks, Kitchen Cooked, Truco Enterprises and Vitner's.

(2) Represents estimated incremental costs of operating as a public company following closing of the business combination, including exchange listing and other fees; audit and compliance costs; investor relations costs; additional D&O insurance premium; legal expenses associated with public filings and other items; and cash compensation for the Board of Directors.

## Net Debt and Leverage Ratio

| (dollars in millions) | | As of April 4, 2021 |
|---|---|---|
| Term Loan | $ | 718.2 |
| Revolving Credit Facility | | 15.0 |
| Capital Leases(1) | | 8.6 |
| Deferred Purchase Price | | 1.4 |
| Gross Debt(2) | | 743.2 |
| Cash and Cash Equivalents | | 4.0 |
| Total Net Debt | $ | 739.2 |
| Last 52-Weeks Normalized Further Adjusted EBITDA | $ | 186.0 |
| Net Leverage Ratio | | 4.0x |

(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.

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