

# Supplemental Deck – Q1 2022

Open a World of Goodness®

May 10, 2022



 **WHOLE  
EARTH  
BRANDS**

# Disclaimer

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This presentation contains forward-looking statements (including within the meaning of the Private Securities Litigation Reform Act of 1995) concerning Whole Earth Brands and other matters. These statements may discuss goals, intentions and expectations as to future plans, trends, events, results of operations or financial condition, or otherwise, based on current beliefs of management, as well as assumptions made by, and information currently available to, management.

Forward-looking statements may be accompanied by words such as "achieve," "aim," "anticipate," "believe," "can," "continue," "could," "drive," "estimate," "expect," "forecast," "future," "guidance," "grow," "improve," "increase," "intend," "may," "outlook," "plan," "possible," "potential," "predict," "project," "should," "target," "will," "would," or similar words, phrases or expressions. Examples of such forward-looking statements include those related to our supply chain reinvention, our ability to meet product launch goals, our ability to offset inflation, and our 2021 Guidance. Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, the Company's ability to achieve the anticipated benefits of the integration of Wholesome and Swerve in a timely manner or at all; the ongoing conflict in Ukraine and related economic disruptions and new governmental regulations on our business, including but not limited to the potential impact on our sales, operations and supply chain; adverse changes in the global or regional general business, political and economic conditions, including the impact of continuing uncertainty and instability in certain countries, that could affect our global markets and the potential adverse economic impact and related uncertainty caused by these items; the extent of the impact of the COVID-19 pandemic, including the duration, spread, severity, and any recurrence of the COVID-19 pandemic, the duration and scope of related government orders and restrictions, the impact on our employees, and the extent of the impact of the COVID-19 pandemic on overall demand for the Company's products; local, regional, national, and international economic conditions that have deteriorated as a result of the COVID-19 pandemic, including the risks of a global recession or a recession in one or more of the Company's key markets, and the impact they may have on the Company and its customers and management's assessment of that impact; extensive and evolving government regulations that impact the way the Company operates; and the impact of the COVID-19 pandemic on the Company's suppliers, including disruptions and inefficiencies in the supply chain.

These forward-looking statements are subject to risks, uncertainties and other factors, many of which are outside of the Company's control, which could cause actual results to differ materially from the results contemplated by the forward-looking statements. These statements are subject to the risks and uncertainties indicated from time to time in the documents the Company files (or furnishes) with the U.S. Securities and Exchange Commission.

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## Industry and Market Data

In this presentation, Whole Earth Brands relies on and refers to information and statistics regarding the sectors in which it competes and other industry data. The Company obtained this information and statistics from third-party sources, including reports by market research firms. The Company has supplemented this information where necessary with information from its own internal estimates, taking into account publicly available information about other industry participants and its management's best view as to information that is not publicly available. The Company has not independently verified the accuracy or completeness of any such third-party information.

## Use of Non-GAAP Financial Measures

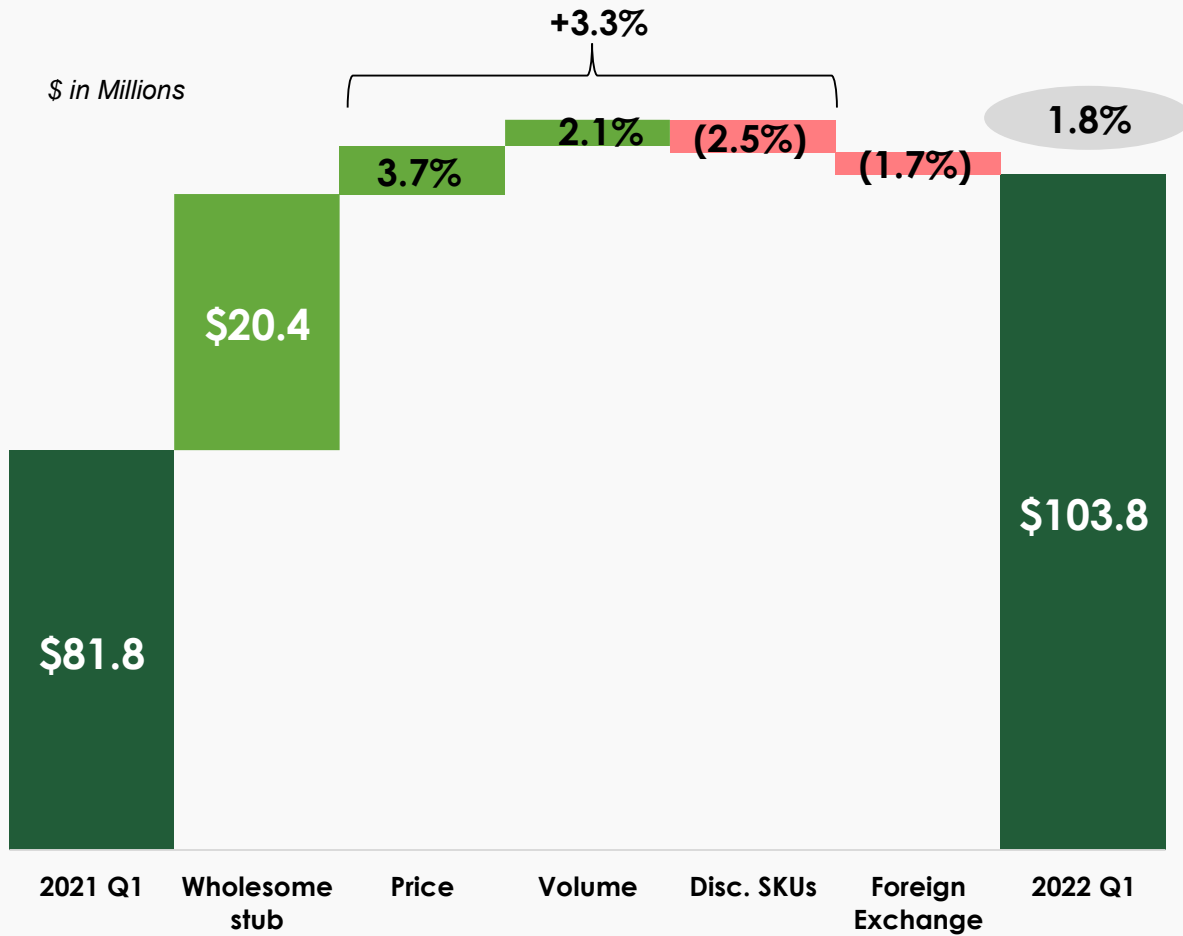
This Presentation includes non-GAAP financial measures which do not conform to SEC Regulation S-X in that it includes financial information (including proforma and/or constant currency metrics, Adjusted EBITDA, Adjusted Gross Profit Margin, Free Cash Flow, Free Cash Flow Margin and CAPEX) not derived in accordance with GAAP. Accordingly, such information is adjusted and presented differently in Whole Earth Brands' proxy statement/prospectus filed with the SEC. Whole Earth Brands believes that the presentation of non-GAAP measures provides an additional tool for investors to use in evaluating ongoing operating results and trends. Other companies may calculate non-GAAP measures differently, and therefore Whole Earth Brands' respective non-GAAP measures may not be directly comparable to similarly titled measures of other companies. The Company cannot reconcile forward looking Adjusted EBITDA projections to net income without unreasonable effort because certain items that impact net income and other reconciling metrics are out of the Company's control and/or cannot be reasonably predicted at this time. These items include, but are not limited to, share-based compensation expense, impairment of assets, acquisition-related charges and COVID-19 related expenses. These items are uncertain, depend on various factors, and could have a material impact on GAAP reported results for the guidance period.

# Q1 2022 Financial Summary

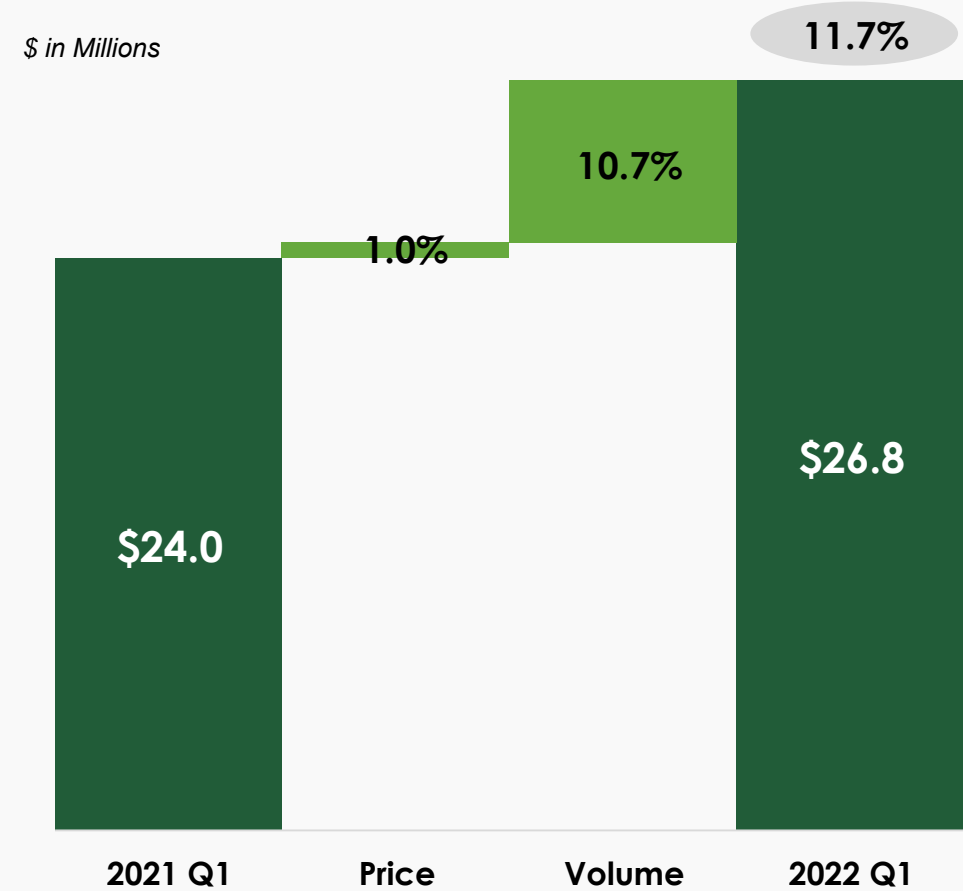
- **Consolidated product revenues of \$130.6 million** increased 23.4% versus prior year, driven by:
  - Wholesome acquisition and growth in the base business
  - Offset by -\$1.8 million, or -1.7%, Forex impact as the USD strengthened against most currencies
- **Branded CPG proforma organic revenue growth was +3.3%**, driven by price increases taken throughout Q1
  - Volumes were flat, with decreases in North America driven by continued production ramp-up, low margin SKU rationalization, offset by gains in international
- **Flavors & Ingredients revenues increased by 11.7%**, driven by:
  - Strong volume growth across the portfolio and some price increases
- **Adjusted EBITDA delivery of \$17.8 million**, an increase of 1.8%, driven by:
  - Growth from Wholesome acquisition, offset by -\$0.4 million, or -2%, Forex impact as the USD strengthened against most currencies
- **Adjusted Free Cash Flow generation was \$5.4 million** for Q1 2022 (excluding one-time Adjusted EBITDA cash adjustments)
- **Net debt as of March 31, 2022, was \$387.3 million** net of unamortized debt discount and issuance costs
  - Represents a net leverage ratio of 4.53x using full year 2022 Adjusted EBITDA (mid-point of guidance). The increase from December 31, 2021 was driven by the Wholesome final earnout payout in Q1.

# Q1 2022 Segment Revenue Performance

## Branded CPG Segment









## Flavors & Ingredients Segment



Branded CPG growth rates, shown on a proforma organic basis;  
Wholesome stub period represents pre-acquisition period from Jan 1 – Feb 5, 2021

# Brand Presence in Whole Earth Brands Top Markets

*In order from largest to smallest (sales by country, based on 2021 results)*

| Brand   | U.S. | France | U.K.  | Australia | South Africa | Thailand |
|---|------|--------|-------|-----------|--------------|----------|
| Share Rank <sup>1</sup>   | #4   | #1     | #1    | #1        | #1           | #1       |
| WEB Share %   | 9.5% | 73.7%  | 32.4% | 38.1%     | 55.5%        | 60.2%    |
| WEB Share Point Change vYA  | -2.3 | +1.8   | +0.2  | +3.8      | +8.7         | +3.6     |
|    | ✓    |        |       | ✓         |              |          |
|    |      | ✓      | ✓     |           |              |          |
|    | ✓    |        |       |           |              |          |
|   | ✓    |        |       |           |              |          |
|  | ✓    |        |       | ✓         | ✓            | ✓        |
|  |      | ✓      | ✓     |           | ✓            |          |

<sup>1</sup> Market Nielsen, IRI, Aztec data YTD period for March 2022 for Sugar Substitutes category

<sup>2</sup> UK data from 2018 Dig Insights study. U.S. and France data from 2018 Brand Health Tracking Study; Australia data from 2018 Colmar Brunton report; South Africa data from TNS report 2014; Argentina Estudio Nora Reyes report 2017; L.E.K. management data for Swerve

# Pillars to address North America market share

1

## Improved product supply

Decatur Alabama plant output improved throughout Q1

March production levels best in over a year

2

## Exciting Innovation pipeline

2022 innovation slate in progress combining optimal ingredients and format by consumer need

3

## Power-of-One Distribution wins

Several distribution gains secured for 2022

Channels unmeasured by Nielsen account for 27% of WEB North America's channel mix

4

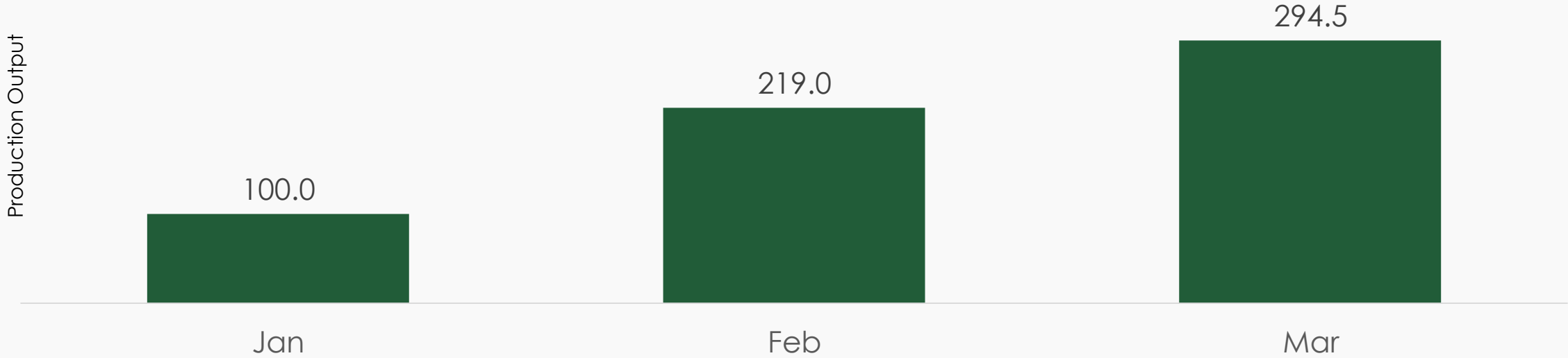
## Brand Building initiatives underway

Activate consumer to drive household penetration and build share through social, digital, and customer specific advertising

1) Nielsen TL US xAOC, data ending 3/23/2022

# Improved product supply

**Decatur Alabama plant output improved throughout Q1  
March production levels best in over a year**






- COVID-19 Omicron spike in early January causing staffing shortage that continued through majority of the month
- Reduced number of operational days to ready plant and install new lines

- Staffing levels improved as Omicron wanes and training takes hold

- Continued to improve staffing levels
- Began production on new lines

Note: chart data indexed at January output levels for comparison purposes

# 2022 North America Innovation Pipeline

| BRAND  | CORE PRODUCT  | CORE PACKAGING  | ADJACENCY   |
|--|---|---|---|
|    |   |    |    |
|   |    |    |   |
|    | <p data-bbox="575 911 927 962">Coming Soon</p>                                      |   | <p data-bbox="2002 905 2354 956">Coming Soon</p>                                      |
|  |  |  |  |



# Power-of-One: Net Distribution Gains Secured For 2022

## Key Distribution Wins

| Customer Type      | Key National Discount Retailer  | Key National Grocer   | Key National Grocer   |
|--------------------|---|---|---|
| Brand(s) Accepted  |  |     |   |
| Format(s) Accepted | Sachets   | Bags & Sachets  | Baking Mixes & Sachets  |

# 2022 North America Brand Building Initiatives

## 1 CONSUMER ENGAGEMENT

Influencer activations to drive relevancy, cross-channel content, and omni-channel velocities



Activated at Key National Mass Merchandiser

## 2 SOCIAL & DIGITAL ADVERTISING

Impactful Social, Digital programmatic advertising to maintain cultural relevance

## 3 CUSTOMER SPECIFIC ADVERTISING

Drive Innovation and amplify promotional drives with targeted Social

### Key National Grocer



### Innovation Trial & Velocities

### Key Regional Grocers



### Q2 Promo Amplification

# Investments in Flavors & Ingredients Are Driving Growth

Our strong foundation ...



Licorice-sourcing from a complex supply chain



Deep relationships with critical supply partners



Significant raw material inventory on-hand



Optimized and difficult to replicate manufacturing footprint



Expertise in licorice application development

...is empowered by new leadership, a focused R&D and sales team, a refreshed brand strategy, and end-market expansion

**Results:**

**Two consecutive quarters of double-digit revenue growth**

**4Q21: 21%**

**1Q22: 12%**

# Productivity Gains to Help Offset Inflation

## Pricing

- Execute list price increases and trade spend optimization
  - Evaluate packaging size opportunities
- 

## COGS Savings

- Commodity pre-buys ahead of 2022
  - Productivity initiatives include:
    - Flavors & Ingredients Footprint Optimization including Camden plant closure, driving approximately \$2-3 million in savings in both 2021 and 2022
    - North America Supply Chain Reinvention
    - Synergies from acquisitions driving cost favorability
- 

## SG&A Savings

- Synergies and Flavors & Ingredients Footprint Optimization drive savings
- Discretionary spend savings

# Our ESG Framework: Three pillars, supported by 2030 goals across seven material sustainability categories

## Our MISSION

Enabling healthier lifestyles to delight customers through our diverse portfolio of trusted brands & delicious products

## Our ESG VISION

Bring goodness to people & the planet

## Our ESG PILLARS

### PILLAR GOAL AREAS



#### 1 Produce Sustainability

- ✓ Climate
- ✓ Packaging
- ✓ Waste & Water



#### 2 Support Workers & Communities

- ✓ Responsible Sourcing
- ✓ Diversity & Inclusion



#### 3 Enable Healthier Lifestyles

- ✓ Innovation & Transparency
- ✓ Equitable Access

# Q1 2022 vs. Q1 2021 Adjusted EBITDA Reconciliation

Adjusted EBITDA increased 1.8% driven by growth from Wholesome acquisition somewhat offset by FX impact of (\$0.4) million as the USD strengthened against most currencies

\$ in Thousands

|  | Three Months Ended March 31, 2022 |                  |                 |                  | Three Months Ended March 31, 2021 |                  |                  |                  | \$ Change     | % Change    |
|--|-----------------------------------|------------------|-----------------|------------------|-----------------------------------|------------------|------------------|------------------|---------------|-------------|
|  | GAAP                              | Non-cash adj.(1) | Cash adj.       | Adjusted EBITDA  | GAAP                              | Non-cash adj.(1) | Cash adj.        | Adjusted EBITDA  |               |             |
| Product revenues, net                          | \$ 130,592                        | \$ -             | \$ -            | \$ 130,592       | \$ 105,825                        | \$ -             | \$ -             | \$ 105,825       | \$ 24,767     | 23.4%       |
| Cost of goods sold                             | 91,034                            | 64               | (3,354)         | 87,743           | 70,174                            | (2,835)          | (556)            | 66,783           | 20,960        | 31.4%       |
| Gross profit                                   | 39,558                            | (64)             | 3,354           | 42,849           | 35,651                            | 2,835            | 556              | 39,042           | 3,807         | 9.8%        |
| Gross profit margin %                          | 30.3%                             |                  |                 | 32.8%            | 33.7%                             |                  |                  | 36.9%            |               | (4.1%)      |
| Selling, general and administrative expenses   | 27,788                            | (1,822)          | (881)           | 25,086           | 32,907                            | (1,943)          | (9,374)          | 21,590           | 3,496         | 16.2%       |
| Amortization of intangible assets              | 4,705                             | (4,705)          | -               | -                | 4,151                             | (4,151)          | -                | -                | -             | -           |
| Restructuring and other non-recurring expenses | -                                 | -                | -               | -                | 1,657                             | (358)            | (1,299)          | -                | -             | -           |
| <b>Operating income</b>                        | <b>\$ 7,065</b>                   | <b>\$ 6,463</b>  | <b>\$ 4,235</b> | <b>\$ 17,763</b> | <b>\$ (3,064)</b>                 | <b>\$ 9,287</b>  | <b>\$ 11,229</b> | <b>\$ 17,452</b> | <b>\$ 311</b> | <b>1.8%</b> |
| Operating margin %                             | 5.4%                              |                  |                 | 13.6%            | (2.9%)                            |                  |                  | 16.5%            |               | (2.9%)      |

(1) Non-cash adjustments including: depreciation, amortization of intangibles, purchase accounting adjustments, non-cash pension expenses and long-term incentives

# Q1 2022 Cash Flow Summary

Adjusted Free Cash Flow was \$5.4 million (excluding one-time items)

| Free Cash Flow                                   | \$ Millions  |
|--|--------------|
| Net income                                       | \$2.7        |
| Stock-based compensation                         | 1.7          |
| Depreciation and amortization                    | 6.2          |
| Change in fair value of warrant liabilities      | (0.9)        |
| Amortization of inventory fair value adjustments | (1.6)        |
| Deferred income taxes                            | (0.9)        |
| Change in Net Working Capital                    | (0.7)        |
| Other, net (including Pension)                   | (2.0)        |
| <b>Net cash provided by operating activities</b> | <b>4.4</b>   |
| Capex  | (3.3)        |
| <b>Free cash flow</b>                            | <b>\$1.2</b> |

| Adjusted Free Cash Flow            | \$ Millions  |
|------------------------------------|--------------|
| Adjusted EBITDA                    | \$17.8       |
| Cash taxes                         | (1.0)        |
| Interest paid                      | (5.6)        |
| NWC and other                      | (2.5)        |
| Capex                              | (3.3)        |
| <b>Adjusted free cash flow</b>     | <b>5.4</b>   |
| Cash related addbacks <sup>1</sup> | (4.2)        |
| <b>Free cash flow</b>              | <b>\$1.2</b> |

<sup>1</sup>Includes M&A transaction costs, supply chain reinvention and other one-off items included in the Adjusted EBITDA reconciliation; see definitions of the Company's non-GAAP Financial Measures

# 2022 Guidance

Adjusted EBITDA guidance reflects 2 – 6% proforma organic growth

| \$ in millions  | 2021 Proforma Reconciliation |                       |                            |               | 2022 Guidance |  |                 |
|-----------------|------------------------------|-----------------------|----------------------------|---------------|---------------|--|-----------------|
|                 | 2021 Reported                | Wholesome stub period | Bonus to full cash program | 2021 Proforma | 2022          | Proforma Organic Growth <sup>(1)</sup> | Reported Growth |
| Revenue         | \$494                        | \$20                  | --                         | \$514         | \$530 - \$545 | 3-6%                                   | 7-10%           |
| Adjusted EBITDA | \$82                         | \$2                   | (\$2)                      | \$82          | \$84 - \$87   | 2-6%                                   | 2-6%            |
| CAPEX           | \$12                         |                       |                            |               | ~\$10         |  |                 |

(1) The Company defines proforma organic growth to be as if the Company owned Wholesome for the full years 2021 and 2022.





## Appendix

# Product Revenues, Net Constant Currency and Proforma Organic Growth

\$ in Thousands

|                                       | Three Months Ended March 31, |               |                 |                        |                                       |                 |                        |                         |
|---------------------------------------|------------------------------|---------------|-----------------|------------------------|---------------------------------------|-----------------|------------------------|-------------------------|
|                                       |                              |               | \$ change       |                        |                                       | % change        |                        |                         |
|                                       | <u>2022</u>                  | <u>2021</u>   | <u>Reported</u> | <u>Constant Dollar</u> | <u>Foreign Exchange<sup>(2)</sup></u> | <u>Reported</u> | <u>Constant Dollar</u> | <u>Foreign Exchange</u> |
| <u>Product revenues, net</u>          |                              |               |                 |                        |                                       |                 |                        |                         |
| Branded CPG                           | \$ 103,761                   | \$ 81,797     | \$ 21,964       | \$ 23,725              | \$ (1,761)                            | 26.9%           | 29.0%                  | -2.2%                   |
| Flavors & Ingredients                 | <u>26,831</u>                | <u>24,028</u> | <u>2,803</u>    | <u>2,803</u>           | <u>-</u>                              | <u>11.7%</u>    | <u>11.7%</u>           | <u>0.0%</u>             |
| Combined                              | \$ 130,592                   | \$ 105,825    | \$ 24,767       | \$ 26,528              | \$ (1,761)                            | 23.4%           | 25.1%                  | -1.7%                   |
| <u>Proforma Organic<sup>(1)</sup></u> |                              |               |                 |                        |                                       |                 |                        |                         |
| Branded CPG                           | \$ 103,761                   | \$ 102,171    | \$ 1,590        | \$ 3,352               | \$ (1,761)                            | 1.6%            | 3.3%                   | -1.7%                   |
| Flavors & Ingredients                 | <u>26,831</u>                | <u>24,028</u> | <u>2,803</u>    | <u>2,803</u>           | <u>-</u>                              | <u>11.7%</u>    | <u>11.7%</u>           | <u>0.0%</u>             |
| Combined                              | \$ 130,592                   | \$ 126,199    | \$ 4,393        | \$ 6,155               | \$ (1,761)                            | 3.5%            | 4.9%                   | -1.4%                   |

(1) Product revenues, net shown on a like for like basis, including the impact of both acquisitions for all periods in both the current and prior year periods.

(2) The "foreign exchange" amounts presented, reflect the estimated impact from fluctuations in foreign currency exchange rates on product revenues.

# Q1 2022 / Q1 2021 Adjusted EBITDA Reconciliation

\$ in Thousands

|   | Three Months Ended<br>March 31, 2022 | Three Months Ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Product revenues, net                             | \$ 130,592                           | \$ 105,825                           |
| Net income (loss)                                 | \$ 2,726                             | \$ (12,025)                          |
| Provision (benefit) for income taxes              | 1,124                                | (3,682)                              |
| Other income, net                                 | (1,956)                              | (310)                                |
| Loss on extinguishment and debt transaction costs | -                                    | 5,513                                |
| Interest expense, net                             | 6,032                                | 5,078                                |
| Change in fair value of warrant liabilities       | (861)                                | 2,362                                |
| Operating income (loss)                           | 7,065                                | (3,064)                              |
| Depreciation                                      | 1,460                                | 969                                  |
| Amortization of intangible assets                 | 4,705                                | 4,151                                |
| Purchase accounting adjustments                   | (1,599)                              | 1,619                                |
| Transaction related expenses                      | -                                    | 210                                  |
| Long term incentive plan                          | 1,650                                | 2,093                                |
| Severance and related expenses                    | 230                                  | -                                    |
| Non-cash pension expense                          | 10                                   | -                                    |
| Public company readiness                          | -                                    | 454                                  |
| Restructuring                                     | -                                    | 1,657                                |
| M&A transaction expenses                          | 650                                  | 8,472                                |
| Supply chain reinvention                          | 3,354                                | 102                                  |
| Other items                                       | 236                                  | 788                                  |
| Adjusted EBITDA                                   | \$ 17,763                            | \$ 17,452                            |

# Q1 2022 / Q1 2021 Operating Income Adjustments by P&L Line

\$ in Thousands

|                                   | Three Months Ended March 31, 2022 |                 |                       |               |                  |
|-----------------------------------|-----------------------------------|-----------------|-----------------------|---------------|------------------|
|                                   | Cost of Goods Sold                | SG&A            | Amort. Of Intangibles | Restructuring | Operating Income |
| <b>Non-Cash adjustments</b>       |                                   |                 |                       |               |                  |
| Depreciation                      | \$ 1,194                          | \$ 266          | \$ -                  | \$ -          | \$ 1,460         |
| Amortization of intangible assets | -                                 | -               | 4,705                 | -             | 4,705            |
| Restructuring                     | -                                 | -               | -                     | -             | -                |
| Non-cash pension expense          | -                                 | 10              | -                     | -             | 10               |
| Long term incentive plan          | 132                               | 1,519           | -                     | -             | 1,650            |
| Purchase accounting costs         | (1,599)                           | -               | -                     | -             | (1,599)          |
| Other items                       | 210                               | 26              | -                     | -             | 236              |
| <b>Total non-cash adjustments</b> | <b>\$ (64)</b>                    | <b>\$ 1,822</b> | <b>\$ 4,705</b>       | <b>\$ -</b>   | <b>\$ 6,463</b>  |
| <b>Cash adjustments</b>           |                                   |                 |                       |               |                  |
| Restructuring                     | -                                 | -               | -                     | -             | -                |
| Long term incentive plan          | -                                 | -               | -                     | -             | -                |
| Transaction related expenses      | -                                 | -               | -                     | -             | -                |
| Severance and related expenses    | -                                 | 230             | -                     | -             | 230              |
| Public company readiness          | -                                 | -               | -                     | -             | -                |
| M&A transaction expenses          | -                                 | 650             | -                     | -             | 650              |
| Supply chain reinvention          | 3,354                             | -               | -                     | -             | 3,354            |
| Other items                       | -                                 | -               | -                     | -             | -                |
| <b>Total cash adjustments</b>     | <b>\$ 3,354</b>                   | <b>\$ 881</b>   | <b>\$ -</b>           | <b>\$ -</b>   | <b>\$ 4,235</b>  |
| <b>Total adjustments</b>          | <b>\$ 3,291</b>                   | <b>\$ 2,702</b> | <b>\$ 4,705</b>       | <b>\$ -</b>   | <b>\$ 10,698</b> |

|                                   | Three Months Ended March 31, 2021 |                  |                       |                 |                  |
|-----------------------------------|-----------------------------------|------------------|-----------------------|-----------------|------------------|
|                                   | Cost of Goods Sold                | SG&A             | Amort. Of Intangibles | Restructuring   | Operating Income |
|                                   | \$ 969                            | \$ -             | \$ -                  | \$ -            | \$ 969           |
|                                   | -                                 | -                | 4,151                 | -               | 4,151            |
|                                   | -                                 | -                | -                     | 358             | 358              |
|                                   | -                                 | -                | -                     | -               | -                |
|                                   | 247                               | 1,943            | -                     | -               | 2,189            |
|                                   | 1,619                             | -                | -                     | -               | 1,619            |
|                                   | -                                 | -                | -                     | -               | -                |
| <b>Total non-cash adjustments</b> | <b>\$ 2,835</b>                   | <b>\$ 1,943</b>  | <b>\$ 4,151</b>       | <b>\$ 358</b>   | <b>\$ 9,287</b>  |
|                                   | -                                 | -                | -                     | -               | -                |
|                                   | -                                 | -                | -                     | 1,299           | 1,299            |
|                                   | (22)                              | (75)             | -                     | -               | (97)             |
|                                   | -                                 | 210              | -                     | -               | 210              |
|                                   | -                                 | -                | -                     | -               | -                |
|                                   | -                                 | 454              | -                     | -               | 454              |
|                                   | -                                 | 8,472            | -                     | -               | 8,472            |
|                                   | 102                               | -                | -                     | -               | 102              |
|                                   | 475                               | 313              | -                     | -               | 788              |
| <b>Total cash adjustments</b>     | <b>\$ 556</b>                     | <b>\$ 9,374</b>  | <b>\$ -</b>           | <b>\$ 1,299</b> | <b>\$ 11,229</b> |
| <b>Total adjustments</b>          | <b>\$ 3,391</b>                   | <b>\$ 11,317</b> | <b>\$ 4,151</b>       | <b>\$ 1,657</b> | <b>\$ 20,516</b> |

# Definitions of the Company's Non-GAAP Financial Measures

- **Constant Currency Presentation:** We evaluate the results of our operations on both a reported and a constant currency basis. The constant currency presentation, which is a non-GAAP measure, excludes the impact of fluctuations in foreign currency exchange rates. We believe providing constant currency information provides valuable supplemental information regarding our results of operations, thereby facilitating period-to-period comparisons of our business performance and is consistent with how management evaluates the Company's performance. We calculate constant currency percentages by converting our current period local currency financial results using the prior period exchange rates and comparing these adjusted amounts to our current period reported results.
- **Adjusted EBITDA:** We define Adjusted EBITDA as net income or loss from our consolidated statements of operations before interest income and expense, income taxes, depreciation and amortization, as well as certain other items that arise outside of the ordinary course of our continuing operations specifically described below:
- **Asset impairment charges:** We exclude the impact of charges related to the impairment of goodwill and other long-lived intangible assets. We believe that the exclusion of these impairments, which are non-cash, allows for more meaningful comparisons of operating results to peer companies. We believe that this increases period-to-period comparability and is useful to evaluate the performance of the company.
- **Purchase accounting adjustments:** We exclude the impact of purchase accounting adjustments, including the revaluation of inventory at the time of the business combination. These adjustments are non-cash and we believe that the adjustments of these items allows for more meaningful comparability of our operating results.
- **Transaction-related expenses:** We exclude transaction-related expenses including transaction bonuses that were paid for by the seller of the businesses acquired by the Company on June 25, 2020. We believe that the adjustments of these items allows for more meaningful comparability of our operating results.
- **Long-term incentive plan:** We exclude the impact of costs relating to the long-term incentive plan. We believe that the adjustments of these items allows for more meaningful comparability of our operating results.
- **Non-cash pension expenses:** We exclude non-cash pension expenses/credits related to closed, defined pension programs of the Company. We believe that the adjustments of these items allows for more meaningful comparability of our operating results.
- **Severance and related expenses:** We exclude employee severance and associated expenses related to roles that have been eliminated or reduced in scope as a productivity measure taken by the Company. We believe that the adjustments of these items allows for more meaningful comparability of our operating results.
- **Public company readiness:** We exclude non-recurring organization and consulting costs incurred to establish required public company capabilities. We believe that the adjustments of these items allows for more meaningful comparability of our operating results.
- **Restructuring:** To measure operating performance, we exclude restructuring costs. We believe that the adjustments of these items allows for more meaningful comparability of our operating results.
- **M&A transaction expenses:** We exclude expenses directly related to the acquisition of businesses after the business combination on June 25, 2020. We believe that the adjustments of these items allows for more meaningful comparability of our operating results.
- **Supply chain reinvention:** To measure operating performance, we exclude certain one-time and other costs associated with reorganizing our North America Branded CPG operations and facilities in connection with our supply chain reinvention program, which will drive long-term productivity and cost savings. These costs include incremental expenses such as hiring, training and other temporary costs primarily related to taking control over production that was previously outsourced to a contract manufacturer. We believe that the adjustments of these items allows for more meaningful comparability of our operating results.
- **Other items:** To measure operating performance, we exclude certain expenses and include certain gains that we believe are not operational in nature. We believe the exclusion or inclusion of such amounts allows management and the users of the financial statements to better understand our financial results.
- **Free Cash Flow:** "Net Cash Provided by Operating Activities" (as stated in our Consolidated Statement of Cash Flows) less capital expenditures.
- **Adjusted Free Cash Flow:** We define Adjusted Free Cash Flow as Free Cash Flow excluding cash-related items that arise outside the ordinary course of our continuing operations such as transaction-related expenses and severance and related expenses.
- **Adjusted Gross Profit Margin:** We define Adjusted Gross Profit Margin as Gross Profit excluding all cash and non-cash adjustments impacting Cost of Goods Sold, included in the Adjusted EBITDA reconciliation, as a percentage of Product Revenues, net. Such adjustments include: depreciation, purchase accounting adjustments, long term incentives and other items adjusted by management to better understand our financial results.
- **Proforma organic growth:** We define proforma organic growth as if acquisitions were owned in both periods of comparison.