



TreeHouse Foods, Inc. Reports First Quarter 2024 Results

TreeHouse First Quarter Net Sales Exceed Guidance Range

Reaffirms 2024 Annual Guidance

- Net sales of \$820.7 million exceeded the Company's guidance range of \$780 to \$810 million.
- Net loss from continuing operations was \$(11.7) million.
- Adjusted EBITDA¹ of \$46.0 million was within the Company's guidance range of \$45 to \$55 million.
- Repurchased approximately \$44 million of company shares during the quarter.
- Reaffirmed 2024 outlook for net sales of \$3.43 to \$3.50 billion, adjusted EBITDA² of \$360 to \$390 million and free cash flow² of at least \$130 million.

Oak Brook, IL, May 6, 2024 — TreeHouse Foods, Inc. (NYSE: THS) today reported financial results for the first quarter of 2024.

"We're encouraged by our solid start to fiscal 2024, delivering net sales results above our expectations. We are building momentum with our commercial pipeline, the largest in recent history, with good progress closing opportunities. I believe this puts TreeHouse in a strong position to deliver our annual net sales commitment," said Steve Oakland, Chairman, Chief Executive Officer, and President.

Mr. Oakland continued, "While the downtime at our broth facility impacted first quarter profitability, restart of that facility coupled with our meaningful supply chain savings initiatives position us well to expand margin through the rest of the year and deliver our full year profitability guidance. I am pleased with the focus throughout the Company and continue to see a long runway for growth as we invest in opportunities to strengthen capabilities and depth in our higher growth, higher margin snacking and beverage categories. I look forward to updating you on our progress throughout the remainder of 2024."

FIRST QUARTER 2024 FINANCIAL RESULTS

Net Sales — Net sales for the first quarter of 2024 totaled \$820.7 million compared to \$854.0 million for the same period last year, a decrease of \$33.3 million, or 3.9%. The change in net sales from 2023 to 2024 was due to the following:

	Three Months (unaudited)
Volume/mix excluding business acquisitions	(2.8)%
Pricing	(2.6)
Volume/mix impact from broth facility restart	(2.3)
Total change in organic net sales ¹	(7.7)%
Volume/mix related to business acquisitions	3.8
Total change in net sales	(3.9)%

The net sales decrease of 3.9% was primarily driven by unfavorable volume/mix due to planned distribution exits primarily in our coffee and in-store bakery categories, as well as the restart of one of our broth facilities, which contributed to approximately half of the volume decline. Additionally, pricing was modestly unfavorable as a result of targeted commodity-driven pricing adjustments. These items were partially offset by volume/mix from the acquisition of the Coffee Roasting Capability.

Gross Profit — Gross profit as a percentage of net sales was 13.6% in the first quarter of 2024, compared to 18.0% in the first quarter of 2023, a decrease of 4.4 percentage points. The decrease is primarily due to the restart of one of our broth facilities, unfavorable fixed cost absorption due to lower volume, increased costs for labor investment, and unfavorable category mix.

Total Operating Expenses — Total operating expenses were \$117.2 million in the first quarter of 2024 compared to \$112.7 million in the first quarter of 2023, an increase of \$4.5 million. The increase in expense was primarily due to a decrease of \$12.9 million of TSA income following the exit of certain TSA services. This was partially offset by lower professional fees for strategic growth initiatives, TSA-related expense reductions, and lower freight costs.

Total Other Expense — Total other expense was \$10.1 million in the first quarter of 2024 compared to \$13.2 million in the first quarter of 2023, a decrease of \$3.1 million. The decrease was primarily due to a \$12.9 million favorable change in non-cash mark-to-market impacts from hedging activities, largely driven by an increase in interest rate swaps. This was partially offset by a decrease in interest income of \$10.7 million, as the Seller Promissory Note was repaid in the fourth quarter of 2023.

Income Taxes — Income taxes were recognized at an effective rate of 23.5% in the first quarter of 2024 compared to 26.4% recognized in the first quarter of 2023. The change in the Company's effective tax rate is primarily driven by changes in the amount of non-deductible executive compensation and the tax effect of cross-border tax laws.

Net (Loss) Income from Continuing Operations and Adjusted EBITDA — Net loss from continuing operations for the first quarter of 2024 was \$11.7 million, compared to net income from continuing operations of \$20.4 million for the same period of the previous year. Adjusted EBITDA¹ from continuing operations was \$46.0 million in the first quarter of 2024, compared to \$91.3 million in the first quarter of 2023, a decrease of \$45.3 million. The decrease is primarily due to the restart of one of our broth facilities, unfavorable fixed cost absorption due to lower volume, increased costs for labor investment, and unfavorable category mix. This was partially offset by lower freight costs.

Discontinued Operations — Net loss from discontinued operations decreased by \$5.2 million in the first quarter of 2024 compared to the first quarter of 2023. The decrease is primarily a result of the divestiture of a significant portion of the Meal Preparation business on October 3, 2022 and an expected loss on disposal adjustment of \$4.5 million recognized in the first quarter of 2023.

Net Cash Used in Operating Activities from Continuing Operations — Net cash used in operating activities from continuing operations was \$52.4 million in the first three months of 2024 compared to \$30.5 million net cash used in the first three months of 2023, an increase in cash used of \$21.9 million. The increase in net cash used in operating activities was primarily attributable to a decrease in cash flows from the Receivables Sales Program due to reduced factoring utilization. Additionally, the increase in net cash used was driven by lower cash earnings.

Share Repurchase — During the first quarter of 2024, the Company repurchased approximately 1.2 million shares of common stock for a total of \$43.9 million, excluding excise tax. At the end of the first quarter, the Company had \$122.8 million available under its share repurchase authorization.

OUTLOOK²

TreeHouse reaffirmed its previously-issued full year 2024 guidance:

- Net sales are expected in the range of \$3.43 to \$3.50 billion, which represents growth of approximately 0% to 2% year-over-year. Organic volume and mix are expected to be slightly positive for the year, offset by modest, targeted deflationary pricing. The Company expects a slight volume and mix benefit from the acquisitions completed in the last year.
- Adjusted EBITDA from continuing operations is expected in the range of \$360 to \$390 million. The Company expects approximately 30% of its adjusted EBITDA to be earned in the first half of the year, with approximately 70% earned in the second half driven by the restart of the Company's broth facility and realization of ongoing supply chain savings.
- Net interest expense is expected in the range of \$56 to \$62 million.
- The Company expects capital expenditures of approximately \$145 million.
- The Company expects free cash flow of at least \$130 million.

With regard to the balance of the year, TreeHouse expects the following:

- Second quarter net sales are expected in a range of \$770 to \$800 million, down approximately 2% at the midpoint. Organic volume and mix are expected to be down low-single digits. Pricing is also expected to be down low-single digits. The Company expects a low-single digit positive impact to volume and mix benefit from the recently completed acquisitions.
- Second quarter adjusted EBITDA from continuing operations is expected in a range of \$55 to \$65 million.
- The Company expects a sequential improvement in adjusted EBITDA of approximately \$45 to \$50 million from the second quarter mid-point into the third quarter, and a sequential improvement of similar magnitude from the third quarter into the fourth quarter. Drivers of the sequential improvement include:
 - Net sales improvement due to new distribution wins that largely begin in the third quarter;
 - Cost savings initiatives provide greatest impact beginning in third and fourth quarters;
 - Return to improved service levels in Broth business for the peak season; and
 - Incremental pricing actions to recover recent commodity inflation related to cocoa.

¹ Adjusted EBITDA, free cash flow, and organic net sales are non-GAAP financial measures. See "Comparison of Adjusted Information to GAAP Information" for the definitions of the Non-GAAP measures, information concerning certain items affecting comparability, and reconciliations of GAAP to Non-GAAP measures.

² The Company is not able to reconcile prospective adjusted EBITDA from continuing operations or free cash flow, which are Non-GAAP financial measures, to the most comparable GAAP financial measures without unreasonable effort due to the inherent uncertainty and difficulty of predicting the occurrence, financial impact, and timing of certain items impacting GAAP results. These items include, but are not limited to, mark-to-market adjustments of derivative contracts, foreign currency exchange on the re-measurement of intercompany notes, or other non-recurring events or transactions that may significantly affect reported GAAP results.

CONFERENCE CALL WEBCAST

A webcast to discuss the Company's first quarter earnings will be held at 8:30 a.m. (Eastern Time) today. The live audio webcast and a supporting slide deck will be available on the Company's website at www.treehousefoods.com/investors/investor-overview/default.aspx.

DISCONTINUED OPERATIONS

On October 3, 2022, the Company completed the sale of a significant portion of the Company's Meal Preparation business, including pasta, pourable and spoonable dressing, preserves, red sauces, syrup, dry blends and baking, dry dinners, pie filling, pita chips and other sauces (the "Transaction"). Beginning in the third quarter of 2022, the business of the Transaction is presented as discontinued operations, and, as such, has been excluded from continuing operations for all periods presented.

On September 29, 2023, the Company completed the sale of its Snack Bars business (the "Snack Bars Transaction" or the "Snack Bars Business"). The Snack Bars Transaction represents a component of the single plan of disposal from the Company's strategic review process, which also resulted in the divestiture of a significant portion of the Meal Preparation business during the fourth quarter of 2022. Beginning in the third quarter of 2023, the Snack Bars Business is presented as a component of discontinued operations and has been excluded from continuing operations for all periods presented.

COMPARISON OF NON-GAAP INFORMATION TO GAAP INFORMATION

The Company has included in this release measures of financial performance that are not defined by GAAP ("Non-GAAP"). A Non-GAAP financial measure is a numerical measure of financial performance that excludes or includes amounts so as to be different than the most directly comparable measure calculated and presented in accordance with GAAP in the Company's Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Operations, Condensed Consolidated Statements of Comprehensive (Loss) Income, Condensed Consolidated Statements of Stockholders' Equity, and the Condensed Consolidated Statements of Cash Flows. As described further below, the Company believes these measures provide useful information to the users of the financial statements.

For each of these Non-GAAP financial measures, the Company provides a reconciliation between the most directly comparable GAAP measure and the Non-GAAP measure, an explanation of why management believes the Non-GAAP measure provides useful information to financial statement users, and any additional purposes for which management uses the Non-GAAP measure. This Non-GAAP financial information is provided as additional information for the financial statement users and is not in accordance with, or an alternative to, GAAP. These Non-GAAP measures may be different from similar measures used by other companies.

Organic Net Sales

Organic net sales is defined as net sales excluding the impacts of business acquisitions, divestitures, and foreign currency. This information is provided in order to allow investors to make meaningful comparisons of the Company's sales between periods and to view the Company's business from the same perspective as Company management.

EBITDA from Continuing Operations, EBITDA from Continuing Operations Margin, Adjusted EBITDA from Continuing Operations, and Adjusted EBITDA from Continuing Operations Margin, Adjusting for Certain Items Affecting Comparability

EBITDA from continuing operations margin and adjusted EBITDA from continuing operations margin are defined as EBITDA from continuing operations and adjusted EBITDA from continuing operations as a percentage of net sales. EBITDA from continuing operations represents net (loss) income from continuing operations before interest expense, interest income, income tax (benefit) expense, and depreciation and amortization expense. Adjusted EBITDA from continuing operations reflects adjustments to EBITDA from continuing operations to identify items that, in management's judgment, significantly affect the assessment of earnings results between periods. This information is provided in order to allow investors to make meaningful comparisons of the Company's earnings performance between periods and to view the Company's business from the same perspective as Company management. As the Company cannot predict the timing and amount of charges that include, but are not limited to, items such as facility restoration and product recall costs, growth, reinvestment, and restructuring programs, acquisition, integration, divestiture, and related costs, foreign currency exchange impact on the re-measurement of intercompany notes, mark-to-market adjustments on derivative contracts, and other items that may arise from time to time that would impact comparability, management does not consider these costs when evaluating the Company's performance, when making decisions regarding the allocation of resources, in determining incentive compensation, or in determining earnings estimates. EBITDA from continuing operations, and adjusted EBITDA from continuing operations are performance measures commonly used by management to assess operating performance and incentive compensation, and the Company believes they are commonly reported and widely used by investors and other interested parties as a measure of a company's operating performance between periods and as a component of our debt covenant calculations.

Adjusted Gross Profit, Adjusted Total Operating Expenses, Adjusted Operating (Loss) Income, Adjusted Total Other Expense (Income), Adjusted Income Tax Expense (Benefit), Adjusted Net (Loss) Income from Continuing Operations, and Adjusted Diluted Earnings (Loss) Per Share from Continuing Operations, Adjusting for Certain Items Affecting Comparability

Adjusted gross profit, adjusted total operating expenses, adjusted operating (loss) income, adjusted total other expense (income), adjusted income tax expense (benefit), and adjusted net (loss) income from continuing operations represent their respective GAAP presentation line item adjusted for items such as facility restoration and product recall costs, growth, reinvestment, and restructuring programs, acquisition, integration, divestiture, and related costs, foreign currency exchange impact on the re-measurement of intercompany notes, mark-to-market adjustments on derivative contracts, and other items that may arise from time to time that would impact comparability. Management does not consider these costs when evaluating the Company's performance, when making decisions regarding the allocation of resources, in determining incentive compensation, or in determining earnings estimates. This information is provided in order to allow investors to make meaningful comparisons of the Company's earnings performance between periods and to view the Company's business from the same perspective as Company management. The Company has presented each of these adjusted Non-GAAP measures as a percentage of net sales compared to its respective reported GAAP presentation line item as a percentage of net sales. Adjusted diluted earnings (loss) per share from continuing operations ("Adjusted diluted EPS") is determined by dividing adjusted net (loss) income from continuing operations by the weighted average diluted common shares outstanding. Adjusted diluted EPS reflects adjustments to GAAP earnings (loss) per diluted share to identify items that, in management's judgment, significantly affect the assessment of earnings results between periods.

A full reconciliation between the relevant GAAP measure of reported net income (loss) from continuing operations for the three months ended March 31, 2024 and 2023 calculated according to GAAP, adjusted net income from continuing operations, and adjusted EBITDA from continuing operations is presented in the attached tables. Given the inherent uncertainty regarding adjusted items in any future period, a reconciliation of forward-looking financial measures to the most directly comparable GAAP measure is not feasible.

Free Cash Flow from Continuing Operations

In addition to measuring the Company's cash flow generation and usage based upon the operating, investing, and financing classifications included in the Condensed Consolidated Statements of Cash Flows, we also measure free cash flow from continuing operations, which represents net cash used in operating activities from continuing operations less capital expenditures. The Company believes free cash flow is an important measure of liquidity because it provides management and investors a measure of cash generated from operations that is available for mandatory payment obligations and investment opportunities such as funding acquisitions, repaying debt, repurchasing public debt, and repurchasing common stock. A reconciliation between the relevant GAAP measure of cash used in operating activities from continuing operations for the three months ended March 31, 2024 and 2023 calculated according to GAAP and free cash flow from continuing operations is presented in the attached tables.

ABOUT TREEHOUSE FOODS

TreeHouse Foods, Inc. is a leading private brands snacking and beverage manufacturer in North America. Our purpose is to engage and delight - one customer at a time. Through our customer focus and category experience, we strive to deliver excellent service and build capabilities and insights to drive mutually profitable growth for TreeHouse and for our customers. Our purpose is supported by investment in depth, capabilities and operational efficiencies which are aimed to capitalize on the long-term growth prospects in the categories in which we operate.

Additional information, including TreeHouse's most recent statements on Forms 10-Q and 10-K, may be found at TreeHouse's website, <http://www.treehousefoods.com>.

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FORWARD-LOOKING STATEMENTS

This press release contains "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements and other information are based on our beliefs, as well as assumptions made by us, using information currently available. The words "believe," "estimate," "project," "expect," "anticipate," "plan," "intend," "foresee," "should," "would," "could," and similar expressions, as they relate to us, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected, or intended. We do not intend to update these forward-looking statements following the date of this press release. Such forward-looking statements, because they relate to future events, are by their very nature subject to many important factors that could cause actual results to differ materially from those contemplated by the forward-looking statements contained in this press release and other public statements we make. Such factors include, but are not limited to: risks related to quality issues, disruptions, or inefficiencies in our supply chain and/or operations; loss or consolidation of key suppliers; raw material and commodity costs due to inflation; labor strikes or work stoppages; multiemployer pension plans; labor shortages and increased competition for labor; success of our growth, reinvestment, and restructuring programs; our level of indebtedness and related obligations; disruptions in the financial markets; interest rates; changes in foreign currency exchange rates; customer concentration and consolidation; competition; our ability to execute on our business strategy; our ability to continue to make acquisitions and execute on divestitures or effectively manage the growth from acquisitions; impairment of goodwill or long lived assets; changes and developments affecting our industry, including customer preferences and the prevalence of weight loss drugs; the outcome of litigation and regulatory proceedings to which we and/or our customers may be a party; product recalls; changes in laws and regulations applicable to us; shareholder activism; disruptions in or failures of our information technology systems; geopolitical events; changes in weather conditions, climate changes, and natural disasters; and other risks that are set forth in the Risk Factors section, the Legal Proceedings section, the Management's Discussion and Analysis of Financial Condition and Results of Operations section, and other sections of our Annual Report on Form 10-K for the year ended December 31, 2023, and from time to time in our filings with the Securities and Exchange Commission ("SEC"). You are cautioned not to unduly rely on such forward-looking statements, which speak only as of the date made when evaluating the information presented in this press release. TreeHouse expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in its expectations with regard thereto, or any other change in events, conditions or circumstances on which any statement is based.

FINANCIAL INFORMATION

TREEHOUSE FOODS, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited, in millions, except per share data)

	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 191.8	\$ 320.3
Receivables, net	173.2	175.6
Inventories	542.3	534.0
Prepaid expenses and other current assets	48.0	24.9
Total current assets	955.3	1,054.8
Property, plant, and equipment, net	731.0	737.6
Operating lease right-of-use assets	180.5	193.0
Goodwill	1,823.1	1,824.7
Intangible assets, net	246.4	257.4
Other assets, net	25.3	39.1
Total assets	<u>\$ 3,961.6</u>	<u>\$ 4,106.6</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 482.1	\$ 534.9
Accrued expenses	146.9	169.0
Current portion of long-term debt	0.3	0.4
Total current liabilities	629.3	704.3
Long-term debt	1,396.5	1,396.0
Operating lease liabilities	153.2	165.0
Deferred income taxes	111.3	111.4
Other long-term liabilities	63.2	65.1
Total liabilities	2,353.5	2,441.8
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, par value \$0.01 per share, 10.0 shares authorized, none issued	—	—
Common stock, par value \$0.01 per share, 90.0 shares authorized, 53.1 and 54.1 shares outstanding as of March 31, 2024 and December 31, 2023, respectively	0.6	0.6
Treasury stock	(278.5)	(234.2)
Additional paid-in capital	2,225.3	2,223.4
Accumulated deficit	(260.6)	(248.9)
Accumulated other comprehensive loss	(78.7)	(76.1)
Total stockholders' equity	1,608.1	1,664.8
Total liabilities and stockholders' equity	<u>\$ 3,961.6</u>	<u>\$ 4,106.6</u>

TREEHOUSE FOODS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, in millions, except per share data)

	Three Months Ended March 31,	
	2024	2023
Net sales	\$ 820.7	\$ 854.0
Cost of sales	708.7	700.4
Gross profit	112.0	153.6
Operating expenses:		
Selling and distribution	42.9	44.7
General and administrative	55.8	53.4
Amortization expense	12.1	12.0
Other operating expense, net	6.4	2.6
Total operating expenses	117.2	112.7
Operating (loss) income	(5.2)	40.9
Other expense:		
Interest expense	15.6	17.8
Interest income	(4.0)	(14.6)
Loss on foreign currency exchange	3.4	0.3
Other (income) expense, net	(4.9)	9.7
Total other expense	10.1	13.2
(Loss) income before income taxes	(15.3)	27.7
Income tax (benefit) expense	(3.6)	7.3
Net (loss) income from continuing operations	(11.7)	20.4
Net loss from discontinued operations	—	(5.2)
Net (loss) income	<u>\$ (11.7)</u>	<u>\$ 15.2</u>
Earnings (loss) per common share - basic:		
Continuing operations	\$ (0.22)	\$ 0.36
Discontinued operations	—	(0.09)
Earnings (loss) per share basic ⁽¹⁾	<u>\$ (0.22)</u>	<u>\$ 0.27</u>
Earnings (loss) per common share - diluted:		
Continuing operations	\$ (0.22)	\$ 0.36
Discontinued operations	—	(0.09)
Earnings (loss) per share diluted ⁽¹⁾	<u>\$ (0.22)</u>	<u>\$ 0.27</u>
Weighted average common shares:		
Basic	53.8	56.1
Diluted	53.8	56.7

(1) The sum of the individual per share amounts may not add due to rounding.

TREEHOUSE FOODS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in millions)

	Three Months Ended March 31,	
	2024	2023
Cash flows from operating activities:		
Net (loss) income	\$ (11.7)	\$ 15.2
Net loss from discontinued operations	—	(5.2)
Net (loss) income from continuing operations	(11.7)	20.4
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation and amortization	36.6	35.1
Stock-based compensation	5.7	7.2
Unrealized (gain) loss on derivative contracts	(7.0)	5.9
Deferred TSA income	—	(12.3)
Other	5.0	0.7
Changes in operating assets and liabilities, net of acquisitions and divestitures:		
Receivables	2.9	0.5
Inventories	(9.6)	(38.1)
Prepaid expenses and other assets	(8.4)	(7.1)
Accounts payable	(48.2)	(20.3)
Accrued expenses and other liabilities	(17.7)	(22.5)
Net cash used in operating activities - continuing operations	(52.4)	(30.5)
Net cash used in operating activities - discontinued operations	—	(0.4)
Net cash used in operating activities	(52.4)	(30.9)
Cash flows from investing activities:		
Capital expenditures	(28.3)	(31.7)
Proceeds from sale of fixed assets	0.2	—
Net cash used in investing activities - continuing operations	(28.1)	(31.7)
Net cash used in investing activities - discontinued operations	—	(0.3)
Net cash used in investing activities	(28.1)	(32.0)
Cash flows from financing activities:		
Borrowings under Revolving Credit Facility	—	770.8
Payments under Revolving Credit Facility	—	(732.8)
Payments on financing lease obligations	(0.1)	(0.2)
Repurchases of common stock	(43.9)	—
Payments related to stock-based award activities	(3.8)	(5.3)
Net cash (used in) provided by financing activities - continuing operations	(47.8)	32.5
Net cash (used in) provided by financing activities - discontinued operations	—	—
Net cash (used in) provided by financing activities	(47.8)	32.5
Effect of exchange rate changes on cash and cash equivalents	(0.2)	2.0
Net decrease in cash and cash equivalents	(128.5)	(28.4)
Cash and cash equivalents, beginning of period	320.3	43.0
Cash and cash equivalents, end of period	\$ 191.8	\$ 14.6

Three Months Ended
March 31,

2024

2023

Supplemental cash flow disclosures:

Interest paid	\$	26.3	\$	27.4
Net income taxes paid		0.6		5.5

Non-cash investing activities:

Capital expenditures incurred but not yet paid		11.7		14.8
Right-of-use assets obtained in exchange for lease obligations		(1.7)		8.5
Note receivable increase from paid in kind interest		—		1.1

The following table reconciles the Company's net (loss) income from continuing operations to EBITDA and adjusted EBITDA from continuing operations, for the three months ended March 31, 2024 and 2023:

TREEHOUSE FOODS, INC.
RECONCILIATION OF NET (LOSS) INCOME FROM CONTINUING OPERATIONS TO EBITDA AND
ADJUSTED EBITDA FROM CONTINUING OPERATIONS
(Unaudited, in millions)

	Three Months Ended March 31,	
	2024	2023
Net (loss) income from continuing operations (GAAP)	\$ (11.7)	\$ 20.4
Interest expense	15.6	17.8
Interest income	(4.0)	(14.6)
Income tax (benefit) expense	(3.6)	7.3
Depreciation and amortization	36.6	35.1
EBITDA from continuing operations (Non-GAAP)	32.9	66.0
Broth facility restoration and product recall costs ⁽¹⁾	6.9	—
Growth, reinvestment, restructuring programs & other ⁽²⁾	6.7	15.3
Acquisition, integration, divestiture, and related costs ⁽³⁾	4.1	3.8
Foreign currency loss (gain) on re-measurement of intercompany notes ⁽⁴⁾	2.4	(0.2)
Mark-to-market adjustments ⁽⁵⁾	(7.0)	5.9
Shareholder activism ⁽⁶⁾	—	0.3
Tax indemnification ⁽⁷⁾	—	0.2
Adjusted EBITDA from continuing operations (Non-GAAP)	\$ 46.0	\$ 91.3
% of net sales		
Net (loss) income from continuing operations margin	(1.4)%	2.4 %
EBITDA from continuing operations margin	4.0 %	7.7 %
Adjusted EBITDA from continuing operations margin	5.6 %	10.7 %

During the three months ended March 31, 2024 and 2023, the Company entered into transactions that affected the year-over-year comparison of its financial results from continuing operations as follows:

- (1) On September 22, 2023, the Company initiated a voluntary recall of certain broth products produced at its Cambridge, Maryland facility and has subsequently been executing a turnaround plan to restore the facility to full production capacity. As a result of these restoration activities, in the first quarter of 2024, the Company incurred incremental costs of \$6.9 million which include non-cash plant shutdown charges of \$4.4 million, non-cash inventory write-offs of \$2.3 million, and other costs, including product returns and logistics, of \$0.2 million.
- (2) The Company's growth, reinvestment, and restructuring activities are part of an enterprise-wide transformation to improve long-term growth and profitability for the Company.
- (3) Acquisition, integration, divestiture, and related costs represents costs associated with completed and potential acquisitions, the related integration of the acquisitions, completed and potential divestitures, and gains or losses on the divestiture of a business. During the three months ended March 31, 2024, \$2.0 million was classified in General and administrative, \$1.9 million was classified in Cost of sales, and \$0.2 million was classified in Other operating expense, net. During the three months ended March 31, 2023, \$3.1 million was classified in General and administrative and \$0.7 million was classified in Other operating expense, net.
- (4) The Company has foreign currency denominated intercompany loans and incurred foreign currency gains/losses to re-measure the loans at quarter end. These amounts are non-cash and the loans are eliminated in consolidation.

- (5) The Company's derivative contracts are marked-to-market each period. The non-cash unrealized changes in fair value recognized in Other (income) expense, net within the Condensed Consolidated Statements of Operations are treated as Non-GAAP adjustments. As the contracts are settled, realized gains and losses are recognized, and only the mark-to-market impacts are treated as Non-GAAP adjustments.
- (6) The Company incurred fees related to shareholder activism which include directly applicable third-party advisory and professional service fees.
- (7) Tax indemnification represents the non-cash write off of indemnification assets that were recorded in connection with acquisitions from prior years. These write-offs arose as a result of the related uncertain tax position being released due to the statute of limitation lapse or settlement with taxing authorities.

The following tables reconcile the Company's adjusted gross profit, adjusted total operating expenses, adjusted operating (loss) income, adjusted total other expense (income), adjusted income tax expense (benefit), and adjusted net (loss) income to their most directly comparable GAAP measure, for three months ended March 31, 2024 and 2023:

TREEHOUSE FOODS, INC.
RECONCILIATION OF NON-GAAP MEASURES
(Unaudited, in millions, except per share amounts)

	Three Months Ended March 31, 2024					
	Gross profit	Total operating expenses	Operating (loss) income	Total other expense	Income tax benefit	Net loss from continuing operations
As reported (GAAP)	\$ 112.0	\$ 117.2	\$ (5.2)	\$ 10.1	\$ (3.6)	\$ (11.7)
Adjustments:						
Broth facility restoration and product recall costs ⁽¹⁾	6.9	—	6.9	—	—	6.9
Growth, reinvestment, restructuring programs & other ⁽²⁾	—	(6.7)	6.7	—	—	6.7
Acquisition, integration, divestiture, and related costs ⁽³⁾	1.9	(2.2)	4.1	—	—	4.1
Foreign currency loss on re-measurement of intercompany notes ⁽⁴⁾	—	—	—	(2.4)	—	2.4
Mark-to-market adjustments ⁽⁵⁾	—	—	—	7.0	—	(7.0)
Taxes on adjusting items	—	—	—	—	3.2	(3.2)
As adjusted (Non-GAAP)	\$ 120.8	\$ 108.3	\$ 12.5	\$ 14.7	\$ (0.4)	\$ (1.8)
As reported (% of net sales)	13.6 %	14.3 %	(0.6)%	1.2 %	(0.4)%	(1.4)%
As adjusted (% of net sales)	14.7 %	13.2 %	1.5 %	1.8 %	— %	(0.2)%
Earnings (loss) per share from continuing operations:						
Diluted						\$ (0.22)
Adjusted diluted						\$ (0.03)
Weighted average common shares:						
Diluted for net loss from continuing operations						53.8
Diluted for adjusted net loss from continuing operations						53.8

Three Months Ended March 31, 2023						
	Gross profit	Total operating expenses	Operating income	Total other expense	Income tax expense	Net income from continuing operations
As reported (GAAP)	\$ 153.6	\$ 112.7	\$ 40.9	\$ 13.2	\$ 7.3	\$ 20.4
Adjustments:						
Growth, reinvestment, restructuring programs & other ⁽²⁾	—	(15.3)	15.3	—	—	15.3
Acquisition, integration, divestiture, and related costs ⁽³⁾	—	(3.8)	3.8	—	—	3.8
Foreign currency gain on re-measurement of intercompany notes ⁽⁴⁾	—	—	—	0.2	—	(0.2)
Mark-to-market adjustments ⁽⁵⁾	—	—	—	(5.9)	—	5.9
Shareholder activism ⁽⁶⁾	—	(0.3)	0.3	—	—	0.3
Tax indemnification ⁽⁷⁾	—	—	—	(0.2)	—	0.2
Taxes on adjusting items	—	—	—	—	6.0	(6.0)
As adjusted (Non-GAAP)	\$ 153.6	\$ 93.3	\$ 60.3	\$ 7.3	\$ 13.3	\$ 39.7
As reported (% of net sales)	18.0 %	13.2 %	4.8 %	1.5 %	0.9 %	2.4 %
As adjusted (% of net sales)	18.0 %	10.9 %	7.1 %	0.9 %	1.6 %	4.6 %

Earnings per share from continuing operations:	
Diluted	\$ 0.36
Adjusted diluted	\$ 0.70

Weighted average common shares:	
Diluted for net income from continuing operations	56.7
Diluted for adjusted net income from continuing operations	56.7

TREEHOUSE FOODS, INC.
RECONCILIATION OF NET CASH USED IN OPERATING ACTIVITIES FROM CONTINUING OPERATIONS
TO FREE CASH FLOW FROM CONTINUING OPERATIONS
(Unaudited, in millions)

	Three Months Ended March 31,	
	2024	2023
Cash flow used in operating activities from continuing operations	\$ (52.4)	\$ (30.5)
Less: Capital expenditures	(28.3)	(31.7)
Free cash flow from continuing operations	<u>\$ (80.7)</u>	<u>\$ (62.2)</u>