



NEWS RELEASE

Utz Brands to Acquire Vitner's Snack Food Brand and Distribution Assets

1/11/2021

Expands Utz's Position in Chicago and the Midwest

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 subsidiary Utz Quality Foods, LLC ("UQF") has entered into a definitive agreement with Snak-King Corp. ("Snak King") to acquire certain assets related to the Vitner's brand ("Vitner's"), a leading brand of snack foods in the Chicago metropolitan market, for a total purchase price of \$25 million, subject to customary purchase price adjustments. The acquired assets include the intellectual property, including the VITNER'S® trademark, and direct-store-delivery ("DSD") distribution assets related to Vitner's branded products. The transaction represents an acquisition multiple of approximately 5.9x last twelve months ended September 27, 2020 Vitner's Pro Forma Adjusted EBITDA of \$3.4 million assuming approximately \$5 million in net present value from expected tax assets 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 on February 8th, 2021.

Vitner's, established in 1926, is an iconic brand in the Chicago area and its approximately 55 DSD routes will provide Utz a strengthened foothold in Chicago and the Midwest from which to further grow the presence of its Power Brands, which include Utz®, On The Border®, Zapp's®, Golden Flake®, Good Health®, Boulder Canyon®, Hawaiian® Brand, and Tortiyahs!® ("Power Brands"). Following the acquisition, Vitner's potato chips, cheese snacks, corn snacks and popcorn will move Utz from the #7 position to the #4 position among salty snacks in the Chicago market, the fourth largest salty snack market in the U.S. at approximately \$688 million in annual retail sales for the 52 weeks ending November 29, 2020 according to IRI. Most of Vitner's products are currently manufactured by Snak King, but Utz plans to transition manufacturing of most of those products to its own manufacturing plants after closing, further increasing utilization of Utz's manufacturing network.

“This strategic acquisition will make Utz a more significant competitor in the Chicago area. Combined with our recently announced acquisition of the On the Border® tortilla chip, salsa and queso brand, we create a strong brand platform to better serve the primary salty snack channels and continue to expand rapidly in this important growth market. This transaction is a continuation of our strategy to successfully build long-term value and share by expanding in major metropolitan areas, like we did in New York City in 1994, Boston in 2004, Pittsburgh in 2006 and Atlanta in 2011,” said Dylan Lissette, CEO of Utz. “This acquisition strengthens our competitive position and will be a spark for continued growth in the Midwest. We are confident this transaction will drive long-term value creation for our shareholders and help position Utz for continued long-term growth.”

“We are thrilled to see the Vitner’s brand, established almost 95 years ago, become part of the Utz Brands, Inc. platform,” said Barry Levin, CEO of Snak King. “Utz will be able to leverage its world-class family of brands and expertise in DSD operations to help Vitner’s continue to serve the Chicago market.”

Strategic Rationale

The Chicago market is the fourth largest salty snack market in the U.S. with approximately \$688 million in annual retail sales, and it grew approximately 9% for the last 52 weeks ended November 29, 2020 according to IRI. Vitner’s 55 DSD routes provide an efficient, immediate route to market to further grow Utz’s Power Brands in the grocery, drug, and up-and-down the street channels in the Chicago metropolitan and Northwest Indiana areas. The transaction is complementary to (i) Utz’s existing primary Chicago route to market established in partnership with a third party distributor partner that primarily focuses on large grocery store chains and (ii) Utz’s acquisition of Kitchen Cooked and its Central Illinois to Eastern Iowa-based distribution assets in December of 2019. The addition of Vitner’s potato chips, cheese snacks, corn snacks and popcorn, combined with Utz’s recently-announced acquisition of the On the Border® tortilla chip, salsa, and queso brand, would improve Utz’s share of the \$1 billion retail sales Illinois salty snack market to 4% for the last 52 weeks ended November 29, 2020 according to IRI, up five-fold since the end of calendar year 2016. Increasing Utz’s sales in the large and growing Chicago area is an important step to capture the future growth opportunity in the Midwest.

Compelling Financial Benefits

Vitner’s generated net sales of \$25.0 million and Vitner’s Pro Forma Adjusted EBITDA of \$3.4 million for the last twelve months ended September 27, 2020. The acquisition will provide a platform from which to increase the sales of Utz’s Power Brands, and it will increase the utilization within Utz’s manufacturing network by transitioning production of most Vitner’s products into Utz’s plants over a transition period. In addition, Utz expects to receive a tax basis step up from the acquisition of intellectual property associated with the VITNER’S® trademark with an estimated net present value of approximately \$5 million. The transaction is expected to be accretive to earnings in 2021 and beyond.

Transaction Details

Under the terms of the transaction agreement, Vitner's assets will be acquired by UQF. The Company expects to use cash on its balance sheet to fund the transaction. The transaction does not have a meaningful impact to Utz's net leverage ratio.

The Company has posted presentation slides that are available now on Utz's Investor Relations website.

Advisors

Cozen O'Connor is serving as legal counsel to Utz Brands, Inc. Sheppard Mullin is acting as legal counsel to Snak King.

About Utz Brands, Inc.

Utz manufactures a diverse portfolio of savory snacks under popular brands including Utz®, On The Border®, Zapp's®, Golden Flake®, 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 and internationally 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.

About Snak King

Snak King, founded in 1978, is one of the largest independent snack food manufacturers in the United States. With facilities in City of Industry, CA, and Freeport IL, the company services the national and international market from 700,000 square feet of SQF Level 3 operations. Snak King has deep expertise in the organic, kosher, Hispanic and traditional snack markets, and sells under The Whole Earth, El Sabroso, Granny Goose, Jensen's Orchard and Snak King brands. The company is also a leader in providing private-label and co-manufactured products for some of the largest food corporations in the world. Manufacturing capabilities include potato chips, tortilla chips, popcorn, kettle corn, caramel corn, extruded snacks (cheese puffs, cheese curls, nuggets), veggie chips, pop crisps, pork rinds and cracklins, as well as a complete offering of nut clusters, peanut and tree nut mixes, and specialty blends. For more information visit www.snakking.com or call 800-748-5566.

About Non-GAAP Financial Measures and Items Affecting Comparability

"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 press release and financial information contained in this press release is useful 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. "Vitner's Adjusted EBITDA" is defined as Adjusted EBITDA as provided by Snak King management, reflecting costs allocated to Vitner's by Snak King. "Vitner's Pro Forma Adjusted EBITDA" is defined as Vitner's Adjusted EBITDA further adjusted to include estimated run-rate cost of goods sold, selling and administrative cost synergies and dis-synergies once fully integrated into Utz. We believe Vitner's Adjusted EBITDA and Vitner's Pro Forma Adjusted EBITDA are useful to the users of this release and financial information contained in this release is useful to evaluate the estimated contribution of the Vitner's acquisition to our Adjusted EBITDA and to 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.

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 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 Vitner's 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.

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 Vitner's 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 retail sales on a combined basis included in the release (which assume the Vitner's transaction has closed), stated impact to target net leverage 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. Also we make statements that assumes the Vitner's 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 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 combinations with Collier Creek Holdings and Truco Holdco, Inc. 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 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 combinations; changes in applicable law or regulations; costs related to the business combinations; 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 Quarterly Report on Form 10-Q filed with the U.S. Securities and Exchange Commission on November 5, 2020. 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.

View source version on [businesswire.com](https://www.businesswire.com/news/home/20210111005283/en/): <https://www.businesswire.com/news/home/20210111005283/en/>

Media Contacts

Marie Espinel, Katie Lewis or Hannah Arnold

The LAKPR Group

mespinel@lakpr.com, klewis@lakpr.com or harnold@lakpr.com

Investor Contact

Kevin Powers

Utz Brands, Inc.

kpowers@utzsnacks.com

704-451-2628

Source: Utz Brands, Inc.