

THE KRAFT HEINZ COMPANY
APPENDIX TO PRESENTATION TO CONSUMER ANALYST GROUP OF NEW YORK (CAGNY)
FEBRUARY 22, 2022

Non-GAAP Financial Measures

The non-GAAP financial measures provided in this presentation should be viewed in addition to, and not as an alternative for, results prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

To supplement the financial information provided, The Kraft Heinz Company (the "Company") has presented Organic Net Sales, Adjusted EBITDA, Adjusted EPS, and Free Cash Flow, which are considered non-GAAP financial measures. The non-GAAP financial measures presented may differ from similarly titled non-GAAP financial measures presented by other companies, and other companies may not define these non-GAAP financial measures in the same way. These measures are not substitutes for their comparable GAAP financial measures, such as net sales, net income/(loss), diluted earnings per share ("EPS"), net cash provided by/(used for) operating activities, or other measures prescribed by GAAP, and there are limitations to using non-GAAP financial measures.

Management uses these non-GAAP financial measures to assist in comparing the Company's performance on a consistent basis for purposes of business decision making by removing the impact of certain items that management believes do not directly reflect the Company's underlying operations. Management believes that presenting the Company's non-GAAP financial measures (i.e., Organic Net Sales, Adjusted EBITDA, Adjusted EPS, and Free Cash Flow) is useful to investors because it (i) provides investors with meaningful supplemental information regarding financial performance by excluding certain items, (ii) permits investors to view performance using the same tools that management uses to budget, make operating and strategic decisions, and evaluate historical performance, and (iii) otherwise provides supplemental information that may be useful to investors in evaluating the Company's results. The Company believes that the presentation of these non-GAAP financial measures, when considered together with the corresponding GAAP financial measures and the reconciliations to those measures, provides investors with additional understanding of the factors and trends affecting the Company's business than could be obtained absent these disclosures.

Organic Net Sales is defined as net sales excluding, when they occur, the impact of currency, acquisitions and divestitures, and a 53rd week of shipments. The Company calculates the impact of currency on net sales by holding exchange rates constant at the previous year's exchange rate, with the exception of highly inflationary subsidiaries, for which the Company calculates the previous year's results using the current year's exchange rate. Organic Net Sales is a tool that can assist management and investors in comparing the Company's performance on a consistent basis by removing the impact of certain items that management believes do not directly reflect the Company's underlying operations.

Adjusted EBITDA is defined as net income/(loss) from continuing operations before interest expense, other expense/(income), provision for/(benefit from) income taxes, and depreciation and amortization (excluding restructuring activities); in addition to these adjustments, the Company excludes, when they occur, the impacts of divestiture-related license income (e.g., income related to the sale of licenses in connection with the Cheese Transaction), restructuring activities, deal costs, unrealized losses/(gains) on

commodity hedges, impairment losses, certain non-ordinary course legal and regulatory matters, and equity award compensation expense (excluding restructuring activities). Adjusted EBITDA is a tool that can assist management and investors in comparing the Company's performance on a consistent basis by removing the impact of certain items that management believes do not directly reflect the Company's underlying operations.

Adjusted EPS is defined as diluted earnings per share excluding, when they occur, the impacts of restructuring activities, deal costs, unrealized losses/(gains) on commodity hedges, impairment losses, certain non-ordinary course legal and regulatory matters, losses/(gains) on the sale of a business, other losses/(gains) related to acquisitions and divestitures (e.g., tax and hedging impacts), nonmonetary currency devaluation (e.g., remeasurement gains and losses), debt prepayment and extinguishment costs, and certain significant discrete income tax items (e.g., U.S. and non-U.S. tax reform), and including, when they occur, adjustments to reflect preferred stock dividend payments on an accrual basis. The Company believes Adjusted EPS provides important comparability of underlying operating results, allowing investors and management to assess operating performance on a consistent basis.

Free Cash Flow is defined as net cash provided by/(used for) operating activities less capital expenditures. The Company believes Free Cash Flow provides a measure of the Company's core operating performance, the cash-generating capabilities of the Company's business operations, and is one factor used in determining the amount of cash available for debt repayments, dividends, acquisitions, share repurchases, and other corporate purposes. The use of this non-GAAP measure does not imply or represent the residual cash flow for discretionary expenditures since the Company has certain non-discretionary obligations such as debt service that are not deducted from the measure.

We provide guidance for Organic Net Sales, Adjusted EBITDA, Adjusted EPS, and Free Cash Flow on a non-GAAP basis only because certain information necessary to calculate the most comparable GAAP measure is unavailable due to the uncertainty and inherent difficulty of predicting the occurrence and the future financial statement impact of such items impacting comparability, including, but not limited to, the impact of currency, acquisitions and divestitures, divestiture-related license income, restructuring activities, deal costs, unrealized losses/(gains) on commodity hedges, impairment losses, certain non-ordinary course legal and regulatory matters, equity award compensation expense, losses/(gains) on the sale of a business, other losses/(gains) related to acquisitions and divestitures (e.g., tax and hedging impacts), nonmonetary currency devaluation (e.g., remeasurement gains and losses), debt prepayment and extinguishment costs, and certain significant discrete income tax items (e.g., U.S. and non-U.S. tax reform), among other items. Therefore, as a result of the uncertainty and variability of the nature and amount of future adjustments, which could be significant, the Company is unable to provide a reconciliation of these measures without unreasonable effort.

See the following schedules for reconciliations of non-GAAP financial measures to the comparable GAAP financial measures.



The Kraft Heinz Company
Consolidated Statements of Income
(in millions, except per share data)
(Unaudited)

	For the Three Months Ended		For the Year Ended	
	December 25, 2021	December 26, 2020	December 25, 2021	December 26, 2020
Net sales	\$ 6,709	\$ 6,939	\$ 26,042	\$ 26,185
Cost of products sold	4,547	4,416	17,360	17,008
Gross profit	2,162	2,523	8,682	9,177
Selling, general and administrative expenses, excluding impairment losses	891	973	3,588	3,650
Goodwill impairment losses	53	—	318	2,343
Intangible asset impairment losses	1,238	—	1,316	1,056
Selling, general and administrative expenses	2,182	973	5,222	7,049
Operating income/(loss)	(20)	1,550	3,460	2,128
Interest expense	604	328	2,047	1,394
Other expense/(income)	(104)	(64)	(295)	(296)
Income/(loss) before income taxes	(520)	1,286	1,708	1,030
Provision for/(benefit from) income taxes	(265)	252	684	669
Net income/(loss)	(255)	1,034	1,024	361
Net income/(loss) attributable to noncontrolling interest	2	2	12	5
Net income/(loss) attributable to common shareholders	<u>\$ (257)</u>	<u>\$ 1,032</u>	<u>\$ 1,012</u>	<u>\$ 356</u>
Basic shares outstanding	1,225	1,223	1,224	1,223
Diluted shares outstanding	1,225	1,230	1,236	1,228
Per share data applicable to common shareholders:				
Basic earnings/(loss) per share	\$ (0.21)	\$ 0.84	\$ 0.83	\$ 0.29
Diluted earnings/(loss) per share	(0.21)	0.84	0.82	0.29

The Kraft Heinz Company
Reconciliation of Net Sales to Organic Net Sales
For the Year Ended
(dollars in millions)
(Unaudited)

	Net Sales	Currency	Acquisitions and Divestitures	Organic Net Sales	Price	Volume/Mix
December 25, 2021						
United States	\$ 18,604	\$ —	\$ 1,937	\$ 16,667		
International	5,691	205	23	5,463		
Canada	1,747	114	49	1,584		
Kraft Heinz	<u>\$ 26,042</u>	<u>\$ 319</u>	<u>\$ 2,009</u>	<u>\$ 23,714</u>		
December 26, 2020						
United States	\$ 19,204	\$ —	\$ 2,801	\$ 16,403		
International	5,341	22	20	5,299		
Canada	1,640	—	49	1,591		
Kraft Heinz	<u>\$ 26,185</u>	<u>\$ 22</u>	<u>\$ 2,870</u>	<u>\$ 23,293</u>		
Year-over-year growth rates						
United States	(3.1)%	0.0 pp	(4.7) pp	1.6 %	2.1 pp	(0.5) pp
International	6.5 %	3.4 pp	0.0 pp	3.1 %	2.6 pp	0.5 pp
Canada	6.5 %	7.0 pp	(0.1) pp	(0.4)%	2.9 pp	(3.3) pp
Kraft Heinz	(0.5)%	1.2 pp	(3.5) pp	1.8 %	2.3 pp	(0.5) pp

The Kraft Heinz Company
Reconciliation of Net Sales to Organic Net Sales
For the Year Ended
(dollars in millions)
(Unaudited)

	Net Sales	Currency	Acquisitions and Divestitures	Organic Net Sales
December 25, 2021				
United States	\$ 18,604	\$ —	\$ 1,937	\$ 16,667
International	5,691	84	23	5,584
Canada	1,747	98	49	1,600
Kraft Heinz	<u>\$ 26,042</u>	<u>\$ 182</u>	<u>\$ 2,009</u>	<u>\$ 23,851</u>
December 28, 2019				
United States	\$ 17,844	\$ —	\$ 2,590	\$ 15,254
International	5,251	28	37	5,186
Canada	1,882	—	255	1,627
Kraft Heinz	<u>\$ 24,977</u>	<u>\$ 28</u>	<u>\$ 2,882</u>	<u>\$ 22,067</u>
Year-over-year growth rates				
United States	4.3 %	0.0 pp	(5.0) pp	9.3 %
International	8.4 %	1.0 pp	(0.3) pp	7.7 %
Canada	(7.2)%	5.1 pp	(10.6) pp	(1.7)%
Kraft Heinz	4.3 %	0.6 pp	(4.4) pp	8.1 %

The Kraft Heinz Company
Reconciliation of Net Income/(Loss) to Adjusted EBITDA
(dollars in millions)
(Unaudited)

	For the Year Ended		
	December 25, 2021	December 26, 2020	December 28, 2019
Net income/(loss)	\$ 1,024	\$ 361	\$ 1,933
Interest expense	2,047	1,394	1,361
Other expense/(income)	(295)	(296)	(952)
Provision for/(benefit from) income taxes	684	669	728
Operating income/(loss)	3,460	2,128	3,070
Depreciation and amortization (excluding restructuring activities)	910	955	985
Divestiture-related license income	(4)	—	—
Restructuring activities	84	15	102
Deal costs	11	8	19
Unrealized losses/(gains) on commodity hedges	17	(6)	(57)
Impairment losses	1,634	3,413	1,899
Certain non-ordinary course legal and regulatory matters	62	—	—
Equity award compensation expense (excluding restructuring activities)	197	156	46
Adjusted EBITDA	<u>\$ 6,371</u>	<u>\$ 6,669</u>	<u>\$ 6,064</u>
Segment Adjusted EBITDA:			
United States	\$ 5,157	\$ 5,557	\$ 4,829
International	1,066	1,058	1,004
Canada	419	389	487
General corporate expenses	(271)	(335)	(256)
Adjusted EBITDA	<u>\$ 6,371</u>	<u>\$ 6,669</u>	<u>\$ 6,064</u>

The Kraft Heinz Company
 Reconciliation of Adjusted EBITDA to Constant Currency Adjusted EBITDA
 For the Year Ended
 (dollars in millions)
 (Unaudited)

	Adjusted EBITDA	Currency	Constant Currency Adjusted EBITDA
December 25, 2021			
United States	\$ 5,157	\$ —	\$ 5,157
International	1,066	50	1,016
Canada	419	28	391
General corporate expenses	(271)	(2)	(269)
Kraft Heinz	\$ 6,371	\$ 76	\$ 6,295
December 26, 2020			
United States	\$ 5,557	\$ —	\$ 5,557
International	1,058	11	1,047
Canada	389	—	389
General corporate expenses	(335)	—	(335)
Kraft Heinz	\$ 6,669	\$ 11	\$ 6,658
Year-over-year growth rates			
United States	(7.2)%	0.0 pp	(7.2)%
International	0.7 %	3.7 pp	(3.0)%
Canada	7.8 %	7.1 pp	0.7 %
General corporate expenses	(19.1)%	0.6 pp	(19.7)%
Kraft Heinz	(4.5)%	0.9 pp	(5.4)%

The Kraft Heinz Company
 Reconciliation of Adjusted EBITDA to Constant Currency Adjusted EBITDA
 For the Year Ended
 (dollars in millions)
 (Unaudited)

	Adjusted EBITDA	Currency	Constant Currency Adjusted EBITDA
December 25, 2021			
United States	\$ 5,157	\$ —	\$ 5,157
International	1,066	42	1,024
Canada	419	24	395
General corporate expenses	(271)	(3)	(268)
Kraft Heinz	\$ 6,371	\$ 63	\$ 6,308
December 28, 2019			
United States	\$ 4,829	\$ —	\$ 4,829
International	1,004	13	991
Canada	487	—	487
General corporate expenses	(256)	—	(256)
Kraft Heinz	\$ 6,064	\$ 13	\$ 6,051
Year-over-year growth rates			
United States	6.8 %	0.0 pp	6.8 %
International	6.2 %	2.9 pp	3.3 %
Canada	(13.9)%	4.9 pp	(18.8)%
General corporate expenses	6.0 %	1.2 pp	4.8 %
Kraft Heinz	5.1 %	0.9 pp	4.2 %

The Kraft Heinz Company
Reconciliation of Diluted EPS to Adjusted EPS
(Unaudited)

	For the Year Ended	
	December 25, 2021	December 26, 2020
Diluted EPS	\$ 0.82	\$ 0.29
Restructuring activities ^(a)	0.05	—
Unrealized losses/(gains) on commodity hedges ^(b)	0.01	—
Impairment losses ^(c)	1.07	2.59
Certain non-ordinary course legal and regulatory matters ^(d)	0.05	—
Losses/(gains) on sale of business ^(e)	0.15	(0.01)
Debt prepayment and extinguishment costs ^(f)	0.59	0.08
Certain significant discrete income tax items ^(g)	0.19	(0.07)
Adjusted EPS	\$ 2.93	\$ 2.88

- (a) Gross expenses/(income) included in restructuring activities were expenses of \$84 million (\$64 million after-tax) in 2021 and income of \$2 million (\$3 million after-tax) in 2020 and were recorded in the following income statement line items:
- Cost of products sold included expenses of \$13 million in 2021 and income of \$20 million in 2020;
 - SG&A included expenses of \$70 million in 2021 and \$35 million in 2020; and
 - Other expense/(income) included expenses of \$1 million in 2021 and income of \$17 million in 2020.
- (b) Gross expenses/(income) included in unrealized losses/(gains) on commodity hedges were expenses of \$17 million (\$13 million after-tax) in 2021 and income of \$6 million (\$4 million after-tax) in 2020 and were recorded in cost of products sold.
- (c) Gross impairment losses included the following:
- Goodwill impairment losses of \$318 million (\$318 million after-tax) in 2021 and \$2.3 billion (\$2.3 billion after-tax) in 2020, which were recorded in SG&A;
 - Intangible asset impairment losses of \$1.3 billion (\$1.0 billion after-tax) in 2021 and \$1.1 billion (\$829 million after-tax) in 2020, which were recorded in SG&A; and
 - Property, plant and equipment asset impairment losses of \$14 million (\$1 million after-tax) in 2020, which were recorded in cost of products sold.
- (d) Gross expenses included in certain non-ordinary course legal and regulatory matters were \$62 million (\$62 million after-tax) in 2021 and were recorded in SG&A.
- (e) Gross expenses/(income) included in losses/(gains) on sale of business were income of \$44 million (expenses of \$181 million after-tax) in 2021 and expenses of \$2 million (income of \$6 million after-tax) in 2020 and were recorded in other expense/(income).
- (f) Gross expenses included in debt prepayment and extinguishment costs were \$917 million (\$728 million after-tax) in 2021 and \$124 million (\$93 million after-tax) in 2020 and were recorded in interest expense.
- (g) Certain significant discrete income tax items were an expense of \$235 million in 2021 and a benefit of \$81 million in 2020. The impact in 2021 relates to the revaluation of our deferred tax balances due to an increase in U.K. tax rates. The benefit in 2020 relates to the revaluation of our deferred tax balances due to changes in state tax laws following U.S. tax reform and subsequent clarification or interpretation of state tax laws.

The Kraft Heinz Company
Key Drivers of Change in Adjusted EPS
(Unaudited)

	For the Year Ended		\$ Change
	December 25, 2021	December 26, 2020	
Key drivers of change in Adjusted EPS:			
Results of operations ^(a)	\$ 3.08	\$ 3.16	\$ (0.08)
Results of divested operations	0.24	0.34	(0.10)
Interest expense	(0.71)	(0.80)	0.09
Other expense/(income) ^(b)	0.16	0.18	(0.02)
Effective tax rate	0.18	—	0.18
Effect of dilutive equity awards ^(c)	(0.02)	—	(0.02)
Adjusted EPS	\$ 2.93	\$ 2.88	\$ 0.05

(a) Includes non-cash amortization of definite-lived intangible assets, which accounted for a negative impact to Adjusted EPS from results of operations of \$0.15 in 2021 and \$0.17 in 2020.

(b) Includes non-cash amortization of prior service credits, which accounted for a benefit to Adjusted EPS from other expense/(income) of \$0.08 in 2020.

(c) Represents the impact of changes in weighted average shares outstanding, primarily due to the dilutive effect of outstanding equity awards.

The Kraft Heinz Company
Consolidated Balance Sheets
(in millions, except per share data)
(Unaudited)

	<u>December 25, 2021</u>	<u>December 26, 2020</u>
ASSETS		
Cash and cash equivalents	\$ 3,445	\$ 3,417
Trade receivables, net	1,957	2,063
Inventories	2,729	2,773
Prepaid expenses	136	132
Other current assets	716	574
Assets held for sale	11	1,863
Total current assets	8,994	10,822
Property, plant and equipment, net	6,806	6,876
Goodwill	31,296	33,089
Intangible assets, net	43,542	46,667
Other non-current assets	2,756	2,376
TOTAL ASSETS	<u>\$ 93,394</u>	<u>\$ 99,830</u>
LIABILITIES AND EQUITY		
Commercial paper and other short-term debt	\$ 14	\$ 6
Current portion of long-term debt	740	230
Trade payables	4,753	4,304
Accrued marketing	804	946
Interest payable	268	358
Income taxes payable	541	114
Other current liabilities	1,944	2,086
Liabilities held for sale	—	17
Total current liabilities	9,064	8,061
Long-term debt	21,061	28,070
Deferred income taxes	10,536	11,462
Accrued postemployment costs	205	243
Long-term deferred income	1,534	6
Other non-current liabilities	1,542	1,745
TOTAL LIABILITIES	<u>43,942</u>	<u>49,587</u>
Redeemable noncontrolling interest	4	—
Equity:		
Common stock, \$0.01 par value	12	12
Additional paid-in capital	53,379	55,096
Retained earnings/(deficit)	(1,682)	(2,694)
Accumulated other comprehensive income/(losses)	(1,824)	(1,967)
Treasury stock, at cost	(587)	(344)
Total shareholders' equity	49,298	50,103
Noncontrolling interest	150	140
TOTAL EQUITY	<u>49,448</u>	<u>50,243</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 93,394</u>	<u>\$ 99,830</u>

The Kraft Heinz Company
Consolidated Statements of Cash Flows
(in millions)
(Unaudited)



	For the Year Ended	
	December 25, 2021	December 26, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income/(loss)	\$ 1,024	\$ 361
Adjustments to reconcile net income/(loss) to operating cash flows:		
Depreciation and amortization	910	969
Amortization of postemployment benefit plans prior service costs/(credits)	(7)	(122)
Divestiture-related license income	(4)	—
Equity award compensation expense	197	156
Deferred income tax provision/(benefit)	(1,042)	(343)
Postemployment benefit plan contributions	(27)	(27)
Goodwill and intangible asset impairment losses	1,634	3,399
Nonmonetary currency devaluation	—	6
Loss/(gain) on sale of business	(44)	2
Proceeds from sale of license	1,587	—
Loss on extinguishment of debt	917	124
Other items, net	(187)	(54)
Changes in current assets and liabilities:		
Trade receivables	87	(26)
Inventories	(144)	(249)
Accounts payable	408	207
Other current assets	(32)	40
Other current liabilities	87	486
Net cash provided by/(used for) operating activities	<u>5,364</u>	<u>4,929</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(905)	(596)
Payments to acquire business, net of cash acquired	(74)	—
Settlement of net investment hedges	(28)	25
Proceeds from sale of business, net of cash disposed	5,014	—
Other investing activities, net	31	49
Net cash provided by/(used for) investing activities	<u>4,038</u>	<u>(522)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of long-term debt	(6,202)	(4,697)
Proceeds from issuance of long-term debt	—	3,500
Debt prepayment and extinguishment costs	(924)	(116)
Proceeds from revolving credit facility	—	4,000
Repayments of revolving credit facility	—	(4,000)
Dividends paid	(1,959)	(1,958)
Other financing activities, net	(259)	(60)
Net cash provided by/(used for) financing activities	<u>(9,344)</u>	<u>(3,331)</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(30)	62
Cash, cash equivalents, and restricted cash		
Net increase/(decrease)	28	1,138
Balance at beginning of period	3,418	2,280
Balance at end of period	<u>\$ 3,446</u>	<u>\$ 3,418</u>



The Kraft Heinz Company
Reconciliation of Net Cash Provided By/(Used for) Operating Activities to Free Cash Flow
(in millions)
(Unaudited)

	For the Year Ended	
	December 25, 2021	December 26, 2020
Net cash provided by/(used for) operating activities	\$ 5,364	\$ 4,929
Capital expenditures	(905)	(596)
Free Cash Flow	\$ 4,459	\$ 4,333