

REFINITIV

DELTA REPORT

10-Q

UTZ BRANDS, INC.

10-Q - JULY 03, 2022 COMPARED TO 10-Q - APRIL 03, 2022

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TOTAL DELTAS 778

■ CHANGES 216

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

- ☐ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **April 3, 2022** **July 3, 2022**
- OR
- ☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Utz Brands, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

001-38686

(Commission File Number)

85-2751850

(IRS Employer
Identification No.)

**900 High Street
Hanover, PA 17331**

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: **(717) 637-6644**

N/A

(Former name or former address, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.0001 per share	UTZ	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☐

As of **May 11, 2022** **August 9, 2022**, **80,728,900** **80,812,835** shares of Class A Common Stock, par value \$0.0001 per share, and **59,349,000** shares of Class V Common Stock, par value \$0.0001 per share, were issued and outstanding.

INTRODUCTORY NOTE

On August 28, 2020 (the "Closing Date"), Utz Brands, Inc. (formerly Collier Creek Holdings) ("the Company" (the "Company")), consummated a business combination (the "Business Combination") with Utz Brands Holdings, LLC ("UBH") pursuant to the terms of the Business Combination Agreement, dated as of June 5, 2020 (the "Business Combination Agreement"), entered into by and among the Company, UBH, and Series U of UM Partners, LLC ("Series U") and Series R of UM Partners, LLC ("Series R" and together with Series U, the "Continuing Members"). Additional information about the Business Combination can be found in our Annual Report on Form 10-K for the year ended January 2, 2022.

Throughout this Quarterly Report on Form 10-Q, unless otherwise noted "the Company" "the Company", "we", "us", "our", "UBI" and "Utz" refer to Utz Brands, Inc. and its consolidated subsidiaries.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to expectations for future financial performance, business strategies or expectations for the Company's business. Specifically, forward-looking statements may include statements relating to:

- The financial position, capital structure, indebtedness, business strategy and plans and objectives of management for future operations operations;
- The benefits of the Business Combination and subsequent acquisitions, dispositions and similar transactions;
- The future performance of, and anticipated financial impact on, the Company;
- Expansion plans and opportunities; and
- The impact of inflation and supply chain disruptions on the Company's business; and
- Other statements preceded by, followed by or that include the words "may," "can," "should," "will," "estimate," "plan," "project," "forecast," "intend," "expect," "anticipate," "believe," "seek," "target" or similar expressions.

These forward-looking statements are based on information available as of the date of this Quarterly Report on Form 10-Q and the Company management's current expectations, forecasts and assumptions, and involve a number of judgments, known and unknown risks and uncertainties and other factors, many of which are outside the control of the Company and its directors, officers and affiliates. Accordingly, forward-looking statements should not be relied upon as representing the Company's views as of any subsequent date. The Company does not undertake any obligation to update, add or to otherwise correct any forward-looking statements contained herein to reflect events or circumstances after the date they were made, whether as a result of new information, future events, inaccuracies that become apparent after the date hereof or otherwise, except as may be required under applicable securities laws.

As a result of a number of known and unknown risks and uncertainties, the Company's results or performance may be materially different from those expressed or implied by these forward-looking statements. Some factors that could cause actual results to differ are described under Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended January 2, 2022. There have been no material changes to our risk factors since the filing of the Annual Report on Form 10-K.

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PART I – FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

Utz Brands, Inc. CONSOLIDATED BALANCE SHEETS April July 3, 2022 and January 2, 2022 (In thousands)

		As of April 3, 2022 (Unaudited)	As of January 2, 2022		As of July 3, 2022 (Unaudited)	As of January 2, 2022
ASSETS	ASSETS			ASSETS		
Current Assets	Current Assets			Current Assets		
Cash and cash equivalents	Cash and cash equivalents	\$ 14,899	\$ 41,898	Cash and cash equivalents	\$ 20,133	\$ 41,898
Accounts receivable, less allowance of \$1,302 and \$1,391, respectively		148,432	131,388			
Accounts receivable, less allowance of \$1,844 and \$1,391, respectively				Accounts receivable, less allowance of \$1,844 and \$1,391, respectively	152,061	131,388
Inventories	Inventories	93,778	79,517	Inventories	99,545	79,517
Prepaid expenses and other assets	Prepaid expenses and other assets	17,042	18,395	Prepaid expenses and other assets	21,660	18,395
Current portion of notes receivable	Current portion of notes receivable	6,401	6,706	Current portion of notes receivable	6,424	6,706

Total current assets	Total current assets	280,552	277,904	Total current assets	299,823	277,904
Non-current Assets	Non-current Assets			Non-current Assets		
Property, plant and equipment, net	Property, plant and equipment, net	298,656	303,807	Property, plant and equipment, net	338,039	303,807
Goodwill	Goodwill	915,490	915,438	Goodwill	915,490	915,438
Intangible assets, net	Intangible assets, net	1,130,208	1,142,509	Intangible assets, net	1,120,154	1,142,509
Non-current portion of notes receivable	Non-current portion of notes receivable	19,614	20,725	Non-current portion of notes receivable	19,326	20,725
Other assets	Other assets	78,505	55,963	Other assets	81,821	55,963
Total non-current assets	Total non-current assets	2,442,473	2,438,442	Total non-current assets	2,474,830	2,438,442
Total assets	Total assets	\$ 2,723,025	\$ 2,716,346	Total assets	\$ 2,774,653	\$ 2,716,346
LIABILITIES AND EQUITY	LIABILITIES AND EQUITY			LIABILITIES AND EQUITY		
Current Liabilities	Current Liabilities			Current Liabilities		
Current portion of term debt	Current portion of term debt	\$ 11,414	\$ 11,414	Current portion of term debt	\$ 14,255	\$ 11,414
Current portion of other notes payable	Current portion of other notes payable	13,057	9,957	Current portion of other notes payable	13,214	9,957
Accounts payable	Accounts payable	104,967	95,369	Accounts payable	95,906	95,369
Accrued expenses and other	Accrued expenses and other	53,356	71,280	Accrued expenses and other	65,819	71,280
Total current liabilities	Total current liabilities	182,794	188,020	Total current liabilities	189,194	188,020
Non-current portion of term debt and revolving credit facility	Non-current portion of term debt and revolving credit facility	852,722	830,548	Non-current portion of term debt and revolving credit facility	877,066	830,548
Non-current portion of other notes payable	Non-current portion of other notes payable	23,129	24,709	Non-current portion of other notes payable	24,115	24,709
Non-current accrued expenses and other	Non-current accrued expenses and other	56,109	55,838	Non-current accrued expenses and other	61,714	55,838
Non-current warrant liability	Non-current warrant liability	44,280	46,224	Non-current warrant liability	38,520	46,224
Deferred tax liability	Deferred tax liability	136,837	136,334	Deferred tax liability	135,917	136,334
Total non-current liabilities	Total non-current liabilities	1,113,077	1,093,653	Total non-current liabilities	1,137,332	1,093,653
Total liabilities	Total liabilities	1,295,871	1,281,673	Total liabilities	1,326,526	1,281,673
Commitments and Contingencies	Commitments and Contingencies			Commitments and Contingencies		
Equity	Equity			Equity		
Shares of Class A Common Stock, \$0.0001 par value; 1,000,000,000 shares authorized; 78,597,175 and 77,644,645 shares issued and outstanding as of April 3, 2022 and January 2, 2022, respectively.		8	8			
Shares of Class V Common Stock, \$0.0001 par value; 61,249,000 shares authorized; 59,349,000 shares issued and outstanding as of April 3, 2022 and January 2, 2022.		6	6			

Shares of Class A Common Stock, \$0.0001 par value; 1,000,000,000 shares authorized; 80,812,835 and 77,644,645 shares issued and outstanding as of July 3, 2022 and January 2, 2022, respectively.				Shares of Class A Common Stock, \$0.0001 par value; 1,000,000,000 shares authorized; 80,812,835 and 77,644,645 shares issued and outstanding as of July 3, 2022 and January 2, 2022, respectively.	8	8
Shares of Class V Common Stock, \$0.0001 par value; 61,249,000 shares authorized; 59,349,000 shares issued and outstanding as of July 3, 2022 and January 2, 2022.				Shares of Class V Common Stock, \$0.0001 par value; 61,249,000 shares authorized; 59,349,000 shares issued and outstanding as of July 3, 2022 and January 2, 2022.	6	6
Additional paid-in capital	Additional paid-in capital	909,144	912,574	Additional paid-in capital	939,575	912,574
Accumulated deficit	Accumulated deficit	(254,168)	(236,598)	Accumulated deficit	(259,593)	(236,598)
Accumulated other comprehensive income	Accumulated other comprehensive income	19,558	3,715	Accumulated other comprehensive income	21,288	3,715
Total stockholders' equity	Total stockholders' equity	674,548	679,705	Total stockholders' equity	701,284	679,705
Noncontrolling interest	Noncontrolling interest	752,606	754,968	Noncontrolling interest	746,843	754,968
Total equity	Total equity	1,427,154	1,434,673	Total equity	1,448,127	1,434,673
Total liabilities and equity	Total liabilities and equity	\$ 2,723,025	\$ 2,716,346	Total liabilities and equity	\$ 2,774,653	\$ 2,716,346

The accompanying notes are an integral part of these consolidated financial statements.

Utz Brands, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS INCOME (LOSS) For the thirteen and twenty-six weeks ended April 3, 2022 July 3, 2022 and April 4, 2021 July 4, 2021 (In thousands, except share information) (Unaudited)

		Thirteen weeks ended April 3, 2022	Thirteen weeks ended April 4, 2021		Thirteen weeks ended July 3, 2022	Thirteen weeks ended July 4, 2021	Twenty-six weeks ended July 3, 2022	Twenty-six weeks ended July 4, 2021
Net sales	Net sales	\$ 340,767	\$ 269,182	Net sales	\$ 350,147	\$ 297,919	\$ 690,914	\$ 567,101
Cost of goods sold	Cost of goods sold	236,960	173,941	Cost of goods sold	238,618	202,359	475,578	376,300
Gross profit	Gross profit	103,807	95,241	Gross profit	111,529	95,560	215,336	190,801
Selling, distribution, and administrative expenses	Selling, distribution, and administrative expenses			Selling, distribution, and administrative expenses				
Selling and distribution	Selling and distribution	88,110	56,728	Selling and distribution	68,796	64,439	156,906	121,167
Administrative	Administrative	38,551	29,933	Administrative	38,816	29,041	77,367	58,974
Total selling, distribution, and administrative expenses	Total selling, distribution, and administrative expenses	126,661	86,661	Total selling, distribution, and administrative expenses	107,612	93,480	234,273	180,141

Gain on sale of assets, net	Gain on sale of assets, net	367	719	Gain on sale of assets, net	1,375	2,289	1,742	3,008
(Loss) income from operations		(22,487)	9,299					
Income (loss) from operations				Income (loss) from operations	5,292	4,369	(17,195)	13,668
Other (expense) income	Other (expense) income			Other (expense) income				
Interest expense	Interest expense	(9,103)	(10,861)	Interest expense	(10,727)	(7,896)	(19,830)	(18,757)
Other income		520	718					
Other (expense) income				Other (expense) income	(645)	758	(125)	1,476
Gain (loss) on remeasurement of warrant liability	Gain (loss) on remeasurement of warrant liability	1,944	(21,501)	Gain (loss) on remeasurement of warrant liability	5,760	19,368	7,704	(2,133)
Other (expense) income, net	Other (expense) income, net	(6,639)	(31,644)	Other (expense) income, net	(5,612)	12,230	(12,251)	(19,414)
Loss before taxes		(29,126)	(22,345)					
Income tax expense		2,772	1,004					
Net loss		(31,898)	(23,349)					
Income (loss) before taxes				Income (loss) before taxes	(320)	16,599	(29,446)	(5,746)
Income tax (benefit) expense				Income tax (benefit) expense	(2,865)	420	(93)	1,424
Net income (loss)				Net income (loss)	2,545	16,179	(29,353)	(7,170)
Net loss attributable to noncontrolling interest	Net loss attributable to noncontrolling interest	14,328	820	Net loss attributable to noncontrolling interest	634	1,400	14,962	2,220
Net loss attributable to controlling interest		\$ (17,570)	\$ (22,529)					
Net income (loss) attributable to controlling interest				Net income (loss) attributable to controlling interest	\$ 3,179	\$ 17,579	\$ (14,391)	\$ (4,950)
Earnings (loss) per Class A Common stock: (in dollars)	Earnings (loss) per Class A Common stock: (in dollars)			Earnings (loss) per Class A Common stock: (in dollars)				
Basic & diluted		\$ (0.22)	\$ (0.30)					
Basic				Basic	\$ 0.04	\$ 0.22	\$ (0.18)	\$ (0.07)
Diluted				Diluted	\$ 0.04	\$ 0.21	\$ (0.18)	\$ (0.07)
Weighted-average shares of Class A Common stock outstanding	Weighted-average shares of Class A Common stock outstanding			Weighted-average shares of Class A Common stock outstanding				
Basic				Basic	80,171,174	76,500,488	79,371,789	76,213,746
Diluted				Diluted	81,510,936	81,732,056	79,371,789	76,213,746
Weighted-average shares of Class A Common stock outstanding	Weighted-average shares of Class A Common stock outstanding							
Basic & diluted		78,572,404	75,927,005					
Net loss		\$ (31,898)	\$ (23,349)					
Net income (loss)	Net income (loss)			Net income (loss)	\$ 2,545	\$ 16,179	\$ (29,353)	\$ (7,170)
Other comprehensive income:	Other comprehensive income:			Other comprehensive income:				

Change in fair value of interest rate swap	Change in fair value of interest rate swap	Change in fair value of interest rate swap	Change in fair value of interest rate swap	Change in fair value of interest rate swap	Change in fair value of interest rate swap	Change in fair value of interest rate swap	Change in fair value of interest rate swap
	27,809	822	3,011	607	30,820	1,429	
Comprehensive loss	(4,089)	(22,527)					
Net comprehensive loss attributable to noncontrolling interest	2,362	—					
Net comprehensive loss attributable to controlling interest	\$ (1,727)	\$ (22,527)					
Comprehensive income (loss)			Comprehensive income (loss)	5,556	16,786	1,467	(5,741)
Net comprehensive (income) loss attributable to noncontrolling interest			Net comprehensive (income) loss attributable to noncontrolling interest	(647)	1,400	1,715	2,220
Net comprehensive income (loss) attributable to controlling interest			Net comprehensive income (loss) attributable to controlling interest	\$ 4,909	\$ 18,186	\$ 3,182	\$ (3,521)

The accompanying notes are an integral part of these consolidated financial statements.

Utz Brands, Inc.
CONSOLIDATED STATEMENTS OF EQUITY
For the thirteen and twenty-six weeks ended July 3, 2022 and July 4, 2021
(In thousands, except share data) (Unaudited)

	Class A Common Stock		Class V Common Stock		Additional Paid-in Capital	Accumulated (Deficit)	Accumulated Other Comprehensive Income	Total Stockholders' Equity	Non-controlling Interest	Total Equity
	Shares	Amount	Shares	Amount						
Balance at January 3, 2021	71,094,714	\$ 7	60,349,000	\$ 6	\$ 793,461	\$ (241,490)	\$ 924	\$ 552,908	\$ 831,994	\$ 1,384,902
Conversion of warrants	4,976,717	—	—	—	144,659	—	—	144,659	(32,714)	111,945
Share-based compensation	410,402	—	—	—	2,883	—	—	2,883	—	2,883
Net loss	—	—	—	—	—	(22,529)	—	(22,529)	(820)	(23,349)
Other comprehensive income	—	—	—	—	—	—	822	822	—	822
Balance at April 4, 2021	76,481,833	7	60,349,000	6	941,003	(264,019)	1,746	678,743	798,460	1,477,203
Stock-based compensation	88,589	1	—	—	3,755	—	—	3,756	—	3,756
Net income	—	—	—	—	—	17,579	—	17,579	(1,400)	16,179
Other comprehensive income	—	—	—	—	—	—	607	607	—	607
Cash dividends declared (\$0.10 per share of Class A Common Stock)	—	—	—	—	—	(7,645)	—	(7,645)	—	(7,645)
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	(10,829)	(10,829)
Balance at July 4, 2021	76,570,422	\$ 8	60,349,000	\$ 6	\$ 944,758	\$ (254,085)	\$ 2,353	\$ 693,040	\$ 786,231	\$ 1,479,271

Balance at																			
January 2, 2022	77,644,645	\$	8	59,349,000	\$	6	\$	912,574	\$	(236,598)	\$	3,715	\$	679,705	\$	754,968	\$	1,434,673	
Payments of tax withholding requirements for employee stock awards				—				(6,217)		—				(6,217)		—		(6,217)	
Share-based compensation	952,530			—				1,379		—				1,379		—		1,379	
Tax impact arising from share issuance				—				1,408		—				1,408		—		1,408	
Net loss				—				—		(17,570)				(17,570)		(14,328)		(31,898)	
Other comprehensive income				—				—		—			15,843		15,843		11,966		27,809
Balance at April 3, 2022	78,597,175		8	59,349,000		6		909,144		(254,168)		19,558		674,548		752,606		1,427,154	
Stock-based compensation	110,287			—				4,400		—				4,400		—		4,400	
Issuance of common stock in connection with private placement sale	2,105,373							28,000						28,000				28,000	
Tax impact arising from share issuance				—				(1,969)		—				(1,969)		—		(1,969)	
Net income				—				—		3,179				3,179		(634)		2,545	
Other comprehensive income				—				—		—			1,730		1,730		1,281		3,011
Cash dividends declared (\$0.108 per share of Class A Common Stock)				—				—		(8,604)				(8,604)		—		(8,604)	
Distribution to noncontrolling interest				—				—		—				—		(6,410)		(6,410)	
Balance at July 3, 2022	80,812,835	\$	8	59,349,000	\$	6	\$	939,575	\$	(259,593)	\$	21,288	\$	701,284	\$	746,843	\$	1,448,127	

The accompanying notes are an integral part of these consolidated financial statements.

Utz Brands, Inc.
CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)
For the thirteen weeks ended April 3, 2022 and April 4, 2021
(In thousands, except share data)
(Unaudited)

	Class A Common Stock		Class V Common Stock		Additional Paid-in Capital	Accumulated (Deficit)	Accumulated Other Comprehensive Income	Total Stockholders' Equity	Non- controlling Interest	Total Equity
	Shares	Amount	Shares	Amount						
Balance at January 3, 2021	71,094,714	\$ 7	60,349,000	\$ 6	\$ 793,461	\$ (241,490)	\$ 924	\$ 552,908	\$ 831,994	\$ 1,384,902
Conversion of warrants	4,976,717	—	—	—	144,659	—	—	144,659	(32,714)	111,945
Share-based compensation	410,402	—	—	—	2,883	—	—	2,883	—	2,883
Net loss		—	—	—	—	(22,529)	—	(22,529)	(820)	(23,349)
Other comprehensive income		—	—	—	—	—	822	822	—	822

Balance at April 4, 2021	76,481,833	\$ 7	60,349,000	\$ 6	\$ 941,003	\$ (264,019)	\$ 1,746	\$ 678,743	\$ 798,460	\$ 1,477,203
Balance at January 2, 2022	77,644,645	\$ 8	59,349,000	\$ 6	\$ 912,574	\$ (236,598)	\$ 3,715	\$ 679,705	\$ 754,968	\$ 1,434,673
Payments of tax withholding requirements for employee stock awards		—		—	(6,217)	—	—	(6,217)	—	(6,217)
Share-based compensation	952,530	—		—	1,379	—	—	1,379	—	1,379
Tax impact arising from share issuance		—		—	1,408	—	—	1,408	—	1,408
Net loss		—		—	—	(17,570)	—	(17,570)	(14,328)	(31,898)
Other comprehensive income		—		—	—	—	15,843	15,843	11,966	27,809
Balance at April 3, 2022	78,597,175	\$ 8	59,349,000	\$ 6	\$ 909,144	\$ (254,168)	\$ 19,558	\$ 674,548	\$ 752,606	\$ 1,427,154

The accompanying notes are an integral part of these consolidated financial statements.

Utz Brands, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the **thirteen** **twenty-six** weeks ended **April 3, 2022** **July 3, 2022** and **April 4, 2021** **July 4, 2021**

(In thousands)

(Unaudited)

		Thirteen weeks ended April 3, 2022	Thirteen weeks ended April 4, 2021		Twenty-six weeks ended July 3, 2022	Twenty-six weeks ended July 4, 2021
Cash flows from operating activities	Cash flows from operating activities			Cash flows from operating activities		
Net loss	Net loss	\$ (31,898)	\$ (23,349)	Net loss	\$ (29,353)	\$ (7,170)
Adjustments to reconcile net loss to net cash used in operating activities:	Adjustments to reconcile net loss to net cash used in operating activities:			Adjustments to reconcile net loss to net cash used in operating activities:		
Impairment and other charges	Impairment and other charges	3,319	—	Impairment and other charges	3,319	—
Depreciation and amortization	Depreciation and amortization	22,121	19,407	Depreciation and amortization	44,564	38,552
(Gain) loss on remeasurement of warrant liability	(Gain) loss on remeasurement of warrant liability	(1,944)	21,501	(Gain) loss on remeasurement of warrant liability	(7,704)	2,133
Gain on sale of assets	Gain on sale of assets	(367)	(719)	Gain on sale of assets	(1,742)	(3,008)
Share-based compensation	Share-based compensation	1,379	2,883	Share-based compensation	5,779	6,639
Deferred taxes	Deferred taxes	1,912	1,061	Deferred taxes	(977)	1,224
Deferred financing costs	Deferred financing costs	341	2,870	Deferred financing costs	703	3,168
Changes in assets and liabilities:	Changes in assets and liabilities:			Changes in assets and liabilities:		
Accounts receivable, net	Accounts receivable, net	(17,044)	(11,176)	Accounts receivable, net	(20,673)	(21,303)
Inventories	Inventories	(14,261)	(7,040)	Inventories	(20,029)	(6,730)
Prepaid expenses and other assets	Prepaid expenses and other assets	(26)	866	Prepaid expenses and other assets	(5,415)	(8,229)

Accounts payable and accrued expenses and other	Accounts payable and accrued expenses and other	464	(19,487)	Accounts payable and accrued expenses and other	5,260	(5,320)
Net cash used in operating activities	Net cash used in operating activities	(36,004)	(13,183)	Net cash used in operating activities	(26,268)	(44)
Cash flows from investing activities	Cash flows from investing activities			Cash flows from investing activities		
Acquisitions, net of cash acquired	Acquisitions, net of cash acquired	(75)	(25,189)	Acquisitions, net of cash acquired	(75)	(66,631)
Purchases of property and equipment	Purchases of property and equipment	(8,137)	(2,134)	Purchases of property and equipment	(60,278)	(10,823)
Purchases of intangibles	Purchases of intangibles	—	(1,200)	Purchases of intangibles	—	(1,200)
Proceeds from sale of property and equipment	Proceeds from sale of property and equipment	1,138	391	Proceeds from sale of property and equipment	2,551	1,490
Proceeds from sale of routes	Proceeds from sale of routes	4,604	1,450	Proceeds from sale of routes	12,383	3,800
Proceeds from the sale of IO notes	Proceeds from the sale of IO notes	—	2,295	Proceeds from the sale of IO notes	5,017	7,922
Proceeds from insurance claims		2,000	—			
Proceeds from insurance claims for capital investments				Proceeds from insurance claims for capital investments	2,000	—
Notes receivable, net	Notes receivable, net	221	(924)	Notes receivable, net	(8,849)	(5,101)
Net cash used in investing activities	Net cash used in investing activities	(249)	(25,311)	Net cash used in investing activities	(47,251)	(70,543)
Cash flows from financing activities	Cash flows from financing activities			Cash flows from financing activities		
Line of credit borrowings, net	Line of credit borrowings, net	20,000	15,000	Line of credit borrowings, net	29,824	—
Borrowings on term debt and notes payable	Borrowings on term debt and notes payable	8,726	720,000	Borrowings on term debt and notes payable	28,873	808,000
Repayments on term debt and notes payable	Repayments on term debt and notes payable	(9,066)	(783,735)	Repayments on term debt and notes payable	(13,618)	(786,555)
Payment of debt issuance cost	Payment of debt issuance cost	—	(8,372)	Payment of debt issuance cost	(265)	(9,085)
Payments of tax withholding requirements for employee stock awards	Payments of tax withholding requirements for employee stock awards	(6,217)	—	Payments of tax withholding requirements for employee stock awards	(6,217)	—
Exercised warrants	Exercised warrants	—	57,232	Exercised warrants	—	57,232
Proceeds from issuance of shares				Proceeds from issuance of shares	28,000	—
Dividends	Dividends	(4,189)	(4,261)	Dividends	(8,433)	(8,082)
Distribution to noncontrolling interest	Distribution to noncontrolling interest	—	(181)	Distribution to noncontrolling interest	(6,410)	(11,009)
Net cash provided by (used in) financing activities		9,254	(4,317)			

Net cash provided by financing activities				Net cash provided by financing activities	51,754	50,501
Net decrease in cash and cash equivalents	Net decrease in cash and cash equivalents	(26,999)	(42,811)	Net decrease in cash and cash equivalents	(21,765)	(20,086)
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	41,898	46,831	Cash and cash equivalents at beginning of period	41,898	46,831
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	\$ 14,899	\$ 4,020	Cash and cash equivalents at end of period	\$ 20,133	\$ 26,745

The accompanying notes are an integral part of these consolidated financial statements.

Utz Brands, Inc.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The accompanying consolidated financial statements comprise the financial statements of Utz Brands, Inc. ("UBI" or the "Company", formerly Collier Creek Holdings ("CCH")) and its wholly owned subsidiaries. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial statements and pursuant to the accounting and disclosure rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"). They do not include all information and notes required by **US U.S. GAAP** for annual financial statements. However, except as disclosed herein, there has been no material **changes change** in the information disclosed in the Notes to Consolidated Financial Statements included in the Company's financial statements for the year ended January 2, 2022. The balance sheet as of January 2, 2022 has been derived from the audited combined financial statements as of and for the year ended January 2, 2022. In the opinion of management, such financial information reflects all normal and recurring adjustments necessary for a fair presentation of the financial position and the results of operations for such interim periods in accordance with the **US U.S. GAAP**. Operating results for the interim period are not necessarily indicative of the results that may be expected for any future period or for the full year. The consolidated interim financial statements, including our significant accounting policies, should be read in conjunction with the audited combined financial statements and notes thereto for the year ended January 2, 2022.

All intercompany transactions and balances have been eliminated in consolidation.

Reclassification – Certain prior year amounts have been reclassified for consistency with the current year presentation. In our **Q1 Consolidated Statement Statements of Profit Operation and Loss Comprehensive Income (Loss)** and our Consolidated **Statement Statements of Cash flows, we Flows, included in our Quarterly Report on Form 10-Q for the quarter ended April 3, 2022, the Company** began combining gain on disposal of property, plant and equipment, net and gain on sale of routes, net, into one line item as gain on sale of assets to simplify our reporting presentation. The reclassification had no impact on total operating costs, earnings from operations, net earnings, earnings per share or total equity.

Operations – The Company through its subsidiary, Utz Quality Foods, LLC ("UQF"), is a premier producer, marketer and distributor of snack food products since 1921. The Company has steadily expanded its distribution channels to where it now sells products to supermarkets, mass merchants, club stores, dollar and discount stores, convenience stores, independent grocery stores, drug stores, food service, vending, military, and other channels in most regions of the United States through routes to market, that include direct-store-delivery, direct to warehouse, and third-party distributors. The Company manufactures and distributes a full line of high-quality salty snack items, such as potato chips, tortilla chips, pretzels, cheese balls, pork skins, party mixes, and popcorn. The Company also sells dips, crackers, dried meat products and other snack food items packaged by other manufacturers.

Cash and Cash Equivalents – The Company considers all highly-liquid investments purchased with an original maturity of three months or less to be cash equivalents. The majority of the Company's cash is held in financial institutions with insurance provided by the Federal Deposit Insurance Corporation ("FDIC") of \$250,000 per depositor. At various times, account balances may exceed federally insured limits.

Accounts Receivables – Accounts receivable are reported at net realizable value. The net realizable value is based on management's estimate of the amount of receivables that will be collected based on analysis of historical data and trends, as well as review of significant customer accounts. Accounts receivable are considered to be past due when payments are not received within the customer's credit terms. Accounts are written off when management determines the account is uncollectible. Finance charges are not usually assessed on past-due accounts.

Inventories – Inventories are stated at the lower of cost (first-in, first-out) or net realizable value. Inventory write-downs are recorded for shrinkage, damaged, stale and slow-moving items.

Property, Plant and Equipment – Property, plant and equipment are stated at cost net of accumulated depreciation. Major additions and betterments are recorded to the asset accounts, while maintenance and repairs, which do not improve or extend the lives of the assets, are charged to expense accounts as incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in operations in the disposal period. Depreciation is determined utilizing the straight-line method over the estimated useful lives of the various assets, which generally range from 2 to 20 years for machinery

and equipment, 3 to 10 years for transportation equipment and 8 to 40 years for buildings. Assets held for sale are reported at the lower of the carrying amount or fair value less costs to sell. The Company assesses for impairment on property, plant and equipment upon the occurrence of a triggering event.

Income Taxes – The Company accounts for income taxes pursuant to the asset and liability method of ASC 740, Income Taxes, which requires it to recognize current tax liabilities or receivables for the amount of taxes it estimates are payable or refundable for the current year, and deferred tax assets and liabilities for the expected future tax consequences attributable to temporary differences between the financial statement carrying amounts and their respective tax bases of assets and liabilities and the expected benefits of net operating loss and credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period enacted. A valuation allowance is provided when it is more likely than not that a portion or all of a deferred tax asset will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income and the reversal of deferred tax liabilities during the period in which related temporary differences become deductible.

The Company follows the provisions of ASC 740-10 related to the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. ASC 740-10 prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns.

The benefit of tax positions taken or expected to be taken in the Company's income tax returns is recognized in the financial statements if such positions are more likely than not of being sustained upon examination by taxing authorities. Differences between tax positions taken or expected to be taken in a tax return and the benefit recognized and measured pursuant to the interpretation are referred to as "unrecognized benefits". A liability is recognized (or amount of net operating loss carryover or amount of tax refundable is reduced) for an unrecognized tax benefit because it represents an enterprise's potential future obligation to the taxing authority for a tax position that was not recognized as a result of applying the provisions of ASC 740-10. Interest costs and related penalties related to unrecognized tax benefits are required to be calculated, if applicable. The Company's policy is to classify assessments, if any, for tax related interest as interest expense and penalties as selling, distribution, and administrative expenses ("SD&A"). As of April 3, 2022 July 3, 2022 and January 2, 2022, no liability for unrecognized tax benefits was required to be reported. The Company does not expect any significant changes in its unrecognized tax benefits in the next fiscal year.

Goodwill and Other Identifiable Intangible Assets – The Company allocates the cost of acquired companies to the identifiable tangible and intangible assets acquired and liabilities assumed, with the remaining amount classified as goodwill. The identification and valuation of these intangible assets and the determination of the estimated useful lives at the time of acquisition, as well as the completion of impairment tests, require significant management judgments and estimates. These estimates are made based on, among other factors, review of projected future operating results and business plans, economic projections, anticipated highest and best use of future cash flows and the cost of capital. The use of alternative estimates and assumptions could increase or decrease the estimated fair value of goodwill and other intangible assets, and potentially result in a different impact to the Company's results of operations. Further, changes in business strategy and/or market conditions may significantly impact these judgments and thereby impact the fair value of these assets, which could result in an impairment of the goodwill or intangible assets.

Finite-lived intangible assets consist of distribution/customer relationships, technology, certain master distribution rights and certain trademarks. These assets are being amortized over their estimated useful lives. Finite-lived intangible assets are tested for impairment only when management has determined that potential impairment indicators are present.

Goodwill and other indefinite-lived intangible assets (including certain trade names, certain master distribution rights and company-owned Company-owned sales routes) are not amortized but are tested for impairment at least annually and whenever events or circumstances change that indicate impairment may have occurred. The Company tests goodwill for impairment at the reporting unit level. The Company has identified the existing snack food operations as its sole reporting unit.

As the Company has early adopted the In accordance with FASB Accounting Standards Update ("ASU") No. 2017-04, Intangibles - Goodwill and Other ("Topic 350"): Simplifying the Test for Goodwill Impairment, the Company is required to record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value.

ASU No. 2017-04, Topic 350, also permits an entity to first assess qualitative factors to determine whether it is necessary to perform quantitative impairment tests for goodwill and indefinite-lived intangibles. If an entity believes, as a result of each qualitative assessment, it is more likely than not that the fair value of goodwill or an indefinite-lived intangible asset exceeds its carrying value then a quantitative impairment test is not required.

For the latest qualitative analysis performed, which took place on the first day of the fourth quarter of 2021, we had taken into consideration all the events and circumstances listed in FASB ASC 350, Intangibles—Goodwill and Other, in addition to other entity-specific factors that had taken place. We have determined that there was no significant impact that affected the fair value of the reporting unit through April 3, 2022 July 3, 2022. Therefore, we have determined that it was not necessary to perform a quantitative goodwill impairment test for the reporting unit.

Fair Value of Financial Instruments – Financial instruments held by the Company include cash and cash equivalents, accounts receivable, hedging instruments, purchase commitments on commodities, accounts payable and debt. The carrying value of all cash and cash equivalents, accounts receivable and accounts payable approximate their fair value due to their short-term nature. The carrying value of the debt is also estimated to approximate its fair value based upon current market conditions and interest rates. The fair value of the hedging instruments are revalued at each reporting period.

Revenue Recognition – The Company's revenues primarily consist of the sale of salty snack items to customers, including supermarkets, mass merchants, club stores, dollar and discount stores, convenience stores, independent grocery stores, drug stores, food service, vending, military, and other channels. The Company sells its products in most regions of the United States primarily through its DSD direct-store-delivery ("DSD") network, direct to warehouse shipments, and third-party distributors. These revenue contracts generally have a single performance obligation. Revenue, which includes shipping and handling charges billed to the customer, is reported net of variable consideration and consideration payable to customers, including applicable discounts, returns, allowances, trade promotion, consumer coupon redemption, unsaleable product, and other costs. Amounts billed and due from customers are classified as accounts receivables and require payment on a short-term basis and, therefore, the Company does not have any significant financing components.

The Company recognizes revenue when (or as) performance obligations are satisfied by transferring control of the goods to customers. Control is transferred upon delivery of the goods to the customer. Shipping and/or handling costs that occur before the customer obtains control of the goods are deemed to be fulfillment activities and are accounted for as fulfillment costs. Applicable shipping and handling are included in customer billing and are recorded as revenue as the products' control is transferred to customers. The Company assesses the goods promised in customer purchase orders and identifies a performance obligation for each promise to transfer a good that is distinct.

The Company offers various forms of trade promotions and the methodologies for determining these provisions are dependent on local customer pricing and promotional practices, which range from contractually fixed percentage price reductions to provisions based on actual occurrence or performance. The Company's promotional activities are conducted either through the retail trade or directly with consumers and include activities such as in store displays and events, feature price discounts, consumer coupons, and loyalty programs. The costs of these activities are recognized at the time the related revenue is recorded, which normally precedes the actual cash expenditure. The recognition of these costs therefore requires management judgment regarding the volume of promotional offers that will be redeemed by either the retail trade customer or consumer. These estimates are made using various techniques including historical data on performance of similar promotional programs. The Company has reserves in place of \$26.3 \$33.0 million as of April 3, 2022 July 3, 2022 and \$26.5 million as of January 2, 2022. Differences between estimated expense and actual redemptions are recognized as a change in management estimate as actual redemptions are incurred.

Business Combinations – The Company evaluates acquisitions of assets and other similar transactions to assess whether or not the transaction should be accounted for as a business combination or asset acquisition by first applying a screen test to determine if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the screen is met, the transaction is accounted for as an asset acquisition. If the screen is not met, further determination is required as to whether or not the Company has acquired inputs and processes that have the ability to create outputs which would meet the definition of a business. Significant judgment is required in the application of the screen test to determine whether an acquisition is a business combination or an acquisition of assets.

The Company uses the acquisition method of accounting for acquired businesses. Under the acquisition method, the Company's financial statements reflect the operations of an acquired business starting from the completion of the acquisition. The assets acquired and liabilities assumed are recorded at their respective estimated fair values at the date of the acquisition. Any excess of the purchase price over the estimated fair values of the identifiable net assets acquired is recorded as goodwill.

Distributor Buyouts – During the first and second fiscal quarter quarters of 2022, we bought out and terminated the contracts of multiple third-party distributors who had previously been providing services to the Company. These transactions were accounted for as contract terminations and resulted in expense of \$23.0 million for thirteen twenty-six weeks ended April 3, 2022 July 3, 2022, and are included within selling and distribution expense on the consolidated statement of operations and comprehensive loss. income (loss).

Use of Estimates – Management uses estimates and assumptions in preparing the consolidated financial statements in accordance with U.S. GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Some examples, but not a comprehensive list, include sales and promotional allowances, customer returns, allowances for doubtful accounts, inventory valuations, useful lives of fixed assets and related impairment, long-term investments, hedge transactions, goodwill and intangible asset valuations and impairments, incentive compensation, income taxes, self-insurance, contingencies, litigation, and inputs used to calculate deferred tax liabilities, tax valuation allowances, and tax receivable agreements. Actual results could vary materially from the estimates that were used.

Recently Issued Accounting Standards – In December 2019, the FASB issued "ASU No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes" ("Topic 740"). This Accounting Standards Update ("ASU") is intended to simplify various aspects related to accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and clarifying certain aspects of the current guidance to promote consistency among reporting entities. For public business entities, ASU 2019-12 was effective for annual periods beginning after December 15, 2020 and interim periods within those annual periods, with early adoption permitted. We adopted this standard upon the loss of our emerging growth status as of January 2, 2022. Adoption of the new standard did not have a material impact on our consolidated financial statements.

In - In March 2020, the FASB issued "ASU No. 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting". This ASU provides practical expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The expedients and exceptions provided by the amendments in this update apply only to contracts, hedging relationships, and other transactions that reference the London interbank offered rate ("LIBOR") or another reference rate expected to be discontinued as a result of reference rate reform. ASU No. 2020-04 is elective and effective as of March 12, 2020 through December 31, 2022. Once elected, this ASU must be applied prospectively for all eligible contract modifications. The Company will adopt this guidance when relevant contracts are modified upon transition to alternative reference rates. The Company is currently evaluating the impact of the new standard on the Company's consolidated financial statements and related disclosures.

In June 2016, ASU No. 2016-13, Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments ("Topic 326") was issued. This ASU requires entities to measure the impairment of certain financial instruments, including accounts receivables, based on expected losses rather than incurred losses. This ASU is effective for the Company for fiscal years beginning after December 15, 2022, with early adoption permitted, and will be effective for the Company beginning in 2023. The Company is currently evaluating the impact of the new standard on the Company's consolidated financial statements and related disclosures.

2. ACQUISITIONS

Vitner's

On January 11, 2021, the Company announced that its subsidiary, UQF, entered into a definitive agreement with Snak-King Corp. to acquire certain assets of the C.J. Vitner business ("Vitner's acquisition" or "acquisition of Vitner's"), a leading brand of salty snacks in the Chicago, IL area. The Company closed this transaction on February 8, 2021 and the purchase price of approximately \$25.2 million was funded from current cash-on-hand. The provisional fair values to which the purchase price was allocated were \$2.9 million to trademarks, \$0.8 million to customer relationships, \$1.7 million to DSD routes, \$1.9 million of other net assets, and \$17.9 million to goodwill. The trademarks and customer relationships are being amortized over a period of 15 years. As of February 8, 2022, the purchase price allocation had been finalized.

Festida Foods

On May 11, 2021, the Company announced that its subsidiary, UQF, entered into a definitive agreement with Great Lakes Festida Holdings, Inc. to acquire all assets including real estate located in Grand Rapids, Michigan related to the operations of Festida Foods ("Festida Foods acquisition" or "acquisition of Festida Foods"), a manufacturer of tortilla chips, corn chips, and pellet snacks, and the largest manufacturer of tortilla chips for the Company's *ON THE BORDER*® brand. The Company closed this transaction on June 7, 2021 and the purchase price of approximately \$40.3 million was funded in part from incremental financing on an existing term loan.

The following table summarizes the provisional fair values of the assets acquired and liabilities assumed by the Company at the date of the acquisition:

(in thousands)

Purchase consideration	\$	40,324
Assets acquired:		
Accounts receivable		2,776
Inventory		2,704
Prepaid expenses and other assets		182
Property, plant and equipment		24,650
Customer relationships		1,270
Total assets acquired:		31,582
Liabilities assumed:		
Accounts payable		2,017
Accrued expenses		844
Total liabilities assumed:		2,861
Net identifiable assets acquired		28,721
Goodwill	\$	11,603

The customer relationships are being amortized over a period of 10 years. As of April 3, 2022 June 7, 2022, the purchase price allocation has not had been finalized. We expect to finalize the valuation report and complete the purchase price allocation no later than one-year from the acquisition date.

RW Garcia

On November 2, 2021, the Company announced that certain of its subsidiaries, entered into a definitive agreement to acquire the equity of R.W. Garcia Holdings, LLC and its wholly-owned subsidiary, R.W. Garcia Co., Inc. ("RW Garcia"), an artisan maker of high-quality organic tortilla chips, crackers, and corn chips ("RW Garcia acquisition"). The Company closed on this transaction on December 6, 2021, and the cash purchase price of approximately \$57.8 million funded in part from a draw on the Company's line of credit and cash on hand. In addition to this acquisition on December 6, 2021, the Company closed on an acquisition of a manufacturing facility of which RW Garcia was a tenant. The cost of the manufacturing facility was approximately \$6.0 million. million.

The following table summarizes the provisional fair values of the assets acquired and liabilities assumed by the Company for the RW Garcia acquisition at the date of the acquisition:

(in thousands)

Purchase consideration	\$	56,430
Tax consideration		1,414
Total consideration		57,844
Assets acquired:		
Cash		5,401
Accounts receivable		4,660
Inventory		5,674
Prepaid expenses and other assets		2,105
Property, plant and equipment		20,210
Trade name		3,100
Customer relationships		4,720
Total assets acquired:		45,870
Liabilities assumed:		
Accounts payable		6,017
Accrued expenses		1,838
Deferred tax liability		6,140
Total liabilities assumed:		13,995
Net identifiable assets acquired		31,875
Goodwill	\$	25,969

The trade name and customer relationships are being amortized over a period of 15 years. As of **April 3, 2022** **July 3, 2022**, the purchase price allocation has not been finalized. We expect to finalize the valuation report and complete the purchase price allocation no later than one-year from the acquisition date.

3. INVENTORIES

Inventories consisted of the following:

(in thousands)	(in thousands)	As of April 3, 2022	As of January 2, 2022	(in thousands)	As of July 3, 2022	As of January 2, 2022
Finished goods	Finished goods	\$ 53,166	\$ 43,533	Finished goods	\$ 55,652	\$ 43,533
Raw materials	Raw materials	33,599	29,428	Raw materials	36,613	29,428
Maintenance parts	Maintenance parts	7,013	6,556	Maintenance parts	7,280	6,556
Total inventories	Total inventories	\$ 93,778	\$ 79,517	Total inventories	\$ 99,545	\$ 79,517

4. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net, consisted of the following:

(in thousands)	(in thousands)	As of April 3, 2022	As of January 2, 2022	(in thousands)	As of July 3, 2022	As of January 2, 2022
Land	Land	\$ 25,750	\$ 25,886	Land	\$ 29,160	\$ 25,886
Buildings	Buildings	98,675	98,664	Buildings	103,140	98,664
Machinery and equipment	Machinery and equipment	214,972	214,319	Machinery and equipment	216,030	214,319
Land improvements	Land improvements	3,443	3,393	Land improvements	3,448	3,393
Building improvements	Building improvements	3,288	3,048	Building improvements	3,288	3,048
Construction-in-progress	Construction-in-progress	19,104	13,745	Construction-in-progress	62,008	13,745
		365,232	359,055		417,074	359,055
Less: accumulated depreciation	Less: accumulated depreciation	(66,576)	(55,248)	Less: accumulated depreciation	(79,035)	(55,248)

Property, plant and equipment, net	Property, plant and equipment, net	\$ 298,656	\$ 303,807	Property, plant and equipment, net	\$ 338,039	\$ 303,807
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On April 28, 2022, the Company purchased a brand new, recently completed snack food manufacturing facility in Kings Mountain, North Carolina from Evans Food Group Ltd. d/b/a Benestar Brands and related affiliates. The total purchase price of the facility was approximately \$38.4 million, plus assumed liabilities of \$1.3 million. The Company wired the full cash purchase price of \$38.4 million at the closing and concurrently with the facility purchase, the Company sold 2.1 million shares of the Company's Class A Common Stock for \$28.0 million, to affiliates of Benestar in a private placement pursuant to Section 4(a)(2) of the Securities Act of 1933.

Depreciation expense was \$12.4 \$12.7 million and \$9.9 \$10.2 million for the thirteen weeks ended April 3, 2022 July 3, 2022 and April 4, 2021 July 4, 2021, respectively, and \$25.1 million and \$20.3 million for the twenty-six weeks ended July 3, 2022 and July 4, 2021, respectively. Depreciation expense is classified in cost of goods sold, selling, distribution, and administrative expenses on the consolidated statements of operations and comprehensive loss, income (loss).

5. GOODWILL AND INTANGIBLE ASSETS, NET

A rollforward of goodwill is as follows:

(in thousands)

January 2, 2022 Balance as of January 2, 2022	\$ 915,438
RW Garcia acquisition adjustment	52
Balance as of April 3, 2022 July 3, 2022	\$ 915,490

For the first fiscal quarter of 2022, the change to goodwill was attributable to the RW Garcia acquisition adjustment.

Intangible assets, net, consisted of the following:

(in thousands)	(in thousands)	As of April 3, 2022	As of January 2, 2022	(in thousands)	As of July 3, 2022	As of January 2, 2022
Subject to amortization:	Subject to amortization:			Subject to amortization:		
Distributor/customer relationships	Distributor/customer relationships	\$ 677,930	\$ 677,930	Distributor/customer relationships	\$ 677,930	\$ 677,930
Technology	Technology	—	43	Technology	—	43
Trademarks	Trademarks	63,850	63,850	Trademarks	63,850	63,850
Master distribution rights	Master distribution rights	—	2,221	Master distribution rights	—	2,221
Amortizable assets, gross	Amortizable assets, gross	741,780	744,044	Amortizable assets, gross	741,780	744,044
Accumulated amortization	Accumulated amortization	(54,401)	(45,224)	Accumulated amortization	(63,903)	(45,224)
Amortizable assets, net	Amortizable assets, net	687,379	698,820	Amortizable assets, net	677,877	698,820
Not subject to amortization:	Not subject to amortization:			Not subject to amortization:		
Trade names	Trade names	434,513	434,513	Trade names	434,513	434,513
Route assets	Route assets	8,316	9,176	Route assets	7,764	9,176
Intangible assets, net	Intangible assets, net	\$ 1,130,208	\$ 1,142,509	Intangible assets, net	\$ 1,120,154	\$ 1,142,509

Previously, we were the Company was granted certain exclusive distribution rights for certain products manufactured by another manufacturer. During the first fiscal quarter of 2022 we the Company shifted our the relationship with that manufacturer and worked with them to help convert converted that shelf space to Company-branded products. As a result, we the Company recorded impairment expense of \$2.0 million and the amortizable master distribution rights decreased by \$2.2 million. There were no other significant changes to intangible assets during the thirteen twenty-six weeks ended April 3, 2022 July 3, 2022 other than those which arise from the normal course of business of buying and selling of Company owned Company-owned route assets and amortization.

Amortization of the distributor/customer relationships, technology, and trade names amounted to \$9.4 million and \$9.5 \$8.9 million for the thirteen weeks ended April 3, 2022 July 3, 2022 and April 4, 2021 July 4, 2021, respectively, and \$18.8 million and \$18.3 million for the twenty-six weeks ended July 3, 2022 and July 4, 2021, respectively. Amortization The expense related to the amortization of intangibles is classified in administrative expenses on the consolidated statements of operations and comprehensive loss, income (loss).

6. NOTES RECEIVABLE

The Company has undertaken a program in recent years to sell company-managed DSD distribution routes to IOs, independent operators ("IOs"). Contracts are executed between the Company and the IO for the sale of the product distribution route, including a note in favor of the Company, in certain cases. The notes bear interest at rates ranging from 0.00% to 8.55% with terms ranging generally from one to ten years. The notes receivable balances due from IOs at April 3, 2022 July 3, 2022 and January 2, 2022 totaled \$25.8 million \$25.6 million and \$27.2 million, respectively, and are collateralized by the routes for which the loans are made. Of The Company has a corresponding notes payable liability, related to the balance IO notes receivables, of \$24.7 million and \$24.8 million at April 3, 2022 July 3, 2022 and January 2, 2022, \$22.9 million and \$24.8 million, respectively relates to corresponding respectively. The related notes payable as liability is discussed in further detail within Note 8. "Long-Term Debt".

Other notes receivable totaled \$0.2 million and \$0.2 million as of April 3, 2022, July 3, 2022 and January 2, 2022, respectively.

7. ACCRUED EXPENSES AND OTHER

Current accrued expenses and other consisted of the following:

(in thousands)	(in thousands)	As of April 3, 2022	January 2, 2022	(in thousands)	As of July 3, 2022	January 2, 2022
Accrued compensation and benefits	Accrued compensation and benefits	\$ 15,183	\$ 20,081	Accrued compensation and benefits	\$ 21,285	\$ 20,081
Right-of-use liability	Right-of-use liability	10,742	9,152	Right-of-use liability	10,783	9,152
Accrued freight and manufacturing related costs	Accrued freight and manufacturing related costs	8,817	8,928	Accrued freight and manufacturing related costs	12,471	8,928
Insurance liabilities	Insurance liabilities	7,779	8,620	Insurance liabilities	8,134	8,620
Acquisition tax consideration	Acquisition tax consideration	1,594	5,660	Acquisition tax consideration	1,457	5,660
Accrued interest	Accrued interest	494	371	Accrued interest	983	371
Short term interest rate hedge liability	Short term interest rate hedge liability	150	4,548	Short term interest rate hedge liability	—	4,548
Accrued dividends	Accrued dividends	—	4,189	Accrued dividends	4,360	4,189
Accrued sales tax	Accrued sales tax	—	1,300	Accrued sales tax	—	1,300
Other accrued expenses	Other accrued expenses	8,597	8,431	Other accrued expenses	6,346	8,431
Total accrued expenses and other	Total accrued expenses and other	\$ 53,356	\$ 71,280	Total accrued expenses and other	\$ 65,819	\$ 71,280

Non-current accrued expenses and other consisted of the following:

(in thousands)	(in thousands)	As of April 3, 2022	As of January 2, 2022	(in thousands)	As of July 3, 2022	As of January 2, 2022
Right-of-use liability	Right-of-use liability	\$ 24,445	\$ 23,226	Right-of-use liability	\$ 29,423	\$ 23,226
Tax Receivable Agreement liability	Tax Receivable Agreement liability	24,336	24,443	Tax Receivable Agreement liability	25,426	24,443
Supplemental retirement and salary continuation plans	Supplemental retirement and salary continuation plans	7,245	8,117	Supplemental retirement and salary continuation plans	6,782	8,117
Other long term accrued expenses	Other long term accrued expenses	83	52	Other long term accrued expenses	83	52
Total accrued expenses and other	Total accrued expenses and other	\$ 56,109	\$ 55,838	Total accrued expenses and other	\$ 61,714	\$ 55,838

8. LONG-TERM DEBT

Revolving Credit Facility

On November 21, 2017, UBH entered into an asset based revolving credit facility (as amended, the "ABL facility"), pursuant to the terms of that certain First Lien Term Loan Credit Agreement, dated November 21, 2017 (the "Credit Agreement"). On April 1, 2020, the ABL facility was amended to increase the credit limit up to \$116.0 million and to extend the maturity through August 22, 2024. On December 18, 2020, the ABL facility was amended to increase the credit limit up to \$161.0 million. As of April 3, 2022, July 3, 2022 and January 2, 2022, \$56.0 million, \$65.8 million and \$36.0 million, respectively, were outstanding under this facility. Availability under the ABL facility is based on a monthly accounts receivable and inventory borrowing base certification, which is net of outstanding letters of credit. As of April 3, 2022, July 3, 2022 and January 2, 2022, \$80.8 million, \$82.8 million and \$96.9 million, respectively, was available for borrowing, net of letters of credit. The facility bears interest at an annual rate based on LIBOR plus an applicable margin of 1.50% (ranging from 1.50% to 2.00% based on availability) or the prime rate plus an applicable margin of 0.50% (ranging from 0.50% to 1.00%). Had the Company elected to use the Prime rate, the interest rate on the facility as of April 3, 2022 and April 4, 2021, would have been 3.75%. The Company elected to use the LIBOR rate, the interest rate on the ABL facility as of April 3, 2022 was 1.95%. The Company elected to use the LIBOR rate as of April 4, 2021 and the interest rate was 1.61%. The ABL facility is also subject to unused line fees (0.5% at April 3, 2022, July 3, 2022) and other fees and expenses.

Standby letters of credit in the amount of \$12.0 million and \$10.3 million have been issued as of April 3, 2022, July 3, 2022 and January 2, 2022, respectively. The standby letters of credit are primarily issued for insurance purposes.

Term Loans

On December 14, 2020, the Company entered into a Bridge Credit Agreement with a syndicate of banks, led by Bank of America, N.A. (the "Bridge Credit Agreement"). The proceeds of the Bridge Credit Agreement were used to fund the Company's acquisition of Truco and the IP Purchase (as defined below) from OTB Acquisition, LLC, in which the Company withdrew \$490.0 million to finance the acquisition of Truco Holdco Inc. ("Truco" and such acquisition, the "Truco Acquisition") and purchase and acquisition of certain intellectual property from OTB Acquisition, LLC (the "IP Purchase"). The Bridge Credit Agreement bears interest at an annual rate based on 4.25% Base plus 1 month LIBOR with scheduled incremental increases to the base rate, as defined in the Bridge Credit Agreement. The loan converts into an Extended Term Loan if the Loan remains open 365 days after the closing date. As of January 3, 2021, the outstanding balance of the Bridge Credit Agreement was \$370.0 million, with \$120.0 million being repaid from the redemption of the Company's warrants. Commitment fees and deferred financing costs on the Bridge Credit Agreement totaled \$7.2 million, of which \$2.6 million was expended in the thirteen weeks ended April 4, 2021. In connection with Amendment No. 2 to the Credit Agreement, and a \$12.0 million repayment in the first quarter of 2021, the outstanding balance of \$370.0 million was repaid in full.

On January 20, 2021, the Company entered into Amendment No. 2 to the Credit Agreement ("Amendment No. 2") which provided additional operating flexibility and revisions to certain restrictive covenants. Pursuant to the terms of Amendment No. 2, the Company raised \$720 million in aggregate principal of Term Loan B ("Term Loan B") which bears interest at LIBOR plus 3.00%, and extended the maturity of the Credit Agreement to January 20, 2028. The proceeds were used, together with cash on hand and proceeds from our exercised warrants, to redeem the outstanding principal amount of existing Term Loan B and Bridge Credit Agreement of \$410 million and \$358 million, respectively. The refinancing was accounted for as an extinguishment. The Company incurred debt issuance costs and original issuance discounts of \$8.4 million.

On June 22, 2021, the Company entered into Amendment No. 3 to the Credit Agreement ("Amendment No. 3"). Pursuant to the terms of Amendment No. 3, the Company increased the principal balance of Term Loan B by \$75.0 million to bring the aggregated balance of Term Loan B proceeds to \$795.0 million. The Company incurred additional debt issuance costs and original issuance discounts of \$0.7 million related to the incremental funding.

The First Lien Term Loan, the Secured First Lien Note, Term Loan B, and the ABL facility are collateralized by substantially all of the assets and liabilities of the Company. The credit agreements contain certain affirmative and negative covenants as to operations and the financial condition of the Company. The Company was in compliance with its financial covenant as of April 3, 2022 July 3, 2022.

Debt (in thousands)	Issue Date	Principal Balance	Interest Rate	Maturity Date	July 3, 2022	January 2, 2022
Term loan B	June-21	\$ 795,000	4.06 %	January-28	\$ 783,261	\$ 787,236
Equipment loans (1)			3.26%-5.77%	Various	49,747	26,655
ABL facility (2)					65,824	36,000
Net impact of debt issuance costs and original issue discounts					(7,511)	(7,929)
Total long-term debt					891,321	841,962
Less: current portion					(14,255)	(11,414)
Long term portion of term debt and financing obligations					\$ 877,066	\$ 830,548

Debt (in thousands)	Issue Date	Principal Balance	Interest Rate	Maturity Date	April 3, 2022	January 2, 2022
Term loan B	June-21	\$ 795,000	3.21 %	January-28	\$ 785,248	\$ 787,236
Equipment loans					30,476	26,655
Revolving credit facility					56,000	36,000
Net impact of debt issuance costs and original issue discounts					(7,588)	(7,929)
Total long-term debt					864,136	841,962
Less: current portion					(11,414)	(11,414)
Long term portion of term debt and financing obligations					\$ 852,722	\$ 830,548

(1) In July 2021, the Company entered into two separate finance lease obligations with Banc of America Leasing & Capital, LLC, which have been treated as secured borrowing. The Company has made a series of draws upon these agreements totaling \$24.8 million in fiscal 2022, with varying maturities up through 2028.

(2) The facility bears interest at an annual rate based on LIBOR plus an applicable margin of 1.75% (ranging from 1.50% to 2.00% based on availability) or the prime rate plus an applicable margin of 0.75% (ranging from 0.50% to 1.00%). The Company generally utilizes the Prime rate for amounts that the Company expects to pay down within 30 days, the interest rate on the facility as of July 3, 2022 and July 4, 2021, which was 5.50% and 3.75%, respectively under the Prime rate. The Company elects to use the LIBOR for balances that are expected to be carried longer than 30 days, the interest rate on the ABL facility as of July 3, 2022 was 3.35%. Had there been an outstanding balance and the Company elected to use the LIBOR rate as of July 4, 2021, the interest rate would have been 1.60%.

Other Notes Payable and Capital Leases

During the first fiscal quarter of 2022, we bought out and terminated the contracts of multiple distributors who had previously been providing services to the Company. These transactions were accounted for as contract terminations and resulted in expense of \$23.0 million for the thirteen twenty-six weeks ended April 3, 2022 July 3, 2022. As a condition The outstanding balance of our buyout these transactions was \$3.1 million as of distributors an additional \$4.1 million is expected to be paid out and is included in other in the table below. July 3, 2022.

During the third quarter of 2021, the Company recorded liabilities related primarily to reclaiming distribution rights from distributors, of which \$1.3 million was outstanding as of April 3, 2022, July 3, 2022 and January 2, 2022, respectively.

During the first fiscal quarter of 2020, the Company purchased intellectual property that include a deferred purchase price of \$0.5 million, of which \$0.3 million is outstanding as of April 3, 2022, July 3, 2022 and January 2, 2022, respectively.

Amounts outstanding under notes payable consisted of the following:

(in thousands)	(in thousands)	As of April 3, 2022	As of January 2, 2022	(in thousands)	As of July 3, 2022	As of January 2, 2022
Note payable – IO notes	Note payable – IO notes	\$ 22,387	\$ 24,822	Note payable – IO notes	\$ 24,736	\$ 24,822
Capital lease	Capital lease	8,229	8,166	Capital lease	7,876	8,166
Other	Other	5,570	1,678	Other	4,717	1,678
Total notes payable	Total notes payable	36,186	34,666	Total notes payable	37,329	34,666
Less: current portion	Less: current portion	(13,057)	(9,957)	Less: current portion	(13,214)	(9,957)
Long term portion of notes payable	Long term portion of notes payable	\$ 23,129	\$ 24,709	Long term portion of notes payable	\$ 24,115	\$ 24,709

During fiscal 2019, the Company sold \$33.2 million of notes receivable from IOs on its books for \$34.1 million in a series of transactions to a financial institution. During fiscal 2021, the Company sold an additional \$11.8 million of notes receivable from IOs on its books for \$12.5 million in a series of transactions to a financial institution. During fiscal 2022, the Company sold an additional \$5.0 million of notes receivable from IOs on its books for \$5.0 million. Due to the structure of the transactions, they did not qualify for sale accounting treatment and the Company has recorded the notes payable obligation owed by the IOs to the financial institution on its books; the corresponding notes receivable also remained on the Company's books. The Company services the loans for the financial institution by collecting principal and interest from the IOs and passing it through to the institution. The underlying notes have various maturity dates through March/June 2032. The Company partially guarantees the outstanding loans, as discussed in further detail within Note 11. "Contingencies". These loans are collateralized by the routes for which the loans are made. Accordingly, the Company has the ability to recover substantially all of the outstanding loan value upon default.

Interest Expense

Interest expense consisted of the following:

(in thousands)	(in thousands)	Thirteen weeks ended April 3, 2022	Thirteen weeks ended April 4, 2021	(in thousands)	Thirteen weeks ended July 3, 2022	Thirteen weeks ended July 4, 2021	Twenty-six weeks ended July 3, 2022	Twenty-six weeks ended July 4, 2021
Company's ABL facility and other long-term debt	Company's ABL facility and other long-term debt	\$ 8,331	\$ 7,574	Company's ABL facility and other long-term debt	\$ 10,073	\$ 7,254	\$ 18,404	\$ 14,828
Amortization of deferred financing fees	Amortization of deferred financing fees	341	2,870	Amortization of deferred financing fees	343	298	684	3,168
IO loans	IO loans	431	417	IO loans	311	344	742	761
Total interest	Total interest	\$ 9,103	\$ 10,861	Total interest	\$ 10,727	\$ 7,896	\$ 19,830	\$ 18,757

9. DERIVATIVE FINANCIAL INSTRUMENTS AND PURCHASE COMMITMENTS

Derivative Financial Instruments

To reduce the effect of interest rate fluctuations, the Company entered into a three year interest rate swap contract on September 6, 2019, with an effective date of September 30, 2019, with a counter party to make a series of payments based on a fixed interest rate of 1.339% and receive a series of payments based on the greater of LIBOR or 0.00%. Both the fixed and floating payment streams are based on a notional amount of \$250 million. On December 21, 2021, with an effective date of December 31, 2021, the Company entered into an accreting interest rate swap contract with a counter party to make a series of payments based on a fixed interest rate of 1.3885% and receive a series of payments based on the greater of LIBOR or 0.00%. Both the fixed and floating payment streams are based on a notional amount of \$250 million, accreting to \$500 million and maturing on September 30, 2026. The Company entered into this transaction to reduce its exposure to changes in cash flows associated with its variable rate debt and has designated this derivative as a cash flow hedge. At April 3, 2022, On July 3, 2022, the effective fixed interest rate on the long-term debt hedged by these contracts was 3.94% 4.25%. For further treatment of the Company's interest rate swap, refer to "Note 10. Fair Value Measurements" and "Note 12. Accumulated Other Comprehensive Income."

Warrant Liabilities

The Company has outstanding warrants which are accounted for as derivative liabilities pursuant to ASC 815-40. See Note 15. "Warrants" for additional information on our warrant liabilities. A reconciliation of the changes in the warrant liability during the thirteen twenty-six weeks ended April 3, 2022, July 3, 2022 is as follows:

(in thousands)

Fair value of warrant liabilities as of January 2, 2022	\$	46,224
Gain on remeasurement of warrant liability		(1,944)
Fair value of warrant liabilities as of April 3, 2022		44,280
Gain on remeasurement of warrant liability		(5,760)
Fair value of warrant liabilities as of July 3, 2022	\$	44,280 38,520

Purchase Commitments

The Company has outstanding purchase commitments for specific quantities at fixed prices for certain key ingredients to economically hedge commodity input prices. These purchase commitments totaled \$46.3 million \$93.2 million as of April 3, 2022 July 3, 2022. The Company accrues for losses on firm purchase commitments in a loss position at the end of each reporting period to the extent that there is an active observable market. The Company has recorded purchase commitment losses totaling \$0.0 million \$1.1 million and \$0.0 million for the thirteen weeks ended April 3, 2022 July 3, 2022 and April 4, 2021 July 4, 2021, respectively, and \$1.0 million and \$0.0 million for the twenty-six weeks ended July 3, 2022 and July 4, 2021, respectively.

10. FAIR VALUE MEASUREMENTS

The Company follows the guidance relating to fair value measurements and disclosures with respect to financial assets and liabilities that are re-measured and reported at fair value each reporting period, and with respect to non-financial assets and liabilities that are not required to be measured at fair value on a recurring basis. The guidance establishes a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable pricing inputs (Level III). A financial asset or liability's level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are described below:

Level I - Valuations are based on unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities;

Level II - Valuations are based on quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active. Financial asset or liabilities which are included in this category are securities where all significant inputs are observable, either directly or indirectly; and

Level III - Prices or valuations that are unobservable and where there is little, if any, market activity for these financial assets or liabilities. The inputs into the determination of fair value inputs for these investments require significant management judgment or estimation. The availability of observable inputs can vary depending on the financial asset or liability and is affected by a wide variety of factors. To the extent that valuation is based on inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment.

The fair values of the Company's Level 2 derivative instruments were determined using valuation models that use market observable inputs including interest rate curves and both forward and spot prices for commodities. Derivative assets and liabilities included in Level 2 primarily represent commodity and interest rate swap contracts.

The following table presents the Company's financial assets and liabilities measured at fair value on a recurring basis based upon the level within the fair value hierarchy in which the fair value measurements fall, as of April 3, 2022 July 3, 2022:

(in thousands)	(in thousands)	Level I	Level II	Level III	Total	(in thousands)	Level I	Level II	Level III	Total
Assets:	Assets:					Assets:				
Cash and cash equivalents	Cash and cash equivalents	\$ 14,899	\$ —	\$ —	\$ 14,899	Cash and cash equivalents	\$ 20,133	\$ —	\$ —	\$ 20,133
Interest rate swaps	Interest rate swaps	—	25,593	—	25,593	Interest rate swaps	—	28,497	—	28,497
Total assets	Total assets	\$ 14,899	\$ 25,593	\$ —	\$ 40,492	Total assets	\$ 20,133	\$ 28,497	\$ —	\$ 48,630
Liabilities										
Liabilities:	Liabilities:					Liabilities:				
Commodity contracts	Commodity contracts	\$ —	\$ 54	\$ —	\$ 54	Commodity contracts	\$ —	\$ 1,510	\$ —	\$ 1,510
Interest rate swaps		—	174	—	174					
Private placement warrants	Private placement warrants	—	44,280	—	44,280	Private placement warrants	—	38,520	—	38,520
Debt	Debt	—	864,136	—	864,136	Debt	—	891,321	—	891,321
Total liabilities	Total liabilities	\$ —	\$ 908,644	\$ —	\$ 908,644	Total liabilities	\$ —	\$ 931,351	\$ —	\$ 931,351

The following table presents the Company's financial assets and liabilities measured at fair value on a recurring basis based upon the level within the fair value hierarchy in which the fair value measurements fall, as of January 2, 2022:

(in thousands)	(in thousands)	Level I	Level II	Level III	Total	(in thousands)	Level I	Level II	Level III	Total
Assets:	Assets:					Assets:				
Cash and cash equivalents	Cash and cash equivalents	\$ 41,898	\$ —	\$ —	\$ 41,898	Cash and cash equivalents	\$ 41,898	\$ —	\$ —	\$ 41,898
Interest rate swaps	Interest rate swaps	—	2,208	—	2,208	Interest rate swaps	—	2,208	—	2,208
Total assets	Total assets	\$ 41,898	\$ 2,208	\$ —	\$ 44,106	Total assets	\$ 41,898	\$ 2,208	\$ —	\$ 44,106
Liabilities:	Liabilities:					Liabilities:				
Commodity contracts	Commodity contracts	\$ —	\$ 54	\$ —	\$ 54	Commodity contracts	\$ —	\$ 54	\$ —	\$ 54
Interest rate swaps	Interest rate swaps	—	4,600	—	4,600	Interest rate swaps	—	4,600	—	4,600
Private placement warrants	Private placement warrants	—	46,224	—	46,224	Private placement warrants	—	46,224	—	46,224
Debt	Debt	—	841,962	—	841,962	Debt	—	841,962	—	841,962
Total liabilities	Total liabilities	\$ —	\$ 892,840	\$ —	\$ 892,840	Total liabilities	\$ —	\$ 892,840	\$ —	\$ 892,840

11. CONTINGENCIES

Litigation Matters

The Company is involved in litigation and other matters incidental to the conduct of its business, the results of which, in the opinion of management, are not likely to be material to the Company's financial condition, results of operations or cash flows.

Tax Matters

The Company received an assessment from the Commonwealth of Pennsylvania pursuant to a sales and use tax audit for the period from January 1, 2014 through December 31, 2016. As of January 2, 2022, the Company had a reserve of \$1.3 million to cover the assessment. On January 7, 2022, the Company settled the audit with the Commonwealth of Pennsylvania for \$0.9 million.

Guarantees

The Company partially guarantees loans made to IOs by Cadence Bank for the purchase of routes. The outstanding balance of loans guaranteed was \$2.0 million \$1.8 million and \$2.2 million at April 3, 2022 July 3, 2022 and January 2, 2022, respectively, all of which was recorded by the Company as an off balance sheet arrangement. The maximum amount of future payments the Company could be required to make under the guarantees equates to 25% of the outstanding loan balance up to \$2.0 million. These loans are collateralized by the routes for which the loans are made. Accordingly, the Company has the ability to recover substantially all of the outstanding loan value upon default.

The Company partially guarantees loans made to IOs by Bank of America for the purchase of routes. The outstanding balance of loans guaranteed that were issued by Bank of America was \$22.2 million \$28.6 million and \$18.6 million at April 3, 2022 July 3, 2022 and January 2, 2022, respectively, which are off balance sheet. As discussed in Note 8. "Long-Term Debt", the Company also sold notes receivable on its books to Bank of America during fiscal 2019, fiscal 2021, and fiscal 2021, 2022, which the Company partially guarantees. The outstanding balance of notes purchased by Bank of America at April 3, 2022 July 3, 2022 and January 2, 2022 was \$18.5 million \$21.1 million and \$19.7 million, respectively. Due to the structure of the transactions, the sale did not qualify for sale accounting treatment, and as such the Company records the notes payable obligation owed by the IOs to the financial institution on its Consolidated Balance Sheets; the corresponding note receivable also remained on the Company's Consolidated Balance Sheets. The maximum amount of future payments the Company could be required to make under these guarantees equates to 25% of the outstanding loan balance on the first day of each calendar year plus 25% of the amount of any new loans issued during such calendar year. These loans are collateralized by the routes for which the loans are made. Accordingly, the Company has the ability to recover substantially all of the outstanding loan value upon default.

The Company guarantees loans made to IOs by M&T Bank for the purchase of routes. The agreement with M&T Bank was amended in January 2020 so that the Company guaranteed up to 25% of the greater of the aggregate principal amount of loans outstanding on the payment date or January 1st of the subject year. The outstanding balance of loans guaranteed was \$4.4 million \$4.1 million and \$4.9 million at April 3, 2022 July 3, 2022 and January 2, 2022, respectively, all of which were included included in the Company's consolidated balance sheets. These loans are collateralized by the routes for which the loans are made. Accordingly, the Company has the ability to recover substantially all of the outstanding loan value upon default.

12. ACCUMULATED OTHER COMPREHENSIVE INCOME

Total accumulated other comprehensive income was \$31.5 \$34.5 million as of April 3, 2022 July 3, 2022 and \$3.7 million as of January 2, 2022. Total accumulated other comprehensive income consists solely of unrealized gains from the Company's derivative financial instruments accounted for as cash flow hedges.

Changes to the balance in accumulated other comprehensive income were as follows:

<i>(in thousands)</i>	Gain on Cash Flow Hedges
Balance as of January 3, 2021	\$ 924
Unrealized gain on cash flow hedges	822
Balance as of April 4, 2021	1,746
Unrealized gain on cash flow hedges	607
Balance as of July 4, 2021	\$ 1,746 2,353
Balance as of January 2, 2022	\$ 3,715
Unrealized gain on cash flow hedges	27,809
Balance as of April 3, 2022	31,524
Unrealized gain on cash flow hedges	3,011
Balance as of July 3, 2022	\$ 31,524 34,535
Less balance attributable to noncontrolling interest as of July 3, 2022	13,247
Balance attributable to controlling interest as of July 3, 2022	\$ 21,288

13. SUPPLEMENTARY CASH FLOW INFORMATION

<i>(in thousands)</i>	<i>(in thousands)</i>	Thirteen weeks ended April 3, 2022	Thirteen weeks ended April 4, 2021	<i>(in thousands)</i>	Twenty-six weeks ended July 3, 2022	Twenty-six weeks ended July 4, 2021
Cash paid for interest	Cash paid for interest	\$ 9,627	\$ 9,787	Cash paid for interest	\$ 18,515	\$ 17,391
Refunds related to income taxes	Refunds related to income taxes	\$ 4,075	\$ 182	Refunds related to income taxes	\$ 4,562	\$ 182
Payments for income taxes	Payments for income taxes	\$ 107	\$ —	Payments for income taxes	\$ 2,475	\$ 3,116
Dividends paid		\$ 4,189	\$ 4,261			
Dividends accrued				Dividends accrued	\$ 4,360	\$ 3,826

14. INCOME TAXES

The Company is subject to federal and state income taxes with respect to our allocable share of any taxable income or loss of UBH, as well as any standalone income or loss the Company generates. UBH is treated as a partnership for federal income tax purposes, and for most applicable state and local income tax purposes, and generally does not pay income taxes in most jurisdictions. Instead, UBH taxable income or loss is passed through to its members, including the Company. Despite its partnership treatment, UBH is liable for income taxes in those states not recognizing its pass-through status and for certain of its subsidiaries not taxed as pass-through entities. The Company has acquired various domestic entities taxed as corporations, which are now wholly-owned by us or our subsidiaries. Where required or allowed, these subsidiaries also file and pay tax as a consolidated group for federal and state income tax purposes. The Company anticipates this structure to remain in existence for the foreseeable future.

The Company recorded income tax expense of \$2.8 million and \$1.0 million (benefit) for the thirteen and twenty-six weeks ended April 3, 2022 July 3, 2022 of \$(2.9) million and April 4, 2021, \$(0.1) million, respectively. Comparably, the Company recorded income tax expense for the thirteen and twenty-six weeks ended July 4, 2021 of \$0.4 million and \$1.4 million, respectively. The effective tax rates for the thirteen and twenty-six weeks ended April 3, 2022 July 3, 2022 were 894.8% and April 4, 2021 0.3%, respectively. Comparably, the effective tax rates for the thirteen and twenty-six weeks ended July 4, 2021 were (9.5)% 2.5% and (4.5) (24.8)%, respectively. The Company's effective tax rates differ from the federal statutory rate of 21% primarily due to the impact of UBH, which is a partnership, is not taxed at the Company level, and is required to allocate some of its taxable results to the Continuing Members, as well as state taxes and the fair value impact of warrant liabilities. The Company's effective tax rate rates for the thirteen and twenty-six weeks ended April 3, 2022 is (7.2) July 3, 2022 are 9.5% and (5.0)%, respectively, before consideration of any discrete items. During the thirteen and twenty-six weeks ended April 3, 2022 July 3, 2022, the effective tax rate was impacted by statutory updated state tax rate changes nexus and apportionment estimates in response to the Truco Holdco., Inc. integration which resulted in a discrete tax expense (benefit) of \$0.5 million. \$(2.4) million and \$(1.9) million, respectively.

The Company regularly evaluates valuation allowances established for deferred tax assets ("DTA's") for which future realization is uncertain. The Company assessed the available positive and negative evidence to estimate whether future taxable income would be generated to permit use of the existing DTA's. As of April 3, 2022 July 3, 2022, a significant piece of objective negative evidence evaluated was the twelve-quarter cumulative loss before taxes. Such objective evidence limits the ability to consider other subjective evidence, such as projections for future growth. The Company determined that there is uncertainty regarding the utilization of certain DTA's such as the investment in Utz Brands Holdings, LLC, federal operating losses subject to annual limitations due to "change in ownership" provisions, and state net operating losses where the Company does not expect to continue to have nexus. Therefore, a valuation allowance has been recorded against the DTA's for which it is more-likely-than-not they will not be realized. The Company has DTA's related to its investment in partnership that are expected to be realized in the ordinary course of operations or generate future net operating losses for which a portion will have an indefinite carryforward period. Additionally, the Company has deferred tax liabilities ("DTL's") related to its investment in the partnership that will not reverse in the ordinary course of

business and will only reverse when the partnership is sold or liquidated. The Company has no intention of disposing of or liquidating the partnership and therefore has not considered the indefinite lived DTL as a source of income to offset other DTA's. In weighing positive and negative evidence, both objective and subjective, including its twelve-quarter cumulative loss, the Company has recorded a valuation allowance against its DTA's related to net operating losses and deductible book/tax differences and recorded a DTL primarily related to the book over tax basis in the investment in the partnership that will not reverse in the ordinary course of operations. The Company considered that an indefinite lived DTL may be considered as a source of taxable income for an indefinite lived DTA; however, given our indefinite lived DTL will only reverse upon sale or liquidation, the Company determined that it was more appropriate to record a valuation allowance against its DTA's. The amount of DTA considered realizable, however, could be adjusted if estimates of future taxable income during the carryforward period are reduced or increased or if objective negative evidence in the form of cumulative losses is no longer present and additional weight is given to subjective evidence such as projections for growth.

As of April 3, 2022 July 3, 2022, tax years 2018 through 2022 remain open and subject to examination by the Internal Revenue Service and the majority of the states where the Company has nexus, and tax years 2017 through 2022 remain open and subject to examination in selected states that have a longer statute of limitations.

Upon audit, tax authorities may challenge all or part of a tax position. A tax position successfully challenged by a taxing authority could result in an adjustment to our provision for income taxes in the period in which a final determination is made. The Company did not maintain any unrecognized tax benefits as of April 3, 2022 July 3, 2022 and January 2, 2022.

Tax receivable agreement liability

Pursuant to an election under section 754 of the Internal Revenue Code, the Company obtained an increase in its share of the tax basis in the net assets of UBH when it was deemed to purchase UBH units from the third party members of UBH and purchased UBH units from the Continuing Members per the Business Combination. The Following the Business Combination, the Continuing Members have the option to may exchange UBH units along with the forfeiture of a corresponding number of Class V Common Stock of the Company for UBI common stock post-Business Combination, Class A Common Stock of the Company. The Company intends to treat any such exchanges as direct purchases for U.S. federal income tax purposes, which is expected to further increase its share of the tax basis in the net assets of UBH. The increases in tax basis may reduce the amounts the Company would otherwise pay in the future to various tax authorities. They may also decrease gains (or increase losses) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets.

Pursuant to the Business Combination Agreement, the Company entered into the Tax Receivable Agreement in connection with the Business Combination (the "Tax Receivable Agreement" or "TRA"), which provides for the payment by the Company of 85% of the amount of any tax benefits realized as a result of (i) increases in the share of the tax basis in the net assets of UBH resulting from the Business Combination and any future exchanges by the Continuing Members of UBH units for UBI common stock; (ii) tax basis increases attributable to payments made under the TRA; and (iii) tax amortization deductions attributable to the acquisition of Kennedy Endeavors, LLC and the election to treat the transaction as an asset deal for tax purposes (the "TRA Payments"), purposes. The rights of each party under the TRA other than the Company are assignable, subject to certain restrictions. The timing and amount of aggregate payments due under the TRA may vary based on a number of factors, including the timing and amount of taxable income generated by the Company each year, as well as the tax rate then applicable, among other factors.

As of April 3, 2022 July 3, 2022 and January 2, 2022, the Company had a liability of \$24.5 \$25.4 million and \$24.6 million, respectively, related to its projected obligations under the TRA, which is reflected as a within current and non-current accrued expense in expenses on the consolidated balance sheet, sheets.

15. WARRANTS

Prior to the Business Combination, CCH issued 15,833,332 warrants that were initially sold by CCH in its initial public offering of securities (the "Public Warrants"), including 1,166,666 warrants issued pursuant to those certain Forward Purchase Agreements entered into by CCH, the Sponsor, and the independent directors of CCH (the "Forward Purchase Agreements") that were issued at the closing of the Business Combination as part of the Forward Purchase Agreement discussed below (the "Forward Purchase Warrants"), and 7,200,000 warrants initially sold to the Sponsor simultaneously with the closing of its initial public offering (the "Private Placement Warrants," collectively, with the Public Warrants and Forward Purchase Warrants, the "Warrants"). As a result of the Business Combination, the Company assumed the CCH warrants and such warrants are now exercisable for shares of UBI Class A Common Stock instead of Class A ordinary shares of CCH. All other features of the warrants remain unchanged. On December 14, 2020, the Company provided notice to the holders of the Public Warrants and Forward Purchase Warrants that their warrants would be redeemed in accordance with the original terms on January 14, 2021. As of April 3, 2022 July 3, 2022 and January 2, 2022, there were 7,200,000 Private Placement Warrants outstanding.

The Private Placement Warrants and the shares of Class A Common Stock issuable upon the exercise of the Private Placement Warrants were not transferable, assignable or salable until after the completion of the Business Combination, subject to certain limited exceptions. Additionally, the Private Placement Warrants are exercisable on a cashless basis, at the holder's option, and are non-redeemable by the Company so long as they are held by the initial purchasers or their permitted transferees. If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

We account The Warrants are accounted for the Warrants as derivative liabilities in accordance with ASC 815-40, Derivatives and Hedging—Contracts in Entity's Own Equity ("ASC 815-40"), due to certain settlement provisions in the corresponding warrant agreement that do not meet the criteria to be classified in stockholders' equity. Pursuant to ASC 815-40, the Warrants are now classified as a liability at fair value on the Company's consolidated balance sheet, and the change in the fair value of such liability in each period is recognized as a non-cash gain or loss in the Company's consolidated statements of operations and comprehensive loss, income (loss). The Warrants are deemed equity instruments for income tax purposes, and accordingly, there is no tax accounting relating to changes in the fair value of the Warrants recognized.

The remeasurement of the warrant liability resulted in a gain (loss) of \$1.9 \$5.8 million and \$(21.5) \$19.4 million for the thirteen weeks ended April 3, 2022 July 3, 2022 and April 4, 2021 July 4, 2021, respectively, and of \$7.7 million and \$(2.1) million for the twenty-six weeks ended July 3, 2022 and July 4, 2021, respectively.

16. BUSINESS RISK

The novel coronavirus, or COVID-19, outbreak began impacting consumption, distribution and production of our products in March 2020. We have taken necessary preventive actions and implemented additional measures to protect our employees that work on site. We continue to experience higher demand for our products compared to historical volumes, and we are servicing that demand by increasing production and distribution activities. Generally, producers of food products, including salty snacks, have been deemed

"essential industries" by federal, state, and local governments and are exempt from certain COVID-19-related restrictions on business operations. Our strategic manufacturing capabilities and DSD distribution network have allowed us to effectively service increases in demand and be responsive to evolving market dynamics driven by changes in consumer behavior. During this time we experienced significant inflationary pressures on input and supply chain costs. We continue to monitor these pressures and have implemented some pricing actions in response. Additionally, we continue to monitor customer and consumer demands and stand ready to adapt our plans to meet changes in demand.

17. EQUITY

Class A Common Stock

The Company is authorized to issue 1,000,000,000 shares of Class A Common Stock, par value \$0.0001 per share, of which 78,597,175 80,812,835 and 77,644,645 shares of UBI were issued and outstanding on April 3, 2022 July 3, 2022 and January 2, 2022, respectively. Upon the closing of the Business Combination, all shares of CCH Class A ordinary shares, including 3,500,000 Forward Purchase Class A Ordinary Shares of CCH that were issued at the closing of the Business Combination as part of the Forward Purchase Agreement discussed below, and Class B ordinary shares, less shareholder redemptions, were converted on a one-for-one basis into shares of Class A Common Stock, including 2,000,000 shares of Class B Common Stock initially issued to the Sponsor, which immediately vested upon the closing of the Business Combination and converted into shares of Class A Common Stock of the Company.

Class V Common Stock

The Company is also authorized to issue 61,249,000 shares of Class V Common Stock, par value of \$0.0001 all of which were issued to the Continuing Members in connection with the closing of the Business Combination. Each of the Continuing Members' common limited liability company units of UBH along with a share of Class V Common Stock may be exchanged for one share of Class A Common Stock of the Company upon certain restrictions being satisfied. As of April 3, 2022 July 3, 2022 and January 2, 2022, there were 59,349,000 shares of Class V Common Stock outstanding.

Forward Purchases

In connection with the closing of the Business Combination and pursuant to a Forward Purchase Agreement entered into between CCH, CCH's Sponsor, and CCH's independent directors, CCH consummated the sale and issuance of 3,500,000 shares issued pursuant to the Forward Purchase Agreements and Forward Purchase Warrants to acquire up to 1,166,666 Class A ordinary shares of CCH at \$11.50 per share, for aggregate proceeds of \$35,000,000 that were used to fund the Business Combination.

18. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is based on the weighted average number of shares of Class A Common Stock issued and outstanding during the periods. Diluted earnings (loss) per share is based on the weighted average number shares of Class A Common Stock issued and outstanding and the effect of all dilutive common stock equivalents and potentially dilutive share-based awards outstanding during the periods.

The following table reconciles the numerators and denominators used in the computations of both basic and diluted earnings per share:

(in thousands, (in thousands, except share data)	Thirteen weeks ended April 3, 2022	Thirteen weeks ended April 4, 2021	(in thousands, except share data)	Thirteen weeks ended July 3, 2022	Thirteen weeks ended July 4, 2021
Basic and diluted earnings per share:					
Basic earnings per share:			Basic earnings per share:		
Numerator:			Numerator:		
Net loss attributable to common stockholders	\$ (17,570)	\$ (22,529)			
Net income attributable to controlling interest			Net income attributable to controlling interest	\$ 3,179	\$ 17,579
Dividends and income related to participating stock-based compensation awards			Dividends and income related to participating stock-based compensation awards	(31)	(384)
Net income attributable to common stockholders			Net income attributable to common stockholders	\$ 3,148	\$ 17,195
Denominator:			Denominator:		

Weighted average Class A Common Stock shares, basic and diluted				Weighted average Class A Common Stock shares, basic and diluted			
				80,171,174		76,500,488	
Basic earnings per share				Basic earnings per share			
				\$ 0.04		\$ 0.22	
Diluted earnings per share:				Diluted earnings per share:			
Numerator:				Numerator:			
Net income attributable to common stockholders				Net income attributable to common stockholders			
				\$ 3,179		\$ 17,579	
Dividends and income related to participating stock-based compensation awards				Dividends and income related to participating stock-based compensation awards			
				(31)		(384)	
Net income attributable to common stockholders				Net income attributable to common stockholders			
				\$ 3,148		\$ 17,195	
Denominator:		Denominator:		Denominator:			
Weighted average Class A Common Stock shares, basic		Weighted average Class A Common Stock shares, basic		Weighted average Class A Common Stock shares, basic			
		78,572,404		75,927,005		80,171,174	
Basic and diluted earnings (loss) per share						76,500,488	
		\$ (0.22)		\$ (0.30)			
Anti-dilutive securities excluded from diluted earnings per share calculation:							
Dilutive securities included in diluted earnings per share calculation:				Dilutive securities included in diluted earnings per share calculation:			
Warrants	Warrants	1,901,376	4,092,590	Warrants	1,237,761	3,870,564	
RSUs	RSUs	57,914	1,365,291	RSUs	56,544	983,648	
PSUs	PSUs	40,545	142,541	PSUs	45,457	142,541	
Stock options	Stock options	—	93,211	Stock options	—	234,815	
Total		1,999,835	5,693,633				
Total diluted weighted average shares				Total diluted weighted average shares		81,510,936	
Diluted earnings per share				Diluted earnings per share		\$ 0.04	
						\$ 0.21	
Class V Common Stock not subject to earnings per share calculation	Class V Common Stock not subject to earnings per share calculation	59,349,000	60,349,000	Class V Common Stock not subject to earnings per share calculation	59,349,000	60,349,000	
Net loss attributable to noncontrolling interest	Net loss attributable to noncontrolling interest	\$ (14,328)	\$ (820)	Net loss attributable to noncontrolling interest	\$ 634	\$ 1,400	
						Twenty-six weeks ended July 3, 2022	
(in thousands, except share data)						Twenty-six weeks ended July 4, 2021	

<i>Basic and diluted earnings per share:</i>		
Numerator:		
Net loss attributable to controlling interest	\$ (14,391)	\$ (4,950)
Dividends related to participating stock-based compensation awards	(88)	(170)
Net loss attributable to common stockholders	\$ (14,479)	\$ (5,120)
Denominator:		
Weighted average Class A Common Stock shares, basic	79,371,789	76,213,746
Basic and diluted earnings (loss) per share	\$ (0.18)	\$ (0.07)
Anti-dilutive securities excluded from diluted earnings per share calculation:		
Warrants	1,591,764	3,955,978
RSUs	56,976	1,348,026
PSUs	42,507	142,541
Stock options	—	230,542
Total	1,691,247	5,677,087
Class V Common Stock not subject to earnings per share calculation	59,349,000	60,349,000
Net loss attributable to noncontrolling interest	\$ (14,962)	\$ (2,220)

The diluted earnings (loss) per share computation excludes the effect of certain RSUs, PSUs, and stock options granted to Directors and Management which convert to Class A Common Stock upon vesting, as their inclusion would have been anti-dilutive if the Company had positive earnings.

Shares of the Company's Class V Common Stock do not participate in earnings or losses of the Company and, therefore, are not participating securities. The PSUs, RSUs, and 2020 LTIP RSUs were participating securities in the periods because the holders of these stock-based compensation awards are entitled to participate in dividends declared on Class A Common Stock, if and when declared, on a one-to-one per-share basis. As such, earnings per share calculations were completed under the two-class method. As of April 3, 2022, July 3, 2022 and January 2, 2022, the Continuing Members held 59,349,000 shares of Class V Common Stock issued and outstanding and also held an equal number of common limited liability company units of UBH, which comprise the noncontrolling interest. The net loss attributable to the noncontrolling interest was \$14.3 \$15.0 million and \$0.8 \$2.2 million for thirteen twenty-six weeks ended April 3, 2022 July 3, 2022 and April 4, 2021 July 4, 2021, respectively.

19. SUBSEQUENT EVENTS

On April 7, 2022, our Board The Company performed a review of Directors declared a cash dividend of \$0.054 per share on our Class A Common Stock, events subsequent to the stockholders of record on April 18, 2022. Total dividend payment of \$4.2 million was executed on April 28, 2022.

On April 28, 2022, balance sheet date through the Company purchased a brand new, recently completed snack food manufacturing facility date the financial statements were issued and determined that there were no such events requiring recognition or disclosure in Kings Mountain, North Carolina from Evans Food Group Ltd. d/b/a Benestar Brands and related affiliates. The total purchase price of the facility was approximately \$38.4 million, plus assumed liabilities of \$1.3 million, and was funded with approximately \$10.4 million in cash and \$28.0 million of proceeds from the issuance and sale of 2.1 million shares of the Company's Class A Common Stock to affiliates of Benestar in a private placement pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended. financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited combined interim consolidated financial statements as of and for the thirteen twenty-six weeks ended April 3, 2022 July 3, 2022, together with our audited combined consolidated financial statements for our most recently completed fiscal year set forth under Item 8 of our Annual Report on Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed in Item 1A "Risk Factors" of our Annual Report on Form 10-K and other filings under the Exchange Act.

Our fiscal year end is the Sunday closest to December 31. Our fiscal year 2021 ended January 2, 2022 and was a fifty-two-week period and our fiscal year 2022 will end January 1, 2023 and is a fifty-two-week fiscal year. Our fiscal quarters are comprised of thirteen weeks each, except for fifty-three-week fiscal periods of which the fourth quarter is comprised of fourteen weeks, and end on the thirteenth Sunday of each quarter (fourteenth Sunday of the fourth quarter, when applicable).

Overview

We are a leading United States manufacturer of branded salty snacks. We produce a broad offering of salty snacks, including potato chips, tortilla chips, pretzels, cheese snacks, veggie snacks, pork skins, veggie snacks, pub/party mixes, and other snacks. Our iconic portfolio of authentic, craft, and "better for you" brands, which includes Utz®, ON THE BORDER®, Zapp's®, Golden Flake®, Good Health®, Boulder Canyon®, Hawaiian® Brand, and TORTIYAHs!®, among others, enjoys strong household penetration in the United States, where our products can be found in approximately 49% of U.S. households. We operate 17 manufacturing facilities across the U.S. with a broad range of capabilities, and our products are distributed nationally to grocery, mass merchant, club, convenience, drug and other retailers through direct shipments, distributors, and approximately 2,000 direct-store-delivery ("DSD") routes. Our company was founded in 1921 in Hanover, Pennsylvania, and benefits from over 100 years of brand awareness and heritage in the salty snack industry. We have historically expanded our geographic reach and product portfolio organically and through acquisitions. Based on 2021 retail sales, we are the second-largest producer of branded salty snacks in our Core core geographies. We have historically expanded our geographic reach and product portfolio organically and through acquisitions.

Key Developments and Trends

Our management team monitors a number of developments and trends that could impact our revenue and profitability objectives.

Long-Term Demographics, Consumer Trends, and Demand – We participate in the attractive and growing \$31 billion \$32 billion U.S. salty snacks category, within the broader greater than \$105 billion market for U.S. snack foods as of January 2, 2022 June 22, 2022. The salty snacks category has grown retail sales at an approximately 7.1% compound annual growth rate ("CAGR") from 2017 2018 through 2021 with a major spike in 2020 driven by COVID-19 during the novel coronavirus ("COVID-19") pandemic consumption. In the last few years, snacking occasions have been on the rise as consumers increasingly seek out convenient, delicious snacks for both on-the-go and at-home lifestyles. Additionally, the salty snacks category has historically benefited from favorable competitive dynamics, including low private label penetration and category leaders competing primarily through marketing and innovation. We expect these consumer and category trends to continue to drive strong retail sales growth for salty snacks.

As a staple food product with resilient consumer demand and a predominantly domestic supply chain, the salty snack category is well positioned to navigate periods of economic disruption or other unforeseen global events. The U.S. salty snack category has demonstrated strong performance through economic downturns historically, growing at a 4% CAGR from 2007 to 2010 during the last recession. More recently, the U.S. salty snack category demonstrated strong performance during the novel coronavirus ("COVID-19") COVID-19 pandemic which began in March 2020 in the U.S. For the thirteen weeks ended April 3, 2022 July 3, 2022, U.S. retail sales for salty snacks based on IRI data increased by 13.4% 14.8% versus the comparable prior year period. In the same period, our retail sales increased 18.1% 16.0%.

Competition – The salty snack industry is highly competitive and includes many diverse participants. Our products primarily compete with other salty snacks but also compete more broadly for certain eating occasions with other snack foods. We believe that the principal competitive factors in the salty snack industry include taste, convenience, product variety, product quality, price, nutrition, consumer brand awareness, media and promotional activities, in-store merchandising execution, customer service, cost-efficient distribution, and access to retailer shelf space. We believe we compete effectively with respect to each of these factors.

Operating Costs – Our operating costs include raw materials, labor, manufacturing overhead, selling, distribution, and administrative expenses. We manage these expenses through annual cost saving and productivity initiatives, sourcing and hedging programs, pricing actions, refinancing and tax optimization. Additionally, we maintain ongoing efforts led by our project management office, or PMO, to expand our profitability, including implementing significant reductions to our operating cost structure in both supply chain and overhead costs. See

Commodity Trends for more information on the current trends of our Operating Costs.

Taxes – On March 27, 2020, The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted which includes various tax provisions with retroactive effect. The CARES Act is an approximately \$2 trillion emergency economic stimulus package in response to the Coronavirus COVID-19 outbreak, which among other things contains numerous income tax provisions. Some of these tax provisions are effective retroactively for years ending before the date of enactment. We deferred \$7.8 million of payroll tax deposits per the CARES Act. The deferred payroll taxes must be deposited in two installments, with the first installment of \$3.9 million paid as of December 31, 2021, and the remaining \$3.9 million due on December 31, 2022. We continue to evaluate the impact of the CARES Act; however, we believe it is unlikely to have a material effect on our consolidated financial position, results of operations, and cash flow.

Financing Costs – We regularly evaluate our variable and fixed-rate debt. We continue to use low-cost, short- and long-term debt to finance our ongoing working capital, capital expenditures and other investments and dividends. Our weighted average interest rate for the thirteen twenty-six weeks ended April 3, 2022 July 3, 2022 was 3.9% 4.1%, up from 3.7% during the thirteen twenty-six weeks ended April 4, 2021 July 4, 2021. We have used interest rate swaps to help manage some of our exposure to interest rate changes, which can drive cash flow variability related to our debt. Refer to Note 8. "Long-Term Debt" and Note 9. "Derivative Financial Instruments and Purchase Commitments" to our unaudited condensed consolidated financial statements included under Part I, Item 1 of this filing for additional information on debt, derivative and purchase commitment activity.

LIBOR Transition – As of April 3, 2022 July 3, 2022, we had \$841.2 million \$849.1 million in variable rate indebtedness, up from \$823.2 million at January 2, 2022. As of April 3, 2022 July 3, 2022, our variable rate indebtedness is tied to the Eurocurrency Rate which currently uses the London Inter Bank Offered Rate ("LIBOR") as a benchmark for establishing applicable rates. As of April 3, 2022 July 3, 2022, we have entered into interest rate hedges covering \$500.0 million of debt through September 30, 2026, which limits some of our exposure to changes in interest rates. See Note 9. "Derivatives Financial Instruments and Purchase Commitments" for additional details. On November 30, 2020, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of Currency and the Federal Deposit Insurance Corporation issued a public statement that the administrator of LIBOR announced it will consult on an extension of publication of certain U.S. Dollar LIBOR tenors until June 30, 2023, which would allow additional legacy USD LIBOR contracts to mature before the succession of LIBOR. The Eurocurrency Rate could change benchmarks, the extent and manner of any future changes with respect to methods of calculating LIBOR or replacing LIBOR with another benchmark are unknown and impossible to predict at this time and, as such, may result in interest rates that are materially higher than current interest rates. If interest rates applicable to our variable interest indebtedness increase, our interest expense will also increase, which could make it difficult for us to make interest payments and fund other fixed costs and, in turn, adversely impact our cash flow available for general corporate purposes.

COVID-19 – In March 2020, the World Health Organization declared that COVID-19 constituted a "Public Health Emergency of International Concern" and later characterized it as a "pandemic". In response, we have taken necessary preventive actions and continue to implement safety measures to protect our employees who are working on and off site. The same time period, March 2020, also marked the beginning of COVID-19's impact on the consumption, distribution and production of our products. Demand for product increased significantly for several weeks in late March and into April 2020 as customers "pantry-loaded" in response to "shelter-in-place" measures that were enacted in many markets. Following that initial spike, in the weeks that followed, demand for product continued to out-pace prior year rates as families have favored "at-home" dining at a greater rate than pre-pandemic levels. We have serviced that demand by increasing production and distribution activities. Our strategic manufacturing capabilities and DSD distribution network have allowed us to effectively service the increased demand and be responsive to evolving market dynamics driven by changes in consumer behavior. During this time we picked up a significant number of new customers and have experienced a high level of repeat customers within fiscal year 2021 and the first quarter and second quarters of 2022. We will continue to monitor customer and consumer activity and adapt our plans as necessary to best service the business.

Recent Developments and Significant Items Affecting Comparability

Acquisitions

On February 8, 2021, the Company closed on a definitive agreement with Snak-King Corp. to acquire certain assets of the C.J. Vitner's business, ("Vitner's acquisition" or "acquisition of Vitner's"), a leading brand of salty snacks in the Chicago, IL area. The acquisition increases our distribution in the Chicago area and Midwest Region and expands our product offering. The Company paid the aggregate cash purchase price of approximately \$25.2 million which was funded from current cash-on-hand.

On May 10, 2021 May 11, 2021, the Company announced that its subsidiary, UQF, entered into a definitive agreement with Great Lakes Festida Holdings, Inc. to acquire all assets including real estate located in Grand Rapids, Michigan related to the operations of Festida Foods ("Festida Foods acquisition" or "acquisition of Festida Foods"), a manufacturer of tortilla chips, corn chips, and pellet snacks, and the largest manufacturer of tortilla chips for the Company's ON THE BORDER® brand. The Company closed this transaction on June 7, 2021 and the purchase price of approximately \$40.3 million was funded in part from incremental financing on an existing term loan.

On November 2, 2021, the Company announced that certain of its subsidiaries, entered into a definitive agreement to acquire R.W. Garcia Holdings, LLC and its wholly-owned subsidiary, R.W. Garcia Co., Inc. ("RW Garcia"), to acquire the equity of RW Garcia, an artisan maker of high-quality organic tortilla chips, crackers, and corn chips ("RW Garcia acquisition"). The Company closed on this transaction on December 6, 2021, with the purchase price of approximately \$57.8 million funded in part from a draw on the Company's line of credit and cash on hand. In addition to this acquisition on December 6, 2021, the Company closed on an acquisition of a manufacturing facility of which RW Garcia was a tenant. The cost of the manufacturing facility was approximately \$6.0 million.

Commodity Trends

We regularly monitor worldwide supply and commodity costs so we can cost-effectively secure ingredients, packaging and fuel required for production. A number of external factors such as weather conditions, commodity market conditions, and the effects of governmental, agricultural or other programs affect the cost and availability of raw materials and agricultural materials used in our products. We address commodity costs primarily through the use of buying-forward, which locks in pricing for key materials between three and 18 months in advance. Other methods include hedging, net pricing adjustments to cover longer term cost inflation, and manufacturing and overhead cost control. Our hedging techniques, such as forward contracts, limit the impact of fluctuations in the cost of our principal raw materials; however, we may not be able to fully hedge against commodity cost changes, where there is a limited ability to hedge, and our hedging strategies may not protect us from increases in specific raw material costs. Toward the end of 2020, we began to experience an increase in pricing in certain commodity trends that continued to rise throughout fiscal year 2021 and have continued to rise in Q1 through the second quarter of 2022. We expect this trend to continue through 2022 and this may adversely impact our net income. Additionally, the Company has experienced rising costs related to fuel and freight rates as well as rising labor costs which have negatively impacted profitability. Transportation costs have been on the rise since early 2021 and may continue to rise which may also adversely impact net income. Taken all together, the Company now expects gross input cost inflation (which includes commodities, labor, and transportation) to be in the mid-teens mid to high-teens in fiscal 2022, which is an increase from its previous expectation of low-teens. The 2022. The Company looks to offset rising costs through increasing manufacturing and distribution efficiencies as well as through price increases to our customers, although it is unclear whether historic customer sales levels will be maintained at these higher prices. Due to competitive or market conditions, planned trade or promotional incentives, or other factors, our pricing actions may also lag commodity cost changes.

While the costs of our principal raw materials fluctuate, we believe there will continue to be an adequate supply of the raw materials we use and that they will generally remain available from numerous sources. Market factors including supply and demand may result in higher costs of sourcing those materials.

Independent Operator Conversions

Our DSD distribution is executed via company-owned Company-owned routes operated by route sales professionals ("RSP" or "RSPs"), and third-party routes managed by IOs. We have used the IO and RSP models for more than a decade. In fiscal year 2017, we embarked on a multi-year strategy to convert all company owned Company-owned RSP routes to the IO model. The mix between IOs and RSP was approximately 89% 91% and 11% 9%, respectively as of April 3, 2022 July 3, 2022 versus 81% 83% and 19% 17% ratio for IOs and RSPs respectively as of April 4, 2021 July 4, 2021. We anticipate completing substantially all remaining conversions by the end of fiscal year 2022. The conversion process involves selling distribution rights of a defined route to an IO. As we convert a large number of routes in a year, there is a meaningful decrease in the selling and administrative costs that we previously incurred on RSPs and a corresponding increase in discounts paid to IOs to cover their costs to distribute our product. The net impact is a reduction in selling and distribution expenses and a decrease in Net Sales and Gross Profit. Conversions also impact our balance sheet resulting in cash proceeds to us as a result of selling the route to an IO, or by creating notes receivable related to the sale of the routes.

Results of Operations

Overview

The following tables present selected unaudited financial data for the thirteen and twenty-six weeks ended April 3, 2022 July 3, 2022 and April 4, 2021 July 4, 2021.

(in thousands)		Thirteen weeks ended April 3, 2022	Thirteen weeks ended April 4, 2021					
					Thirteen weeks ended July 3, 2022	Thirteen weeks ended July 4, 2021	Twenty-six weeks ended July 3, 2022	Twenty-six weeks ended July 4, 2021
Net sales	Net sales	\$ 340,767	\$ 269,182	Net sales	\$ 350,147	\$ 297,919	\$ 690,914	\$ 567,101
Cost of goods sold	Cost of goods sold	236,960	173,941	Cost of goods sold	238,618	202,359	475,578	376,300
Gross profit	Gross profit	103,807	95,241	Gross profit	111,529	95,560	215,336	190,801

Selling, distribution, and administrative expenses	Selling, distribution, and administrative expenses			Selling, distribution, and administrative expenses				
Selling and distribution	Selling and distribution	88,110	56,728	Selling and distribution	68,796	64,439	156,906	121,167
Administrative	Administrative	38,551	29,933	Administrative	38,816	29,041	77,367	58,974
Total selling, distribution, and administrative expenses	Total selling, distribution, and administrative expenses	126,661	86,661	Total selling, distribution, and administrative expenses	107,612	93,480	234,273	180,141
Gain on sale of assets		367	719					
(Loss) income from operations		(22,487)	9,299					
Gain on sale of assets, net				Gain on sale of assets, net	1,375	2,289	1,742	3,008
Income (loss) from operations				Income (loss) from operations	5,292	4,369	(17,195)	13,668
Other (expense) income	Other (expense) income			Other (expense) income				
Interest expense	Interest expense	(9,103)	(10,861)	Interest expense	(10,727)	(7,896)	(19,830)	(18,757)
Other income		520	718					
Other (expense) income				Other (expense) income	(645)	758	(125)	1,476
Gain (loss) on remeasurement of warrant liability	Gain (loss) on remeasurement of warrant liability	1,944	(21,501)	Gain (loss) on remeasurement of warrant liability	5,760	19,368	7,704	(2,133)
Other (expense) income, net	Other (expense) income, net	(6,639)	(31,644)	Other (expense) income, net	(5,612)	12,230	(12,251)	(19,414)
Loss before taxes		(29,126)	(22,345)					
Income (loss) before taxes				Income (loss) before taxes	(320)	16,599	(29,446)	(5,746)
Income tax (benefit) expense	Income tax (benefit) expense	2,772	1,004	Income tax (benefit) expense	(2,865)	420	(93)	1,424
Net loss		(31,898)	(23,349)					
Net loss attributable to noncontrolling interest		14,328	820					
Net loss attributable to controlling interest		\$ (17,570)	\$ (22,529)					
Net income (loss)				Net income (loss)	\$ 2,545	\$ 16,179	\$ (29,353)	\$ (7,170)

Thirteen weeks ended April 3, 2022 July 3, 2022 versus thirteen weeks ended April 4, 2021 July 4, 2021

Net sales

Net sales was \$340.8 \$350.1 million and \$269.2 \$297.9 million for the thirteen weeks ended April 3, 2022 July 3, 2022 and April 4, 2021 July 4, 2021, respectively. Net The net sales increase of \$52.2 million or 17.5% for the thirteen weeks ended April 3, 2022 increased \$71.6 million or 26.6% July 3, 2022, over the comparable period in 2021. The increase in net sales for the thirteen weeks ended April 3, 2022 2021, was primarily related to the acquisitions of Vitner's, Festida Foods, and R.W. Garcia as well as favorable price/mix of 9.4% 13.0%, which was largely driven by pricing action actions in the second half of 2021 and during the first quarter half of 2022 as a response to inflationary pressures, pressures. In addition, the 2021 acquisitions of Festida Foods and R.W. Garcia, as well as, organic volume growth, and distribution gains at national customers and in key geographies also contributed to the year-over-year revenue growth.

IO discounts increased to \$34.2 million \$39.3 million for the thirteen weeks ended April 3, 2022 July 3, 2022 from \$26.5 million \$30.4 million for the corresponding thirteen weeks ended April 4, 2021 July 4, 2021. Excluding the impacts of acquisitions and increased IO discounts related to RSP to IO conversion, organic net sales increased 20.7% 13.6% for the thirteen weeks ended April 3, 2022 July 3, 2022 versus the corresponding period in 2021.

Net sales are evaluated based on classification as Power and Foundation brands. Power brands include our iconic heritage Utz brand and iconic ON THE BORDER® brand; craft brands such as Zapp's®, Golden Flake® Pork Skins, TORTIYAHS!, and Hawaiian®; "better for you" brands such as Good Health® and Boulder Canyon®; and selected licensed brands such as TGI Fridays®. Our Foundation brands are comprised of several regional brands, including Bachman®, Golden Flake® Chips and Cheese, Tim's Cascade® Snacks, Snyder of Berlin®, and "Dirty" Potato Chips®, R.W. Garcia® and selected licensed brands such as Herdez® as well as other partner and private label brands.

For the thirteen weeks ended **April 3, 2022** July 3, 2022, excluding brands acquired through our Vitner's, Festida Foods, and R. W. Garcia acquisitions, Power brand sales increased by approximately **27.7%** 17.5%, while Foundation brand sales **increased** decreased by approximately **6.8%** 0.2% from the thirteen weeks ended **April 4, 2021** July 4, 2021. The increase in Power brand sales is due primarily to favorable pricing **action** actions and increased sales volume, offset by continued IO conversions. Foundation brand sales decrease was primarily driven IO conversions, and SKU rationalization, offset by favorable pricing actions.

Cost of goods sold and Gross profit

Gross profit was \$111.5 million and \$95.6 million for the thirteen weeks ended July 3, 2022 and July 4, 2021, respectively. The increase in gross profit for thirteen weeks ended July 3, 2022 was driven by organic volume growth, the gross profit contributions related to the acquisition of Festida Foods and R.W. Garcia, and the benefits of leveraging our existing infrastructure and available capacity while also improving efficiencies through productivity initiatives. In addition, pricing initiatives were put in place to help reduce the impact of continued commodity, transportation, and wage inflation.

Gross profit margin was 31.9% for the thirteen weeks ended July 3, 2022 versus 32.1% for the thirteen weeks ended July 4, 2021. The decline in gross profit margin was primarily driven by commodity and wage inflation, higher depreciation costs due to the acquired assets of Festida Foods and R.W. Garcia businesses, offset by our pricing and productivity actions. Additionally, IO discounts increased to \$39.3 million for the thirteen weeks ended July 3, 2022 from \$30.4 million for the thirteen weeks ended July 4, 2021, reducing gross profit by \$8.9 million. The increase in IO discounts was driven by increased sales due to volume growth and pricing actions, and continued conversions of DSD routes from RSP to IO. The growth of IO discounts related to the conversion of DSD routes to IOs is offset by lower selling and distribution expense.

Selling, distribution, and administrative expense

Selling, distribution, and administrative expenses were \$107.6 million and \$93.5 million for the thirteen weeks ended July 3, 2022 and July 4, 2021, respectively resulting in an increase of \$14.1 million or 15.1% over the corresponding period in fiscal year 2021. The increase in expenses for the thirteen weeks ended July 3, 2022 was driven by higher delivery costs by \$3.7 million and the addition of operational costs related to organic growth and the acquired operations of Festida Foods and R.W. Garcia businesses, as well as, wage inflation. These incremental costs were offset by the **buyout** reductions of selling costs related to the continued conversion of Company-owned RSP to IO routes.

Gain (loss) on sale of assets

Gain on sale of assets was \$1.4 million and **termination** \$2.3 million for the thirteen weeks ended July 3, 2022 and July 4, 2021, respectively. The Company has continued to convert Company-owned routes to IO routes during the second fiscal quarter of 2022, offsetting the **contracts** sales price by the respective route intangible asset.

Other (expense) income, net

Other (expense) income, net was expense of **multiple distributors** \$(5.6) million compared to income of \$12.2 million for the thirteen weeks ended July 3, 2022 and July 4, 2021, respectively. The decrease in income for the thirteen weeks ended July 3, 2022 was primarily due to a \$5.8 million gain from the remeasurement of warrant liability for the thirteen weeks ended July 3, 2022 versus a gain of \$19.4 million for the thirteen weeks ended July 4, 2021. Also significant was interest expense of \$10.7 million for the thirteen weeks ended July 3, 2022 compared to \$7.9 million for the thirteen weeks ended July 4, 2021. The additional increase in interest expense is primarily attributable to the additional equipment loan and ABL facility draws, as well as an uptick in interest rates, which **resulted** impacted the un-hedged portion of debt.

Income taxes

Income tax (benefit)/expense was \$(2.9) million and \$0.4 million for the thirteen weeks ended July 3, 2022 and July 4, 2021, respectively.

Twenty-six weeks ended July 3, 2022 versus twenty-six weeks ended July 4, 2021

Net sales

Net sales was \$690.9 million and \$567.1 million for the twenty-six weeks ended July 3, 2022 and July 4, 2021, respectively. Net sales for the twenty-six weeks ended July 3, 2022 increased \$123.8 million or 21.8% over the comparable period in **higher** 2021. The increase in net sales for the twenty-six weeks ended July 3, 2022 was primarily related to favorable price/mix of 11.3%, which was largely driven by pricing actions in the second half of 2021 and during the first half of 2022 as a response to inflationary pressures, as well as organic volume growth, and the acquisitions of Vitner's, Festida Foods, and R.W. Garcia

IO discounts increased to \$73.5 million for the twenty-six weeks ended July 3, 2022 from \$56.9 million for the corresponding twenty-six weeks ended July 4, 2021. Excluding the impacts of acquisitions and increased IO discounts related to RSP to IO conversion, organic net sales increased 16.9% for the twenty-six weeks ended July 3, 2022 versus the corresponding period in 2021.

Net sales are evaluated based on classification as Power and Foundation brands. Power brands include our **customers**, iconic heritage Utz brand and iconic **ON THE BORDER®** brand; craft brands such as **Zapp's®**, **Golden Flake®** Pork Skins, TORTIYAHSI, and **Hawaiian®**; "better for you" brands such as **Good Health®** and **Boulder Canyon®**; and selected licensed brands such as **TGI Fridays®**. Our Foundation brands are comprised of several regional brands, including **Bachman®**, **Golden Flake®** Chips and Cheese, **Tim's Cascade®** Snacks, **Snyder of Berlin®**, and "Dirty" Potato Chips®, **R.W. Garcia®** and selected licensed brands such as **Herdez®** as well as other partner and private label brands.

For the twenty-six weeks ended July 3, 2022, excluding brands acquired through our Vitner's, Festida Foods, and R. W. Garcia acquisitions, Power brand sales increased by approximately 22.3%, while Foundation brand sales increased approximately 3.1% from the twenty-six weeks ended July 4, 2021. The increase in Power brand sales is due primarily to favorable pricing actions and increased sales volume, offset by continued IO conversions. Foundation brand sales increase was primarily driven by **increased** favorable pricing actions offset by continued IO **conversion**. conversion and SKU rationalization.

Cost of goods sold and Gross profit

Gross profit was **\$103.8** \$215.3 million and **\$95.2** \$190.8 million for the **thirteen** twenty-six weeks ended **April 3, 2022** July 3, 2022 and **April 4, 2021** July 4, 2021, respectively. The increase in gross profit for **thirteen** twenty-six weeks ended **April 3, 2022** July 3, 2022 was driven by organic volume growth, the gross profit contributions related to the acquisition of Vitner's, Festida Foods, and R.W. Garcia, and the benefits of leveraging our existing infrastructure and available capacity while also improving efficiencies through productivity initiatives. In addition, pricing initiatives were put in place to help reduce the impact of continued commodity, transportation, and wage inflation.

Our gross profit margin was 30.5% 31.2% for the thirteen twenty-six weeks ended April 3, 2022 July 3, 2022 versus 35.4% 33.6% for the thirteen twenty-six weeks ended April 4, 2021 July 4, 2021. The decline in gross profit margin was primarily driven by commodity and wage inflation, that outpaced higher depreciation costs due to the acquired assets of Festida Foods and R.W. Garcia businesses, offset by pricing and productivity actions. Additionally, IO discounts increased to \$34.2 million \$73.5 million for the thirteen twenty-six weeks ended April 4, 2021 July 3, 2022 from \$26.5 million \$56.9 million for the thirteen twenty-six weeks ended April 3, 2022 July 4, 2021, reducing gross profit by \$7.7 million, or 2.3% \$16.6 million. The increase in IO discounts was driven by increased sales due to volume growth and pricing actions, and continued conversions of DSD routes from RSP to IO. The growth of IO discounts related to the conversion of DSD routes to IOs is offset by lower selling and distribution expense.

Selling, distribution, and administrative expense

Selling, distribution, and administrative expenses were \$126.7 \$234.3 million and \$86.7 \$180.1 million for the thirteen twenty-six weeks ended April 3, 2022 July 3, 2022 and April 4, 2021 July 4, 2021, respectively, resulting in an increase of \$40.0 \$54.1 million, or 46.2% 30.0%, over the corresponding period in fiscal year 2021. The increase in expenses for the thirteen twenty-six weeks ended April 3, 2022 July 3, 2022 was driven by higher Acquisition and Integration costs related to the buyout of multiple distributors, which were accounted for as contract terminations, and resulted in expense of \$23.0 million. In addition, other contract termination expense and related impairments totaled a combined \$2.6 million. Excluding these items selling, distribution, and administrative expenses increased by 16.6% 15.8% for the thirteen twenty-six weeks ended April 3, 2022 July 3, 2022 compared to the corresponding period in fiscal year 2021. We believe that these actions will help drive increased future profitability and allow us to better serve our customers. Other significant contributors to the increase in expense can be attributed to higher delivery costs by \$4.9 million \$8.6 million and the addition of operational costs related to the acquired operations Vitner's, Festida, and R.W. Garcia businesses, businesses, as well as, wage inflation related to selling, distribution, and administrative employees. These incremental costs were offset by the reductions of selling costs related to the continued conversion out of Company owned Company-owned RSP to IO routes.

Gain (loss) on sale of assets

Gain on sale of assets was \$0.4 \$1.7 million and \$0.7 \$3.0 million for the thirteen twenty-six weeks ended April 3, 2022 July 3, 2022 and April 4, 2021 July 4, 2021, respectively. The Company has continued to convert company owned Company-owned routes to IO routes during the first and second fiscal quarter quarters of 2022, offsetting the sales price by the respective route intangible asset.

Other (expense) income, net

Other expense, net was \$6.6 \$(12.3) million and \$31.6 \$(19.4) million for the thirteen twenty-six weeks ended April 3, 2022 July 3, 2022 and April 4, 2021 July 4, 2021, respectively. The decrease in expense for the thirteen twenty-six weeks ended April 3, 2022 July 3, 2022 was primarily due to a \$1.9 million \$7.7 million gain from the remeasurement of warrant liability for the thirteen twenty-six weeks ended April 3, 2022 July 3, 2022 versus a loss of \$21.5 million \$2.1 million for the thirteen twenty-six weeks ended April 4, 2021 July 4, 2021. Also significant was interest expense of \$9.1 million \$19.8 million for the twenty-six weeks ended July 3, 2022 compared to \$18.8 million for the thirteen weeks ended April 3, 2022 compared July 4, 2021. The additional increase in interest expense is primarily attributable to \$10.9 million for the thirteen weeks ended April 4, 2021. additional equipment loan draws as well as an uptick in interest rates, which impacted the un-hedged portion of debt.

Income taxes

Income tax (benefit) expense was \$2.8 \$(0.1) million and \$1.0 \$1.4 million for the thirteen twenty-six weeks ended April 3, 2022 July 3, 2022 and April 4, 2021 July 4, 2021, respectively.

EBITDA and Adjusted EBITDA

We define EBITDA as Net Income before Interest, Income Taxes, and Depreciation and Amortization.

We define Adjusted EBITDA as EBITDA further adjusted to exclude certain non-cash items, such as accruals for long-term incentive programs, hedging and purchase commitments adjustments, remeasurement of warrant liabilities, 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 EBITDA and Adjusted EBITDA are useful to investors 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 also historically reported an Adjusted EBITDA metric to investors and banks for covenant compliance. We also report Adjusted EBITDA as a percentage of Net Sales as an additional measure for investors to evaluate our Adjusted EBITDA margins on Net Sales.

The following table provides a reconciliation from Net Loss net income (loss) to EBITDA and Adjusted EBITDA for the thirteen and twenty-six weeks ended April 3, 2022 July 3, 2022 and April 4, 2021 July 4, 2021:

(dollars in millions)	(dollars in millions)	Thirteen weeks ended April 3, 2022	Thirteen weeks ended April 4, 2021	(dollars in millions)	Thirteen weeks ended July 3, 2022	Thirteen weeks ended July 4, 2021	Twenty-six weeks ended July 3, 2022	Twenty-six weeks ended July 4, 2021
Net loss		\$ (31.9)	\$ (23.3)					
Net income (loss)				Net income (loss)	\$ 2.5	\$ 16.2	\$ (29.4)	\$ (7.2)
Plus non-GAAP adjustments:	Plus non-GAAP adjustments:			Plus non-GAAP adjustments:				
Income Tax Expense		2.8	1.0					
Income Tax (Benefit) Expense				Income Tax (Benefit) Expense	(2.9)	0.4	(0.1)	1.4
Depreciation and Amortization	Depreciation and Amortization	22.1	19.4	Depreciation and Amortization	22.4	19.1	44.6	38.6
Interest Expense, Net	Interest Expense, Net	9.1	10.9	Interest Expense, Net	10.7	7.9	19.8	18.8

Interest Income (IO loans) ⁽¹⁾	Interest Income (IO loans) ⁽¹⁾	(0.5)	(1.0)	Interest Income (IO loans) ⁽¹⁾	(0.4)	(0.4)	(0.9)	(1.3)
EBITDA	EBITDA	1.6	7.0	EBITDA	32.3	43.2	34.0	50.3
Certain Non-Cash Adjustments ⁽²⁾	Certain Non-Cash Adjustments ⁽²⁾	3.5	4.2	Certain Non-Cash Adjustments ⁽²⁾	4.8	2.8	8.3	7.0
Acquisition and Integration ⁽³⁾	Acquisition and Integration ⁽³⁾	28.8	1.9	Acquisition and Integration ⁽³⁾	7.2	6.1	36.0	8.0
Business Transformation Initiatives ⁽⁴⁾	Business Transformation Initiatives ⁽⁴⁾	4.4	3.3	Business Transformation Initiatives ⁽⁴⁾	3.6	2.4	7.9	5.7
Financing-Related Costs ⁽⁵⁾	Financing-Related Costs ⁽⁵⁾	0.1	—	Financing-Related Costs ⁽⁵⁾	0.1	0.6	0.2	0.6
(Gain) Loss on Remeasurement of Warrant Liability ⁽⁶⁾	(Gain) Loss on Remeasurement of Warrant Liability ⁽⁶⁾	(1.9)	21.5	(Gain) Loss on Remeasurement of Warrant Liability ⁽⁶⁾	(5.8)	(19.4)	(7.7)	2.1
Adjusted EBITDA	Adjusted EBITDA	36.5	37.9	Adjusted EBITDA	\$ 42.2	\$ 35.7	\$ 78.7	\$ 73.7
Adjusted EBITDA as a % of Net Sales	Adjusted EBITDA as a % of Net Sales	10.7 %	14.1 %	Adjusted EBITDA as a % of Net Sales	12.1 %	12.0 %	11.4 %	13.0 %

(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](#) [notes payable](#) recorded that mirrors most of the IO notes receivable, and the interest expense associated with the [Notes Payable](#) [notes payable](#) is part of the Interest Expense, Net adjustment.

(2) Certain Non-Cash Adjustments are comprised primarily of the following:

Incentive programs and other non-cash adjustments – For the thirteen weeks ended [April 3, 2022](#) [July 3, 2022](#) and [April 4, 2021](#) [July 4, 2021](#), the Company incurred [\\$1.4 million](#) [\\$3.3 million](#) and [\\$2.9 million](#), [\\$2.7 million](#), respectively, of [share based](#) share-based compensation and compensation expense associated with the employee stock purchase plan. The thirteen and twenty-six weeks ended [July 3, 2022](#) also includes \$1.5 million of unrealized purchase commitment losses. For the twenty-six weeks ended [July 3, 2022](#) and [July 4, 2021](#), the Company incurred [\\$4.8 million](#) and [\\$5.6 million](#), respectively, of share-based compensation and compensation expense associated with the employee stock purchase plan. During the [thirteen twenty-six](#) weeks ended [April 3, 2022](#) [July 3, 2022](#), the Company recorded an impairment of \$2.0 million related to the termination of distribution agreements.

(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 the buyout of multiple distributors, which was accounted for as a contract termination resulting in expense of \$23.0 million for the [thirteen twenty-six](#) weeks ended [April 3, 2022](#) [July 3, 2022](#) as well as other integration costs. During the thirteen and twenty-six weeks ended [July 3, 2022](#), [versus we](#) incurred incremental costs of \$6.2 million and \$12.0 million, respectively, for the integration of Truco, R.W. Garcia, Kings Mountain, and costs to evaluate other potential acquisitions, as well as, \$1.0 million for the incremental Tax Receivable Agreement Liability associated with the Business Combination. Acquisition and Integration costs incurred primarily for the Vitner's acquisition, the Truco acquisition, and related integration expenditures [where we incurred costs of were](#) \$1.9 million and \$3.9 million for the thirteen and twenty-six weeks ended [April 4, 2021](#) [July 4, 2021](#), respectively, as well as \$4.1 million related to distributor buyouts which was accounted for as contract terminations for the thirteen and twenty-six weeks ended [July 4, 2021](#).

(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, gains and losses 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, [and ERP transition costs](#), fall into this category. The Company incurred such costs of [\\$4.4 million](#) [\\$3.6 million](#) and [\\$3.3 million](#) [\\$2.4 million](#) for the thirteen weeks ended [April 3, 2022](#) [July 3, 2022](#) and [April 4, 2021](#) [July 4, 2021](#), respectively, and \$6.3 million and \$5.7 million for the twenty-six weeks ended [July 3, 2022](#) and [July 4, 2021](#), 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 expenses of](#) \$0.3 million for the thirteen weeks ended [April 3, 2022](#).

(6) Gains and losses related to the changes in the remeasurement of warrant liabilities are not expected to be settled in cash, and 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.

Liquidity and Capital Resources

The following table presents net cash provided by operating activities, investing activities and financing activities for the [thirteen twenty-six](#) weeks ended [April 3, 2022](#) [July 3, 2022](#) and [April 4, 2021](#) [July 4, 2021](#).

(in thousands)	(in thousands)	Thirteen weeks ended April 3, 2022	Thirteen weeks ended April 4, 2021	(in thousands)	Twenty-six weeks ended July 3, 2022	Twenty-six weeks ended July 4, 2021
Net cash used in operating activities	Net cash used in operating activities	\$ (36,004)	\$ (13,183)	Net cash used in operating activities	\$ (26,268)	\$ (44)
Net cash used in investing activities	Net cash used in investing activities	\$ (249)	\$ (25,311)	Net cash used in investing activities	\$ (47,251)	\$ (70,543)
Net cash provided by (used in) financing activities		\$ 9,254	\$ (4,317)			
Net cash provided by financing activities				Net cash provided by financing activities	\$ 51,754	\$ 50,501

For the thirteen twenty-six weeks ended April 3, 2022 July 3, 2022, our consolidated cash balance, including cash equivalents, was \$14.9 \$20.1 million or \$27.0 \$21.8 million lower than at January 2, 2022. Net cash used in operating activities for the thirteen twenty-six weeks ended April 3, 2022 July 3, 2022 was \$36.0 \$26.3 million compared to \$13.2 \$0.0 million thirteen for the twenty-six weeks ended April 4, 2021 July 4, 2021, with the difference largely driven by the payment of \$20.2 million in the first quarter of 2022 related to the buyout of multiple distributors, which were accounted for as contract terminations. The thirteen twenty-six weeks ended April 3, 2022 July 3, 2022 also included a larger cash outflow related to the building of inventory compared to the prior year comparable period. Cash used in investing activities for the thirteen twenty-six weeks ended April 3, 2022 July 3, 2022 was \$0.2 \$47.3 million driven by purchases of property and equipment offset by proceeds from the sale of assets and receipt of an insurance claim, versus cash used in investing activity of \$25.3 \$70.5 million for the thirteen twenty-six weeks ended April 4, 2021 July 4, 2021, which was primarily driven by the acquisition of Vitner's, Vitner's and Festida Foods. Net cash provided by financing activities was \$9.3 \$51.8 million for the thirteen twenty-six weeks ended April 3, 2022 July 3, 2022, driven by an increase in the line of credit of \$20.0 \$29.8 million, borrowings on the equipment term loans and other notes payable of \$28.9 million, and proceeds from the issuance of shares of \$28.0 million, offset by cash payments on net settled stock based compensation, and the payment of dividends and distribution, and repayments on term debt and notes payable, versus net cash used in financing activities of \$4.3 \$50.5 million for the thirteen twenty-six weeks ended April 4, 2021 July 4, 2021, which was primarily a result of the payoffs of the First Term Loan and the Bridge Credit Agreement, payments of dividends and distributions, offset by the borrowings under Term Loan B and proceeds from the redemption of warrants, and net borrowings on the ABL warrants.

Financing Arrangements

The primary objective of our financing strategy is to maintain a prudent capital structure that provides us flexibility to pursue our growth objectives. We use short-term debt as management determines is reasonable, principally to finance ongoing operations, including our seasonal requirements for working capital (generally accounts receivable, inventory, and prepaid expenses and other current assets, less accounts payable, accrued payroll, and other accrued liabilities), and a combination of equity and long-term debt to finance both our base working capital needs and our non-current assets.

Revolving Credit Facility

On November 21, 2017, UBH entered into an asset based revolving credit facility (as amended, the "ABL facility"). The ABL facility was set, pursuant to expire on the fifth anniversary terms of closing, or November 21, 2022 that certain First Lien Term Loan Credit Agreement, dated November 21, 2017 (the "Credit Agreement"). On April 1, 2020, the ABL facility was amended to increase the credit limit up to \$116.0 million and to extend the maturity through August 22, 2024. On December 18, 2020, the ABL facility was amended to increase the credit limit up to \$161.0 million. As of April 3, 2022 July 3, 2022 and January 2, 2022, \$56.0 \$65.8 million and \$36.0 million, respectively, were outstanding under this facility. Availability under the ABL facility is based on a monthly accounts receivable and inventory borrowing base certification, which is net of outstanding letters of credit. As of April 3, 2022 July 3, 2022 and January 2, 2022, \$80.8 million \$82.8 million and \$96.9 million, respectively, was available for borrowing, net of letters of credit. The facility bears interest at an annual rate based on LIBOR plus an applicable margin of 1.50% (ranging from 1.50% to 2.00% based on availability) or the prime rate plus an applicable margin of 0.50% (ranging from 0.50% to 1.00%). Had the Company elected to use the Prime rate, the interest rate on the facility as of April 3, 2022 and April 4, 2021, would have been 3.75%. The Company elected to use the LIBOR rate, the interest rate on the ABL facility as of April 3, 2022 was 1.95%. The Company elected to use the LIBOR rate as of April 4, 2021 and the interest rate was 1.61%. The ABL facility is also subject to unused line fees (0.5% at April 3, 2022 July 3, 2022) and other fees and expenses.

Standby letters of credit in the amount of \$12.0 million and \$10.3 million have been issued as of April 3, 2022 July 3, 2022 and January 2, 2022, respectively. The standby letters of credit are primarily issued for insurance purposes.

Term Loans

On December 14, 2020, the Company entered into a Bridge Credit Agreement with a syndicate of banks, led by Bank of America, N.A. (the "Bridge Credit Agreement"). The proceeds of the Bridge Credit Agreement were used to fund the Company's acquisition of Truco and the IP Purchase from OTB Acquisition, LLC, in which the Company withdrew \$490.0 million to finance the Truco Acquisition and IP Purchase. The Bridge Credit Agreement bears interest at an annual rate based on 4.25% Base plus 1 month LIBOR with scheduled incremental increases to the base rate, as defined in the Bridge Credit Agreement. The loan converts into an Extended Term Loan if the Loan remains open 365 days after the closing date. As of January 3, 2021, the outstanding balance of the Bridge Credit Agreement was \$370.0 million, with \$120.0 million being repaid from the redemption of the Company's warrants. Commitment fees and deferred financing costs on the Bridge Credit Agreement totaled \$7.2 million, of which \$2.6 million was expended in the thirteen weeks ended April 4, 2021. In connection with Amendment No. 2 to the Credit Agreement, and a \$12.0 million repayment in the first quarter of 2021, the outstanding balance of \$370.0 million was repaid in full.

On January 20, 2021, the Company entered into Amendment No. 2 to the Credit Agreement ("Amendment No. 2") which provided additional operating flexibility and revisions to certain restrictive covenants. Pursuant to the terms of Amendment No. 2, the Company raised \$720 million in aggregate principal of Term Loan B ("Term Loan B") which bears interest at LIBOR plus 3.00%, and extended the maturity of the Credit Agreement to January 20, 2028. The proceeds were used, together with cash on hand and proceeds from our

exercised warrants, to redeem the outstanding principal amount of existing Term Loan B and Bridge Credit Agreement of \$410 million and \$358 million, respectively. The refinancing was accounted for as an extinguishment. The Company incurred debt issuance costs and original issuance discounts of \$8.4 million.

On June 22, 2021, the Company entered into Amendment No. 3 to the Credit Agreement ("Amendment No. 3"). Pursuant to the terms of Amendment No. 3, the Company increased the principal balance of Term Loan B by \$75.0 million to bring the aggregated balance of Term Loan B proceeds to \$795.0 million. The Company incurred additional debt issuance costs and original issuance discounts of \$0.7 million related to the incremental funding.

The First Lien Term Loan, the Secured First Lien Note, Term Loan B, and the ABL facility are collateralized by substantially all of the assets and liabilities of the Company. The credit agreements contain certain affirmative and negative covenants as to operations and the financial condition of the Company. The Company was in compliance with its financial covenant as of [April 3, 2022](#) [July 3, 2022](#).

Debt (in thousands)	Issue Date	Principal Balance	Interest Rate	Maturity Date	July 3, 2022	January 2, 2022
Term loan B	June-21	\$ 795,000	4.06 %	January-28	\$ 783,261	\$ 787,236
Equipment loans ⁽¹⁾			3.26%-5.77%	Various	49,747	26,655
ABL facility ⁽²⁾					65,824	36,000
Net impact of debt issuance costs and original issue discounts					(7,511)	(7,929)
Total long-term debt					891,321	841,962
Less: current portion					(14,255)	(11,414)
Long term portion of term debt and financing obligations					\$ 877,066	\$ 830,548

Debt (in thousands)	Issue Date	Principal Balance	Interest Rate	Maturity Date	April 3, 2022	January 2, 2022
Term loan B	June-21	\$ 795,000	3.21 %	January-28	\$ 785,248	\$ 787,236
Equipment loans					30,476	26,655
Revolving credit facility					56,000	36,000
Net impact of debt issuance costs and original issue discounts					(7,588)	(7,929)
Total long-term debt					864,136	841,962
Less: current portion					(11,414)	(11,414)
Long term portion of term debt and financing obligations					\$ 852,722	\$ 830,548

(1) In July 2021, the Company entered into two separate finance lease obligations with Banc of America Leasing & Capital, LLC, which have been treated as secured borrowing. The Company has made a series of draws upon these agreements totaling \$25.6 million in fiscal 2022, with varying maturities up through 2028.

(2) The facility bears interest at an annual rate based on LIBOR plus an applicable margin of 1.75% (ranging from 1.50% to 2.00% based on availability) or the prime rate plus an applicable margin of 0.75% (ranging from 0.50% to 1.00%). The Company generally utilizes the Prime rate for amounts that the Company expects to pay down within 30 days, the interest rate on the facility as of July 3, 2022 and July 4, 2021, which was 5.50% and 3.75%, respectively under the Prime rate. The Company elects to use the LIBOR for balances that are expected to be carried longer than 30 days, the interest rate on the ABL facility as of July 3, 2022 was 3.35%. Had there been an outstanding balance and the Company elected to use the LIBOR rate as of July 4, 2021, the interest rate would have been 1.60%.

Other Notes Payable and Capital Leases

During the first fiscal quarter of 2022, we bought out and terminated the contracts of multiple distributors who had previously been providing services to the Company. These transaction were accounted for primarily as contract terminations and resulted in expense of \$23.0 million. As a condition of our buyout of distributors an additional [\\$4.1](#) [\\$3.1](#) million [is expected to be paid out and is included in other in the table below.](#) [was outstanding as of July 3, 2022.](#)

During the third quarter of 2021, the Company recorded liabilities related primarily to reclaiming distribution rights from distributors, of which \$1.3 million was outstanding as of [April 3, 2022](#) [July 3, 2022](#) and January 2, 2022, respectively.

During the first fiscal quarter of 2020, the Company purchased intellectual property that include a deferred purchase price of \$0.5 million, of which \$0.3 million is outstanding as of [April 3, 2022](#) [July 3, 2022](#) and January 2, 2022, respectively.

Amounts outstanding under notes payable consisted of the following:

(in thousands)	(in thousands)	As of April 3, 2022	As of January 2, 2022	(in thousands)	As of July 3, 2022	As of January 2, 2022
Note payable – IO notes	Note payable – IO notes	\$ 22,387	\$ 24,822	Note payable – IO notes	\$ 24,736	\$ 24,822
Capital lease	Capital lease	8,229	8,166	Capital lease	7,876	8,166
Other	Other	5,570	1,678	Other	4,717	1,678

Total notes payable	Total notes payable	36,186	34,666	Total notes payable	37,329	34,666
Less: current portion	Less: current portion	(13,057)	(9,957)	Less: current portion	(13,214)	(9,957)
Long term portion of notes payable	Long term portion of notes payable	\$ 23,129	\$ 24,709	Long term portion of notes payable	\$ 24,115	\$ 24,709

During fiscal 2019, the Company sold \$33.2 million of notes receivable from IOs on its books for \$34.1 million in a series of transactions to a financial institution. During fiscal 2021, the Company sold an additional \$11.8 million of notes receivable from IOs on its books for \$12.5 million in a series of transactions to a financial institution. During fiscal 2022, the Company sold an additional \$5.0 million of notes receivable from IOs on its books for \$5.0 million. Due to the structure of the transactions, they did not qualify for sale accounting treatment and the Company has recorded the notes payable obligation owed by the IOs to the financial institution on its books; the corresponding notes receivable also remained on the Company's books. The Company services the loans for the financial institution by collecting principal and interest from the IOs and passing it through to the institution. The underlying notes have various maturity dates through April 2030, June 2032. The Company partially guarantees the outstanding loans, as discussed in further detail within Note 11. "Contingencies". These loans are collateralized by the routes for which the loans are made. Accordingly, the Company has the ability to recover substantially all of the outstanding loan value upon default.

Interest Expense

Interest expense consisted of the following:

(in thousands)	(in thousands)	Thirteen weeks ended April 3, 2022	Thirteen weeks ended April 4, 2021	(in thousands)	Thirteen weeks ended July 3, 2022	Thirteen weeks ended July 4, 2021	Twenty-six weeks ended July 3, 2022	Twenty-six weeks ended July 4, 2021
Company's ABL facility and other long-term debt	Company's ABL facility and other long-term debt	\$ 8,331	\$ 7,574	Company's ABL facility and other long-term debt	\$ 10,073	\$ 7,254	\$ 18,404	\$ 14,828
Amortization of deferred financing fees	Amortization of deferred financing fees	341	2,870	Amortization of deferred financing fees	343	298	684	3,168
IO loans	IO loans	431	417	IO loans	311	344	742	761
Total interest	Total interest	\$ 9,103	\$ 10,861	Total interest	\$ 10,727	\$ 7,896	\$ 19,830	\$ 18,757

Off-Balance Sheet Arrangements

Purchase Commitments

The Company has outstanding purchase commitments for specific quantities at fixed prices for certain key ingredients to economically hedge commodity input prices. These purchase commitments totaled \$46.3 million \$93.2 million as of April 3, 2022 July 3, 2022. The Company accrues for losses on firm purchase commitments in a loss position at the end of each reporting period to the extent that there is an active observable market. The Company has recorded purchase commitment losses totaling \$0.0 million \$1.1 million and \$0.0 million for the thirteen weeks ended April 3, 2022 July 3, 2022 and April 4, 2021, July 4, 2021, respectively, and \$1.0 million and \$0.0 million for the twenty-six weeks ended July 3, 2022 and July 4, 2021, respectively.

IO Guarantees-Off-Balance Sheet

The Company partially guarantees loans made to IOs by Cadence Bank for the purchase of routes. The outstanding balance of loans guaranteed was \$2.0 million \$1.8 million and \$2.2 million at April 3, 2022 July 3, 2022 and January 2, 2022, respectively, all of which was recorded by the Company as an off balance sheet arrangement. The maximum amount of future payments the Company could be required to make under the guarantees equates to 25% of the outstanding loan balance up to \$2.0 million. These loans are collateralized by the routes for which the loans are made. Accordingly, the Company has the ability to recover substantially all of the outstanding loan value upon default.

The Company partially guarantees loans made to IOs by Bank of America for the purchase of routes. The outstanding balance of loans guaranteed that were issued by Bank of America was \$22.2 million \$28.6 million and \$18.6 million at April 3, 2022 July 3, 2022 and January 2, 2022, respectively, which are off balance sheet. As discussed in Note 8. "Long-Term Debt", the Company also sold notes receivable on its books to Bank of America during fiscal 2019 and fiscal 2021, which the Company partially guarantees. The outstanding balance of notes purchased by Bank of America at April 3, 2022 July 3, 2022 and January 2, 2022 was \$18.5 million \$21.1 million and \$19.7 million, respectively. Due to the structure of the transactions, the sale did not qualify for sale accounting treatment, and as such the Company records the notes payable obligation owed by the IOs to the financial institution on its Consolidated Balance Sheets; the corresponding note receivable also remained on the Company's Consolidated Balance Sheets. The maximum amount of future payments the Company could be required to make under these guarantees equates to 25% of the outstanding loan balance on the first day of each calendar year plus 25% of the amount of any new loans issued during such calendar year. These loans are collateralized by the routes for which the loans are made. Accordingly, the Company has the ability to recover substantially all of the outstanding loan value upon default.

The Company guarantees loans made to IOs by M&T Bank for the purchase of routes. The agreement with M&T Bank was amended in January 2020 so that the Company guaranteed up to 25% of the greater of the aggregate principal amount of loans outstanding on the payment date or January 1st of the subject year. The outstanding balance of loans guaranteed was \$4.4 million \$4.1 million and \$4.9 million at April 3, 2022 July 3, 2022 and January 2, 2022, respectively, all of which was the Company's consolidated balance sheets. These loans are collateralized by the routes for which the loans are made. Accordingly, the Company has the ability to recover substantially all of the outstanding loan value upon default.

New Accounting Pronouncements

See Note 1. "Operations and Summary of Significant Accounting Policies," to the unaudited condensed consolidated financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Application of Critical Accounting Policies and Estimates

General

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States. While the majority of our revenue, expenses, assets and liabilities are not based on estimates, there are certain accounting principles that require management to make estimates regarding matters that are uncertain and susceptible to change. Critical accounting policies are defined as those policies that are reflective of significant judgments, estimates and uncertainties, which could potentially result in materially different results under different assumptions and conditions. Management regularly reviews the estimates and assumptions used in the preparation of our financial statements for reasonableness and adequacy. Our significant accounting policies are discussed in Note 1. "Operations and Summary of Significant Accounting Policies", of the unaudited Consolidated Financial Statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q; however, the following discussion pertains to accounting policies we believe are most critical to the portrayal of our financial condition and results of operations and that require significant, difficult, subjective or complex judgments. Other companies in similar businesses may use different estimation policies and methodologies, which may affect the comparability of our financial condition, results of operations and cash flows to those of other companies.

Revenue Recognition

Our revenues primarily consist of the sale of salty snack items that are sold through DSD and Direct-To-Warehouse distribution methods, either directly to retailers or via distributors. We sell to supermarkets, mass merchandisers, club warehouses, convenience stores and other large-scale retailers, merchants, distributors, brokers, wholesalers, and IOs (which are third party businesses). These revenue contracts generally have a single performance obligation. Revenue, which includes shipping and handling charges billed to the customer, is reported net of variable consideration and consideration payable to customers, including applicable discounts, returns, allowances, trade promotion, consumer coupon redemption, unsaleable product, and other costs. Amounts billed and due from customers are classified as receivables and require payment on a short-term basis and, therefore, we do not have any significant financing components.

We recognize revenue when (or as) performance obligations are satisfied by transferring control of the goods to customers. Control is transferred upon delivery of the goods to the customer. Shipping and/or handling costs that occur before the customer obtains control of the goods are deemed to be fulfillment activities and are accounted for as fulfillment costs. Applicable shipping and handling are included in customer billing and are recorded as revenue as products' control is transferred to customers. We assess the goods promised in customers' purchase orders and identify a performance obligation for each promise to transfer a good that is distinct.

We offer various forms of trade promotions and the methodologies for determining these provisions are dependent on local customer pricing and promotional practices, which range from contractually fixed percentage price reductions to provisions based on actual occurrence or performance. Our promotional activities are conducted either through the retail trade or directly with consumers and include activities such as in store displays and events, feature price discounts, consumer coupons, and loyalty programs. The costs of these activities are recognized at the time the related revenue is recorded, which normally precedes the actual cash expenditure. The recognition of these costs therefore requires management judgment regarding the volume of promotional offers that will be redeemed by either the retail trade or consumer. These estimates are made using various techniques including historical data on performance of similar promotional programs. In 2019, we implemented a system that improves our ability to analyze and estimate the reserve for unpaid costs relating to our promotional activities. Differences between estimated expense and actual redemptions are recognized as a change in management estimate as the actual redemption incurred.

Distribution Route Purchase and Sale Transactions

We purchase and sell distribution routes as a part of our maintenance of our DSD network. As new IOs are identified, we either sell our existing routes to the IOs or sell routes that were previously purchased by us to the IOs. Gain/loss from the sale of a distribution route is recorded upon the completion of the sale transaction and signing of the relevant documents and is calculated based on the difference between the sale price of the distribution route and the asset carrying value of the distribution route as of the date of sale. We record intangible assets for distribution routes that we purchase based on the payment that we make to acquire the route and record the purchased distribution routes as indefinite-lived intangible assets under Financial Accounting Standards Board Accounting Standards Codification ("ASC") 350, Intangibles – Goodwill and Other. The indefinite lived intangible assets are subject to annual impairment testing.

Goodwill and Indefinite-Lived Intangibles

We allocate the cost of acquired companies to the identifiable tangible and intangible assets acquired and liabilities assumed, with the remaining amount classified as goodwill. The identification and valuation of these intangible assets and the determination of the estimated useful lives at the time of acquisition, as well as the completion of impairment tests, require significant management judgments and estimates. These estimates are made based on, among other factors, review of projected future operating results and business plans, economic projections, anticipated highest and best use of future cash flows and the cost of capital. The use of alternative estimates and assumptions could increase or decrease the estimated fair value of goodwill and other intangible assets, and potentially result in a different impact to our results of operations. Further, changes in business strategy and/or market conditions may significantly impact these judgments and thereby impact the fair value of these assets, which could result in an impairment of the goodwill or intangible assets.

Finite-lived intangible assets consist of distribution/customer relationships, technology, trademarks and non-compete agreements. These assets are being amortized over their estimated useful lives. Finite-lived intangible assets are tested for impairment only when management has determined that potential impairment indicators are present.

Goodwill and other indefinite-lived intangible assets (including trade names, master distribution rights and Company owned Company-owned routes) are not amortized but are tested for impairment at least annually and whenever events or circumstances change that indicate impairment may have occurred. We test goodwill for impairment at the reporting unit level.

As we have early adopted Accounting Standards Update 2017-04, Simplifying the Test for Goodwill Impairment, we will record an impairment charge based on the excess of a reporting unit's carrying amount over our fair value.

ASC 350, *Goodwill and Other Intangible Assets* also permits an entity to first assess qualitative factors to determine whether it is necessary to perform quantitative impairment tests for goodwill and indefinite-lived intangibles. If an entity believes, as a result of each qualitative assessment, it is more likely than not that goodwill or an indefinite-lived intangible asset is not impaired, a quantitative impairment test is not required.

We have identified the existing snack food operations as our sole reporting unit. For the qualitative analysis performed, which took place on the first day of the fourth quarter of 2021, we have taken into consideration all the events and circumstances listed in FASB ASC 350, Intangibles—Goodwill and Other, in addition to other entity-specific factors that have taken place. We have determined that there was no significant impact that affected the fair value of the reporting unit through April 3, 2022 July 3, 2022. Therefore, we have determined that it was not necessary to perform a quantitative goodwill impairment test for the reporting unit.

Income Taxes

We account for income taxes pursuant to the asset and liability method of ASC 740, Income Taxes, which require us to recognize current tax liabilities or receivables for the amount of taxes we estimate are payable or refundable for the current year, and deferred tax assets and liabilities for the expected future tax consequences attributable to temporary differences between the financial statement carrying amounts and their respective tax bases of assets and liabilities and the expected benefits of net operating loss and credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period enacted. A valuation allowance is provided when it is more likely than not that a portion or all of a deferred tax asset will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income and the reversal of deferred tax liabilities during the period in which related temporary differences become deductible.

We follow the provisions of ASC 740-10 related to the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. ASC 740-10 prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns.

The benefit of tax positions taken or expected to be taken in our income tax returns is recognized in the financial statements if such positions are more likely than not of being sustained upon examination by taxing authorities. Differences between tax positions taken or expected to be taken in a tax return and the benefit recognized and measured pursuant to the interpretation are referred to as "unrecognized benefits". A liability is recognized (or amount of net operating loss carryover or amount of tax refundable is reduced) for an unrecognized tax benefit because it represents an enterprise's potential future obligation to the taxing authority for a tax position that was not recognized as a result of applying the provisions of ASC 740-10. Interest costs and related penalties related to unrecognized tax benefits are required to be calculated, if applicable. Our policy is to classify assessments, if any, for tax related interest as interest expense and penalties as selling and administrative expenses. As of April 3, 2022 July 3, 2022 and January 2, 2022, no liability for unrecognized tax benefits was required to be reported. We do not expect any significant changes in our unrecognized tax benefits in the next year.

Business Combinations

We evaluate acquisitions of assets and other similar transactions to assess whether or not the transaction should be accounted for as a business combination or asset acquisition by first applying a screen test to determine if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the screen is met, the transaction is accounted for as an asset acquisition. If the screen is not met, further determination is required as to whether or not we have acquired inputs and processes that have the ability to create outputs which would meet the definition of a business. Significant judgment is required in the application of the screen test to determine whether an acquisition is a business combination or an acquisition of assets.

We use the acquisition method in accounting for acquired businesses. Under the acquisition method, our financial statements reflect the operations of an acquired business starting from the completion of the acquisition. The assets acquired and liabilities assumed are recorded at their respective estimated fair values at the date of the acquisition. Any excess of the purchase price over the estimated fair values of the identifiable net assets acquired is recorded as goodwill.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For quantitative and qualitative disclosures about market risk, see Item 7A. "Quantitative and Qualitative Disclosures About Market Risk" of our Annual Report on Form 10-K for the year ended January 2, 2022. Our exposures to market risk have not changed materially since January 2, 2022.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We have established disclosure controls and procedures (as defined in Rules 13a-15e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are designed to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and that information relating to the Company is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our current disclosure controls and procedures are effective at a level of reasonable assurance.

Changes in Internal Control over Financial Reporting

There was no other change in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during its most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time we are named as a defendant in legal actions arising from our normal business activities. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against us, we do not believe any currently pending legal proceeding to which we are a party will have a material adverse effect on our business, prospects, financial condition, cash flows or results of operations.

Item 1A. Risk Factors

Our risk factors set forth under the "Risk Factors" section of our Annual Report on Form 10-K filed on March 3, 2022. There have been no material changes to our risk factors since the filing of the [Annual Report on Form 10-K](#).

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. ~~DEFAULT~~ DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The exhibits listed in the following exhibit index are furnished as part of this report.

EXHIBIT INDEX

Exhibit Number	Exhibit Description
3.1	Certificate of Domestication of the Company.
3.2	Certificate of Incorporation of the Company.
3.3	Bylaws of the Company.
10.1+*	Utz Brands, Inc. 2020 Omnibus Equity Incentive Plan, as amended.
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934.
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted to Section 906 of Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted to Section 906 of Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)
*	Filed herewith
**	Furnished herewith
+	Indicates a management or compensatory plan.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: [May 12, 2022](#) [August 11, 2022](#) UTZ BRANDS, INC.

By: /s/ Ajay Kataria

Name: Ajay Kataria

Title: Executive Vice President, Chief Financial Officer

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Exhibit 10.12 LEGAL\46561856\6 LEGAL\58775958\2 UTZ BRANDS, INC. 2020 OMNIBUS EQUITY INCENTIVE PLAN Adopted August 28, 2020 As Amended May 5, 2022 1. Purpose; Eligibility. 1.1 General Purpose. The name of this plan is the Utz Brands, Inc. 2020 Omnibus Equity Incentive Plan. The purposes of the Plan are to (a) enable Utz Brands, Inc., a Delaware corporation (the "Company"), and any Affiliate to attract and retain the types of Employees, Consultants, and Independent Directors who will contribute to the Company's long range success; (b) provide incentives that align the interests of Employees, Consultants and Independent Directors with those of the stockholders of the Company; and (c) promote the success of the Company's business. 1.2 Eligible Award Recipients. The Persons eligible to receive Awards are the Employees, Consultants and Independent Directors of the Company and its Affiliates and such other individuals designated by the Committee who are reasonably expected to become Employees, Consultants and Independent Directors after the receipt of Awards. 1.3 Available Awards. Awards that may be granted under the Plan include: (a) Incentive Stock Options, (b) Non-qualified Stock Options, (c) Stock Appreciation Rights, (d) Restricted Awards, (e) Performance Share Awards, (f) Cash Awards, and (g) Other Equity-Based Awards. Except with respect to the conversion of phantom units into Restricted Stock Units in accordance with the LTIP, following the Effective Date, no further equity compensation awards shall be granted pursuant to any Predecessor Plan (it being understood that outstanding awards under any Predecessor Plan will continue to be settled pursuant to the terms of such Predecessor Plan). 2. Definitions. "Affiliate" means a parent or subsidiary corporation of the Company, as defined in Section 424 of the Code (substituting "Company" for "employer corporation"), any other entity that is a parent or subsidiary of the Company, including a parent or subsidiary which becomes such after the Effective Date of the Plan. "Applicable Laws" means the requirements related to or implicated by the administration of the Plan under applicable state corporate law, United States federal and state securities laws, the Code, any stock exchange or quotation system on which the shares of Common Stock are listed or quoted, and the applicable laws of any foreign country or jurisdiction where Awards are granted under the Plan. "Award" means any right granted under the Plan, including an Incentive Stock Option, a Non-qualified Stock Option, a Stock Appreciation Right, a Restricted Award, a Performance Share Award, a Cash Award, or an Other Equity-Based Award.



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LEGAL\46561856\6 LEGAL\58775958\2 3.4 Committee Composition. To the extent the Board desires to comply with the exemption requirements of Rule 16b-3 (if the Board is not acting as the Committee under the Plan), with respect to any insider subject to Section 16 of the Exchange Act, the Committee shall be a compensation committee of the Board that at all times consists solely of two or more Non-Employee Directors. Within the scope of such authority, the Board or the Committee may delegate to a committee of one or more members of the Board who are not Non-Employee Directors, or one or more officers of the Company or any of its subsidiaries, the authority to grant Awards to eligible Persons who are not then subject to Section 16 of the Exchange Act. Nothing herein shall create an inference that an Award is not validly granted under the Plan in the event Awards are granted under the Plan by a Committee that does not at all times consist solely of two or more Non-Employee Directors. 3.5 Indemnification. In addition to such other rights of indemnification as they may have as Directors or members of the Committee, and to the extent allowed by Applicable Laws, the Committee shall be indemnified by the Company against the reasonable expenses, including attorney's fees, actually incurred in connection with any action, suit or proceeding or in connection with any appeal therein, to which the Committee may be party by reason of any action taken or failure to act under or in connection with the Plan or any Award granted under the Plan, and against all amounts paid by the Committee in settlement thereof (provided, however, that the settlement has been approved by the Company, which approval shall not be unreasonably withheld) or paid by the Committee in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Committee did not act in good faith and in a manner which such Person reasonably believed to be in the best interests of the Company, or in the case of a criminal proceeding, had no reason to believe that the conduct complained of was unlawful; provided, however, that within 60 days after the institution of any such action, suit or proceeding, such Committee shall, in writing, offer the Company the opportunity at its own expense to handle and defend such action, suit or proceeding. 4. Shares Subject to the Plan. 4.1 Subject to adjustment in accordance with Section 14, no more than 9,500,000 shares of Common Stock shall be available for the grant of Awards under the Plan (the "Total Share Reserve"). During the terms of the Awards, the Company shall keep available at all times the number of shares of Common Stock required to satisfy such Awards. 4.2 Shares of Common Stock available for distribution under the Plan may consist, in whole or in part, of authorized and unissued shares, treasury shares or shares reacquired by the Company in any manner. 4.3 Subject to adjustment in accordance with Section 14, no more than 9,500,000 shares of Common Stock may be issued in the aggregate pursuant to the exercise of Incentive Stock Options (the "ISO Limit"). 4.4 The limit in this Section 4.4 only applies to Non-Employee Directors in respect to a Non-Employee Director's service on the Board. In that regard, (i) the maximum number of shares of Common Stock subject to Awards granted during a single Fiscal Year to any



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Exhibit 31.1

**CERTIFICATION PURSUANT TO RULES 13A-14 AND 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Dylan B. Lissette, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Utz Brands, Inc. (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2022 August 11, 2022

By: /s/ Dylan B. Lissette
Name: Dylan B. Lissette
Title: Chief Executive Officer

Exhibit 31.2

**CERTIFICATION PURSUANT TO RULES 13A-14 AND 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Ajay Kataria, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Utz Brands, Inc. (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2022 August 11, 2022

By: /s/ Ajay Kataria
 Name: Ajay Kataria
 Title: Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Utz Brands, Inc. (the "Company") on Form 10-Q for the period ending April 3, 2022 July 3, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dylan B. Lissette, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(D) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Dated: May 12, 2022 August 11, 2022

By: /s/ Dylan B. Lissette
 Name: Dylan B. Lissette
 Title: Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Utz Brands, Inc. (the "Company") on Form 10-Q for the period ending April 3, 2022 July 3, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ajay Kataria Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(D) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Dated: May 12, 2022 August 11, 2022

By: /s/ Ajay Kataria
Name: Ajay Kataria
Title: Chief Financial Officer

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