sovos brands™

Fourth Quarter 2021 Earnings Presentation

March 15, 2022

Disclaimer

This presentation and the accompanying commentary contain forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to statements regarding Sovos Brands' market opportunity, anticipated growth, and future financial performance, including management's outlook for the fiscal year ending December 31, 2022 and longer-term. These forward-looking statements are based on Sovos Brands' current assumptions, expectations and beliefs and are subject to substantial risks, uncertainties, assumptions, and changes in circumstances that may cause Sovos Brands' actual results, performance, or achievements to differ materially from those expressed or implied in any forward-looking statement.

The risks and uncertainties referred to above include, but are not limited to regional, national or global political, economic, business, competitive, market and regulatory conditions and the following: inflation, including our vulnerability to decreases in the supply of and increases in the price of raw materials and labor, manufacturing, distribution and other costs, and our inability to offset increasing costs through cost savings initiatives or pricing; supply disruptions; competition in the packaged food industry and our product categories; the COVID-19 pandemic and associated effects; our inability to accurately forecast pricing elasticities and the resulting impact on volume growth and/or distribution gains; our inability to maintain our workforce; our inability to identify, consummate or integrate new acquisitions or realize the projected benefits of acquisitions; our inability to effectively manage our growth; our inability to successfully introduce new products or failure of recently launched products to meet expectations or remain on-shelf; our inability to expand household penetration and successfully market our products; erosion of the reputation of one or more of our brands; issues with the major retailers, wholesalers, distributors and mass merchants on which we rely, including if they give higher priority to other brands or products, perform poorly or declare bankruptcy; our vulnerability to the impact of severe weather conditions, natural disasters and other natural events on our manufacturing facilities, co-packers or raw material supplies; failure by us or third-party co-packers or suppliers of raw materials to comply with food safety, environmental or other laws or regulations, or new laws or regulations; our dependence on third-party distributors and third-party co-packers, including one co-packer for the substantial majority of our Rao's Homemade sauce products; failure to protect, or litigation involving, our tradenames or trademarks and other rights; our level of indebtedness under our First Lien Credit Agreement, which as of December 25, 2021 was $480.8 million, and our duty to comply with covenants under our First Lien Credit Agreement; and the interests of our majority stockholder may differ from those of public stockholders.

These risks and uncertainties are more fully described in Sovos Brands' filings with the Securities and Exchange Commission (the "SEC"), including in the section entitled "Risk Factors" in its Annual Report on Form 10-K for the fiscal year ended December 25, 2021, and other filings and reports that Sovos Brands may file from time to time with the SEC. Moreover, Sovos Brands operates in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for management to predict all risks, nor can Sovos Brands assess the impact of all factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements Sovos Brands may make. In light of these risks, uncertainties and assumptions, Sovos Brands cannot guarantee that future results, levels of activity, performance, achievements, or events and circumstances reflected in the forward-looking statements will occur. Forward-looking statements represent managements' beliefs and assumptions only as of the date of this press release. Sovos Brands disclaims any obligation to update forward-looking statements except as required by law.

Non-GAAP Financial Information

Sovos Brands, Inc.'s results are determined in accordance with generally accepted accounting principles in the United States ("GAAP"). This presentation contains certain financial performance measures that are not determined in accordance with GAAP. Management believes these non-GAAP measures provide additional useful information to assess the financial and operational performance of the Company. These non-GAAP financial measures are presented for supplemental informational purposes only, have important limitations as analytical tools, should not be considered a substitute for financial information presented in accordance with GAAP and may be different from similarly titled non-GAAP measures used by other companies. Reconciliations of these non-GAAP financial measures to their most directly comparable GAAP financial measures are included in the Appendix to this presentation. For more information regarding the Sovos Brands' use of non-GAAP measures, please see today's earnings release and our filings with the SEC.

Today's Presenters

Todd Lachman

President & Chief Executive Officer

Chris Hall

Chief Financial Officer

Key Messages

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- **Exceeded FY 2021 guidance**, delivering +25% growth on net sales and adjusted EBITDA[1]
- **Rao's becomes the #2 pasta and pizza sauce brand**, with dollar market share reaching an all-time high of 15.4%[2]
- **noosa growing at over 2.5x the spoonable yogurt category** with category-leading velocity growth[3]
- **Entered the ice cream category** in Q1 2022 with the noosa brand
- **Alma facility beginning production in March 2022**, providing additional capacity and flexibility to support future Rao's sauce growth and reducing exposure to ocean freight
- **Taking further pricing and have identified additional cost savings** to help combat supply chain and inflationary pressures in FY 2022
- **Announcing FY 2022 guidance** for Net Sales of $800-$815M and Adjusted EBITDA of $116-$122M[1]

Source: IRI (MULO). [1] See Appendix for "Adjusted EBITDA Reconciliation". [2] Pasta & Pizza Sauce category according to IRI in the 4 weeks ended 12/26/2021, dollar share. [3] L13W ended 12.26.21, noosa Spoonable YoY $ growth vs. Spoonable category YoY $ growth; velocity measured as $/TDP YoY growth %.

One of the Most Exciting Food Companies in the Packaged Food Sector

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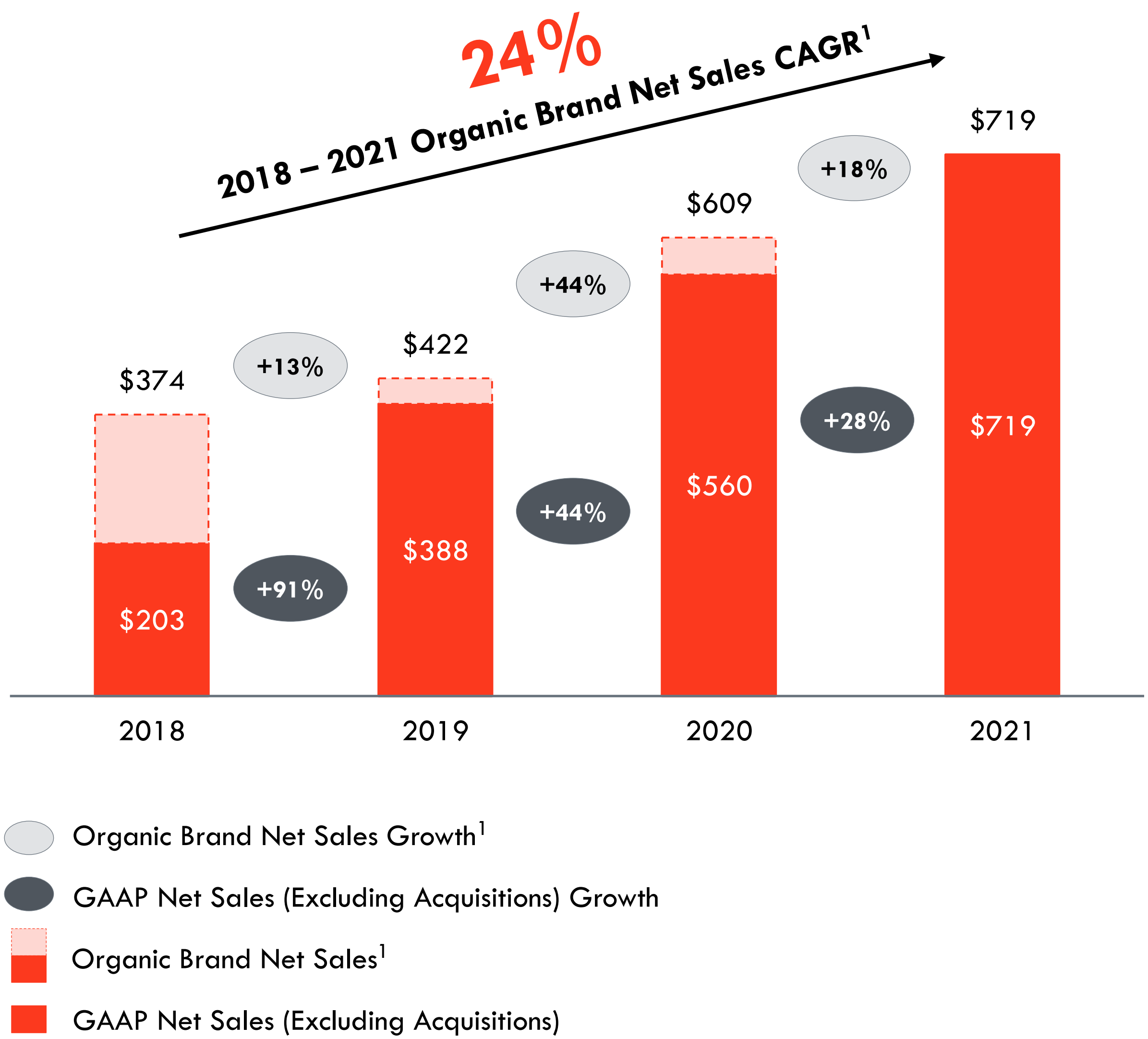
High-Growth, Disruptive Brands Driving Outperformance	Rare Combination of Double-Digit Growth, Scale and Robust Cash Generation	Massive Whitespace Opportunity Through Distribution and HH Penetration
Fastest growing food company of scale in the U.S.[1]	**$719mm** 2021 net sales / **+28%** YoY net sales growth	**<11%** household penetration across each business[5]
~20pp outperformance compared to our categories combined[2]	**16.0%** 2021 adj. EBITDA margin[4]	**~$57bn TAM** across current and future potential product categories[6]
Leading NPS scores across our categories[3]	**+26%** YoY adj. EBITDA growth[4]	**M&A platform** with a proven integration playbook

Source: SPINS, IRI, Third Party A&U Study. [1] U.S. multi-outlet ("MULO") retail and natural channel information from SPINS for the 52 weeks ended January 23, 2022 as compared to the 52 weeks ended January 20, 2020 and includes food companies with over $500 million in retail sales in the 52 weeks ended January 23, 2022 in the frozen, grocery, produce and refrigerated departments, and excludes beverage companies. [2] IRI (MULO), total Sovos dollar sales YoY growth compared to total categories YoY growth for 52 weeks ended 12/26/2021 denoted in percentage points, combined categories include the pasta and pizza sauce, ready-to-serve soup, dry pasta, frozen dinner, baking mix (inclusive of pancake and waffle mix), frosting, frozen waffle, syrup, and yogurt categories. [3] Third-Party A&U studies and taste tests. [4] Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by GAAP net sales for the applicable period, see Appendix for "Adjusted EBITDA Reconciliation". [5] IRI (MULO) Panel Information for 52 weeks ended 12/26/2021. [6] IRI U.S. MULO L52W ended 12/26/2021, excludes the double impact of the frozen entrée category captured in Rao's existing TAM and Michael Angelo's existing TAM

We Have Experienced Rapid Growth

Organic Brand Net Sales and GAAP Net Sales ($mm)[1]

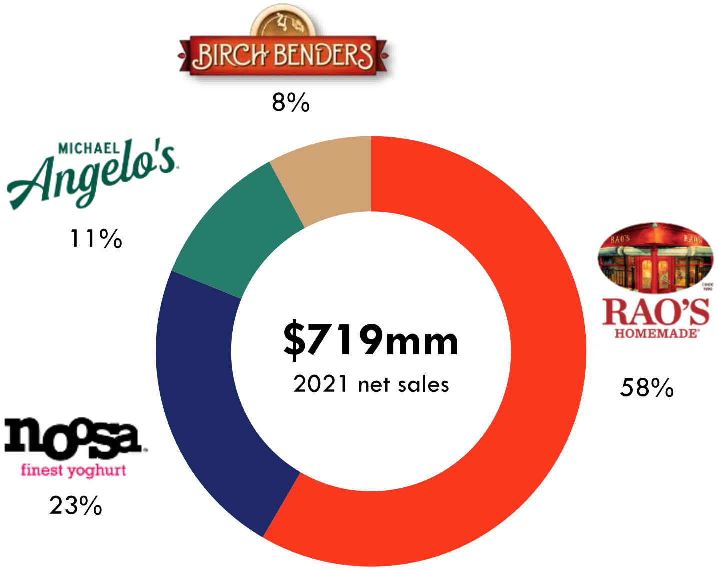


- **Fastest growing food company** of scale in the U.S.[2]
- Proven track record of **accelerating growth**
- **Ample whitespace** ahead to sustain growth in core categories
- **Sustained growth trajectory** into COVID recovery environment
- **Scalable platform** with a **playbook** well suited for **accretive M&A**

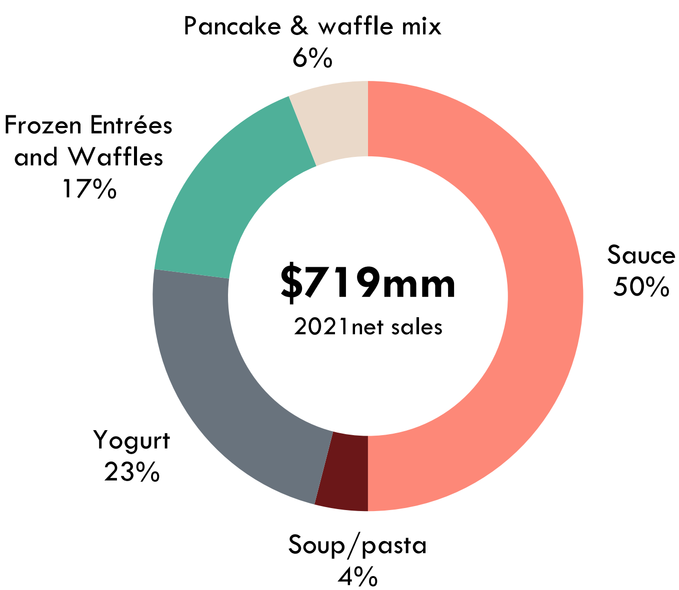
[1] Brand net sales includes Birch Benders' net sales for the FY periods 2018, 2019 and 2020 and noosa's net sales for the FY period 2018, see Appendix for "Brand Net Sales Reconciliation". [2] U.S. multi-outlet ("MULO") retail and natural channel information from SPINS for the 52 weeks ended January 23, 2022 as compared to the 52 weeks ended January 20, 2020 and includes food companies with over $500 million in retail sales in the 52 weeks ended January 23, 2022 in the frozen, grocery, produce and refrigerated departments, and excludes beverage companies.

Rao's Anchors Our Diversified Revenue Mix, Driving Consistent Performance

Breakdown by Brand



Breakdown by Category



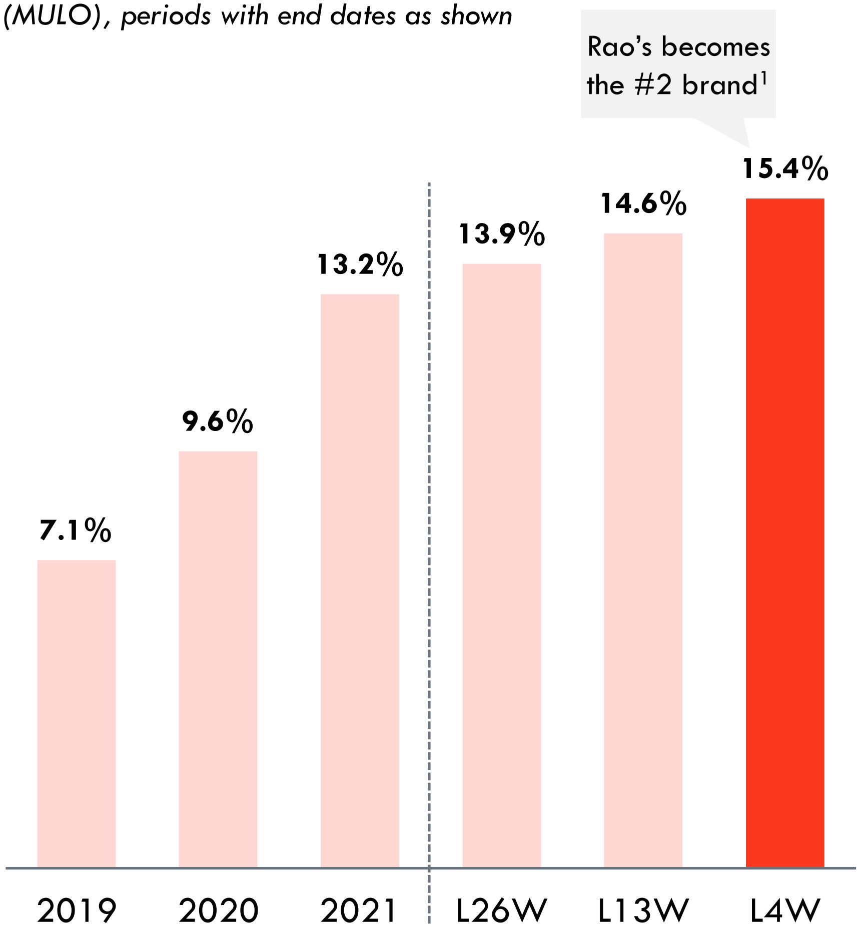
- Portfolio of **diverse brands** across center-of-store categories
- Exposure to **all day parts** and **multiple meal** occasions
- Capabilities across **three temperature states**
- Platform designed to **capture synergies** as we scale and add new brands

Note: Frozen Entrées & Waffles includes MA and Rao's Frozen Entrees and BB Frozen Waffles; Pancake & Waffle Mix includes Cups, Syrup and Baking Mix / Frosting

Rao's Continues to Take Share and Grow Penetration at a Rapid Pace

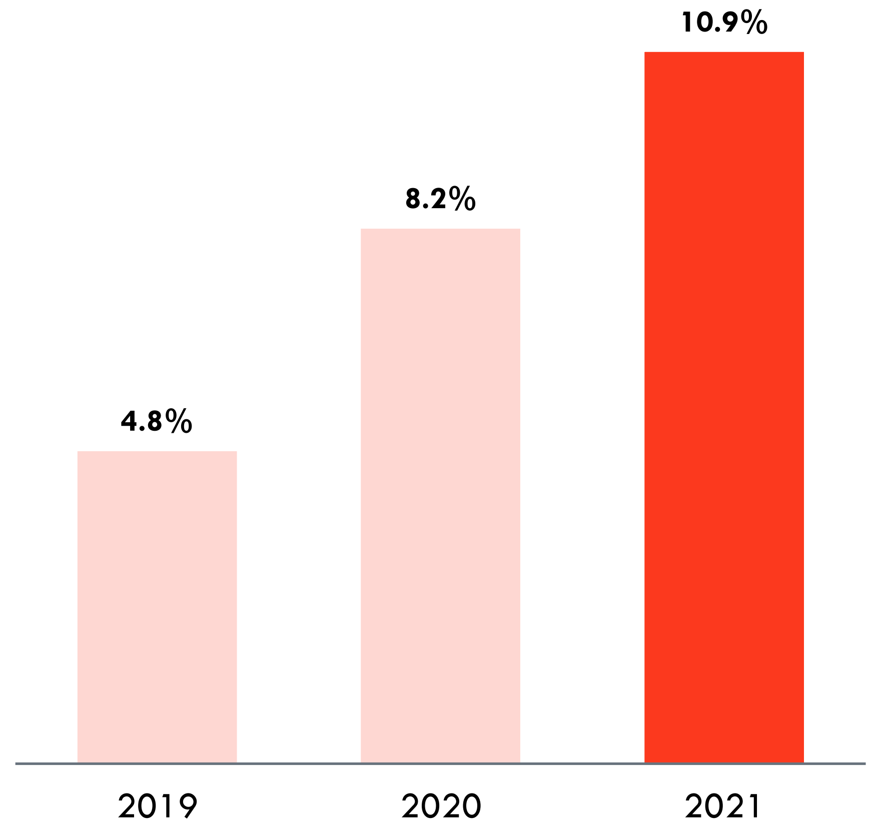
Rao's Dollar Share % in Pasta and Pizza Sauce Category

IRI (MULO), periods with end dates as shown



Rao's Household Penetration % in Pasta and Pizza Sauce Category

IRI panel rolling 52W periods with end dates as shown



Rao's became the **#2 Pasta & Pizza Sauce brand** in the L4W ended 12/26 with a **15.4% $ share**[1]

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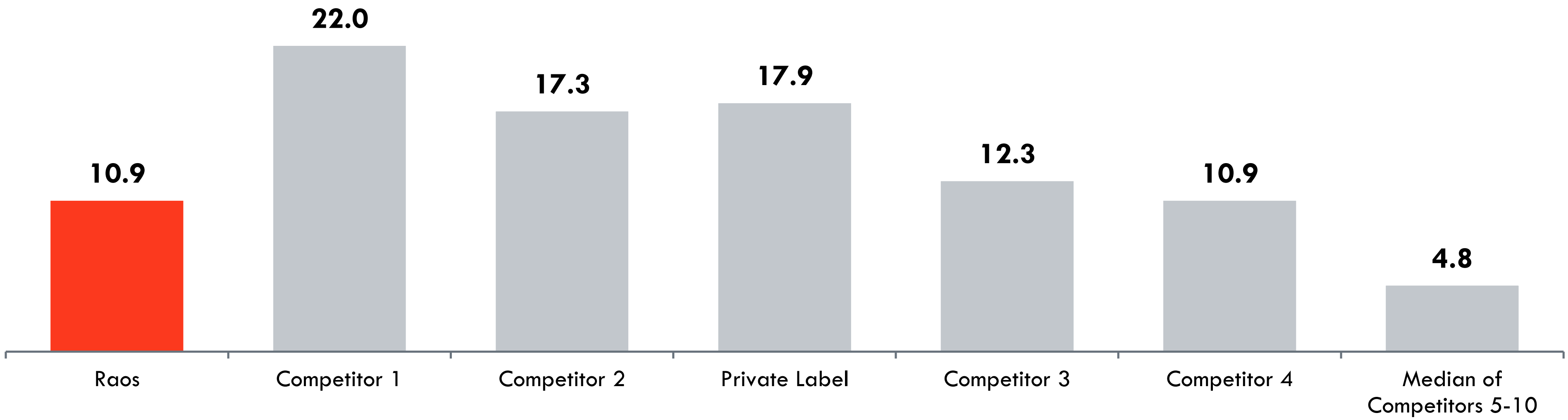
Source: IRI (MULO), periods with end dates as shown. [1] Pasta & Pizza Sauce category according to IRI in the 4 weeks ended 12/26/2021, dollar shar.e

Rao's Still has Massive Whitespace Opportunity in Sauce

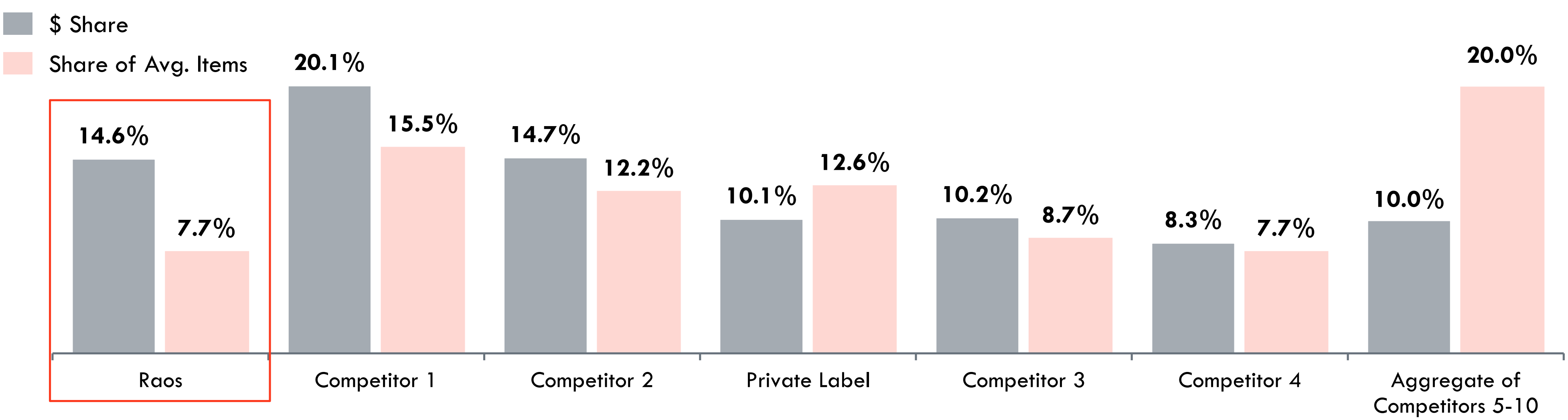
Rao's Average Items per Store Remains Well Below Other Leading Brands

IRI (MULO), L13W 12/26/2021 Avg. items per store



Rao's Share of Shelf Significantly Lags Dollar Share, Reflecting Significant Distribution Upside

IRI (MULO), L13W 12/26/2021 $ share vs. Share of Avg. items

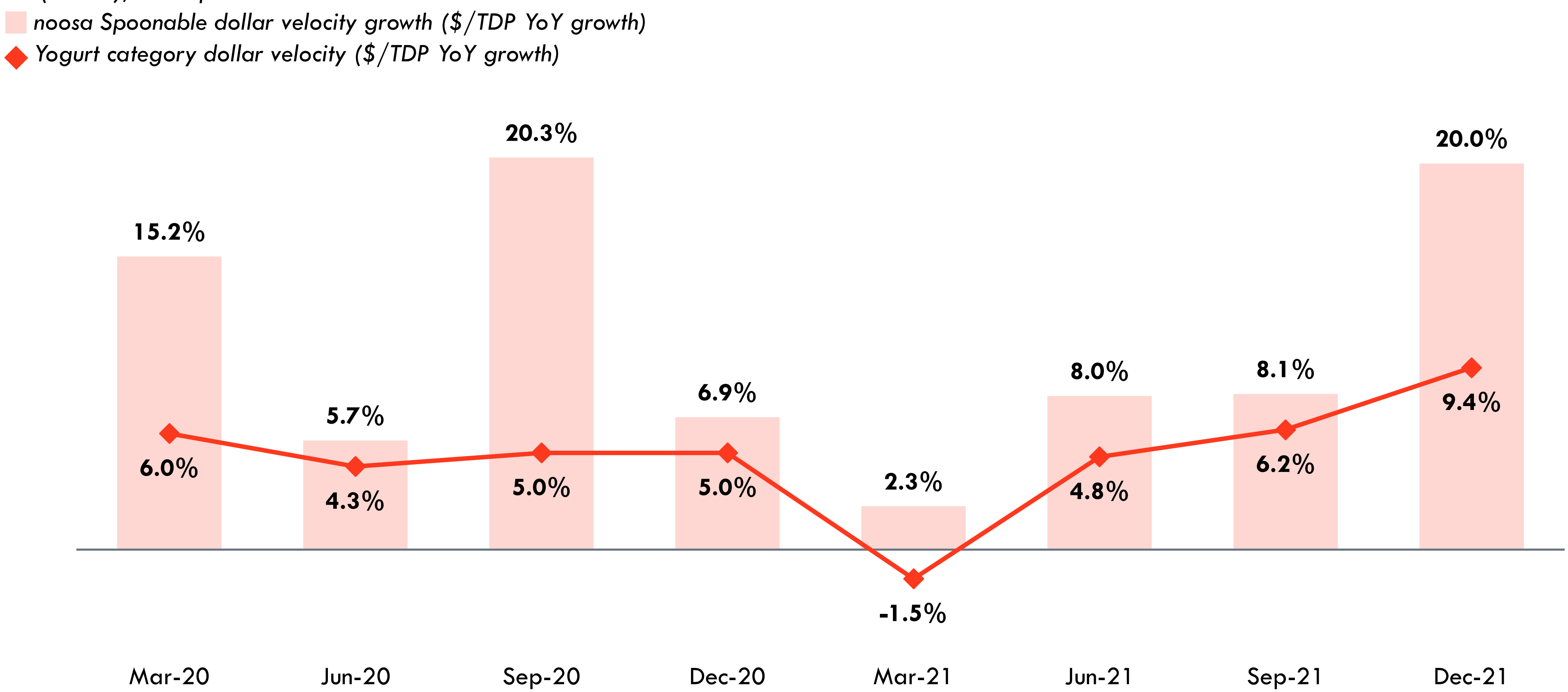


Source: IRI (MULO). [1] IRI (MULO), 13 weeks ended 12/26/2021, Avg Items per Store and $ Share.

noosa is Resonating with Consumers and Driving Consistent Velocity Outperformance

noosa Velocity Performance is Out-Pacing the Category

IRI (MULO), 13W periods with end dates as shown



Category-Leading
unit velocities

2.5x
$ sales growth vs. spoonable yogurt category[1]

Outperformed
the yogurt category in $ sales for the last 14 periods[2]

Source: IRI (MULO), 13-week periods with end dates as shown. [1] IRI (MULO) L13W ended 12/26/2021. [2] IRI (MULO), L4W periods ended 12/27/20-12/26/21.

We Have Demonstrated Our Ability to Increase TAM Through Innovation and Will Continue by Entering New Categories

Sovos has expanded our TAM by ~$7bn with the launch of noosa Frozen Gelato

Categories at Acquisition

~$20bn


Pasta & Pizza Sauce: **~$3bn**


Spoonable Yogurt: **~$7bn**


Pancake & Waffle Mix: **~$600mm**


Frozen Entrées: **~$8bn**


Frozen Waffles: **~$1bn**


Syrup: **~$1bn**

Enter new categories and pursue in-category innovation

Additional Categories as of 2021

~$27bn


Dry Pasta: **~$2bn**


Frozen Entrées: **~$8bn**


RTS Soup: **~$2bn**


Drinkable Yogurt: **~$1bn**


Baking Mix: **~$1bn**


Frosting: **~$300mm**

Leverage in-house marketing and R&D to identify new opportunities

Key Q1 2022 Launch

~$33bn


Ice Cream: **~$7bn**

Launched Q1 2022

Launched noosa Frozen Yoghurt Gelato into the Ice Cream category in Q1 '22

Future Opportunities[1]

~$57bn


Frozen Pizza: **~$6bn**


Salad Dressing: **~$2bn**


Frozen Novelties: **~$6bn**


Cookies: **~$9bn**

~$57B Future TAM potential

Source: IRI, Third-Party A&U Study | Note: All category size data is presented as of the 52 weeks ended December 26, 2021. [1] Excludes both the double impact of the frozen entrée category captured in Rao's existing TAM and Michael Angelo's existing TAM.


RAO'S HOMEMADE
MARINARA
RAO'S HOMEMADE
PENNE RIGATE

noosa
vanilla bean
noosa

MICHAEL
Angelo's
EGGPLANT
PARMIGIANA

BIRCH BENDERS
KETO
TOASTER WAFFLES

Financials

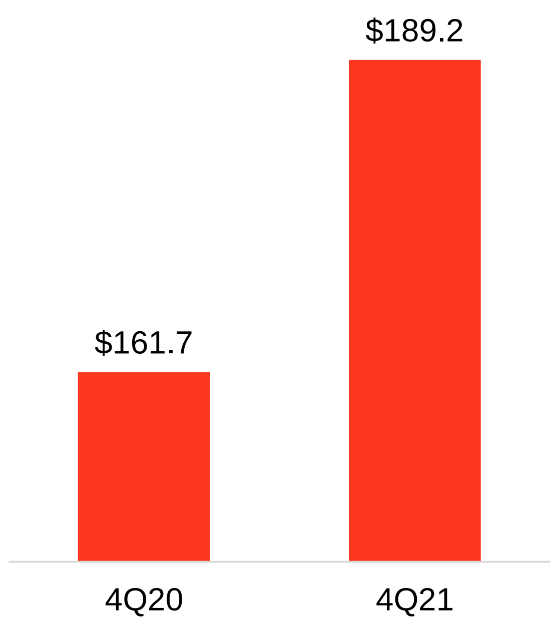







4Q 2021 Results

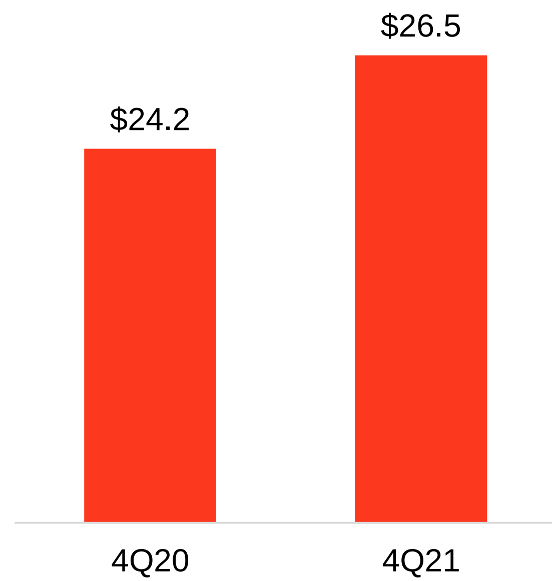
Net Sales



+17%

- Continued strength in shipments for Rao's and solid, positive contribution from Michael Angelo's and noosa
- ~$10M sales contribution from acquisition of Birch Benders in 4Q20
- Brand net sales +15% YoY[1]

Adjusted EBITDA[2]



+10%

- Industry-wide inflationary pressures and global logistical constraints pressured gross margins
- Volume-related expenses and public company costs were primary drivers of adj. opex growth
- Results include $1.3 million in public company costs, which did not exist in the prior year period. Adjusted EBITDA +16% YoY once proportionately burdening 4Q20 by public company costs

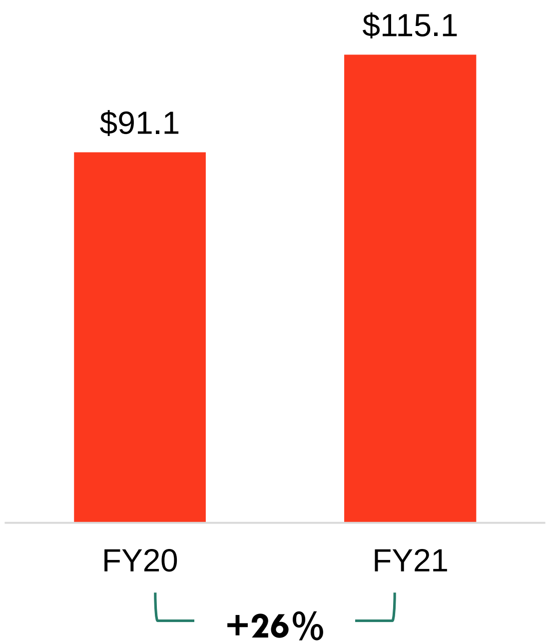
[1] *Brand net sales, includes Birch Benders' net sales for the FY periods 2018, 2019 and 2020 and noosa's net sales for the FY period 2018, see Appendix for "Brand Net Sales Reconciliation".* [6] *Adjusted EBITDA and Adjusted EPS are non-GAAP Measures. See appendix for a reconciliation of non-GAAP measures to most directly comparable GAAP measures.*

FY 2021 Results

Net Sales

- Continued strength in shipments for Rao's and solid, positive contribution from Michael Angelo's and noosa
- Birch Benders contributed ~$56M sales in FY 2021
- Brand net sales +18% YoY[1]

Adjusted EBITDA[2]



- All-time high for both $ and % Adjusted EBITDA
- Results include $1.9 million in public company costs, which did not exist in the prior year period. Adjusted EBITDA +29% YoY once proportionately burdening 4Q20 by public company costs.

[1] *Brand net sales, includes Birch Benders' net sales for the FY periods 2018, 2019 and 2020 and noosa's net sales for the FY period 2018, see Appendix for "Brand Net Sales Reconciliation".* [6] *Adjusted EBITDA and Adjusted EPS are non-GAAP Measures. See appendix for a reconciliation of non-GAAP measures to most directly comparable GAAP measures.*

FY 2022 Outlook

$800-$815M

Net Sales

$116-$122M

Adjusted EBITDA[1]

- 2022 will be a 53-week period vs. 52 weeks in 2021 – embedded in guidance, we expect the additional week to contribute ~$15M or 2% to the topline while we plan to reinvest any variable profit generated to support future growth
- Expect 2022 YoY inflation of high-single digits related to raw materials, labor and logistics
- Public company costs of ~$6M will weigh more heavily on our adjusted EBITDA growth in 2022 as we take on a full year of costs
- 2H 2022 weighted adjusted EBITDA growth as pricing and productivity ramp
- Net interest expense of $23-$25M
- 2022 adjusted effective tax rate of ~25%
- Capital expenditures of ~2.5% of net sales primarily focused on automation and other productivity projects at our manufacturing facilities as well as growth-enabling initiatives
- Excluding M&A, we expect net leverage to approach 3.0x by year end

[1] *Adjusted EBITDA and Adjusted EBITDA margins are non-GAAP Measures. Sovos Brands cannot provide a reconciliation between its forecasted adjusted EBITDA and a forecasted net income without unreasonable effort due to the inherent difficulty of forecasting and providing reliable estimates for certain items. These items may reside outside the Company's control and vary greatly between periods and could significantly impact future financial results.*


RAO'S
HOMEMADE
MARINARA
RAO'S
HOMEMADE
PENNE RIGATE

noosa
vanilla bean
aussie culture • colorado fresh

MICHAEL
Angelo's
EGGPLANT
PARMIGIANA

BIRCH BENDERS
KETO
TOASTER WAFFLES
NO ADDED SUGAR
NO GLUTEN OR GRAINS
6g
NET CARBS

Appendix






MICHAEL
Angelo's
EGGPLANT
PARMIGIANA

MICHAEL
Angelo's
LASAGNA

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(amounts in thousands, except for per share data)

(Unaudited)

	13 Weeks Ended		52 Weeks Ended	
	December 25, 2021	**December 26, 2020**	**December 25, 2021**	**December 26, 2020**
Net sales	$ 189,244	$ 161,731	$ 719,186	$ 560,067
Cost of sales	129,752	107,325	498,394	373,314
Gross profit	59,492	54,406	220,792	186,753
Operating expenses:				
Selling, general and administrative	43,693	41,102	135,060	124,612
Depreciation and amortization	7,240	6,821	28,871	24,744
Loss on extinguishment of debt	5,665	—	15,382	—
Forgiveness of capital advance	5,000	—	5,000	—
Total operating expenses	61,598	47,923	184,313	149,356
Operating income (loss)	(2,106)	6,483	36,479	37,397
Interest expense	6,272	4,983	30,885	19,895
Income (loss) before income taxes	(8,378)	1,500	5,594	17,502
Income tax (expense) benefit	4,538	(1,979)	(3,675)	(6,677)
Net income (loss)	$ (3,840)	$ (479)	$ 1,919	$ 10,825
Earnings (loss) per share:				
Basic	$ (0.04)	$ (0.01)	$ 0.02	$ 0.15
Diluted	$ (0.04)	$ (0.01)	$ 0.02	$ 0.14
Weighted average shares outstanding:				
Basic	100,289,965	74,058,719	80,616,326	74,058,569
Diluted	100,289,965	74,058,719	80,616,326	75,921,065

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(amounts in thousands, except for per share data)

(Unaudited)

	13 Weeks Ended		52 Weeks Ended	
	December 25, 2021	**December 26, 2020**	**December 25, 2021**	**December 26, 2020**
Net sales	$ 189,244	$ 161,731	$ 719,186	$ 560,067
Birch Benders net sales prior to acquisition	—	3,247	—	48,687
Brand net sales	$ 189,244	$ 164,978	$ 719,186	$ 608,754

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(amounts in thousands, except for per share data)

(Unaudited)

(In thousands)	13 Weeks Ended December 25, 2021	13 Weeks Ended December 26, 2020	52 Weeks Ended December 25, 2021	52 Weeks Ended December 26, 2020
Net income (loss)	**$ (3,840)**	**$ (479)**	**$ 1,919**	**$ 10,825**
Interest	6,272	4,983	30,885	19,895
Income tax (expense) benefit	4,538	(1,979)	(3,675)	(6,677)
Depreciation and amortization	9,510	9,050	37,812	33,797
EBITDA	**7,404**	**15,533**	**74,291**	**71,194**
Transaction and integration costs(1)	249	5,120	4,227	12,396
Initial public offering readiness(2)	383	1,971	5,559	2,701
Non-cash equity-based compensation(3)	7,739	459	9,823	1,915
Supply chain optimization(4)	—	925	—	1,914
Non-recurring costs(5)	10,716	147	21,245	1,012
Adjusted EBITDA	**$ 26,491**	**$ 24,155**	**$ 115,145**	**$ 91,132**
EBITDA margin	**3.9 %**	**9.6 %**	**10.3 %**	**12.7 %**
Adjusted EBITDA margin	**14.0 %**	**14.9 %**	**16.0 %**	**16.3 %**

(1) Consists of transaction costs and certain integration costs associated with the Birch Benders Acquisition as well as costs associated with incomplete potential acquisitions and substantial one-time costs related to a large, uncompleted transaction. For the 13 weeks and 52 weeks ended December 25, 2021, $0 and $298, respectively, are included in cost of sales, and $249 and $3,929, respectively, are included in total operating expenses. For the 13 weeks and 52 weeks ended December 26, 2020, $337 and $337, respectively, are included in cost of sales, and $4,783 and $12,059 are included in total operating expenses.

(2) Consists of costs associated with preparing for an IPO, including public company readiness, primarily comprised of professional fees. For all periods presented, these costs are included in total operating expenses.

(3) Consists of non-cash equity-based compensation expense associated with the grant of equity-based compensation provided to officers, directors and employees. For all periods presented, these costs are included in total operating expenses.

(4) Consists of expenses for professional fees related to supply chain manufacturing optimization and costs associated with SKU rationalization and certain other strategic initiatives. There are no costs for the 13 weeks and 52 weeks ended December 25, 2021. For the 13 weeks and 52 weeks ended December 26 2020, $0 and $586, respectively, are included in cost of sales, and $925 and $1,328, respectively, are included in total operating expenses.

(5) Consists of costs related to loss on extinguishment of debt, forgiveness of capital advance, legal and consulting costs associated with the dividend, ERP conversion costs related to integrating acquisitions and employee separation costs. For all periods presented, these costs are included in total operating expenses.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(amounts in thousands, except for per share data)

(Unaudited)

	13 Weeks Ended		52 Weeks Ended	
(In thousands)	December 25, 2021	December 26, 2020	December 25, 2021	December 26, 2020
Selling, general and administrative	$ 43,693	$ 41,102	$ $ 135,060	$ 124,612
Depreciation and amortization	7,240	6,821	28,871	24,744
Loss on extinguishment of debt	5,665	—	15,382	—
Forgiveness of capital advance	5,000	—	5,000	—
Total operating expenses	**61,598**	**47,923**	**184,313**	**149,356**
Transaction and integration costs(1)	(249)	(4,783)	(3,929)	(12,059)
Initial public offering readiness(2)	(383)	(1,971)	(5,559)	(2,701)
Non-cash equity-based compensation(3)	(7,739)	(459)	(9,823)	(1,915)
Supply chain optimization(4)	—	(925)	—	(1,328)
Non-recurring costs(5)	(10,716)	(147)	(21,245)	(1,012)
Total adjusted operating expenses	**$ 42,511**	**$ 39,638**	**$ 143,757**	**$ 130,341**

(1) Consists of transaction costs and certain integration costs associated with the Birch Benders Acquisition as well as costs associated with incomplete potential acquisitions and substantial one-time costs related to a large, uncompleted transaction.
(2) Consists of costs associated with preparing for an IPO, including public company readiness, primarily comprised of professional fees.
(3) Consists of non-cash equity-based compensation expense associated with the grant of equity-based compensation provided to officers, directors and employees.
(4) Consists of expenses for professional fees related to supply chain manufacturing optimization and costs associated with SKU rationalization and certain other strategic initiatives.
(5) Consists of costs related to loss on extinguishment of debt, forgiveness of capital advance, legal and consulting costs associated with the dividend, ERP conversion costs related to integrating acquisitions and employee separation costs.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(amounts in thousands, except for per share data)

(Unaudited)

	13 Weeks Ended		52 Weeks Ended	
(In thousands)	December 25, 2021	December 26, 2020	December 25, 2021	December 26, 2020
Net income (loss)	**$ (3,840)**	**$ (479)**	**$ 1,919**	**$ 10,825**
Transaction and integration costs[1]	249	5,120	4,227	12,396
Initial public offering readiness[2]	383	1,971	5,559	2,701
Non-cash equity-based compensation[3]	7,739	459	9,823	1,915
Supply chain optimization[4]	—	925	—	1,914
Non-recurring costs[5]	10,716	147	21,245	1,012
Acquisition amortization[6]	6,810	6,409	27,240	23,228
Tax effect of adjustments[7]	(10,244)	(4,243)	(14,858)	(10,391)
One-time tax expense items[8]	1,195	505	(878)	505
Adjusted net income	**$ 13,008**	**$ 10,814**	**$ 54,277**	**$ 44,105**
Earnings (loss) per share:				
Diluted	$ (0.04)	$ (0.01)	$ 0.02	$ 0.14
Adjusted diluted	$ 0.13	$ 0.14	$ 0.67	$ 0.58
Weighted average shares outstanding:				
Diluted for net income	100,289,965	74,058,719	80,616,326	75,921,065
Diluted for adjusted net income	100,515,665	76,627,895	80,616,326	75,921,065

(1) Consists of transaction costs and certain integration costs associated with the Birch Benders Acquisition as well as costs associated with incomplete potential acquisitions and substantial one-time costs related to a large, uncompleted transaction. For the 13 weeks and 52 weeks ended December 25, 2021, $0 and $298, respectively, are included in cost of sales, and $249 and $3,929, respectively, are included in total operating expenses. For the 13 weeks and 52 weeks ended December 26, 2020, $337 and $337, respectively, are included in cost of sales, and $4,783 and $12,059 are included in total operating expenses.

(2) Consists of costs associated with preparing for an IPO, including public company readiness, primarily comprised of professional fees. For all periods presented, these costs are included in total operating expenses.

(3) Consists of non-cash equity-based compensation expense associated with the grant of equity-based compensation provided to officers, directors and employees. For all periods presented, these costs are included in total operating expenses.

(4) Consists of expenses for professional fees related to supply chain manufacturing optimization and costs associated with SKU rationalization and certain other strategic initiatives. There are no costs for the 13 weeks and 52 weeks ended December 25, 2021. For the 13 weeks and 52 weeks ended December 26 2020, $0 and $586, respectively, are included in cost of sales, and $925 and $1,328, respectively, are included in total operating expenses.

(5) Consists of costs related to loss on extinguishment of debt, forgiveness of capital advance, legal and consulting costs associated with the dividend, ERP conversion costs related to integrating acquisitions and employee separation costs. For all periods presented, these costs are included in total operating expenses.

(6) Amortization costs associated with acquired trade names and customer lists.

(7) Tax effect was calculated using the Company's adjusted annual effective tax rate.

(8) Represents the removal for remeasurement of deferred taxes related to intangibles for changes in deferred rate, the removal of the tax effect of non-deductible transaction costs and prior year adjustments of non-deductible items.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(amounts in thousands, except for per share data)

(Unaudited)

(In thousands)	13 Weeks Ended December 25, 2021	13 Weeks Ended December 26, 2020	52 Weeks Ended December 25, 2021	52 Weeks Ended December 26, 2020
Reported income tax (expense) benefit	$ 4,538	$ (1,979)	$ (3,675)	$ (6,677)
Transaction and integration costs(1)	(61)	(4,021)	(1,032)	(5,808)
Initial public offering readiness(2)	(456)	(484)	(1,716)	(663)
Non-cash equity-based compensation(3)	(230)	—	(229)	—
Supply chain optimization(4)	—	(231)	—	(480)
Non-recurring costs(5)	(5,228)	(37)	(5,186)	(249)
Acquisition amortization(6)	(3,074)	1,035	(7,573)	(2,686)
Adjusted income tax (expense)	$ (4,511)	$ (5,717)	$ (19,411)	$ (16,563)
Reported effective tax rate	54.3 %	132.0 %	65.8 %	38.2 %
Transaction and integration costs(1)	(0.2)	(104.8)	(2.6)	(6.4)
Initial public offering readiness(2)	(1.4)	(12.6)	(4.3)	(0.7)
Non-cash equity-based compensation(3)	(0.7)	—	(0.6)	—
Supply chain optimization(4)	—	(6.0)	—	(0.5)
Non-recurring costs(5)	(16.5)	(0.9)	(13.0)	(0.3)
Acquisition amortization(6)	(9.8)	26.9	(19.0)	(3.0)
Adjusted effective tax rate	25.7 %	34.6 %	26.3 %	27.3 %

(1) Tax effect adjustment of transaction costs and certain integration costs associated with the Birch Benders Acquisition as well as costs associated with incomplete potential acquisitions and substantial one-time costs related to a large, uncompleted transaction.

(2) Tax effect adjustment of costs associated with preparing for an IPO, including public company readiness, primarily comprised of professional fees.

(3) Tax effect adjustment of non-cash equity-based compensation expense associated with the grant of equity-based compensation provided to officers, directors and employees.

(4) Tax effect adjustment of expenses for professional fees related to supply chain manufacturing optimization and costs associated with SKU rationalization and certain other strategic initiatives. There are no costs for the 13 weeks and 52 weeks ended December 25, 2021.

(5) Tax effect adjustment of costs related to loss on extinguishment of debt, forgiveness of capital advance, legal and consulting costs associated with the dividend, ERP conversion costs related to integrating acquisitions and employee separation costs.

(6) Tax effect adjustment of amortization costs associated with acquired trade names and customer lists.