



Flowers
FOODS

THIRD QUARTER 2022 REVIEW

November 10, 2022



REGARDING FORWARD-LOOKING STATEMENTS

Statements contained in this presentation and certain other written or oral statements made from time to time by Flowers Foods, Inc. (the “company”, “Flowers Foods”, “Flowers”, “us”, “we”, or “our”) and its representatives that are not historical facts are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to current expectations regarding our future financial condition and results of operations and the ultimate impact of the novel strain of coronavirus (“COVID-19”) on our business, results of operations and financial condition and are often identified by the use of words and phrases such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “should,” “will,” “would,” “is likely to,” “is expected to” or “will continue,” or the negative of these terms or other comparable terminology. These forward-looking statements are based upon assumptions we believe are reasonable. Forward-looking statements are based on current information and are subject to risks and uncertainties that could cause our actual results to differ materially from those projected. Certain factors that may cause actual results, performance, liquidity, and achievements to differ materially from those projected are discussed in our Annual Report on Form 10-K (the “Form 10-K”) and Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission (“SEC”) and may include, but are not limited to, (a) unexpected changes in any of the following: (1) general economic and business conditions; (2) the competitive setting in which we operate, including advertising or promotional strategies by us or our competitors, as well as changes in consumer demand; (3) interest rates and other terms available to us on our borrowings; (4) supply chain conditions and any related impact on energy and raw materials costs and availability and hedging counter-party risks; (5) relationships with or increased costs related to our employees and third-party service providers; (6) laws and regulations (including environmental and health-related issues); and (7) accounting standards or tax rates in the markets in which we operate, (b) the ultimate impact of the COVID-19 pandemic and future responses and/or measures taken in response thereto, including, but not limited to, new and emerging variants of the virus and the efficacy and distribution of vaccines, which are highly uncertain and are difficult to predict, (c) the loss or financial instability of any significant customer(s), including as a result of product recalls or safety concerns related to our products, (d) changes in consumer behavior, trends and preferences, including health and whole grain trends, and the movement toward less expensive store branded products, (e) the level of success we achieve in developing and introducing new products and entering new markets, (f) our ability to implement new technology and customer requirements as required, (g) our ability to operate existing, and any new, manufacturing lines according to schedule, (h) our ability to implement and achieve our environmental, social, and governance (“ESG”) goals in accordance with regulatory requirements and expectations of stakeholders, suppliers, and customers; (i) our ability to execute our business strategies which may involve, among other things, (1) the ability to realize the intended benefits of planned or contemplated acquisitions, dispositions or joint ventures, (2) the deployment of new systems (e.g., our enterprise resource planning (“ERP”) system), distribution channels and technology, and (3) an enhanced organizational structure, (j) consolidation within the baking industry and related industries, (k) changes in pricing, customer and consumer reaction to pricing actions (including decreased volumes), and the pricing environment among competitors within the industry, (l) our ability to adjust pricing to offset, or partially offset, inflationary pressure on the cost of our products, including ingredient and packaging costs; (m) disruptions in our direct-store-delivery distribution model, including litigation or an adverse ruling by a court or regulatory or governmental body, or other regulatory developments, that could affect the independent contractor classifications of the independent distributor partners, (n) increasing legal complexity and legal proceedings that we are or may become subject to, (o) labor shortages and turnover or increases in employee and employee-related costs, (p) the credit, business, and legal risks associated with independent distributor partners and customers, which operate in the highly competitive retail food and foodservice industries, (q) any business disruptions due to political instability, pandemics, armed hostilities (including the ongoing conflict between Russia and Ukraine), incidents of terrorism, natural disasters, labor strikes or work stoppages, technological breakdowns, product contamination, product recalls or safety concerns related to our products, or the responses to or repercussions from any of these or similar events or conditions and our ability to insure against such events, (r) the failure of our information technology (“IT”) systems to perform adequately, including any interruptions, intrusions, cyber-attacks or security breaches of such systems or risks associated with the planned implementation of the upgrade of our ERP system; and (s) the potential impact of climate change on the company, including physical and transition risks, higher regulatory and compliance costs, reputational risks, and availability of capital on attractive terms. The foregoing list of important factors does not include all such factors, nor necessarily present them in order of importance. In addition, you should consult other disclosures made by the company (such as in our other filings with the SEC or in company press releases) for other factors that may cause actual results to differ materially from those projected by the company. Refer to Part I, Item 1A., Risk Factors, of the Form 10-K, Part II, Item 1A., Risk Factors of the Form 10-Q for the quarter ended October 8, 2022 and subsequent filings with the SEC for additional information regarding factors that could affect the company’s results of operations, financial condition and liquidity. We caution you not to place undue reliance on forward-looking statements, as they speak only as of the date made and are inherently uncertain. The company undertakes no obligation to publicly revise or update such statements, except as required by law. You are advised, however, to consult any further public disclosures by the company (such as in our filings with the SEC or in company press releases) on related subjects.



KEY MESSAGES

- Strong sales increase driven by pricing actions to offset inflationary pressures
- Leading brands continue to perform well, driven by investments in innovation and marketing
- Mitigating inflationary costs through operational efficiencies and pricing actions
- Raising the bottom end of 2022 sales guidance and maintaining EPS outlook



Q3 2022 FINANCIAL HIGHLIGHTS

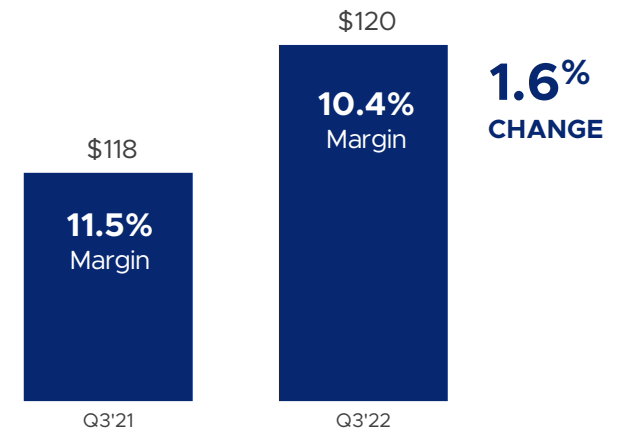
Sales grew due to price increases to mitigate inflation, partly offset by lower volume

Adjusted EBITDA increased due to higher sales, partly offset by inflationary pressures

Net income increased 4.3% to \$40.5 million from \$38.9 million in the same quarter of 2021 due to higher EBITDA net of an increased tax rate

COMPONENTS OF Q3'22 SALES CHANGE (MILLIONS)

ADJUSTED EBITDA (MILLIONS)¹



(1) Earnings before interest, taxes, depreciation & amortization, adjusted for matters affecting comparability. See non-GAAP reconciliations at the end of this slide presentation.



Q3 2022 FINANCIAL REVIEW

NET SALES

\$1.158B +12.7% v PY

- Price/Mix +17.8%¹
- Volume -5.1%²
- Price increases to mitigate inflation, partly offset by lower volume

NET INCOME

\$40.5M +4.3% v PY

ADJ. EBITDA³

\$120.4M +1.6% v PY

- 10.4% of sales, down 110 bps
- Increased prices, partly offset by inflationary pressures

CASH FLOWS — YTD

Cash from Ops
\$291.5M

Dividends
\$140.1M

Capex
\$128.4M

GAAP DILUTED EPS

\$0.19 +\$0.01 v PY

ADJ. DILUTED EPS⁴

\$0.30 Unchanged v PY

- Increased EBITDA
- Higher tax rate

(1) Calculated as (current year period units X change in price per unit) / prior year period sales dollars

(2) Calculated as (prior year period price per unit X change in units) / prior year period sales dollars

(3) Earnings before interest, taxes, depreciation & amortization (EBITDA), adjusted for matters affecting comparability. See non-GAAP reconciliations at the end of this slide presentation.

(4) Earnings per share (EPS), adjusted for matters affecting comparability. See non-GAAP reconciliations at the end of this slide presentation.

FISCAL 2022 GUIDANCE

(Provided November 10, 2022)

SALES

**11.0% to
12.0%**

ADJ. EPS¹

**\$1.25 to
\$1.30**

OTHER

Depreciation & amortization

\$140 – \$145M

Net interest expense

~\$7M

Capital expenditures

\$150 – \$160M²

Effective tax rate

24.0% - 24.5%

Diluted shares outstanding

~213.5M

Fiscal 2022 Considerations

- Ability to mitigate inflation
- Demand elasticity
- Supply chain disruptions and availability of materials
- Timing of cost savings initiatives
- Promotional environment
- Persistence of pandemic and impact on mix



(1) Adjusted for items affecting comparability. See reconciliations of non-GAAP measures in the financial statements following this release.

(2) \$60-70 million related to ERP upgrade



LONG-TERM GROWTH TARGET SCORECARD

Continuing to exceed financial targets

	LT Targets ¹	CAGR ¹		
		FY'20 ²	FY'21	FY'22 ³
Sales	1-2%	6.4%	2.5%	5.2%
Adj EBITDA	4-6% ⁴	23.4%	7.8%	N/A
Adj EPS	7-9% ⁴	36.5%	13.7%	9.9%

(1) Off FY'19 base

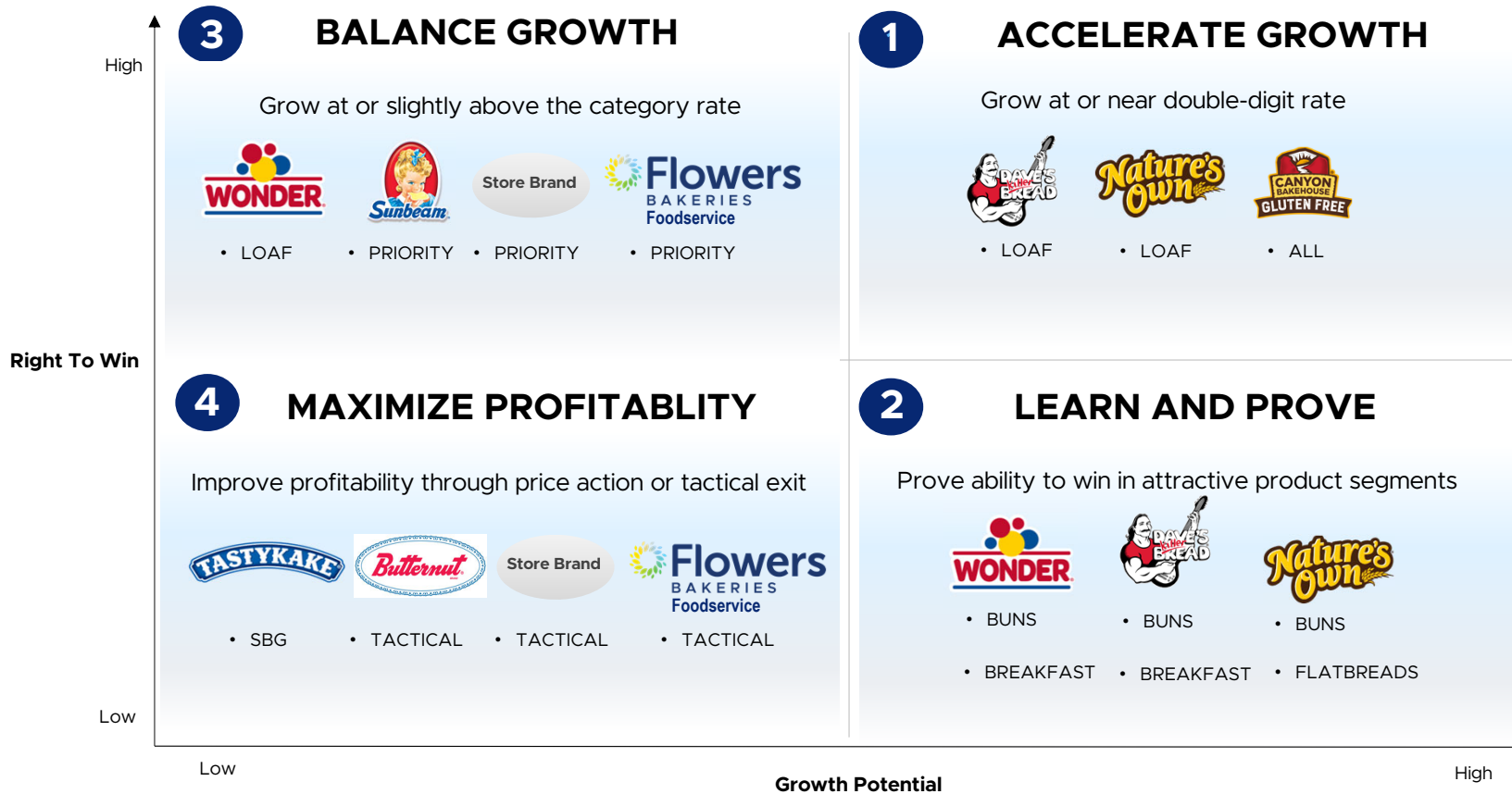
(2) FY'20 was a 53-week year

(3) Implied return using FY'22 guidance midpoint

(4) No reconciliation of the forecasted range for adjusted EBITDA or adjusted EPS is included in this presentation because we are unable to quantify certain amounts that would be required to be included in the GAAP measure without unreasonable efforts. In addition, the company believes such reconciliations would imply a degree of precision that would be confusing or misleading to investors.

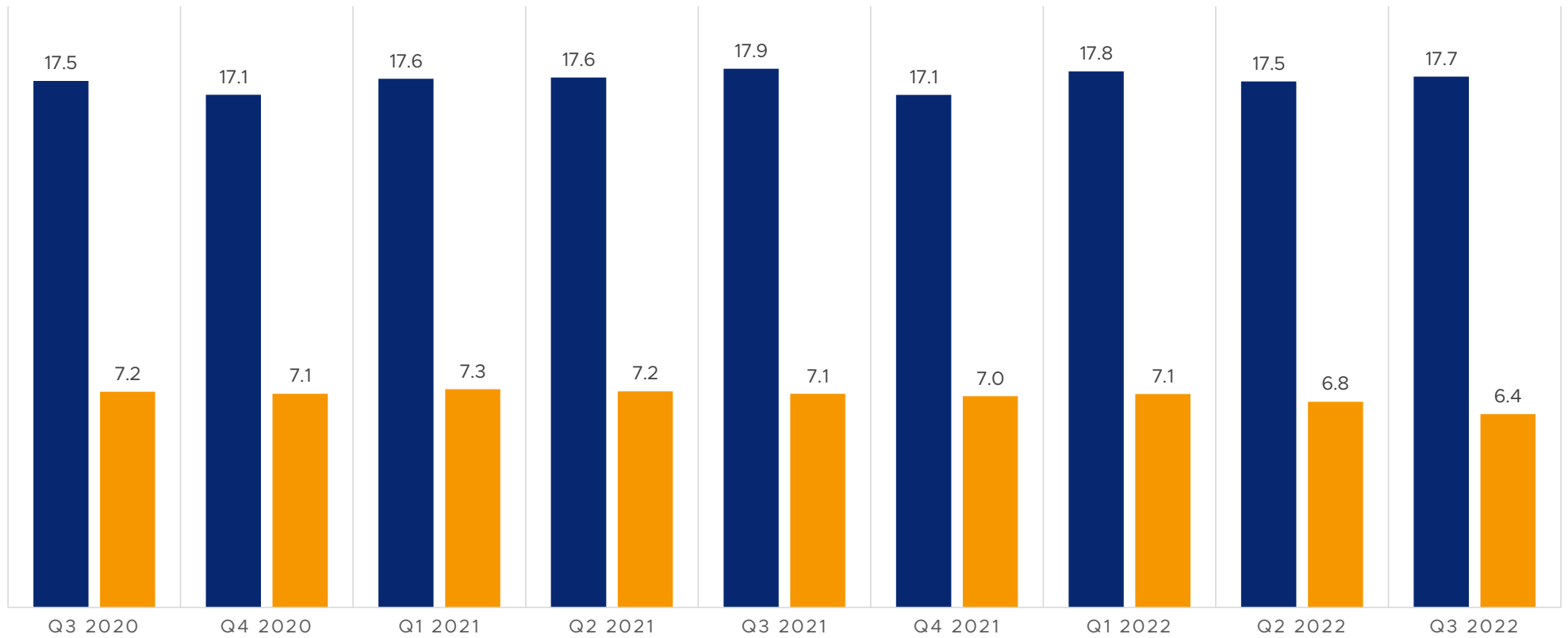


PORTFOLIO STRATEGY



FLOWERS' MARKET SHARE¹

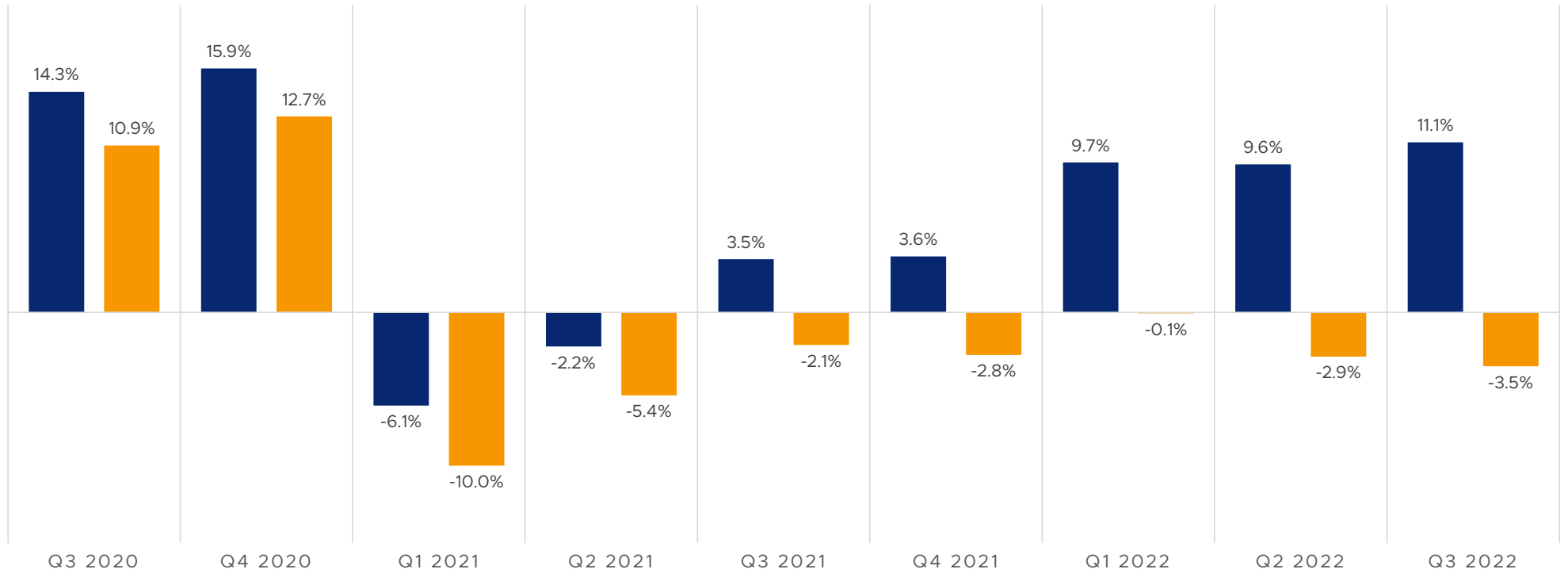
■ FLO Bread Share ■ FLO Cake Share



Source: Flowers Custom Database – IRI Total US Mulo + C Store
1. Market share in dollars

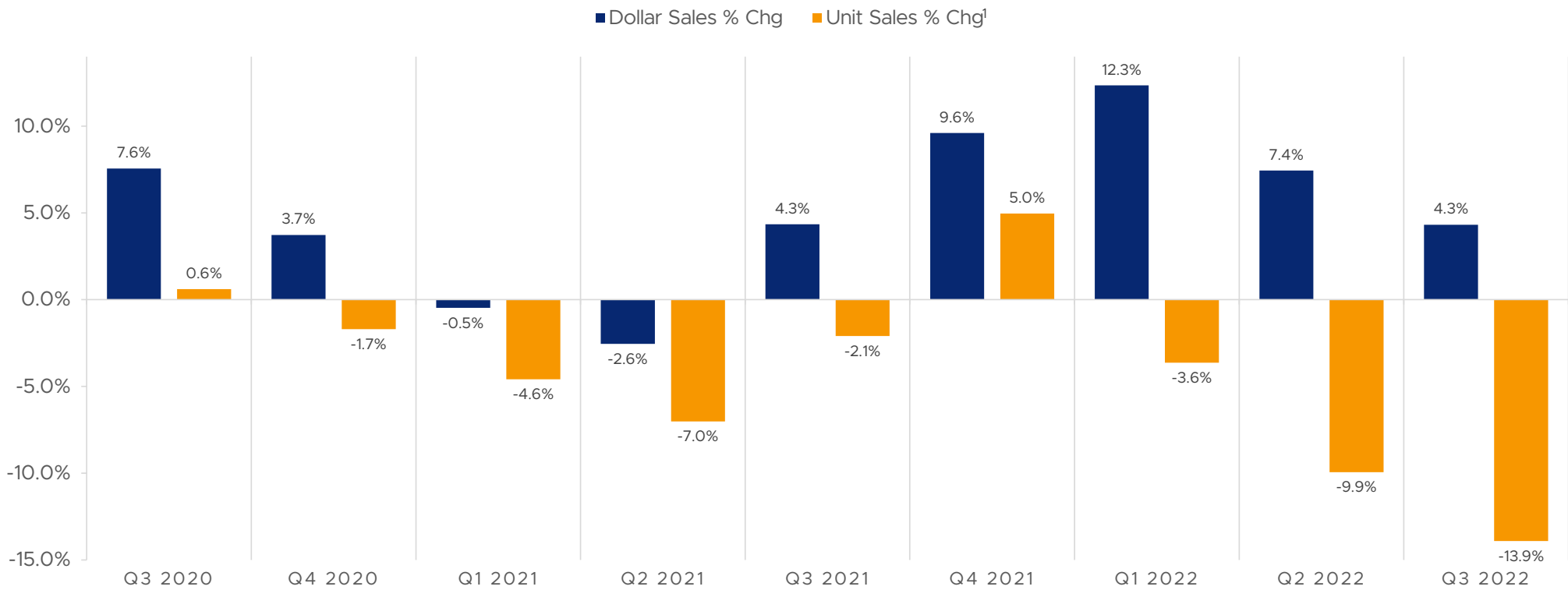
FLOWERS FRESH PACKAGED BREADS

■ Dollar Sales % Chg ■ Unit Sales % Chg¹



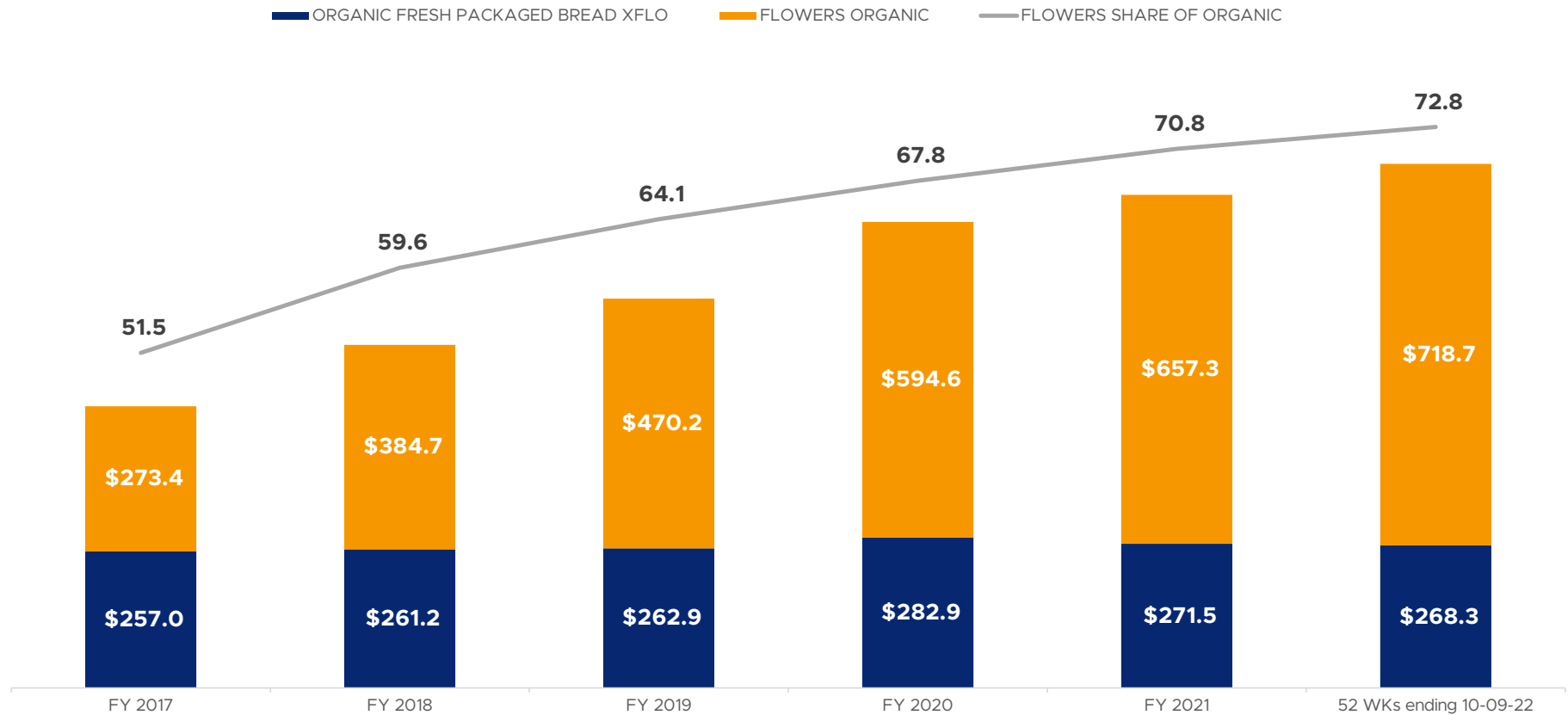
Source: Flowers Custom Database – IRI Total US Mulo + C Store
 1. Individual scannable UPC codes, as measured by IRI

FLOWERS COMMERCIAL CAKE



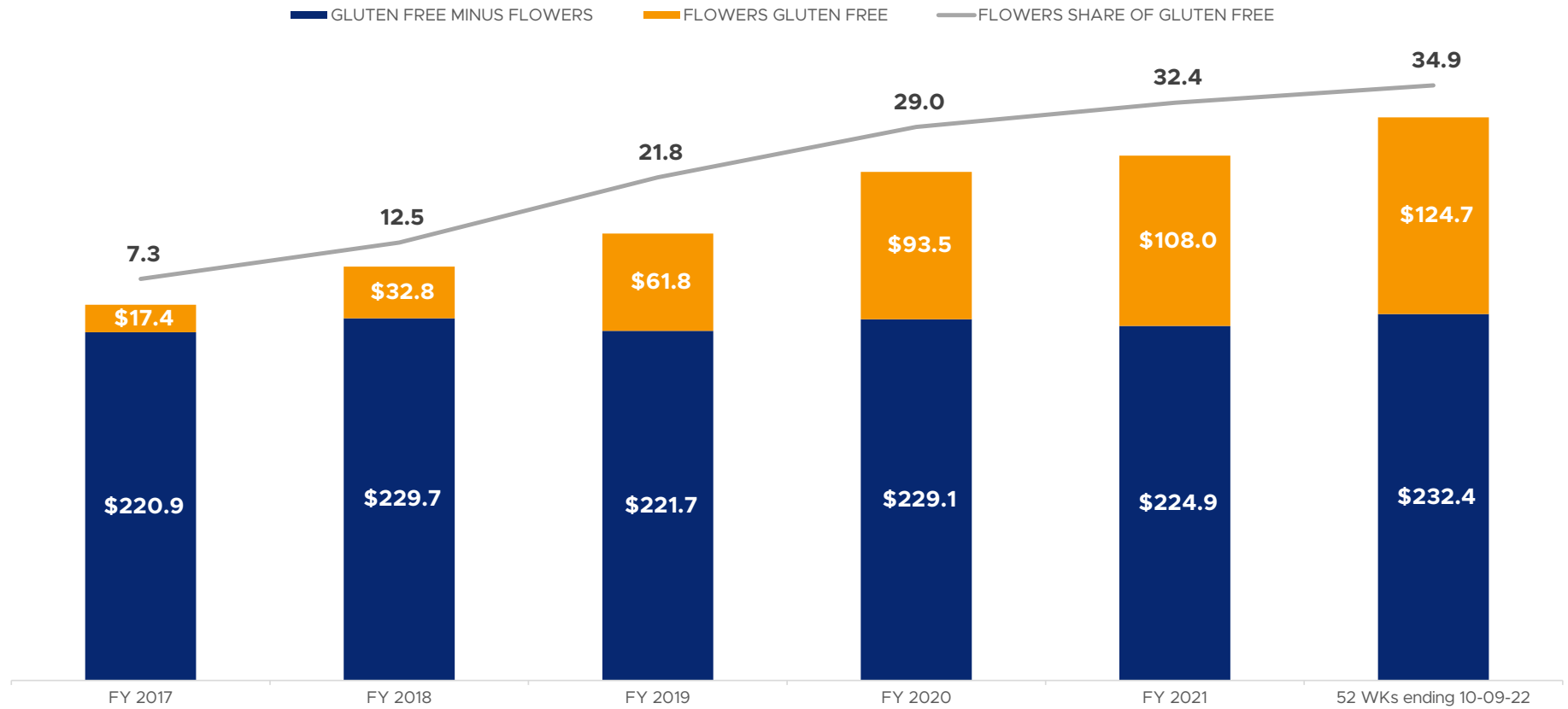
Source: Flowers Custom Database – IRI Total US Mulo + C Store
 1. Individual scannable UPC codes, as measured by IRI

ORGANIC CATEGORY SALES



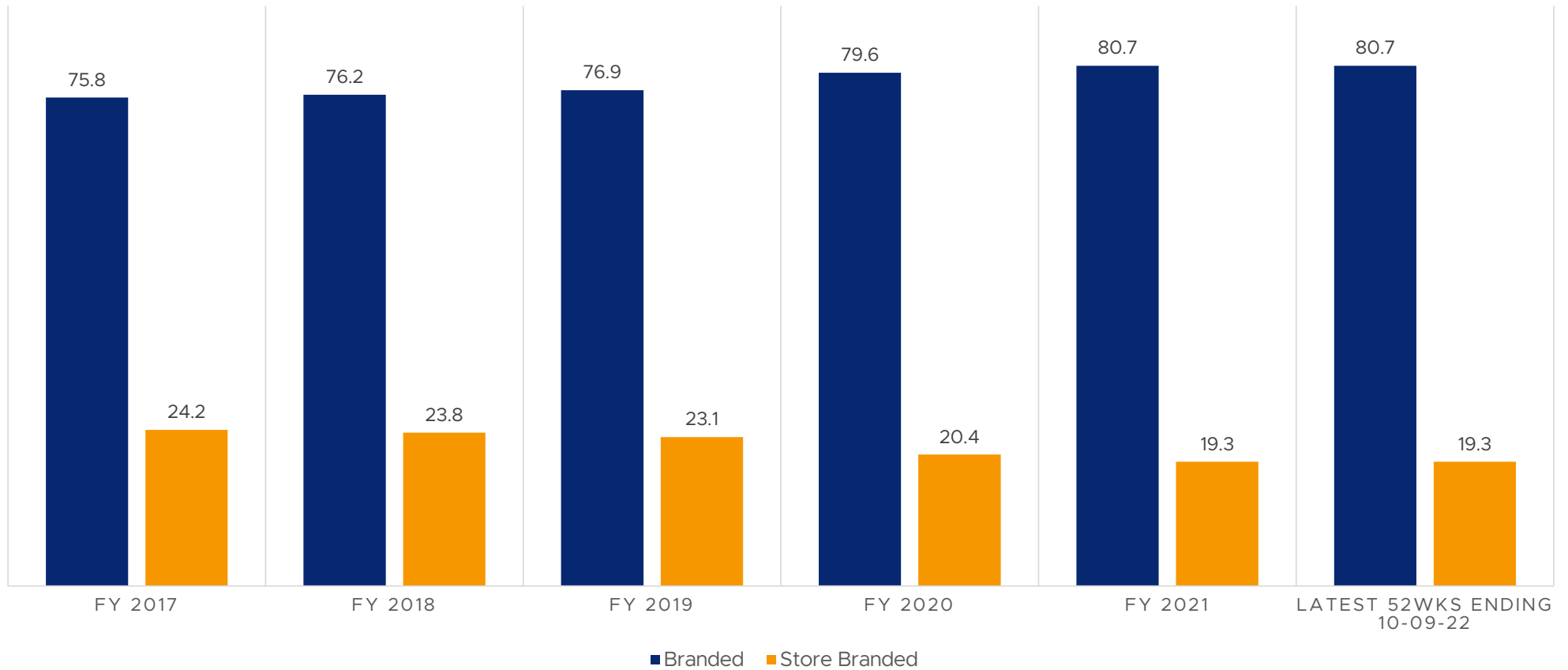
Source: Flowers Custom Database – IRI Total US Mulo + C Store

GLUTEN-FREE CATEGORY SALES



Source: Flowers Custom Database – IRI Total US Mulo + C Store

FPB CATEGORY: BRANDED VS. STORE BRAND SHARE¹



Source: Flowers Custom Database – IRI Total US Mulo + C Store
1. Market share in dollars

INFORMATION REGARDING NON-GAAP FINANCIAL MEASURES

Information Regarding Non-GAAP Financial Measures

The company prepares its consolidated financial statements in accordance with U.S. Generally Accepted Accounting Principles (GAAP). However, from time to time, the company may present in its public statements, press releases and SEC filings, non-GAAP financial measures such as, EBITDA, adjusted EBITDA, EBITDA margin, adjusted EBITDA margin, adjusted net income, adjusted EPS, adjusted income tax expense, adjusted selling, distribution and administrative expenses (SD&A), gross margin excluding depreciation and amortization, free cash flow, and the ratio of net debt to adjusted EBITDA. The reconciliations attached provide reconciliations of the non-GAAP measures used in this presentation or release to the most comparable GAAP financial measure. The company's definitions of these non-GAAP measures may differ from similarly titled measures used by others. These non-GAAP measures should be considered supplemental to, and not a substitute for, financial information prepared in accordance with GAAP.

The company defines EBITDA as earnings before interest, taxes, depreciation and amortization. Earnings are net income. The company believes that EBITDA is a useful tool for managing the operations of its business and is an indicator of the company's ability to incur and service indebtedness and generate free cash flow. EBITDA is used as the primary performance measure in the company's 2014 Omnibus Equity and Incentive Compensation Plan. Furthermore, pursuant to the terms of our credit facility, EBITDA is used to determine the company's compliance with certain financial covenants. The company also believes that EBITDA measures are commonly reported and widely used by investors and other interested parties as measures of a company's operating performance and debt servicing ability because EBITDA measures assist in comparing performance on a consistent basis without regard to depreciation or amortization, which can vary significantly depending upon accounting methods and non-operating factors (such as historical cost). EBITDA is also a widely-accepted financial indicator of a company's ability to incur and service indebtedness.

EBITDA should not be considered an alternative to (a) income from operations or net income (loss) as a measure of operating performance; (b) cash flows provided by operating, investing and financing activities (as determined in accordance with GAAP) as a measure of the company's ability to meet its cash needs; or (c) any other indicator of performance or liquidity that has been determined in accordance with GAAP.

The company defines adjusted EBITDA, EBITDA margin, adjusted EBITDA margin, adjusted net income, adjusted diluted EPS, adjusted income tax expense and adjusted SD&A, respectively, excluding the impact of asset impairment charges, Project Centennial consulting costs, business process improvement costs, lease terminations and legal settlements, acquisition-related costs, and pension plan settlements. Adjusted income tax expense also excludes the impact of tax reform. The company believes that these measures, when considered together with its GAAP financial results, provides management and investors with a more complete understanding of its business operating results, including underlying trends, by excluding the effects of certain charges.

The company defines free cash flow as operating cash flow minus capital expenditures. The company believes that free cash flow provides investors a better understanding of the company's liquidity position. The company defines net debt as total debt less cash and cash equivalents. Net debt to EBITDA is used as a measure of financial leverage employed by the company. Gross margin excluding depreciation and amortization is used as a performance measure to provide additional transparent information regarding our results of operations on a consolidated basis. Changes in depreciation and amortization are separately discussed and include depreciation and amortization for materials, supplies, labor and other production costs and operating activities.

Presentation of gross margin includes depreciation and amortization in the materials, supplies, labor and other production costs according to GAAP. Our method of presenting gross margin excludes the depreciation and amortization components, as discussed above.

The reconciliations attached provide reconciliations of the non-GAAP measures used in this presentation or release to the most comparable GAAP financial measure.



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

RECONCILIATION OF EARNINGS PER SHARE TO ADJUSTED EARNINGS PER SHARE

	<u>For the 12-Week Period Ended</u>	<u>For the 12-Week Period Ended</u>
	<u>October 8, 2022</u>	<u>October 9, 2021</u>
Net income per diluted common share	\$ 0.19	\$ 0.18
Business process improvement consulting costs	0.03	0.03
Plant closure costs and impairment of assets	0.02	—
Legal settlements and related costs	0.02	0.08
Recovery on inferior ingredients	—	NM
Acquisition-related costs	0.04	—
Multi-employer pension plan withdrawal costs	—	0.01
Adjusted net income per diluted common share	<u>\$ 0.30</u>	<u>\$ 0.30</u>

Certain amounts may not add due to rounding.



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

RECONCILIATION OF GROSS MARGIN EXCLUDING DEPRECIATION AND AMORTIZATION TO GROSS MARGIN (000S OMITTED)

	<u>For the 12 Week Period Ended October 8, 2022</u>	<u>For the 12 Week Period Ended October 9, 2021</u>
Sales	\$ 1,158,169	\$ 1,027,800
Materials, supplies, labor and other production costs (exclusive of depreciation and amortization)	<u>615,621</u>	<u>515,078</u>
Gross Margin excluding depreciation and amortization	542,548	512,722
Less depreciation and amortization for production activities	<u>18,264</u>	<u>18,043</u>
Gross Margin	<u>\$ 524,284</u>	<u>\$ 494,679</u>
Depreciation and amortization for production activities	\$ 18,264	\$ 18,043
Depreciation and amortization for selling, distribution and administrative activities	<u>14,635</u>	<u>13,637</u>
Total depreciation and amortization	<u>\$ 32,899</u>	<u>\$ 31,680</u>



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

RECONCILIATION OF SELLING, DISTRIBUTION AND ADMINISTRATIVE EXPENSES TO ADJUSTED SD&A (000S OMITTED)

	<u>For the 12 Week Period Ended October 8, 2022</u>	<u>For the 12 Week Period Ended October 9, 2021</u>
Selling, distribution and administrative expenses	\$ 447,363	\$ 426,575
<i>Less:</i>		
Business Process Improvement consulting costs	(8,144)	(9,233)
Legal settlements and related costs	(5,500)	(23,089)
Acquisition-related costs	(11,582)	-
Adjusted selling, distribution and administrative expenses	<u>\$ 422,137</u>	<u>\$ 394,253</u>
Sales	\$ 1,158,169	\$ 1,027,800
Adjusted SD&A as a percent of sales	<u>36.4%</u>	<u>38.4%</u>



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

RECONCILIATION OF NET INCOME TO EBITDA AND ADJUSTED EBITDA (000S OMITTED)

	For the 12 Week Period Ended <u>October 8, 2022</u>	For the 12 Week Period Ended <u>October 9, 2021</u>
Net income	\$ 40,528	\$ 38,852
Income tax expense	13,759	12,048
Interest expense, net	1,342	1,311
Depreciation and amortization	32,899	31,680
EBITDA	<u>88,528</u>	<u>83,891</u>
Other pension benefit	(178)	(94)
Recovery on inferior ingredients	-	(950)
MEPP withdrawal and related costs	-	3,300
Business process improvement consulting costs	8,144	9,233
Legal settlements and related costs	5,500	23,089
Acquisition-related costs	11,582	-
Plant closure costs and impairment of assets	6,835	-
Adjusted EBITDA	<u>\$ 120,411</u>	<u>\$ 118,469</u>
Sales	\$ 1,158,169	\$ 1,027,800
Adjusted EBITDA as a percent of sales	10.4%	11.5%



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

RECONCILIATION OF INCOME TAX EXPENSE TO ADJUSTED INCOME TAX EXPENSE (000S OMITTED)

	<u>For the 12 Week Period Ended October 8, 2022</u>	<u>For the 12 Week Period Ended October 9, 2021</u>
Income tax expense	\$ 13,759	\$ 12,048
Tax impact of:		
Legal settlements and related costs	1,375	5,773
Business process improvement consulting costs	2,036	2,308
Recovery on inferior ingredients	-	(238)
MEPP withdrawal and related costs	-	825
Acquisition-related costs	2,896	-
Plant closure costs and impairment of assets	1,708	-
Adjusted income tax expense	<u>\$ 21,774</u>	<u>\$ 20,716</u>



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

RECONCILIATION OF NET INCOME TO ADJUSTED NET INCOME (000S OMITTED)

	<u>For the 12 Week Period Ended</u> <u>October 8, 2022</u>	<u>For the 12 Week Period Ended</u> <u>October 9, 2021</u>
Net Income	\$ 40,528	\$ 38,852
Legal settlements and related costs	4,125	17,316
Business process improvement consulting costs	6,108	6,925
Recovery on inferior ingredients	-	(712)
MEPP withdrawal and related costs	-	2,475
Acquisition-related costs	8,686	-
Plant closure costs and impairment of assets	5,127	-
Adjusted net income	<u>\$ 64,574</u>	<u>\$ 64,856</u>



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

RECONCILIATION OF NET INCOME TO EBITDA AND ADJUSTED EBITDA (000S OMITTED)

	For the 12 Week Period Ended <u>January 1, 2022</u>	For the 16 Week Period Ended <u>April 23, 2022</u>	For the 12 Week Period Ended <u>July 16, 2022</u>	For the 12 Week Period Ended <u>October 8, 2022</u>	Trailing 52 Week Period Ended <u>October 8, 2022</u>
Net income	\$ 39,322	\$ 85,589	\$ 53,680	\$ 40,528	\$ 219,119
Income tax expense	12,720	24,523	16,689	13,759	67,691
Interest expense, net	1,419	2,101	1,504	1,342	6,366
Depreciation and amortization	31,874	43,423	32,922	32,899	141,118
EBITDA	85,335	155,636	104,795	88,528	434,294
Other pension benefit	(93)	(238)	(178)	(178)	(687)
Pension plan settlement loss	403	-	-	-	403
Plant closure costs and impairment of assets	-	990	-	6,835	7,825
Loss on inferior ingredients	1,772	-	-	-	1,772
Legal settlements and related costs	-	-	2,000	5,500	7,500
Other lease termination gain	(2,644)	-	-	-	(2,644)
Business process improvement consulting costs	3,897	9,064	11,658	8,144	32,763
Severance and lease terminations	-	-	1,717	-	1,717
Acquisition-related costs	-	-	-	11,582	11,582
Adjusted EBITDA	\$ 88,670	\$ 165,452	\$ 119,992	\$ 120,411	\$ 494,525



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

RECONCILIATION OF DEBT TO NET DEBT AND CALCULATION OF NET DEBT TO TRAILING TWELVE MONTH ADJUSTED EBITDA RATIO (000S OMITTED)

	<u>As of</u>
	<u>October 8, 2022</u>
Current maturities of long-term debt	\$ -
Long-term debt	891,542
Total debt	891,542
Less: Cash and cash equivalents	172,744
Net Debt	\$ 718,798
Adjusted EBITDA for the Trailing Twelve Months Ended October 8, 2022	\$ 494,525
Ratio of Net Debt to Trailing Twelve Month Adjusted EBITDA	1.5



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

RECONCILIATION OF EARNINGS PER SHARE - FULL YEAR FISCAL 2022 GUIDANCE RANGE ESTIMATE

	Reconciliation of Earnings per Share - Full Year Fiscal 2022 Guidance	
	Range Estimate	
Net income per diluted common share	\$ 1.04	to \$ 1.09
Legal settlements and related costs	0.03	0.03
Business process improvement consulting costs	0.10	0.10
Acquisition-related costs	0.04	0.04
Plant closure costs and impairment of assets	0.03	0.03
Severance and lease terminations	0.01	0.01
Adjusted net income per diluted common share	<u>\$ 1.25</u>	<u>to \$ 1.30</u>

NM - not meaningful.

Certain amounts may not add due to rounding.

