



NEWS RELEASE

Utz Brands to Acquire Festida Foods

5/11/2021

Acquisition Vertically Integrates Largest Supplier of the Company's ON THE BORDER® Tortilla Chip Brand

HANOVER, Pa.--(BUSINESS WIRE)-- Utz Brands, Inc. (NYSE:UTZ) ("Utz" or the "Company"), a leading U.S. manufacturer of branded salty snacks, announced that its subsidiaries have entered into a definitive agreement with Great Lakes Festida Holdings, Inc. and related entities, to acquire all of the assets, including the real estate located in Grand Rapids, MI, related to the operation of Festida Foods ("Festida Foods" or "Festida"). Festida Foods is a leading manufacturer of tortilla chips, corn chips, and pellet snacks, and the largest manufacturer of tortilla chips for Utz's ON THE BORDER® ("OTB") tortilla chip brand. The total purchase price is \$41 million and is subject to customary purchase price adjustments.

The transaction represents an acquisition multiple of approximately 6.0x fiscal 2020 Festida Adjusted EBITDA of \$6 million excluding estimated synergies, and 5.1x fiscal 2020 Festida Adjusted EBITDA including expected run-rate cost synergies of at least \$1 million (in each case including approximately \$5 million in net present value from expected tax benefits resulting from the transaction). Utz expects the transaction to be accretive to earnings in 2021 and beyond. The transaction is subject to customary closing conditions and is expected to close in the second quarter of 2021.

"We expect that this strategic acquisition will enable strong supply chain synergies for our ON THE BORDER® brand and enhance our ability to expand both ON THE BORDER® and other Utz Power Brands geographically in the Midwest," said Dylan Lissette, CEO of Utz. "Over time, we intend to expand production capabilities in the manufacturing plant to support growth in adjacent sub-categories and better serve current and future retail customers in an important area of geographic growth for the Company. We believe this strategic combination will help accelerate growth and expand margins over the long term, and we look forward to continuing to serve Festida Foods' existing customers."

“The Festida Foods team is thrilled to be joining the Utz family,” said Kyle Curtiss, CEO of Festida Foods. “As a premier supplier of tortilla chips to Truco Enterprises and ON THE BORDER®, one of the fastest growing tortilla chip brands in the United States, Utz will be in a position to leverage Festida’s manufacturing expertise, capacity, and warehousing to support its brands in the Midwest. Additionally, and of utmost importance to our business, Utz shares a belief in a strong company culture that both supports and encourages member development. They are truly an ideal long-term partner for Festida Foods!”

Compelling Financial Benefits

After eliminating tolling fees between Festida Foods and Utz subsidiaries, Festida generated incremental FY 2020 Net Sales and Adjusted EBITDA of approximately \$14 million and \$6 million, respectively. Utz expects to receive approximately \$5 million in net present value from expected tax benefits resulting from the transaction and to achieve run-rate Selling and Administrative cost synergies of at least \$1 million. The transaction is expected to be accretive to earnings in 2021 and beyond.

Transaction Details

Under the terms of the definitive agreement, the assets and certain operating liabilities of Great Lakes Festida Holdings, Inc. and the real estate owned by a related entity will be acquired by subsidiaries of Utz. The Company expects to draw on its revolving credit facility to fund the \$41 million cash purchase price.

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.

About Festida Foods

Festida is a leading developer and co-packer of tortilla chips, corn chips, and pellet snacks for branded food companies across the U.S. For more information, please visit www.festidafoods.com.

About Non-GAAP Financial Measures and Items Affecting Comparability

A non-GAAP financial measure is a numerical measure of financial performance that excludes or includes amounts so as to be different than the most directly comparable measure calculated and presented in accordance with generally accepted accounting principles in the United States (GAAP). Utz believes that the non-GAAP financial measures are meaningful to investors because they increase transparency and assist 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 Utz's operations and, when considered with both the GAAP results, provide a more complete understanding of Utz's business than could be obtained absent this disclosure. These 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. Utz's calculation of the non-GAAP financial measures may differ from methods used by other companies. Utz's management believes that the non-GAAP measures are important to having an understanding of Utz's overall operating results or those of Festida Foods 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.

"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 this 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. "Festida Adjusted EBITDA" is defined as EBITDA further adjusted to exclude certain non-cash items, non-recurring items, and certain costs that will not be incurred after the closing date of the acquisition of Festida Foods. We use Festida Adjusted EBITDA to evaluate the estimated contribution of Festida Foods to our Adjusted EBITDA upon transaction close. We believe Festida Adjusted EBITDA is useful to the users of this release and financial information contained in the release to evaluate the estimated contribution of the Festida Foods acquisition to our Adjusted EBITDA and compare to other companies in the salty snack industry, as similar

measures are commonly used by companies in this industry. "EBITDA" is defined as Net Income before Interest, Income Taxes, and Depreciation and Amortization.

Utz does not provide a reconciliation of Utz's forward-looking Adjusted EBITDA, Adjusted EBITDA margins, Festida Adjusted EBITDA, Festida Adjusted EBITDA margin or other such forward looking metrics to the most directly comparable GAAP financial measures because of the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliations, including adjustments that could be made for acquisition-related expenses, gains and losses and other charges reflected in the Company's reconciliation of historic non-GAAP financial measures, the amounts of which, based on past experience, could be material.

Forward-Looking Statements

This press release includes "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. The forward-looking statements contained in this press release include, without limitation, statements related to the planned acquisition of Festida Foods and the timing and financing thereof; the expected impact of the planned acquisition, including without limitation, the expected impact on Utz's overall market position, the projected Adjusted EBITDA and Adjusted EBITDA margins, Festida Adjusted EBITDA, and Festida Adjusted EBITDA margins included in the release, the projected Festida fiscal 2020 Net Sales included in the release, the predictions related to earnings included in the release, the projected retail sales included in the release, stated target net leverage and net leverage ranges included in the release and cash flow metrics included in the release; and the expected tax benefits of the acquisition. Utz's actual results may differ from its expectations, estimates and projections and consequently, you should not rely on these forward-looking statements as predictions of future events. Words such as "expect," "estimate," "project," "budget," "forecast," "anticipate," "intend," "plan," "may," "will," "could," "should," "believes," "predicts," "potential," "continue," and similar expressions are intended to identify such forward-looking statements. We also make statements that assume the Festida Foods transaction has closed, those statements should also be seen as forward looking. These forward-looking statements include, without limitation, Utz's expectations with respect to future performance. These forward-looking statements involve significant risks and uncertainties that could cause the actual results to differ materially from the expected results. Most of these factors are outside Utz's control and are difficult to predict. Factors that may cause such differences include, but are not limited to: whether and when the required regulatory approvals will be obtained for this acquisition, whether and when the other closing conditions will be satisfied and whether and when the acquisition will close, whether and when Utz will be able to realize the expected financial results and accretive effect of the acquisition, and how customers, competitors, suppliers and employees will react to the acquisition; the risk that the recently completed Business Combination with Collier Creek Holdings disrupts plans and operations; the ability to recognize the anticipated benefits of such Business Combination, which may be affected by, among other things, competition and the ability of Utz to grow and manage growth profitably and retain its key employees; the outcome of any legal proceedings that may be instituted against Utz following the consummation of such Business Combination; changes in applicable law or regulations; costs related to the Business Combination; the inability of Utz to maintain the listing of Utz's Class A Common Stock and public

warrants on the New York Stock Exchange; the inability of Utz to develop and maintain effective internal controls; the risk that Utz'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 Utz's control; changes in demand for Utz's products affected by changes in consumer preferences and tastes or if Utz is unable to innovate or market its products effectively; costs associated with building brand loyalty and interest in Utz's products, which may be affected by Utz's competitors' actions that result in Utz's products not suitably differentiated from the products of competitors; fluctuations in results of operations of Utz from quarter to quarter because of changes in promotional activities; the possibility that Utz 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 Utz's Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission for the fiscal year ended January 3, 2021. Some of these risks and uncertainties may in the future be amplified by the COVID-19 outbreak and there may be additional risks that Utz considers immaterial or which are unknown. It is not possible to predict or identify all such risks. Utz cautions that the foregoing list of factors is not exclusive. Utz cautions readers not to place undue reliance upon any forward-looking statements, which speak only as of the date made. Utz 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.

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